

ASX Release

30 April 2015

ESTABLISHMENT OF S\$500,000,000 MULTICURRENCY DEBT ISSUANCE PROGRAMME BY AVJENNINGS SPV NO 10 PTY LIMITED, UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY AVJENNINGS LIMITED

The Board of Directors of AVJennings Limited ("**AVJennings**") is pleased to announce that its wholly-owned subsidiary, AVJennings SPV No 10 Pty Limited (the "**Issuer**"), has on 29 April 2015 established a S\$500,000,000 multicurrency debt issuance programme (the "**Programme**"), unconditionally and irrevocably guaranteed by AVJennings. DBS Bank Ltd. has been appointed as the sole arranger and dealer of the Programme.

The Issuer (incorporated in Australia) is the issuer under the Programme and its principal activities are to issue notes and/or perpetual securities (senior or subordinated) ("**Securities**") under the Programme and to provide financial support to AVJennings and its subsidiaries (collectively, the "**Group**").

Under the Programme, the Issuer, subject to compliance with all relevant laws, regulations and directives, may from time to time issue Securities in series or tranches in Singapore dollars and/or any other currency as may be agreed between the relevant dealers of the particular series or tranche of Securities and the Issuer. The Securities may be offered by the Issuer pursuant to exemptions invoked under Sections 274 and/or 275 of the Securities and Futures Act (Chapter 289 of Singapore). Each series of Securities may be issued in various amounts and tenors, and may bear fixed, floating, variable or hybrid rates of interest or may not bear interest.

If and when Securities are issued under the Programme, the Group will gain the benefit of more diverse funding sources, longer dated debt funding and better alignment of debt and project profiles – which have all been objectives of the Group for some time. Issues under the Programme will enable the Group to fund, amongst other things, current and future acquisitions and will enable the Group to secure other premium sites in a highly competitive market.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of any Securities, which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, AVJennings, their respective subsidiaries, their respective associated companies (if any), the Programme or such Securities.

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IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

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Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States (“**U.S.**”) nor a U.S. Person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) nor are you acting on behalf of a U.S. Person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described herein.

The attached document has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of AVJennings SPV No 10 Pty Limited, AVJennings Limited or DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of AVJennings SPV No 10 Pty Limited, AVJennings Limited or DBS Bank Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of AVJennings SPV No 10 Pty Limited or AVJennings Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

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AVJENNINGS SPV NO 10 PTY LIMITED

(Incorporated with limited liability in Australia)
(ABN 75 127 464 564)

S\$500,000,000

**Multicurrency Debt Issuance Programme
(the “Programme”)**

unconditionally and irrevocably guaranteed by

AVJENNINGS LIMITED

(Incorporated with limited liability in Australia)
(ABN 44 004 327 771)

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the “Notes”) and perpetual securities (the “Perpetual Securities” and, together with the Notes, the “Securities”) to be issued from time to time by AVJennings SPV No 10 Pty Limited (the “Issuer”) pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

All sums payable in respect of the Securities issued from time to time by the Issuer are unconditionally and irrevocably guaranteed by AVJennings Limited (the “Guarantor”).

Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in and quotation for any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any), the Programme or such Securities.

The Securities and the Guarantee (as defined herein) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and may be subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold, or, in the case of Bearer Securities, delivered within the United States or to, or for the account or benefit of, U.S. persons. See “Subscription, Purchase and Distribution”.

An investment in Securities issued under the Programme involves certain risks. For a discussion of these risks, see “Risk Factors”.

Arranger



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NOTICE

DBS Bank Ltd. (the “**Arranger**”) has been authorised by AVJennings SPV No 10 Pty Limited (the “**Issuer**”) to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities (as defined herein) denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Securities will be unconditionally and irrevocably guaranteed by AVJennings Limited (the “**Guarantor**”).

This Information Memorandum contains information with regard to the Issuer, the Guarantor, their respective subsidiaries and associated companies (if any), the Programme, the Securities and the Guarantee (as defined herein). Each of the Issuer and the Guarantor confirms that this Information Memorandum contains all information which is material in the context of the Programme, the issue and offering of the Securities and the giving of the Guarantee, that the information contained herein is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held by the Issuer and the Guarantor, and that there are and will be no other facts the omission of which in the context of the Programme, the issue and offering of the Securities and the giving of the Guarantee would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section “Summary of the Programme”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and will be listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and may be listed on another stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear (as defined herein) and/or Clearstream, Luxembourg (as defined herein) or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and will be listed on the SGX-ST and may be listed on another stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding shall be S\$500,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the Guarantor or any of their respective subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities and the Guarantee (as defined herein) have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Securities are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA (as defined herein) and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantor or any of their respective subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any). Further, none of the Arranger or any of the Dealers makes any representation or warranty as the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any) or as to the accuracy, reliability or

completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arranger or any of the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or any of the Dealers or on its behalf in connection with the Issuer, the Guarantor, the Group (as defined herein), the Programme or the issue and offering of the Securities. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or publicly announced unaudited financial statements of the Issuer and the Guarantor, and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the respective specified office of the Principal Paying Agent (as defined herein) and the Non-CDP Paying Agent (as defined herein).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Guarantor, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section "Subscription, Purchase and Distribution" on pages 151 and 152 of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to purchase or subscribe for any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Securities.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, the Guarantor and/or the Group (including statements as to the Issuer’s, the Guarantor’s and/or the Group’s revenue, profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, the Guarantor and/or the Group, expected growth in the Issuer, the Guarantor and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Guarantor and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer, the Guarantor and/or the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section on “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the Guarantor and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Guarantor, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer, the Guarantor and/or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of any Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantor, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Guarantor, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

“6M2014”	:	Six months ended 31 December 2013.
“6M2015”	:	Six months ended 31 December 2014.
“ABN”	:	Australian Business Number.
“Agency Agreement”	:	The agency agreement dated 29 April 2015 between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Principal Paying Agent, as principal paying agent, CDP transfer agent and CDP registrar, (4) the Non-CDP Paying Agent, as non-CDP paying agent and non-CDP transfer agent, (5) the Non-CDP Registrar, as non-CDP registrar, and (6) the Trustee, as trustee, as amended, restated or supplemented from time to time.
“Arranger”	:	DBS Bank Ltd.
“Australia”	:	The Commonwealth of Australia.
“ASIC”	:	The Australian Securities and Investments Commission.
“ASX”	:	The Australian Securities Exchange.
“ATO”	:	Australian Taxation Office.
“Bearer Securities”	:	Securities in bearer form.
“Board”	:	Board of Directors.
“business day”	:	(i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Principal Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (a) (in the case of Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and Australia, (b) (in the case of Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (c) (in the case of Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, Australia and the principal financial centre for that currency.
“Calculation Agent”	:	In relation to any Series of Securities, the person appointed as calculation agent for that Series and specified in the applicable Pricing Supplement as calculation agent or its successor in such capacity.

“CDP” or the “Depository”	:	The Central Depository (Pte) Limited.
“CDP Registrar”	:	Deutsche Bank AG, Singapore Branch.
“CDP Transfer Agent”	:	Deutsche Bank AG, Singapore Branch.
“Certificate”	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
“Clearstream, Luxembourg”	:	Clearstream Banking, <i>société anonyme</i> , and its successors and permitted assigns.
“Common Depository”	:	In relation to a Series of the Securities, a depository common to Euroclear and Clearstream, Luxembourg.
“Companies Act”	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
“Conditions”	:	(i) in relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and (ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
“Corporations Act”	:	The Corporations Act 2001 (Cth) of Australia.

“Couponholders”	:	The holders of the Coupons.
“Coupons”	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
“Dealers”	:	Persons appointed as dealers under the Programme.
“Definitive Security”	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue.
“Directors”	:	The directors (including alternate directors, if any) of the Issuer or, as the case may be, the Guarantor as at the date of this Information Memorandum.
“Euro”	:	The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
“Euroclear”	:	Euroclear Bank S.A./N.V., and its successors and permitted assigns.
“Equal Ranking Obligations”	:	Has the meaning ascribed to it in Condition 3(b) of the Perpetual Securities.
“Extraordinary Resolution”	:	A resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast.
“FY”	:	Financial year ended or ending 30 June.
“Global Certificate”	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) CDP, (ii) the Common Depositary and/or (iii) any other clearing system.
“Global Security”	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
“Group”	:	The Guarantor and its subsidiaries.
“GST”	:	Goods and services tax.
“Guarantee”	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed and shall, where the context so requires, mean either the Senior Guarantee or the Subordinated Guarantee.
“Guarantor”	:	AVJennings Limited.
“IRAS”	:	Inland Revenue Authority of Singapore.
“Issuer”	:	AVJennings SPV No 10 Pty Limited.
“ITA”	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.

“ITAA 1936”	:	Income Tax Assessment Act 1936 of Australia.
“ITAA 1997”	:	Income Tax Assessment Act 1997 of Australia.
“Junior Ranking Obligations”	:	Has the meaning ascribed to it in Condition 3(b) of the Perpetual Securities.
“Latest Practicable Date”	:	13 April 2015.
“MAS”	:	The Monetary Authority of Singapore.
“Non-CDP Paying Agent”	:	Deutsche Bank AG, Hong Kong Branch.
“Non-CDP Registrar”	:	Deutsche Bank Luxembourg S.A.
“Non-CDP Transfer Agent”	:	Deutsche Bank AG, Hong Kong Branch.
“Noteholders”	:	The holders of the Notes.
“Notes”	:	The notes issued or to be issued by the Issuer under the Programme.
“Paying Agents”	:	The Principal Paying Agent and the Non-CDP Paying Agent, or such other or further institutions as may from time to time be appointed by the Issuer as paying agent for the Securities and Coupons.
“Permanent Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
“Perpetual Securities”	:	The perpetual securities issued or to be issued by the Issuer under the Programme.
“Perpetual Securityholders”	:	The holders of the Perpetual Securities.
“Pricing Supplement”	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
“Principal Paying Agent”	:	Deutsche Bank AG, Singapore Branch.
“Programme”	:	The S\$500,000,000 Multicurrency Debt Issuance Programme of the Issuer.
“Programme Agreement”	:	The programme agreement dated 29 April 2015 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Arranger, as arranger, and (4) DBS Bank Ltd., as dealer, as amended, restated or supplemented from time to time.
“Registered Securities”	:	Securities in registered form.
“Securities Act”	:	Securities Act of 1933 of the United States, as amended.
“Securities”	:	The Notes and the Perpetual Securities.

“Securityholders”	:	The Noteholders and the Perpetual Securityholders.
“Senior Guarantee”	:	The Guarantee by the Guarantor of the Notes, the Senior Perpetual Securities and the Coupons relating thereto on a senior basis.
“Senior Perpetual Securities”	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer.
“Senior Obligations”	:	Has the meaning ascribed to it in Condition 3(b) of the Perpetual Securities.
“Series”	:	(i) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than variable rate notes) interest or (in the case of Perpetual Securities) distribution and (ii) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shares”	:	Ordinary shares in the capital of the Issuer or, as the case may be, the Guarantor.
“SRA”	:	State revenue authorities.
“Subordinated Guarantee”	:	The Guarantee by the Guarantor of the Subordinated Perpetual Securities and the Coupons relating thereto on a subordinated basis.
“Subordinated Obligations”	:	Has the meaning ascribed to it in Condition 4(IV) of the Perpetual Securities.
“Subordinated Perpetual Securities”	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.
“Subordinated Perpetual Securityholder Claims”	:	Has the meaning ascribed to it in Condition 3(b) of the Perpetual Securities.
“Talons”	:	Talons for further Coupons.
“TARGET System”	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
“Temporary Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.
“TFN”	:	Tax File Number.

“TOFA”	:	Taxation of Financial Arrangements provisions in Division 230 of the ITAA 1997.
“Tranche”	:	Securities which are identical in all respects (including as to listing).
“Trust Deed”	:	The trust deed dated 29 April 2015 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended, restated or supplemented from time to time.
“Trustee”	:	DB International Trust (Singapore) Limited.
“United States” or “U.S.”	:	United States of America.
“Winding-Up”	:	Has the meaning ascribed to it in Condition 3(b) of the Perpetual Securities.
“A\$”	:	Australian dollars.
“km”	:	kilometres.
“m²”	:	square metres.
“S\$”	:	Singapore dollars.
“%”	:	per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

The Issuer

Board of Directors	:	Mr Peter Summers Mr Stenio Orlandi Mr Larry Mahaffy Ms Sandra Vogiatzakis
Company Secretary	:	Mr Carl Thompson
Registered Office	:	Level 4, 108 Power Street Hawthorn Victoria Australia 3122
Independent Auditor to the Issuer	:	Ernst & Young 680 George Street Sydney NSW 2000

The Guarantor

Board of Directors	:	Mr Simon Cheong, Chairman (Non-Executive) Mr Jerome Rowley, Deputy Chairman (Non-Executive) Mrs Elizabeth Sam, Director (Non-Executive) Mr Bobby Chin, Director (Non-Executive) Mr Teck Poh Lai, Director (Non-Executive) Mr Bruce Hayman, Director (Non-Executive) Mr David Tsang, Director (Non-Executive) Mr Peter Summers, Managing Director and Chief Executive Officer
Company Secretary	:	Mr Carl Thompson
Registered Office	:	Level 4, 108 Power Street Hawthorn Victoria Australia 3122
Independent Auditor to the Guarantor	:	Ernst & Young 680 George Street Sydney NSW 2000

The Arranger, the Dealers, the Trustee, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Transfer Agent and the Non-CDP Transfer Agent, the Legal Advisers and the Tax Advisers

Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger as to Singapore law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Trustee, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Transfer Agent and the Non-CDP Transfer Agent as to Singapore law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer and the Guarantor as to Singapore law	:	WongPartnership LLP 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Issuer and the Guarantor as to Australian law	:	Corrs Chambers Westgarth Level 36 Bourke Place 600 Bourke Street Melbourne VIC 3000
Principal Paying Agent, CDP Registrar and CDP Transfer Agent	:	Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583
Non-CDP Paying Agent and Non-CDP Transfer Agent	:	Deutsche Bank AG, Hong Kong Branch Level 52, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong
Non-CDP Registrar	:	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg
Trustee for the Securityholders	:	DB International Trust (Singapore) Limited One Raffles Quay #16-00 South Tower Singapore 048583
Tax Advisers to the Issuer and the Guarantor as to Australian tax law, limited to the wording contained in "Taxation – Australian Taxation"	:	PricewaterhouseCoopers Freshwater Place 2 Southbank Boulevard Southbank VIC 3006

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	AVJennings SPV No 10 Pty Limited.
Guarantor	:	AVJennings Limited.
Arranger	:	DBS Bank Ltd.
Dealer	:	DBS Bank Ltd.
Trustee	:	DB International Trust (Singapore) Limited.
Principal Paying Agent	:	Deutsche Bank AG, Singapore Branch.
Non-CDP Paying Agent	:	Deutsche Bank AG, Hong Kong Branch.
Description	:	S\$500,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$500,000,000 (or its equivalent in other currencies) or such higher amount as may be increased in accordance with the terms of the Programme Agreement.
Non-Disposal Clause	:	Each of the Issuer and the Guarantor has covenanted with the Trustee in Clause 17.30 of the Trust Deed that each of them will not, and will ensure that none of its subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 17.30 of the Trust Deed, is substantial in relation to its assets, or those of itself and its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) is likely to have a material adverse effect on it. The following disposals shall not be taken into account under Clause 17.30 of the Trust Deed: (i) disposals in the ordinary course of business on arm's length and on normal commercial terms; (ii) any disposal of assets which are obsolete, excess or no longer required for the purpose of its business on arm's length and on normal commercial terms; (iii) any payment of cash as consideration for the acquisition of any asset on arm's length and on normal commercial terms;

- (iv) in the case of a subsidiary only, any disposal for the purpose of and followed by a demerger, consolidation, reorganisation, amalgamation, merger, reconstruction or transfer of assets or shares to another member of the Group, in each case, not involving insolvency and where such event is not likely to have a material adverse effect on the Issuer or the Guarantor;
- (v) any disposal of assets in exchange for other assets comparable or superior as to type, value and quality; or
- (vi) any disposal approved by the Securityholders by way of an Extraordinary Resolution.

NOTES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ Swap Rate (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
		Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

- Variable Rate Notes : Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
- Hybrid Notes : Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ Swap Rate (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
- Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
- Form and Denomination of Notes : The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Security is exchanged for definitive Notes or, as the case may be, the Global Certificate is exchanged for definitive Certificates, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Security is exchanged for definitive Notes or, as the case may be, the Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by the Issuer through the SGX-ST and such announcement will

include all material information with respect to the delivery of the definitive Notes or, as the case may be, the definitive Certificates, including details of the paying agent in Singapore.

The Notes will, if traded on the SGX-ST, have a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST.

Custody of the Notes : Notes may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.

Status of the Notes and the Guarantee : The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Optional Redemption and Purchase : If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.

Redemption for Taxation Reasons : If so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(i) of the Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is

made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Redemption at Option of
Noteholders upon Change of
Shareholding Event

: If, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the “**Notice**”) and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 45 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day).

For the purposes of the above paragraph, a “**Change of Shareholding Event**” occurs when SC Global Developments Pte. Ltd. ceases to own in aggregate (whether directly or indirectly) at least 20 per cent. of the issued share capital of the Guarantor.

Redemption at Option of
Noteholders upon Cessation or
Suspension of Trading of Shares

: In the event that (i) the shares of the Guarantor cease to be traded on both the ASX and the SGX-ST, (ii) where the shares of the Guarantor are traded on both the ASX and the SGX-ST, trading in the shares of the Guarantor on both the ASX and the SGX-ST is suspended at the same time on both the ASX and the SGX-ST for a continuous period of more than seven market days or (iii) where the shares of the Guarantor are traded on either the ASX or the SGX-ST only, trading in the shares of the Guarantor on the ASX or, as the case may be, the SGX-ST is suspended for a continuous period of more than seven market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption on the date falling 45 days after the Effective Date.

For the purposes of the above paragraph:

“**Effective Date**” means (where the shares of the Guarantor cease to be traded) the first date on which the shares of the Guarantor cease to be traded on both the ASX and the SGX-ST or (where trading in the shares of the Guarantor is suspended for a continuous period of more than seven market days) the business day immediately following the expiry of such continuous period of seven market days; and

“**market day**” means a day on which the ASX or, as the case may be, the SGX-ST is open for securities trading.

Negative Pledge of the Issuer

: The Issuer has covenanted with the Trustee in Clause 8.1 of the Trust Deed that so long as any of the Notes remains outstanding (as defined in the Trust Deed), it will not, and will ensure that none of its subsidiaries will, create or permit to be created any security or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, save for any security which has been approved by the Noteholders by way of an Extraordinary Resolution.

Negative Pledge of the Guarantor : The Guarantor has covenanted with the Trustee in Clause 8.2 of the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10 of the Notes) will, create or permit to be created any security or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, save for:

- (i) liens arising solely by operation of law in the ordinary course of business (or by an agreement evidencing the same), in respect of indebtedness which either (a) has been due for less than 14 days or (b) is being contested in good faith and by appropriate means;
- (ii) any security existing or intended to be created as at the date of the Trust Deed over any of its assets and disclosed in writing to the Trustee on or prior to the date of the Trust Deed;
- (iii) any security on or over their respective assets acquired, renovated, refurbished or developed by it after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development of such assets and, in each case, securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or development, including the interest payable and costs related thereto;
- (iv) any security created on or over their respective assets for the purposes of securing credit facilities to be applied towards the Group's working capital requirements;
- (v) the entry into any hire purchase, leasing or retention of title arrangement (or any other arrangement having the same effect) relating to any vehicle, plant, equipment, products and supplies and machinery, arising in the ordinary course of business, which is registrable as a security interest pursuant to the Personal Property Securities Act 2009 (Cth) of Australia;
- (vi) any security to be created over any assets referred to in paragraphs (ii), (iii) and (iv) above in connection with the extension, renewal, refinancing, increase or replacement (or successive extensions, renewals, refinancings, increases or replacements) in the facility limit of the credit facilities granted by the relevant lender(s) or the provision of new credit facilities by such lender(s), in each case, secured by such asset; and
- (vii) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

Financial Covenants : The Guarantor has covenanted with the Trustee in Clause 8.3 of the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

- (i) the Consolidated Tangible Net Worth (as defined in the Conditions of the Notes) shall not at any time be less than A\$240,000,000;

- (ii) the ratio of Consolidated Net Debt (as defined in the Conditions of the Notes) to Consolidated Tangible Net Worth shall not at any time exceed 1.5:1; and
- (iii) the ratio of Consolidated Secured Debt (as defined in the Conditions of the Notes) to Consolidated Total Assets (as defined in the Conditions of the Notes) shall not at any time exceed 0.5:1.

Events of Default	:	See Condition 10 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Australia or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Taxation" herein.
Listing	:	Each Series of the Notes will be listed on the SGX-ST and (if agreed to by the Issuer and the relevant Dealer(s)) may be listed on another stock exchange, subject to all necessary approvals having been obtained.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore, save that Clauses 6.4 and 9.3 of the Trust Deed are governed by, and shall be construed in accordance with, the laws of the State of Victoria, Australia.

PERPETUAL SECURITIES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.

Issue Price	:	Perpetual Securities may be issued at par or at a discount, or premium, to par.
No Fixed Maturity	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
Floating Rate Perpetual Securities :		Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ Swap Rate (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Distribution Discretion	:	If Optional Payment is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date. If Dividend Pusher is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred: (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer's Subordinated Obligations or the Guarantor's Subordinated Obligations or, in relation to Subordinated Perpetual Securities only, (except on a <i>pro rata</i> basis) any

of the Issuer's Equal Ranking Obligations or any of the Guarantor's Equal Ranking Obligations; or

- (ii) any of the Issuer's Subordinated Obligations or the Guarantor's Subordinated Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Equal Ranking Obligations or any of the Guarantor's Equal Ranking Obligations has been redeemed, reduced cancelled, bought back or acquired for any consideration,

in each case, other than (a) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (b) as a result of the exchange or conversion of Equal Ranking Obligations of the Issuer or, as the case may be, the Guarantor for Junior Ranking Obligations of the Issuer or, as the case may be, the Guarantor and/or as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral and Cumulative Deferral

: If Non-Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

If Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as defined in the Conditions of

the Perpetual Securities) (as the case may be) and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

Restrictions in the case of Non-Payment :

If Dividend Stopper is so provided on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer and the Guarantor shall not and shall procure that none of its subsidiaries shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's or the Guarantor's Subordinated Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's or the Guarantor's Equal Ranking Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's or the Guarantor's Subordinated Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's or Guarantor's Equal Ranking Obligations,

in each case other than (a) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (b) as a result of the exchange or conversion of Equal Ranking Obligations of the Issuer or, as the case may be, the Guarantor for Junior Ranking Obligations of the Issuer or, as the case may be, the Guarantor unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (3) the Issuer or, as the case may be, the Guarantor is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Form and Denomination of
Perpetual Securities

: The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Perpetual Securities, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.

For so long as the Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Security is exchanged for definitive Perpetual Securities or, as the case may be, the Global Certificate is exchanged for definitive Certificates, the Issuer will appoint and maintain a paying agent in Singapore, where the Perpetual Securities may be presented or surrendered for payment or redemption. In addition, for so long as the Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Security is exchanged for definitive Perpetual Securities or, as the case may be, the Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Perpetual Securities or, as the case may be, the definitive Certificates, including details of the paying agent in Singapore.

The Perpetual Securities will, if traded on the SGX-ST, have a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Perpetual Securities are listed on the SGX-ST.

Custody of the Perpetual
Securities

: Perpetual Securities may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.

Status of the Senior Perpetual Securities and the Senior Guarantee : The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Status of the Subordinated Perpetual Securities and the Subordinated Guarantee : The Subordinated Perpetual Securities and Coupons relating to them will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves. The rights and claims of the Perpetual Securityholders and Couponholders are subordinated as provided in “Subordination of the Subordinated Perpetual Securities” and “Set-off in relation to the Subordinated Perpetual Securities and the Subordinated Guarantee” below.

The payment obligations of the Guarantor under the Subordinated Guarantee constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in “Subordination of the Subordinated Guarantee” and “Set-off in relation to the Subordinated Perpetual Securities and the Subordinated Guarantee” below.

Subordination of the Subordinated Perpetual Securities : The Subordinated Perpetual Securityholder Claims against the Issuer including any claim in respect of a distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities, will, in a Winding-Up of the Issuer, rank in such Winding-Up:

- (i) junior to the rights and claims of the holders of all Senior Obligations of the Issuer;
- (ii) equally with each other and with the rights and claims of the holders of any Equal Ranking Obligations of the Issuer; and
- (iii) senior to the rights and claims of holders of any Junior Ranking Obligations of the Issuer and any Shares (as defined in the Conditions of the Perpetual Securities) of the Issuer,

and for the purposes of giving effect to this ranking, in any Winding-Up of the Issuer the Subordinated Perpetual Securityholder Claims against the Issuer:

- (a) are subordinated and postponed and subject in right of payment to payment in full of the rights and claims of the holders of Senior Obligations of the Issuer; and
- (b) may only be proved as a debt which is subject to prior payment in full of the rights and claims of the holders of Senior Obligations of the Issuer.

Subordination of the Subordinated :
Guarantee

The Subordinated Perpetual Securityholder Claims against the Guarantor, including any claim in respect of a distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities, will, in the Winding-Up of the Guarantor, rank in such Winding-Up:

- (i) junior to the rights and claims of the holders of all Senior Obligations of the Guarantor;
- (ii) equally with each other and with the rights and claims of the holders of any Equal Ranking Obligations of the Guarantor; and
- (iii) senior to the rights and claims of holders of any Junior Ranking Obligations of the Guarantor and any Shares of the Guarantor,

and for the purposes of giving effect to this ranking, in any Winding-Up of the Guarantor the Subordinated Perpetual Securityholder Claims against the Guarantor:

- (a) are subordinated and postponed and subject in right of payment to payment in full of the rights and claims of the holders of Senior Obligations of the Guarantor; and
- (b) may only be proved as a debt which is subject to prior payment in full of the rights and claims of the holders of Senior Obligations of the Guarantor.

Set-off in relation to the :
Subordinated Perpetual Securities
and the Subordinated Guarantee

The Trustee irrevocably acknowledges and agrees and each Subordinated Perpetual Securityholder acknowledges and agrees by its purchase of a Subordinated Perpetual Security or Coupon that relates to it, that:

- (i) Clauses 6.4 and 9.3 of the Trust Deed and Condition 3(b) of the Perpetual Securities are each a debt subordination for the purposes of section 563C of the Corporations Act;
- (ii) the claims of holders of Senior Obligations of the Issuer or the Guarantor to which it is subordinated include the entitlement of each holder of Senior Obligations of the Issuer or, as the case may be, the Guarantor to interest under section 563B of the Corporations Act and it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act;
- (iii) to the maximum extent permitted by applicable law, it may not exercise or claim (nor will the Trustee exercise or claim on its behalf) any right of set-off or counterclaim in respect of:
 - (a) any amount owed by it to the Issuer against any amount owed to it by the Issuer in respect of the Subordinated Perpetual Securities or the Coupons that relate to them; or
 - (b) any amount owed by it to the Guarantor against any amount owed to it by the Guarantor in respect of the Subordinated Guarantee,

and it shall waive and be deemed to have waived such rights of set-off or counterclaim; and

- (iv) it may not exercise any voting rights as a creditor in any administration which follows a Winding-Up of the Issuer or the Guarantor until after all holders of Senior Obligations of the Issuer or, as the case may be, the Guarantor have been paid in full or otherwise in a manner inconsistent with the subordination contemplated in Clauses 6.4 and 9.3 of the Trust Deed and Condition 3(b) of the Perpetual Securities.

The debt subordination effected by Clauses 6.4 and 9.3 of the Trust Deed and Condition 3(b) of the Perpetual Securities is not affected by any act or omission of the Issuer or the Guarantor (as the case may be) or any holder of a Senior Obligation of the Issuer or the Guarantor which might otherwise affect it at law or in equity.

Redemption at the Option of the Issuer : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption.

Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer receives an assessment, determination or direction by the ATO (or other relevant authority) which confirms that:
 - (a) the Perpetual Securities will not be regarded as "debt interests" for the purposes of Division 974 of the ITAA 1997; or
 - (b) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "debentures" or "debt interests" in accordance with section 128F of the ITAA 1936; or
- (ii) (a) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of

Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

- (b) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons :

If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Australian Accounting Standards or generally accepted accounting principles in Australia, as amended from time to time (the "**AAS**") or any other accounting standards that may replace AAS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity", or will only be recognised partly as "equity", of the Issuer pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility :

If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
 - (a) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Australia or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
 - (b) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority

(including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

- (c) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Australian income tax purposes; or

- (ii) the Issuer receives an assessment, determination or direction by the ATO (or other relevant authority) which confirms that the distributions (including Arrears of Distribution and any Additional Distribution Amount) will not be deductible to the Issuer for Australian tax purposes under the ITAA 1936 or the ITAA 1997.

Redemption in the case of Minimal:
Outstanding Amount

If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Redemption upon a Change of
Shareholding Event :

If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Shareholding Event.

For the purposes of the above paragraph, a “**Change of Shareholding Event**” occurs when SC Global Developments Pte. Ltd. ceases to own in aggregate (whether directly or indirectly) at least 20 per cent. of the issued share capital of the Guarantor.

Redemption upon Cessation or Suspension of Trading of Shares : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Cessation/Suspension of Trading Event.

For the purposes of the above paragraph:

- (i) a “**Cessation/Suspension of Trading Event**” occurs when (a) the shares of the Guarantor cease to be traded on both the ASX and the SGX-ST, (b) where the shares of the Guarantor are traded on both the ASX and the SGX-ST, trading in the shares of the Guarantor on both the ASX and the SGX-ST is suspended at the same time on both the ASX and the SGX-ST for a continuous period of more than seven market days or (c) where the shares of the Guarantor are traded on either the ASX or the SGX-ST only, trading in the shares of the Guarantor on the ASX or, as the case may be, the SGX-ST is suspended for a continuous period of more than seven market days; and
- (ii) “**market day**” means a day on which the ASX or, as the case may be, the SGX-ST is open for securities trading.

Limited right to institute proceedings in relation to Perpetual Securities : The right to institute proceedings for Winding-Up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.

Proceedings for Winding-Up : If (i) a Winding-Up of the Issuer and/or the Guarantor occurs or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due or the Guarantor fails to pay any amount under the Guarantee when due and in each case, such failure continues for a period of more than three business days, the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Conditions 9(d) and 9(g) of the Perpetual Securities, institute proceedings for the Winding-Up of the Issuer and/or the Guarantor and/or prove in the Winding-Up of the Issuer and/or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.

Taxation : All payments in respect of the Perpetual Securities and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Australia or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer or, as the case may be, the Guarantor

shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on “Taxation” herein.

Listing	:	Each Series of the Perpetual Securities will be listed on the SGX-ST and (if agreed to by the Issuer and the relevant Dealer(s)) may be listed on another stock exchange, subject to all necessary approvals having been obtained.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, see the section on “Subscription, Purchase and Distribution” herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.
Governing Law	:	The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore, save that Conditions 3(b)(i) to 3(b)(vi) of the Perpetual Securities and Clauses 6.4 and 9.3 of the Trust Deed are governed by, and shall be construed in accordance with, the laws of the State of Victoria, Australia.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to “Notes” are to the Notes of one Series only, and not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the “**Trust Deed**”) dated 29 April 2015 made between (1) AVJennings SPV No 10 Pty Limited, as issuer (the “**Issuer**”), (2) AVJennings Limited, as guarantor (the “**Guarantor**”), and (3) DB International Trust (Singapore) Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, restated or supplemented from time to time, the “**Deed of Covenant**”) dated 29 April 2015 executed by the Issuer, relating to Notes (“**CDP Notes**”) cleared or to be cleared through the CDP System (as defined in the Trust Deed). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 29 April 2015 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) Deutsche Bank AG, Singapore Branch, as principal paying agent (in such capacity, the “**Principal Paying Agent**”), transfer agent in respect of CDP Notes (in such capacity, the “**CDP Transfer Agent**”) and registrar in respect of CDP Notes (in such capacity, the “**CDP Registrar**”), (4) Deutsche Bank AG, Hong Kong Branch, as paying agent in respect of Notes cleared or to be cleared through a clearing system other than the CDP System (“**Non-CDP Notes**”) (in such capacity, the “**Non-CDP Paying Agent**”) and, together with the Principal Paying Agent and any other paying agents that may be appointed, the “**Paying Agents**”) and transfer agent in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Transfer Agent**”) and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) Deutsche Bank Luxembourg S.A., as registrar in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Registrar**”) and, together with the CDP Registrar, the “**Registrars**”), and (6) the Trustee, as trustee for the Noteholders. The Noteholders and the holders (the “**Couponholders**”) of coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Principal Paying Agent shall, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar and (c) the Transfer Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

- (i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent (as defined below), all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Guarantor, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository. For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to

any payment of principal, interest and any other amounts in respect of the Note shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).

- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer or, as the case may be, the Guarantor with the prior written approval of the Registrar, the Transfer Agent and the Trustee and in the case of a change proposed by the Registrar, with the prior written approval of the Issuer, the Guarantor and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender

of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or exercise notice delivered pursuant to these Conditions and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, exercise notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, exercise notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day (other than a Saturday or Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(b) or 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status and Guarantee

(a) Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Guarantee

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

4. Negative Pledge and Financial Covenants

(a) Negative Pledge

- (i) The Issuer has covenanted with the Trustee in Clause 8.1 of the Trust Deed that so long as any of the Notes remains outstanding (as defined in the Trust Deed), it will not, and will ensure that none of its subsidiaries (as defined in Condition 10) will, create or permit to be created any security or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, save for any security which has been approved by the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).

- (ii) The Guarantor has covenanted with the Trustee in Clause 8.2 of the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10) will, create or permit to be created any security or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, save for:
- (1) liens arising solely by operation of law in the ordinary course of business (or by an agreement evidencing the same), in respect of indebtedness which either (A) has been due for less than 14 days or (B) is being contested in good faith and by appropriate means;
 - (2) any security existing or intended to be created as at the date of the Trust Deed over any of its assets and disclosed in writing to the Trustee on or prior to the date of the Trust Deed;
 - (3) any security on or over their respective assets acquired, renovated, refurbished or developed by it after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development of such assets and, in each case, securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or development, including the interest payable and costs related thereto;
 - (4) any security created on or over their respective assets for the purposes of securing credit facilities to be applied towards the Group's working capital requirements;
 - (5) the entry into any hire purchase, leasing or retention of title arrangement (or any other arrangement having the same effect) relating to any vehicle, plant, equipment, products and supplies and machinery, arising in the ordinary course of business, which is registrable as a security interest pursuant to the Personal Property Securities Act 2009 (Cth) of Australia;
 - (6) any security to be created over any assets referred to in Conditions 4(a)(ii)(2), 4(a)(ii)(3) and 4(a)(ii)(4) in connection with the extension, renewal, refinancing, increase or replacement (or successive extensions, renewals, refinancings, increases or replacements) in the facility limit of the credit facilities granted by the relevant lender(s) or the provision of new credit facilities by such lender(s), in each case, secured by such asset; and
 - (7) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

(b) Financial Covenants

The Guarantor has further covenanted with the Trustee in Clause 8.3 of the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

- (i) the Consolidated Tangible Net Worth shall not at any time be less than A\$240,000,000;
- (ii) the ratio of Consolidated Net Debt to Consolidated Tangible Net Worth shall not at any time exceed 1.5:1; and
- (iii) the ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.5:1.

For the purposes of these Conditions:

- (1) **"Consolidated Net Debt"** means Consolidated Total Debt less cash and cash equivalent balances;
- (2) **"Consolidated Secured Debt"** means, at any particular time, the portion of Consolidated Total Liabilities secured by any security interest over any asset of the Group;

- (3) **“Consolidated Tangible Net Worth”** means the amount (expressed in Australian dollars) for the time being, calculated in accordance with generally accepted accounting principles in Australia, equal to the aggregate of (without double counting):
- (A) the amount paid up or credited as paid up on the issued share capital of the Issuer; and
 - (B) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis,
- all as shown in the then latest audited or, as the case may be, unaudited consolidated balance sheet of the Group but after:
- (aa) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraphs (A) and (B) above of the Group since the date of the latest audited or, as the case may be, unaudited consolidated balance sheet of the Group;
 - (bb) excluding any sums set aside for future taxation; and
 - (cc) deducting:
 - (I) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited or, as the case may be, unaudited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;
 - (II) all goodwill and other intangible assets; and
 - (III) any amounts attributable to minority interests (if any); and
 - (dd) adjusting for any credit or debit balances on consolidated profit and loss account;
- (4) **“Consolidated Total Assets”** means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with generally accepted accounting principles in Australia;
- (5) **“Consolidated Total Debt”** means an amount (expressed in Australian dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Australia, equal to the aggregate of:
- (A) bank overdrafts and all other indebtedness in respect of any borrowings;
 - (B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
 - (C) the liabilities of the Issuer under the Trust Deed or the Notes;
 - (D) all other indebtedness whatsoever of the Group for borrowed moneys; and
 - (E) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Australia as debt or other liability of the Group; and
- (6) **“Consolidated Total Liabilities”** means the aggregate of Consolidated Total Borrowings plus, insofar as not already taken into account, all other liabilities of the Group calculated in accordance with generally accepted accounting principles in Australia, including:
- (A) current creditors, proposed dividends and taxation payable within 12 months;

- (B) the principal amount raised by acceptances under any acceptance credit in favour of any member of the Group;
- (C) the face amount of any bills of exchange (other than cheques) or other instruments upon which any member of the Group is liable as drawer, acceptor or endorser;
- (D) all actual and contingent liabilities of whatsoever nature of any member of the Group including, without limitation, the maximum premium payable on a redemption of any debenture or other indebtedness of any member of the Group and all actual and contingent liabilities of any other person (including the value of any shares and the principal amount of any debentures of any person) to the extent that such liabilities, shares or debentures are directly or indirectly guaranteed or secured by or are, directly or indirectly, the subject of an indemnity given by, or with a right of recourse against, any member of the Group;
- (E) the aggregate of the principal amounts outstanding under all agreements or transactions entered into by any member of the Group for leasing, hire purchase, conditional sale or purchase on deferred terms, or provision of funds in support of obligations of third parties and similar transactions in relation to any property, and any other amounts due to creditors other than current creditors;
- (F) amounts standing to the credit of any deferred tax account or tax equalisation reserve; and
- (G) any amount proposed to be distributed to shareholders,

provided that no liabilities shall be included in a calculation of Consolidated Total Liabilities more than once.

For the avoidance of doubt, for the purposes of these definitions, any perpetual securities issued by the Issuer, the Guarantor or any other member of the Group which are regarded by generally accepted accounting principles in Australia as “equity” shall be treated as such (and not as debt).

5. Interest and Other Calculations

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note. The amount of interest payable per Calculation Amount (as defined in Condition 5(II)(d)) for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

In these Conditions, “**Fixed Rate Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) to the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such

Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the **"Rate of Interest"**.

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);
- (B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;
- (C) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation

Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (B) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and
- (C) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the

prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

- (A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

- (B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

- (C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

- (iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest - Variable Rate Notes

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.

- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
 - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
 - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
 - (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
 - (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
 - (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the Principal Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day:
 - (1) notify the Guarantor, the Principal Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Principal Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The “Spread” is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

“**Benchmark**” means the rate specified as such in the applicable Pricing Supplement;

“**business day**” means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Principal Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and Australia, (2) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, Australia and the principal financial centre for that currency;

“**Calculation Agent**” means, in relation to any Series of Notes, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

“**Calculation Amount**” means the amount specified as such on the face of any Note or, if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (A) the actual number of days in that

portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

“**Euro**” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

“**Interest Determination Date**” means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

“**Primary Source**” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

“**Reference Banks**” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Notes are denominated;

“**Relevant Dealer**” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“**Relevant Financial Centre**” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“**Relevant Rate**” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its outstanding principal amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.
- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its outstanding principal amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date (**“Interest Payment Date”**). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the **“Specified Number of Months”**) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with

such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

- (ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an **"Interest Period"**.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.
- (iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(i)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(i)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the **"Interest Amounts"**) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Principal Paying Agent, the Trustee, the Issuer and the Guarantor as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Principal Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at

any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

- (i) If so provided hereon, each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Principal Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.
- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Principal Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

- (i) If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.
- (ii) If, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 45 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable), no later than 21 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 6(e)(ii) a "**Change of Shareholding Event**" occurs when SC Global Developments Pte. Ltd. ceases to own in aggregate (whether directly or indirectly) at least 20 per cent. of the issued share capital of the Guarantor.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(i) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become

obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver to the Trustee and the Principal Paying Agent:

- (1) a certificate signed by two Directors or a Director and the company secretary of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (2) an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Redemption upon Cessation or Suspension of Trading of Shares

In the event that (i) the shares of the Guarantor cease to be traded on both the Australian Securities Exchange (“**ASX**”) and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), (ii) where the shares of the Guarantor are traded on both the ASX and the SGX-ST, trading in the shares of the Guarantor on both the ASX and the SGX-ST is suspended at the same time on both the ASX and the SGX-ST for a continuous period of more than seven market days or (iii) where the shares of the Guarantor are traded on either the ASX or the SGX-ST only, trading in the shares of the Guarantor on the ASX or, as the case may be, the SGX-ST is suspended for a continuous period of more than seven market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption on the date falling 45 days after the Effective Date. The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the event specified in this paragraph (g) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar or any other Transfer Agent or the Issuer (as applicable), no later than 21 days after the Effective Date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

In this Condition 6(g),

- (1) “**Effective Date**” means (where the shares of the Guarantor cease to be traded) the first date on which the shares of the Guarantor cease to be traded on both the ASX and the SGX-ST or (where trading in the shares of the Guarantor is suspended for a continuous period of more than seven market days) the business day immediately following the expiry of such continuous period of seven market days; and
- (2) “**market day**” means a day on which the ASX or, as the case may be, the SGX-ST is open for securities trading.

(h) Purchases

The Issuer, the Guarantor and/or any of their respective related corporations may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer, the Guarantor and/or any of their respective related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Principal Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer, the Guarantor or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) Early Redemption of Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor and/or any of their respective related corporations may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Interest in respect of Registered Notes

- (i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(c) Payments Subject to Law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and the Guarantor and their specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, any other Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents and Calculation Agents, provided that they will at all times maintain (i) a Principal Paying Agent having a specified office in Singapore and (in the case of Non-CDP Notes) a Non-CDP Paying Agent, as the case may be, (ii) a Transfer Agent in relation to Registered Notes, (iii) a Registrar in relation to Registered Notes and (iv) a Calculation Agent where the Conditions so require.

Notice of any such change or any change of any specified office will be given by the Issuer to the Noteholders in accordance with Condition 16 within the period specified in the Agency Agreement.

The Agency Agreement may be amended by the Issuer, the Guarantor, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Guarantor, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Guarantor, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, adversely affect the interests of the holders of the Notes or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum calculated by the Principal Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as

the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Principal Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. Taxation

All payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Australia or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Australia otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Australia);
- (b) by or on behalf of a holder who would be lawfully able to avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so; or
- (c) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events (“**Events of Default**”) occurs, the Trustee at its discretion may (but is not obliged to), and if so requested in writing by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice in

writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the Issuer or the Guarantor does not pay any sum payable by it under any of the Notes when due at the place at and in the currency in which it is expressed to be payable and such default continues for a period of three business days after the due date;
- (b) the Issuer or the Guarantor does not perform or comply with any one or more of their respective obligations (other than the payment obligation of the Issuer or the Guarantor referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if that default is capable of remedy, it is not remedied within 21 days after notice of such default shall have been given by the Trustee to the Issuer or, as the case may be, the Guarantor;
- (c) any representation, warranty or statement by the Issuer or the Guarantor in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if the circumstances resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 21 days after notice thereof shall have been given by the Trustee to the Issuer or, as the case may be, the Guarantor;
- (d) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
- (e)
 - (i) any other indebtedness of the Issuer, the Guarantor or any of the Principal Subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any default, event of default or the like (however described) (any applicable grace period having expired and such default, event of default or the like not having been remedied or waived) or is not paid when due; or
 - (ii) the Issuer, the Guarantor or any of the Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys,

provided however that no Event of Default will occur under paragraph (e)(i) or (e)(ii) above unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (e) has/have occurred equals or exceeds A\$5,000,000 (or its equivalent in other currency or currencies);

- (f) the Issuer, the Guarantor or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the indebtedness of the Issuer, the Guarantor or any of the Principal Subsidiaries;
- (g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries and is not discharged within 21 days;
- (h) any security on or over the whole or a material part of the property or assets of the Issuer, the Guarantor or any of the Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);

- (i) any petition, application or the like (other than those of a frivolous or vexatious nature and which are discharged within 45 days of its commencement) is presented, meeting is convened, resolution is passed, court order is made or any other proceeding or procedure is taken with a view to the winding-up or dissolution of the Issuer, the Guarantor or any of the Principal Subsidiaries (otherwise than (i) (in the case of the Issuer and the Guarantor only) for the purposes of a reconstruction, amalgamation, merger, consolidation or reorganisation on terms approved by an Extraordinary Resolution of the Noteholders or (ii) (in the case of a Principal Subsidiary other than the Issuer) for a voluntary winding-up of a Principal Subsidiary not involving insolvency where such event does not have a material adverse effect (as defined in the Trust Deed) on the Issuer or the Guarantor) or for the appointment of a liquidator (including a provisional liquidator), receiver, manager, judicial manager, trustee, administrator, agent or similar officer of the Issuer, the Guarantor or any of the Principal Subsidiaries or over the whole or a material part of the property or assets of the Issuer, the Guarantor or any of the Principal Subsidiaries;
- (j) the Issuer, the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or a material part of its business or (otherwise than as permitted by, and in accordance with, Clause 17.30 of the Trust Deed) disposes or threatens to dispose of the whole or a material part of its property or assets;
- (k) any step is taken by any person acting under the authority of any national, regional or local governmental authority or agency with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the Issuer, the Guarantor or any of the Principal Subsidiaries which has or is likely to have a material adverse effect on the Issuer or the Guarantor;
- (l) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 16.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);
- (m) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Issue Documents or any of the Notes;
- (n) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer or the Guarantor not) to be the legal and valid obligations of the Issuer or the Guarantor, binding upon it in accordance with its terms;
- (o) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature which are discharged within 30 days of its commencement) against the Issuer, the Guarantor or any of the Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer or the Guarantor under any of the Issue Documents or any of the Notes or (ii) which has or is likely to have a material adverse effect on the Issuer or the Guarantor;
- (p) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (f), (g), (h), (i) or (k);
- (q) the Issuer, the Guarantor or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; and
- (r) for any reason the Guarantor ceases to own (directly or indirectly) the whole of the issued share capital for the time being of the Issuer.

In these Conditions:

(1) **“Principal Subsidiary”** means, at any particular time, any subsidiary of the Guarantor:

- (A) whose profit before tax, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the profit before tax of the Group as shown by such audited consolidated accounts; or
- (B) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts, or

provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or any part of its business, undertaking or assets to another subsidiary or the Guarantor (the **“transferee”**) then:

- (aa) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Guarantor) shall thereupon become a Principal Subsidiary; and
- (bb) if a part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Guarantor) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (aa) above or which remains or becomes a Principal Subsidiary by virtue of (bb) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (I) the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profit before tax or, as the case may be, total assets as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the profit before tax or, as the case may be, total assets of the Group, as shown by such audited consolidated accounts and (II) a report by the Auditors (as defined in the Trust Deed) as described below which shows the profit before tax or, as the case may be, total assets of such subsidiary to be less than 10 per cent. of the profit before tax or, as the case may be, total assets of the Group, as shown by such report of the Auditors. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(2) **“subsidiary”** has the meaning ascribed to it in the Trust Deed.

11. Enforcement of Rights

At any time after an Event of Default shall have occurred or after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, and/or to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the

amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding notes of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single series with the Notes. Any further notes forming a single series with the outstanding notes of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other series where the Trustee so decides.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer, the Guarantor or any of their respective related corporations without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

16. Notices

Notices to the holders of Registered Notes shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require or permit, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes

are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Principal Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Noteholders.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

18. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore, save that Clauses 6.4 and 9.3 of the Trust Deed shall be governed by, and shall be construed in accordance with, the laws of the State of Victoria, Australia.

(b) Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Notes, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, Notes, Coupons, Talons or the Guarantee may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Process Agent

Each of the Issuer and the Guarantor has irrevocably appointed Tricor WP Corporate Services Pte. Ltd. as its authorised agent for service of process in Singapore. If for any reason such agent shall cease to be such agent for service of process, the Issuer or, as the case may be, the Guarantor shall forthwith appoint a new agent for service of process in Singapore and deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days. Nothing in the Trust Deed, the Notes, the Coupons or the Guarantee shall affect the right to serve process in any other manner permitted by law.

(d) No Immunity

Each of the Issuer and the Guarantor agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes, the Coupons, the Talons or the Guarantee against it or any of its assets, no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or, as the case may be, the Guarantor or with respect to any of its assets and irrevocably waives any such right of immunity which it or its assets now have or may hereafter acquire or which may be attributed to it or its assets and consents generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to “**Perpetual Securities**” are to the Perpetual Securities of one Series only, and not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the “**Trust Deed**”) dated 29 April 2015 made between (1) AVJennings SPV No 10 Pty Limited, as issuer (the “**Issuer**”), (2) AVJennings Limited, as guarantor (the “**Guarantor**”), and (3) DB International Trust (Singapore) Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, restated or supplemented from time to time, the “**Deed of Covenant**”) dated 29 April 2015 executed by the Issuer, relating to Perpetual Securities (“**CDP Perpetual Securities**”) cleared or to be cleared through the CDP System (as defined in the Trust Deed). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 29 April 2015 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) Deutsche Bank AG, Singapore Branch, as principal paying agent (in such capacity, the “**Principal Paying Agent**”), transfer agent in respect of CDP Perpetual Securities (in such capacity, the “**CDP Transfer Agent**”) and registrar in respect of CDP Perpetual Securities (in such capacity, the “**CDP Registrar**”), (4) Deutsche Bank AG, Hong Kong Branch, as paying agent in respect of Perpetual Securities cleared or to be cleared through a clearing system other than the CDP System (“**Non-CDP Perpetual Securities**”) (in such capacity, the “**Non-CDP Paying Agent**” and, together with the Principal Paying Agent and any other paying agents that may be appointed, the “**Paying Agents**”) and transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Transfer Agent**” and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) Deutsche Bank Luxembourg S.A., as registrar in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar, the “**Registrars**”), and (6) the Trustee, as trustee for the Perpetual Securityholders. The Perpetual Securityholders and the holders (the “**Couponholders**”) of distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Principal Paying Agent shall, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (c) the Transfer Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”), in each case in the Denomination Amount shown hereon.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent (as defined below), all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Guarantor, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to any

payment of principal, distribution and any other amounts in respect of the Perpetual Security shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).

- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Perpetual Securityholder**” means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “**holder**” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

- (a) **No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.
- (b) **Transfer of Registered Perpetual Securities:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer or, as the case may be, the Guarantor with the prior written approval of the Registrar, the Transfer Agent and the Trustee and in the case of a change proposed by the Registrar, with the prior written approval of the Issuer, the Guarantor and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.
- (c) **Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities:** In the case of an exercise of an Issuer’s option in respect of, or a partial redemption of or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the

case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day (other than a Saturday or Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5, (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status and Guarantee

- (a) **Senior Perpetual Securities:** This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement).

- (i) **Status of Senior Perpetual Securities**

The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

- (ii) **Guarantee of Senior Perpetual Securities**

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Senior Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Senior Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

- (b) **Subordinated Perpetual Securities:** This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) **Status of Subordinated Perpetual Securities**

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions:

(1) **“Equal Ranking Obligations”** means:

- (A) in respect of the Issuer, any subordinated debt obligation of the Issuer (other than the Subordinated Perpetual Securities or Coupons relating to them) which ranks or is expressed to rank equally with the Issuer’s obligations under the Subordinated Perpetual Securities or Coupons relating to them; or
- (B) in respect of the Guarantor, any subordinated debt obligation of the Guarantor (other than the Subordinated Guarantee) which ranks or is expressed to rank equally with the Guarantor’s obligations under the Subordinated Guarantee;

(2) **“Junior Ranking Obligations”** means:

- (A) in respect of the Issuer, any equity or subordinated debt obligation of the Issuer which ranks junior to the Issuer’s obligations under the Subordinated Perpetual Securities or Coupons relating to them; or
- (B) in respect of the Guarantor, any equity or subordinated debt obligation of the Guarantor which ranks junior to the Guarantor’s obligations under the Subordinated Guarantee;

(3) **“Senior Obligations”** means:

- (A) in respect of the Issuer, all obligations of the Issuer, including any subordinated debt obligations ranking senior to the Subordinated Perpetual Securities or Coupons relating to them, except for the Subordinated Perpetual Securities, the Equal Ranking Obligations and the Junior Ranking Obligations; or
- (B) in respect of the Guarantor, all obligations of the Guarantor, including any subordinated debt obligations ranking senior to the Subordinated Guarantee, except for the Subordinated Guarantee, the Equal Ranking Obligations and the Junior Ranking Obligations;

(4) **“Share”** means:

- (A) in respect of the Issuer, an ordinary share or a preference share in the capital of the Issuer; or
- (B) in respect of the Guarantor, an ordinary share or a preference share in the capital of the Guarantor;

(5) **“Subordinated Perpetual Securityholder”** means each holder of a Subordinated Perpetual Security or Coupon relating to it;

(6) **“Subordinated Perpetual Securityholder Claims”** means:

- (A) in respect of a claim against the Issuer, the rights and claims of the Trustee (in respect of the Subordinated Perpetual Securities or Coupons relating to them) and the Subordinated Perpetual Securityholders in respect of the Subordinated Perpetual Securities or Coupons relating to them; or
- (B) in respect of a claim against the Guarantor, the rights and claims of the Trustee (in respect of the Subordinated Guarantee) and the Subordinated Perpetual Securityholders in respect of the Subordinated Guarantee; and

(7) **“Winding-Up”** means:

- (A) in respect of the Issuer, a winding-up, liquidation, provisional liquidation or the appointment of an administrator, a liquidator, provisional liquidator or other similar officer in respect of the Issuer or any corporate action is taken by the Issuer to appoint such person; or
- (B) in respect of the Guarantor, a winding-up, liquidation, provisional liquidation or the appointment of an administrator, a liquidator, provisional liquidator or other similar officer in respect of the Guarantor or any corporate action is taken by the Guarantor to appoint such person.

(ii) **Ranking of Claims on Winding-Up – Issuer**

The Subordinated Perpetual Securityholder Claims against the Issuer, including any claim in respect of a distribution deferred pursuant to Condition 4(IV), will, in a Winding-Up of the Issuer, rank in such Winding-Up:

- (1) junior to the rights and claims of the holders of all Senior Obligations of the Issuer;
- (2) equally with each other and with the rights and claims of the holders of any Equal Ranking Obligations of the Issuer; and
- (3) senior to the rights and claims of holders of any Junior Ranking Obligations and any Shares of the Issuer,

and for the purposes of giving effect to this ranking, in any Winding-Up of the Issuer the Subordinated Perpetual Securityholder Claims against the Issuer:

- (A) are subordinated and postponed and subject in right of payment to payment in full of the rights and claims of the holders of Senior Obligations of the Issuer; and
- (B) may only be proved as a debt which is subject to prior payment in full of the rights and claims of the holders of Senior Obligations of the Issuer.

(iii) **Guarantee of Subordinated Perpetual Securities**

The payment of all sums expressed to be payable by the Issuer under the Trust Deed in relation to the Subordinated Perpetual Securities and the Coupons relating to them, the Subordinated Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor. The obligations of the Guarantor under the Subordinated Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Subordinated Guarantee constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in this Condition 3(b).

(iv) **Ranking of Claims on Winding-Up – Guarantor**

The Subordinated Perpetual Securityholder Claims against the Guarantor, including any claim in respect of a distribution deferred pursuant to Condition 4(IV), will, in the Winding-Up of the Guarantor, rank in such Winding-Up:

- (1) junior to the rights and claims of the holders of all Senior Obligations of the Guarantor;
- (2) equally with each other and with the rights and claims of the holders of any Equal Ranking Obligations of the Guarantor; and
- (3) senior to the rights and claims of holders of any Junior Ranking Obligations and any Shares of the Guarantor,

and for the purposes of giving effect to this ranking, in any Winding-Up of the Guarantor the Subordinated Perpetual Securityholder Claims against the Guarantor:

- (A) are subordinated and postponed and subject in right of payment to payment in full of the rights and claims of the holders of Senior Obligations of the Guarantor; and
- (B) may only be proved as a debt which is subject to prior payment in full of the rights and claims of the holders of Senior Obligations of the Guarantor.

(v) **No Set-Off – Issuer/Guarantor**

The Trustee irrevocably acknowledges and agrees and each Subordinated Perpetual Securityholder acknowledges and agrees by its purchase of a Subordinated Perpetual Security or Coupon that relates to it, that:

- (1) this Condition 3(b) is a debt subordination for the purposes of section 563C of the Corporations Act (as defined in the Trust Deed);
- (2) the claims of holders of Senior Obligations of the Issuer or the Guarantor to which it is subordinated include the entitlement of each holder of Senior Obligations of the Issuer or, as the case may be, the Guarantor to interest under section 563B of the Corporations Act and it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act;
- (3) to the maximum extent permitted by applicable law, it may not exercise or claim (nor will the Trustee exercise or claim on its behalf) any right of set-off or counterclaim in respect of:
 - (A) any amount owed by it to the Issuer against any amount owed to it by the Issuer in respect of the Subordinated Perpetual Securities or the Coupons that relate to them; or
 - (B) any amount owed by it to the Guarantor against any amount owed to it by the Guarantor in respect of the Subordinated Guarantee,

and it shall waive and be deemed to have waived such rights of set-off or counterclaim; and

- (4) it may not exercise any voting rights as a creditor in any administration which follows a Winding-Up of the Issuer or the Guarantor until after all holders of Senior Obligations of the Issuer or, as the case may be, the Guarantor have been paid in full or otherwise in a manner inconsistent with the subordination contemplated in this Condition 3(b).

(vi) **Preservation of Debt Subordination**

The debt subordination effected by this Condition 3(b) is not affected by any act or omission of the Issuer or the Guarantor (as the case may be) or any holder of a Senior Obligation of the Issuer or the Guarantor which might otherwise affect it at law or in equity.

4. Distribution and Other Calculations

(l) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

Each Fixed Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(l) to the Relevant Date (as defined in Condition 7).

(b) Distribution Rate

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

- (i) if no Reset Date is specified in the applicable Pricing Supplement:
 - (1) and no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or
 - (2) and a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and
- (ii) if a Reset Date is specified in the applicable Pricing Supplement, (1) for the period from the Distribution Commencement Date to the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to the immediately following Reset Date, the Reset Distribution Rate,

Provided always that:

- (A) if Redemption upon a Change of Shareholding Event is specified on the face of such Perpetual Security and a Change of Shareholding Event Margin is specified in the applicable Pricing Supplement, in the event that a Change of Shareholding Event (as defined in Condition 5(g)) has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g), the then prevailing Distribution Rate shall be increased by the Change of Shareholding Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Shareholding Event occurred (or, if the Change of Shareholding Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date); and

- (B) if Redemption upon a Cessation/Suspension of Trading Event is specified on the face of such Perpetual Security and a Cessation/Suspension of Trading Margin is specified in the applicable Pricing Supplement, in the event that a Cessation/Suspension of Trading Event (as defined in Condition 5(h)) has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(h), the then prevailing Distribution Rate shall be increased by the Cessation/Suspension of Trading Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Cessation/Suspension of Trading Event occurred (or, if the Cessation/Suspension of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

“Reset Distribution Rate” means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement); and

“Swap Offer Rate” means:

- (aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the **“Reset Determination Date”**);
- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);
- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to the four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and
- (dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for

determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(c) Calculation of Reset Distribution Rate

The Calculation Agent will, on the second business day prior to each Reset Date, determine the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(d) Notification of Relevant Reset Distribution Rate

The Calculation Agent will cause the applicable Reset Distribution Rate or (if a Change of Shareholding Event or Cessation/Suspension of Trading Event has occurred) the applicable Distribution Rate to be notified to the Principal Paying Agent, the Trustee, the Issuer and the Guarantor as soon as possible after its determination but in no event later than the fourth business day thereafter. The Calculation Agent shall cause notice of the then applicable Reset Distribution Rate or (if a Change of Shareholding Event or Cessation/Suspension of Trading Event has occurred) the applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof.

(e) Determination or Calculation by Trustee

If the Calculation Agent does not at any material time determine or calculate the applicable Reset Distribution Rate, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculations

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount (as defined in Condition 4(II)(c)) for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

In these Conditions, “**Fixed Rate Distribution Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date;

(II) **Distribution on Floating Rate Perpetual Securities**

(a) **Distribution Payment Dates**

Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date ("**Distribution Payment Date**"). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period (as defined below) on the face of the Perpetual Security (the "**Specified Number of Months**") after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a "**Distribution Period**".

Distribution will cease to accrue on each Floating Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) **Rate of Distribution - Floating Rate Perpetual Securities**

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Perpetual Security. The "**Spread**" is the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the "**Rate of Distribution**".

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:
- (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:
- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);
- (B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;
- (C) if on any Distribution Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (D) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the

Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
 - (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption “SGD SOR rates as of 11:00hrs London Time” and under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);
 - (B) if on any Distribution Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and
 - (C) if on any Distribution Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the

Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

- (A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,and as adjusted by the Spread (if any);
- (B) if the Primary Source for the Floating Rate Perpetual Securities is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and
- (C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.

(iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(c) Definitions

As used in these Conditions:

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Perpetual Security, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Principal Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and Australia, (2) (in the case of Perpetual Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros

and (3) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, Australia and the principal financial centre for that currency;

“Calculation Agent” means, in relation to any Series of Perpetual Securities, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

“Calculation Amount” means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

“Distribution Commencement Date” means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

“Distribution Determination Date” means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 4:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365;

“Euro” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

“Reference Banks” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Benchmark;

“Relevant Currency” means the currency in which the Perpetual Securities are denominated;

“Relevant Financial Centre” means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

“Relevant Time” means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Calculations

(a) Determination of Rate of Distribution and Calculation of Distribution Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the **“Distribution Amounts”**) in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Calculation Agent will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Principal Paying Agent, the Trustee, the Issuer and the Guarantor as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Calculation Agent will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a “**Compulsory Distribution Payment Event**”) have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer's Subordinated Obligations or the Guarantor's Subordinated Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Equal Ranking Obligations or any of the Guarantor's Equal Ranking Obligations; or
- (ii) any of the Issuer's Subordinated Obligations or the Guarantor's Subordinated Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Equal Ranking Obligations or any of the Guarantor's Equal Ranking Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group (as defined in the Trust Deed) or (2) as a result of the exchange or conversion of Equal Ranking Obligations of the Issuer or, as the case may be, the Guarantor for Junior Ranking Obligations of the Issuer or, as the case may be, the Guarantor and/or as otherwise specified in the applicable Pricing Supplement.

In these Conditions, “**Subordinated Obligation**” means, in relation to the Issuer or the Guarantor, any of its ordinary shares and any class of its share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer or, as the case may be, the Guarantor that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities or, as the case may be, the Guarantee.

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Principal Paying Agent, by a certificate signed by two Directors or a Director and the company secretary of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Principal Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No obligation to pay

If Optional Payment is set out hereon and subject to Condition 4(IV)(c) and Condition 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

- (i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

- (ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.
- (iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Restrictions in the case of Non-Payment

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer and the Guarantor shall not and shall procure that none of its subsidiaries shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's or the Guarantor's Subordinated Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's or the Guarantor's Equal Ranking Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's or the Guarantor's Subordinated Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's or Guarantor's Equal Ranking Obligations,

in each case other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Equal Ranking Obligations of the Issuer or, as the case may be, the Guarantor for Junior Ranking Obligations of the Issuer or, as the case may be, the Guarantor unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer or, as the case may be, the Guarantor is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
 - (A) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
 - (B) the next Distribution Payment Date following the occurrence of a breach of Condition 4(IV)(d) or following the occurrence of a Compulsory Distribution Payment Event; and
 - (C) the date such amount becomes due under Condition 9 or on a Winding-Up of the Issuer or the Guarantor.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro rata* basis.

(f) No Default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

5. Redemption and Purchase

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer receives an assessment, determination or direction by the Australian Taxation Office ("**ATO**") (or other relevant authority) which confirms that:
 - (1) the Perpetual Securities will not be regarded as "debt interests" for the purposes of Division 974 of the Income Tax Assessment Act 1997 of Australia ("**ITAA 1997**") ; or
 - (2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "debentures" or "debt interests" in accordance with section 128F of the Income Tax Assessment Act 1936 of Australia ("**ITAA 1936**") ; or
- (ii) (1) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

- (2) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee and the Principal Paying Agent:

- (A) a certificate signed by two Directors or a Director and the company secretary of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(d) Redemption for Accounting Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Australian Accounting Standards or generally accepted accounting principles in Australia, as amended from time to time (the "**AAS**") or any other accounting standards that may replace AAS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity", or will only be recognised partly as "equity", of the Issuer pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee and the Principal Paying Agent:

- (i) a certificate signed by two Directors or a Director and the company secretary of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) Redemption for Tax Deductibility

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
 - (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Australia or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

- (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
- (3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Australian income tax purposes; or

- (ii) the Issuer receives an assessment, determination or direction by the ATO (or other relevant authority) which confirms that the distributions (including Arrears of Distribution and any Additional Distribution Amount) will not be deductible to the Issuer for Australian tax purposes under the ITAA 1936 or the ITAA 1997.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee and the Principal Paying Agent:

- (A) a certificate signed by two Directors or a Director and the company secretary of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) an opinion of the Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(e).

(f) Redemption in the case of Minimal Outstanding Amount

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(f).

(g) Redemption upon a Change of Shareholding Event

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Shareholding Event.

For the purposes of these Conditions a "**Change of Shareholding Event**" occurs when SC Global Developments Pte. Ltd. ceases to own in aggregate (whether directly or indirectly) at least 20 per cent. of the issued share capital of the Guarantor.

Upon the expiry of any such notice as is referred to in this Condition 5(g), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(g).

(h) Redemption upon Cessation or Suspension of Trading of Shares

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Cessation/Suspension of Trading Event.

For the purposes of these Conditions:

- (i) a **"Cessation/Suspension of Trading Event"** occurs when (1) the shares of the Guarantor cease to be traded on both the Australian Securities Exchange ("**ASX**") and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), (2) where the shares of the Guarantor are traded on both the ASX and the SGX-ST, trading in the shares of the Guarantor on both the ASX and the SGX-ST is suspended at the same time on both the ASX and the SGX-ST for a continuous period of more than seven market days or (3) where the shares of the Guarantor are traded on either the ASX or the SGX-ST only, trading in the shares of the Guarantor on the ASX or, as the case may be, the SGX-ST is suspended for a continuous period of more than seven market days; and
- (ii) **"market day"** means a day on which the ASX or, as the case may be, the SGX-ST is open for securities trading.

(i) Purchases

The Issuer, the Guarantor and/or any of their respective related corporations may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the Issuer, the Guarantor and/or any of their respective related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Principal Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer, the Guarantor or, as the case may be, the relevant related corporation, be held or resold.

For the purposes of these Conditions, **"directive"** includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(j) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer, the Guarantor and/or any of their respective related corporations may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Distribution in respect of Registered Perpetual Securities

- (i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).
- (ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(c) Payments Subject to Law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and the Guarantor and their specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, any other Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents and Calculation Agents, provided that they will at all times maintain (i) a Principal Paying Agent having a specified office in Singapore and (in the case of Non-CDP Perpetual Securities) a Non-CDP Paying Agent, as the case may be, (ii) a Transfer Agent in relation to Registered Perpetual Securities, (iii) a Registrar in relation to Registered Perpetual Securities and (iv) a Calculation Agent where the Conditions so require.

Notice of any such change or any change of any specified office will be given by the Issuer to the Perpetual Securityholders in accordance with Condition 14 within the period specified in the Agency Agreement.

The Agency Agreement may be amended by the Issuer, the Guarantor, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Guarantor, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Guarantor, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. Taxation

All payments in respect of the Perpetual Securities and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Australia or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Australia otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Australia);
- (b) by or on behalf of a holder who would be lawfully able to avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so; or
- (c) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

9. Non-payment

(a) Non-payment when due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for Winding-Up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer and/or the Guarantor in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities, the Guarantee or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) a Winding-Up of the Issuer and/or the Guarantor occurs or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due or the Guarantor fails to pay any amount under the Guarantee when due and in each case, such failure continues for a period of more than three business days (together, the “**Enforcement Events**”), the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Conditions 9(d) and 9(g), institute proceedings for the Winding-Up of the Issuer and/or the Guarantor and/or prove in the Winding-Up of the Issuer and/or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Conditions 9(d) and 9(g), the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor under the Perpetual Securities, the Guarantee or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer or the Guarantor under or arising from the Perpetual Securities or the Guarantee, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer and/or the Guarantor to enforce the terms of the Trust Deed, the Guarantee or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded by the Perpetual Securityholders to its satisfaction.

(e) Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the Winding-Up or claim in the liquidation of the Issuer and/or the Guarantor or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' remedy

No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed, the Perpetual Securities or the Guarantee or in respect of any breach by the Issuer or the Guarantor of any of its other obligations under or in respect of the Trust Deed, the Perpetual Securities or the Guarantee (as applicable).

(g) Subordination Provisions Prevail

Notwithstanding any other provision of this Condition 9, the right of a Subordinated Perpetual Securityholder and/or the Trustee to take any action under this Condition 9 is subject always to the subordination provisions set out in Clauses 6.4 and 9.3 of the Trust Deed and Condition 3(b) and no Subordinated Perpetual Securityholder nor the Trustee may exercise any rights under this Condition 9 to defeat the subordination provisions set out in Clauses 6.4 and 9.3 of the Trust Deed and Condition 3(b).

10. Meeting of Perpetual Securityholders and Modifications

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee, the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding, and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly

passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities either having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first payment

of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Securities include (unless the context requires otherwise) any other perpetual securities issued pursuant to this Condition 12 and forming a single series with the Perpetual Securities. Any further perpetual securities forming a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Perpetual Securityholders and the holders of perpetual securities of other series where the Trustee so decides.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer, the Guarantor or any of their respective related corporations without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Guarantor and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in respect thereof.

14. Notices

Notices to the holders of Registered Perpetual Securities shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require or permit, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Principal Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Principal Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream,

Luxembourg and/or the Depository in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Perpetual Securityholders.

15. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

16. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore, save that Clauses 6.4 and 9.3 of the Trust Deed and Conditions 3(b)(i) to 3(b)(vi) are governed by, and shall be construed in accordance with, the laws of the State of Victoria, Australia.

(b) Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, Perpetual Securities, Coupons, Talons or the Guarantee may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Process Agent

Each of the Issuer and the Guarantor has irrevocably appointed Tricor WP Corporate Services Pte. Ltd. as its authorised agent for service of process in Singapore. If for any reason such agent shall cease to be such agent for service of process, the Issuer or, as the case may be, the Guarantor shall forthwith appoint a new agent for service of process in Singapore and deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days. Nothing in the Trust Deed, the Perpetual Securities, the Coupons or the Guarantee shall affect the right to serve process in any other manner permitted by law.

(d) No Immunity

Each of the Issuer and the Guarantor agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Perpetual Securities, the Coupons, the Talons or the Guarantee against it or any of its assets, no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or, as the case may be, the Guarantor or with respect to any of its assets and irrevocably waives any such right of immunity which it or its assets now have or may hereafter acquire or which may be attributed to it or its assets and consents generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

THE ISSUER

1. HISTORY AND BUSINESS

The Issuer was incorporated with limited liability under the laws of Australia on 10 September 2007. It is a wholly-owned subsidiary of the Guarantor. Its principal activities are to issue Securities under the Programme and to provide financial support to the Group.

2. SHAREHOLDING AND CAPITAL

As at the date of this Information Memorandum, the issued share capital of the Issuer is A\$1.00 comprising one (1) ordinary share. All the issued ordinary shares in the capital of the Issuer are held by AVJennings Syndicate No 3 Limited, which in turn is a wholly-owned subsidiary of the Guarantor. The Issuer is part of the Group's closed group, the entities within the Group which have executed a deed of cross guarantee in relation to the liabilities of the other members of the closed group in order to utilise the accounting relief granted by ASIC such that the Guarantor prepares consolidated accounts and the other members of the group are relieved from the obligation to prepare separate financial statements (the "**Closed Group**") for accounting relief under the relevant ASIC Class Order. As such each member of the Closed Group (which includes AVJennings Syndicate No 3 Limited and the Guarantor) has entered into a deed of cross guarantee by which the liabilities of each participating company are guaranteed by each of the other participating companies. The Issuer has not traded since its incorporation.

3. DIRECTORS

As of the date of this Information Memorandum, the directors of the Issuer are:

Mr Peter K Summers
Mr Stenio Orlandi
Mr Larry Mahaffy
Ms Sandra Vogiatzakis

Mr Peter K Summers

Mr Summers is the Managing Director and Chief Executive Officer of the Guarantor, the Australian parent company of the Group. He has been with the Group for 30 years.

Please refer to "The Guarantor – Board of Directors" for more information on Mr Summers.

Mr Stenio Orlandi

Mr Orlandi is the Chief Strategy Officer of the Group. He was formerly the Chief Financial Officer of the Group and has been with the Group for approximately 10 years.

Mr Larry Mahaffy

Mr Mahaffy has been Chief Financial Officer since 2012 when he joined the Group. He was formerly a senior banker at Australia and New Zealand Banking Group Limited, Halifax Bank of Scotland and Lloyds Banking Group.

Ms Sandra Vogiatzakis

Ms Vogiatzakis has been with the Group for over 20 years in various capacities.

4. REGISTERED OFFICE

The registered office of the Issuer is at Level 4, 108 Power Street, Hawthorn Victoria, Australia 3122.

THE GUARANTOR

1. OVERVIEW

The Guarantor is a leading Australian-based residential property developer that is listed on both the ASX and the SGX-ST.

The Group is an iconic Australian brand with a corporate history of over 80 years in Australia. The Group's core products and services comprise of land development, integrated housing and apartments and the Group operates across various regions in Australia including New South Wales, Victoria, Queensland, South Australia and Western Australia. It also has operations in New Zealand.

As at the Latest Practicable Date, the Guarantor has a market capitalisation of approximately A\$238 million.

SC Global Developments Pte. Ltd.

The Guarantor is a subsidiary of SC Global Developments Pte. Ltd., a luxury property group based in Singapore that was incorporated in 2000. SC Global Developments Pte. Ltd. and its subsidiaries hold, among others, a substantial portfolio of completed luxury developments in Singapore located on prime land chiefly in the vicinity of Orchard Road and Sentosa Cove. As at the Latest Practicable Date, SC Global Developments Pte. Ltd. has an indirect interest in 50.03% of the ordinary shares in the Guarantor.

The Guarantor pays a consulting fee to SC Global Developments Pte. Ltd., pursuant to a consultancy and advisory agreement entered into in June 2002 (and amended in 2012) for the provision of services including the following:

- (a) services of at least two directors on the board of directors of the Guarantor;
- (b) assistance in sourcing and facilitating financial and banking requirements particularly from Asian-based and other institutions;
- (c) assistance in secretarial and administrative matters in connection with the Guarantor's listing on the SGX-ST;
- (d) sourcing and facilitating business, commercial and investment opportunities; and
- (e) ancillary advice.

The reasonableness and appropriateness of the agreement and the level of fees are assessed annually by the Australian-based independent non-executive Directors taking into account the actual services provided, comparable market data for similar services, the benefits to the Guarantor and the likely cost of replacement of the services provided. The annual fees payable are A\$600,000. The agreement may be terminated by either party providing six months' notice or by the Guarantor on 30 days' notice for cause.

2. HISTORY

The Guarantor's residential property business was founded by Sir Albert Jennings in Melbourne, Victoria, Australia in 1932. The Guarantor played a leading role in the post-war building boom in Australia. It was one of Australia's biggest home builders from 1960 to 1990 with over 80,000 homes built.

Since 1995, the Guarantor's residential property business has been operated by AVJennings Homes Limited, an ASX-listed company. The Guarantor also listed on the SGX-ST in 1995. The Guarantor changed its name from AVJennings Homes Limited to AVJennings Limited in 2006.

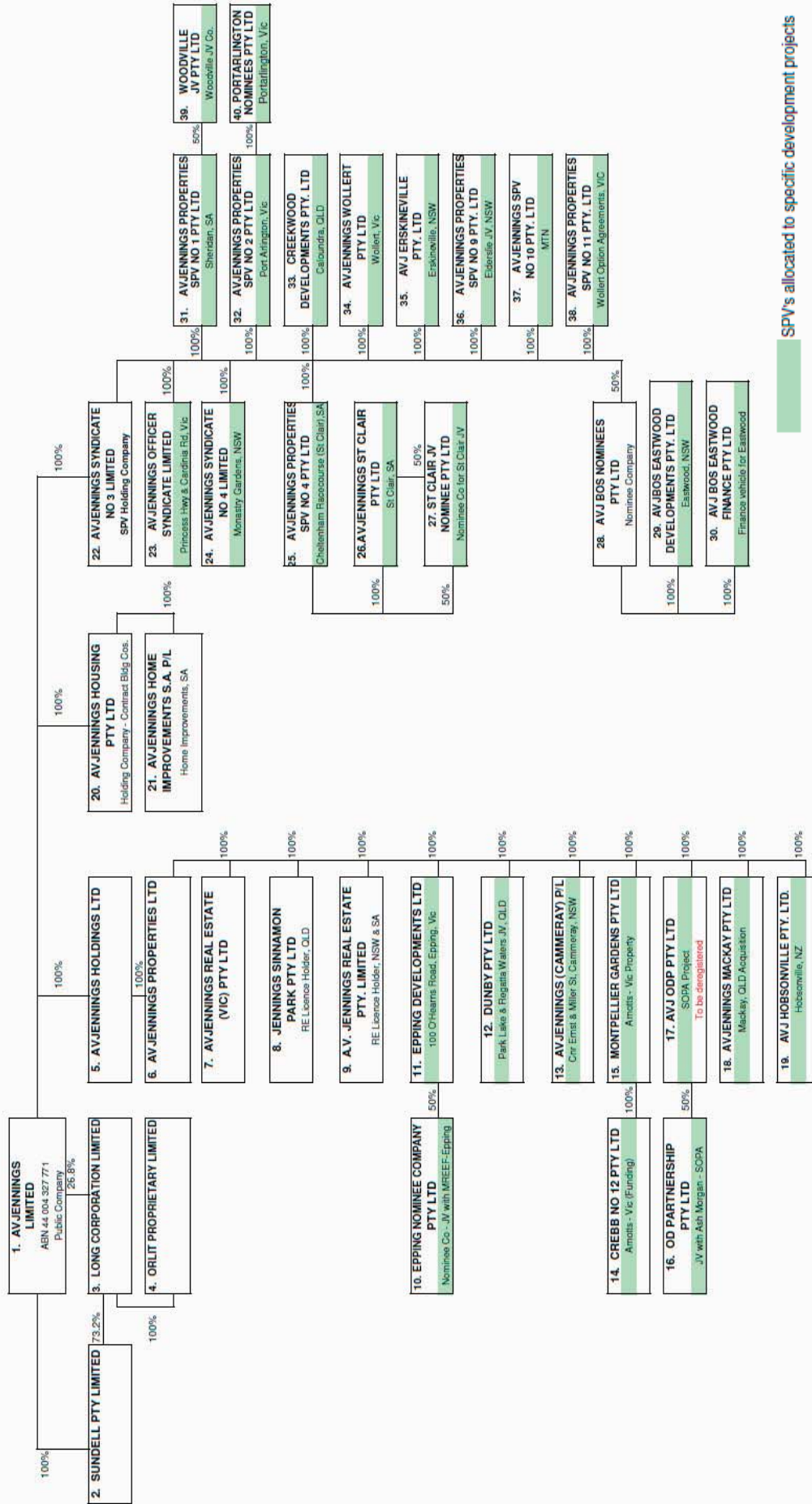
In December 2008, the Guarantor became a subsidiary of SC Global Developments Pte. Ltd., a luxury property group based in Singapore.

In 2010, the Guarantor fine-tuned its business model and disposed of its contract building division to focus purely on residential property development to generate higher returns in the long run.

Since 2010, the Group has increased its land under control or management by acquisitions, joint venture and development agreements. These include Cobbitty in New South Wales, Eyre at Penfield and the Catalina Precinct in the Group's development at Hobsonville, New Zealand.

3. GROUP STRUCTURE

The group structure of the Guarantor and its subsidiaries as at the Latest Practicable Date is set out below.



SPV's allocated to specific development projects

4. BUSINESS

(i) Principal Activities

The Group's core business can be divided into three segments:

(a) *Land Development*

The Group master-plans neighbourhoods which incorporate housing in different configurations, open spaces, retail and commercial components as well as recreational areas. Land is sold in individual allotments within a stage to customers who may engage a third party builder to construct a house. Land may also be sold in superlots to parties to develop the commercial and retail spaces and, in some cases, to construct higher density apartments. A superlot refers to a large lot of land which can be divided into numerous smaller lots of land, and is usually sold to builders who build houses on the land before subdividing it for sale to the retail market.

(b) *Integrated Housing*

The Group leverages off its in-house building capability to develop a variety of housing products integrated into its master-planned estates. This may include entry statements, which refer to the area leading up to the display area or sales office or the road leading through the estate, and which usually attract the most attention in terms of urban layout. Such entry statement will typically contain higher density terraces (which refer to row housing which is attached on both sides) near the retail precinct, medium density apartments (where appropriate) and detached housing (which refer to stand-alone houses which are not attached to another dwelling). The integrated housing capability enables more efficient use of land and allows the Group to respond to expected demand for product type (for example, apartment, terrace, detached house or vacant land) in the planning stage. This enables the Group to extract a higher lot yield from the land, thus creating greater value.

(c) *Medium Density Housing*

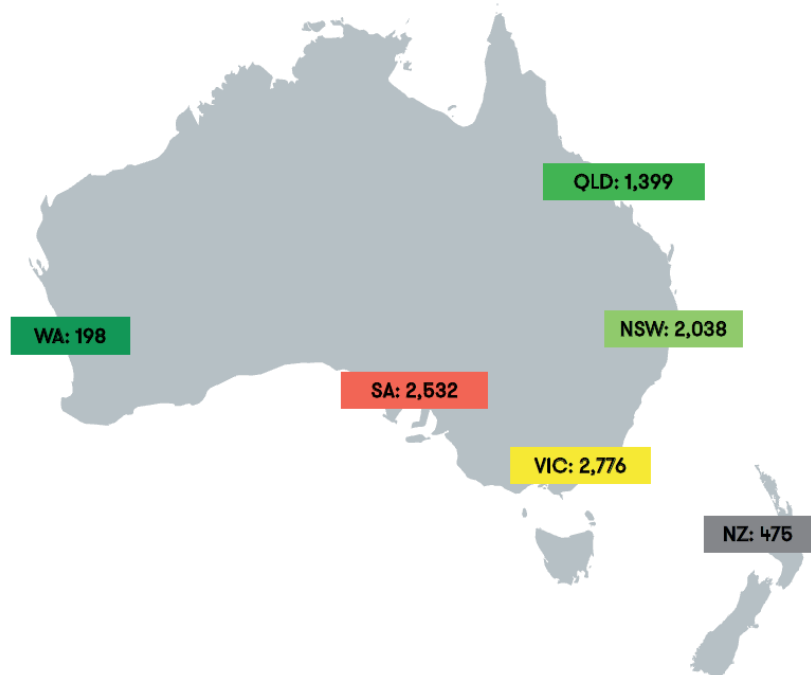
In appropriate localities, the Group develops medium density housing (including terraces and low rise apartments which are up to around six to seven storeys high). The Group undertakes the building work in these instances as part of its integrated housing capability.

(ii) Property Portfolio

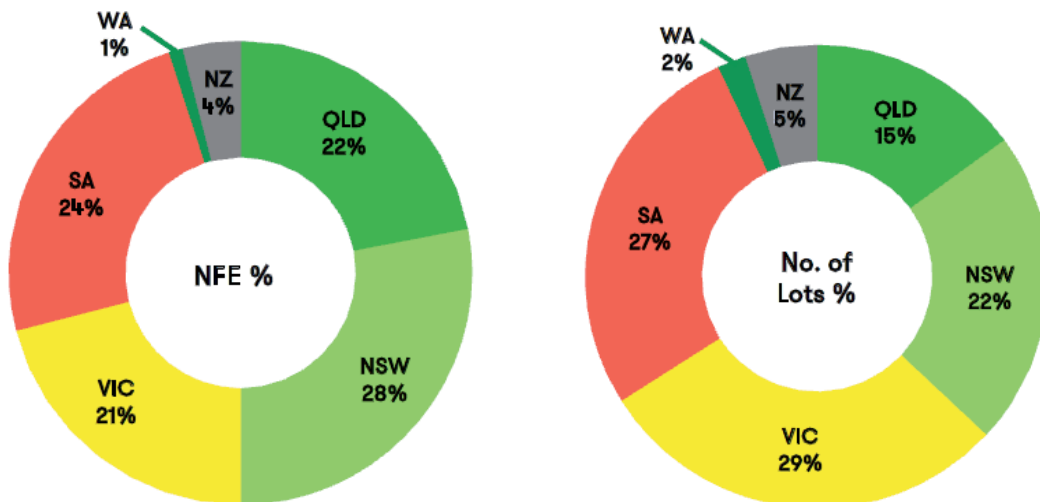
As at 31 December 2014, the Group has 9,418 lots under management. This includes 198 lots in Western Australia, 2,532 lots in Southern Australia, 2,776 lots in Victoria, 2,038 lots in New South Wales, 1,399 lots in Queensland and 475 lots in New Zealand.

The map below shows the geographical distribution of the Group's property development projects as at 31 December 2014.

Number of Lots at 31 December 2014: 9,418



The following pie charts show the Group's number of lots by location as well as the net funds employed by each location as at 31 December 2014:



The following table shows the Group's revenue from settlements for the last three financial years:

Revenue from Settlements (A\$ million)		
FY2012	FY2013	FY2014
182.3 ⁽¹⁾	152.2 ⁽¹⁾	244.4 ⁽¹⁾

Note:

(1) Includes revenue from the Guarantor's St Clair joint venture to September 2014.

The table below sets forth certain information relating to the projects that the Group has undertaken and the development pipeline for the next five fiscal years. Typically, a new project may take two to three years to commence, due to planning and approval processes.

Project Pipeline at 31 December 2014

REGION	Project Name	Project Acquired	Project Commenced	Total Gross Revenue	Original No. of Lots	Remaining No. of Lots	Pre	FY15	FY16	FY17	FY18	FY19 +
QUEENSLAND	Halpine Lake, Mango Hill	Mar-04	Jul-04	\$165.9m	689	83						
	Creekwood, Caloundra	Nov-07	Apr-09	\$185.3m	684	477						
	Glenrowan, Mackay	Aug-08	Jul-10	\$53.1m	278	177						
	Essington Rise, Leichardt	Dec-09	Mar-10	\$26.0m #	158	96						
	Nottingham Square, Calamvale	Sep-07	Aug-09	\$101.1m	258	65						
	Villaggio, Richlands	Jul-09	Jun-10	\$47.8m	142	79						
	Bethania	Jun-10	NC	\$39.1m	128	128						
	Elysium, Noosa Heads	Nov-10	Jan-11	\$54.4m	174	43						
	Big Sky, Coomera	Jun-11	Oct-11	\$76.8m #	334	251						
	Argyle, Elderslie	Nov-14	Nov-14	\$200.0m #	500	500						
	Magnolia, Hamlyn Terrace	Jul-01	Oct-14	\$165.2m	460	472						
	Spring Farm	Jan-02	NC	\$87.3m	185	206						
	Ravensthorpe Heights, Goulburn	Apr-07	Aug-07	\$87.8m	279	107						
	Seacrest, Sandy Beach	Sep-07	May-10	\$25.0m	141	99						
NEW SOUTH WALES	Cavanstone, Eastwood	Oct-07	Aug-08	\$263.0m #	274	8						
	Arcadian Hills, Cobbitty	Oct-10	Aug-13	\$205.4m	469	406						
	Cobbitty	Oct-14	N/C	\$92.4m	180	180						
	Lakes Edge, The Ponds	Oct-12	Apr-13	\$62.0m #	82	52						
	Arena, Officer	Jul-04	May-08	\$139.2m	685	43						
	Lyndarum North, Wollert	Jul-07	Mar-10	\$163.8m	856	310						
	Wollert (Options)	Purchase not yet finalised			1,820	1,820						
	Lyndarum, Epping North	Aug-03	Nov-07	\$220.1m	945	47						
	Arlington Rise, Portarlington	Mar-11	Apr-11	\$53.8m	256	216						
	Hazelcroft, Doreen	Aug-11	Jul-13	\$71.9m	365	340						
VICTORIA												

Overview of Land Development and Sale Process in Australia

In Australia, land development is undertaken in stages with the number of lots in each stage determined by a number of factors including market demand, appetite for risk and other factors peculiar to the specific project. Land development usually takes around six months from commencement of civil works to land sale contracts being entered into. If a stage incorporates the building of housing on some lots, the construction of the house usually takes a further five to six months till completion. Land lots may be sold before the completion of the development work, but this varies from State to State and even from project to project. Land lots are pre-sold before the completion of the development work where it is possible to do so. However, housing is typically not sold until construction is around 80% complete which usually takes about four to four and a half months. Development in stages allows the Group to respond quickly to changes in market conditions. As a result, the Group has a low level of completed and unsold stock on its books. This has been the case for at least the last few years.

The usual sale process in Australia is set out below (although there can be variations to this process). Where pre-sales are made (these constitute a minority of total sales, save for apartments, where it is more usual) a holding deposit is paid (typically A\$1,000) and subsequently a contract is exchanged with the buyer. At the time of exchange of contracts, a full deposit which is usually around 10% of the purchased price is paid. A binding contract to acquire the property is then in force. Such contracts invariably complete and the fall-over rate in Australia is extremely small. This is because in the event that the buyer fails to complete an unconditional contract, the purchaser's deposit is forfeited to the vendor and if the vendor re-sells the property for a lower price, the vendor can claim the difference from the original buyer as damages under the contract. Where property is sold only when works are complete, the period from exchange of contract to settlement is typically around two months. At settlement, the buyer pays the balance of the price and receives title to the land.

Description of Property Development Projects⁽¹⁾

Development Agreements

A number of the Group's projects (namely, Essington Rise, Big Sky, Eyre, The Ponds and Buckley) are conducted under various forms of development agreements. These are arrangements with land owners whereby the Group funds and undertakes the development works and the marketing and sales process to develop and sell the land. The sale proceeds are then split according to an agreed proportion between the land owner and the group. Typically, this will be different for each project and will be negotiated on the basis of the circumstances of each project. The Group believes that this is a capital efficient method of undertaking development works as it does not need to fund the cost of buying the land or pay stamp duty (except in Victoria state). However, as the proceeds are split according to an agreed formula, any uplift in land value as the project progresses is shared with the owner (in the agreed proportion).

Victoria

The Victorian region has seen population growth of around 1.9% per annum for the last few years preceding the date of this Information Memorandum and housing completions are in line with such population growth. The Group therefore sees the residential market as being stable as it continues to correct from the oversupply situation in 2010 to 2011.

Lyndarum

Lyndarum is located in Wollert, Victoria and 25 km north of the Melbourne Central Business District ("CBD"). It is a land development project comprising of a diverse residential community which incorporates large areas of public open space and regional recreational reserve and provides good social and retail

⁽¹⁾ Please note the following in relation to the description of each property development project:

- (a) The total number of lots as at 31 December 2014 is the current plan reconfigured total number of lots for the whole of each project from inception - it is not the remaining number of lots for each project. This number may change over the life of the project and will likely have changed from the initial lot yield at commencement of the project.
- (b) The percentage of lots sold at 31 December 2014 refers to the proportion of lots for which the Group has entered into contracts of sale.
- (c) The expected completion date for a project refers to the time when all the work has been completed and all the lots have been sold and settled.

infrastructure. It covers a site area of 713,000 m² and the expected completion date is June 2016. As at 31 December 2014, the Group has a 100% ownership in the development and over 72% of the available 856 allotments have been sold so far.

Wollert

The proposed Wollert project currently consists of three options over three contiguous parcels of land at Wollert, which will yield around 2,000 lots, around 25 km north of the Melbourne CBD. It covers a site area of 1,400,000 m². The options have not yet been exercised, but project commencement is scheduled for May 2016. The Group has entered into a joint venture with a co-investor (Australian Super – a leading Australian provider of superannuation funds management services) to acquire and develop the three land parcels. The Group has a 49% interest in the joint venture and undertakes management of the development.

Arena, Officer



Arena, Officer is located 50 km east of the Melbourne CBD. It is an integrated housing project and features double storey townhomes. It covers a site area of 710,000 m² and the expected completion date is July 2015. As at 31 December 2014, the Group has a 100% ownership in the development and over 97% of the available 685 lots have been sold.

Arlington Rise, Portarlington



Arlington Rise, Portarlington is located in Victoria. It is situated in the fishing village of Portarlington near the city of Geelong, southwest of Melbourne. It is both a land development project and an integrated housing project. The project covers a site area of 250,000 m² and the expected completion date is June 2018. As at 31 December 2014, the Group has a 100% ownership in the development and over 24% of the available 276 lots have been sold.

Hazelcroft, Doreen

Hazelcroft, Doreen is located in Victoria and is 27 km northeast of the Melbourne CBD. It is both a land development project and an integrated housing project. It covers a site area of 423,000 m² and the expected completion date is September 2018. The project offers 365 residential allotments ranging in size from 290 m² to over 960 m². As at 31 December 2014, the Group has a 100% ownership in the development and over 8.5% of the available 365 lots have been sold.

Melbourne (West)

The Group has had its offer to acquire a 100% interest in a medium density terrace and apartment site covering 26,000 m² accepted, subject to due diligence and final documentation. The site is 9 km west of the Melbourne CBD and will yield around 700 to 900 lots.

Queensland

The Southeast Queensland region (which includes Brisbane, Gold Coast and Sunshine Coast) is currently hosting several large infrastructure projects which may boost jobs and housing demand in the region. A new light rail link and the 2018 Commonwealth Games Village are in the midst of being built at the Gold Coast. Further, the airport at the Sunshine Coast is being upgraded whilst a university hospital is being built and scheduled to be open in 2016.

Halpine Lake at Mango Hill

Halpine Lake at Mango Hill is located in Queensland. It is 25 km north of Brisbane and a 40-minute drive from Sunshine Coast. It is both an integrated housing and land development project comprising of two and three-bedroom townhouses. It is also a master-planned development with a variety of choice to meet budgets and family requirements. It covers a site area of 57,000 m² and is slated for completion in May 2017. As at 31 December 2014, the Group has a 100% ownership in the development and over 87% of the available 689 lots have been sold.

Creekwood, Caloundra

Creekwood, Caloundra is located in Queensland and is a five-minute drive from the Caloundra CBD and two hours north of the Brisbane CBD. It is both a land development and integrated housing project. It covers a site area of 505,000 m² and the expected completion date is March 2020. The project offers freehold title homes offering single or two storey living. As at 31 December 2014, the Group has a 100% ownership in the development, which is in production, and over 40% of the available 684 lots have been sold.

Glenrowan, Mackay

Glenrowan, Mackay is located in the village of Walkerston, Queensland and is a 20-minute drive west of Mackay, North Queensland. It is both a land development and integrated housing project. It covers a site area of 327,000 m² and the expected completion date is January 2019. As at 31 December 2014, the Group has a 100% ownership in the development, which is in production, and over 36% of the available 280 lots have been sold.

Essington Rise, Leichardt

Essington Rise, Leichardt is located in Leichardt, Queensland and is 2.8 km west of the Ipswich CBD and one and a half hours' drive west of the Brisbane CBD. It is both a land development and integrated housing project. It covers a site area of 122,600 m² and the expected completion date is October 2017. The Essington Rise project is conducted under a development agreement (see "The Guarantor – Business – Development Agreements" for further details). As at 31 December 2014, over 48% of the available 158 lots have been sold.

Nottingham Square, Calamvale



Nottingham Square, Calamvale is located in Calamvale. It is 16 km south of the Brisbane CBD. It is an integrated housing project offering a variety of two and three-bedroom housing options. It covers a site area of 75,000 m² and the expected completion date is February 2016. As at 31 December 2014, the Group has a 100% ownership in the development and over 80% of the available 258 lots have been sold.

Villaggio, Richlands

Villaggio, Richlands is located in Richlands and is a 30-minute drive from the Brisbane CBD. It is an integrated housing project offering a variety of two and three-bedroom housing options. It covers a site area of 46,400 m² and the expected completion date is December 2016. As at 31 December 2014, the Group has a 100% ownership in the development and over 49% of the available 142 lots have been sold.

Bethania

Bethania is located approximately 27 km south of the Brisbane CBD, close to major motorways and Logan Town Centre. It is a small site of 40,000 m² yielding around 128 lots. The project is in the planning stage currently and the expected completion date is May 2020. As at 31 December 2014, the Group has a 100% ownership in the development and no lots have been sold.

Elysium, Noosa Heads



Elysium, Noosa Heads is located in Queensland and is an eight-minute drive from Hastings Street, which is a shopping and restaurant district. It is both a land development and integrated housing project. It covers a site area of 270,000 m² and the expected completion date is September 2015. As at 31 December 2014, the Group has a 100% ownership in the development and over 81% of the available 174 lots have been sold.

Big Sky, Coomera

Big Sky, Coomera is located in Queensland and a 40-minute drive to the south of Brisbane. Surfers Paradise is also a 20-minute drive to the south. It is both a land development and integrated housing project. The project covers a site area of 332,000 m² and the expected completion date is July 2018.

The Big Sky project is conducted under a development agreement (see “The Guarantor – Business – Development Agreements” for further details). As at 31 December 2014, over 31% of the available 334 lots have been sold.

South Australia

The South Australian residential market remains subdued overall but the Group is optimistic that its projects will be well received given its high quality offerings in that region and that the two projects in South Australia are relatively mature, having reached important milestones such as operating display homes and having completed infrastructure and amenities.

St Clair at Cheltenham



St Clair at Cheltenham is located in South Australia and 8 km northwest of Adelaide. It is both a land development and integrated housing project. The project is one of the largest residential urban infill developments in South Australia and benefits from flexible development zoning which encourages the construction of medium and higher density housings, particularly associated with the new railway station to be located on the existing rail corridor along the site’s southern boundary. It covers a site area of 490,000 m² and is slated for completion in March 2020. As at 31 December 2014, the Group has a 100% ownership in the development and over 34% of the available 868 lots have been sold.

Pathways, Murray Bridge

Pathways, Murray Bridge is located in South Australia and is a 45-minute drive away from the Adelaide CBD. It is a land development project. It covers a site area of 264,000 m² and the expected completion date is December 2016. As at 31 December 2014, the Group has a 100% ownership in the development and over 78% of the available 251 lots have been sold.

River Breeze, Goolwa North

River Breeze, Goolwa North is located in South Australia on the coast of Fleurieu Peninsula. It is a land development project. It covers a site of 340,350 m² and the expected completion date is June 2022. As at 31 December 2014, the Group has a 100% ownership in the development and over 38% of the available 130 lots have been sold.

Eyre at Penfield



Eyre at Penfield is located in South Australia and is a 40-minute drive from the Adelaide CBD. It is both a land development and an integrated housing project. The project covers a site area of 1,210,000 m² and the expected completion date is June 2024. The Eyre project is conducted under a development agreement (see “The Guarantor – Business – Development Agreements” for further details). As at 31 December 2014, over 6% of the available 1,782 lots have been sold.

New South Wales

Sydney has one of the strongest residential markets in Australia and this leads to flow-on benefits to the New South Wales Central Coast region. The region has enjoyed a population growth of around 1.5% per annum for the last few years preceding the date of this Information Memorandum and demand for housing continues to outstrip supply.

Cavanstone at Eastwood



Cavanstone at Eastwood is located in New South Wales and 15 km northwest of the Sydney CBD. It is both an integrated housing and apartment type project. Housing options range from three to five-plus-bedrooms and apartment options range from one to three-bedroom designs. It covers a site area of 73,000 m² and building construction was completed in January 2015. As at 31 December 2014, the Group has a 50% ownership in the development and all of the available lots have been sold.

Cobbitty, Arcadian Hills



Cobbitty, Arcadian Hills is located in the southwest growth corridor around one hour's drive from the Sydney CBD. It is both a land development and integrated housing project. It covers a site area of 564,000 m² and the expected completion date is April 2018. In addition to the initial 457 lots, the Group has also contracted in late 2014 to purchase one new land parcel at Cobbitty, which is contiguous with Arcadian Hills, comprising 180 lots. As at 31 December 2014, the Group has a 100% ownership in the development, which is in production and over 8% of the available 637 lots have been sold.

Elderslie, Argyle

Elderslie, Argyle is located in the southwest growth corridor of the city of Sydney. It is both a land development and integrated housing project. It covers a site area of 145,545 m² and the expected completion date is April 2019. The Elderslie project is a 50:50 joint venture with another developer of adjacent land established in late 2014. Unusually, in this case each party contributes land to the joint venture. Although the Guarantor contributes about 54% of the land (which remains in the name of AV Jennings Properties Limited, a subsidiary of the Guarantor), the joint venture was based on the projected cash flows and the lots contributed were adjusted to ensure the cashflows from each joint venture partner matched. As at 31 December 2014, the Group has a 50% ownership in the development and there are 500 lots in the project. As at 31 December 2014, 37 joint venture lots (which constitute 7.4% of the available lots) have been sold. In addition, the Guarantor owns 100% of an additional 78 lots (which cover a site area of 38,442 m²) adjacent to the joint venture land which may be included in the joint venture at a later stage.

The Ponds, Lakes Edge

The Ponds, Lakes Edge is located northwest of the Sydney CBD and five minutes from the Rouse Hill Town Centre. The project is also located close to the proposed North West Rail Link. It is an integrated housing project type. It covers a site area of 35,200 m² and the expected completion date is September 2015. The Ponds project is conducted under a development agreement (see "The Guarantor – Business – Development Agreements" for further details) and comprises a full build-out of 87 lots. As at 31 December 2014, over 76% of the available 87 lots have been sold.

Goulburn, Ravensworth Heights

Goulburn, Ravensworth Heights is located in the Southern Tablelands of New South Wales. It sits in a central location close to all the conveniences in Goulburn City and is only two hours from Sydney and 40 minutes from Canberra. It is an integrated housing project type. It covers a site area of 220,000 m² and the expected completion date is December 2017. As at 31 December 2014, the Group has a 100% ownership in the development and over 54% of the available 279 lots have been sold.

Sandy Beach, Seacrest at Sandy Beach

Sandy Beach, Seacrest at Sandy Beach is located in the beachside suburb of Sandy Beach, Northern New South Wales. It is a land development type project. It covers a site area of 410,000 m² and the expected completion date is July 2017. As at 31 December 2014, the Group has a 100% ownership in the development and over 29% of the 140 lots have been sold.

Hamlyn Terrace

Hamlyn Terrace is a 401,200 m² site yielding approximately 472 lots on the New South Wales Central Coast north of Sydney. The project is well placed close to amenities, the coast and transport. It is a land development and integrated housing project and the expected completion date is February 2020. The project has commenced with civil works starting in 2014. A sales programme has already commenced with some deposits taken. As at 31 December 2014, the Group has a 100% ownership in the development and over 4% of the available 472 lots have been sold.

Spring Farm

Spring Farm is located in Sydney's southwest area, close to the Camden town centre. The project is close to the Group's existing project at Cobbitty. There are amenities, schools and transport nearby. It is a 178,000 m² site yielding around 206 lots. The project is in its planning stage currently and the expected completion date is August 2018. As at 31 December 2014, the Group has a 100% ownership in the development and no lots have been sold.

Central Coast

The Group has entered into a heads of agreement to acquire a 100% interest in a land and integrated housing site on the Central Coast north of Sydney, subject to due diligence and final documentation. The 440,000 m² site will yield around 595 lots.

Western Australia

The Western Australia market has stabilised after the strong market conditions of the mining investment phase of the mining boom. Housing demand remains stable and the residential market is generally buoyant with dwelling approvals and housing loans relatively stable at elevated levels. The Western Australia projects represent an opportunity for the Group to expand its footprint into this important market.

Fine China Subiaco





This project is situated on 7,050 m² of land in Subiaco, an inner Perth suburb close to the Perth CBD. This is an urban renewal project close to amenities including rail transport and retail and consists of three buildings of up to five levels which will contain 198 apartments and townhouses. As at 31 December 2014, the Group has a 15% ownership in the development and no lots have been sold. This project is expected to be completed in September 2016.

Kardinya

This is a land development project 10 km south of the Perth CBD in the suburb of Kardinya. The project covers a site area of 35,117 m², consists of 112 land lots and is well serviced with a major shopping centre, transport and Murdoch University close by. The first land settlements are expected in December 2015 and the project is expected to complete by June 2016. As at 31 December 2014, no lots have been sold and the Group acquired a 33% ownership in the development after 31 December 2014.

Viveash

This land development project in the Perth suburb of Viveash covers a site area of 35,000 m², consists of 38 land lots and is situated on the Swan River around 19 km from the Perth CBD. Land settlements are expected to commence in June 2015 and the project is expected to complete in January 2016. As at 31 December 2014, no lots have been sold and the Group acquired a 33% ownership in the development after 31 December 2014.

Ferndale

This is a land project consisting of 46 lots and covers a site area of 12,400 m². The site is 13 km southeast of the Perth CBD with close proximity to shopping centres and schools. Land settlements are due to commence in December 2015 and complete in February 2016. As at 31 December 2014, no lots have been sold and the Group acquired a 33% ownership in the development after 31 December 2014.

New Zealand

Auckland represents a strong market for the Group and the Group experiences good demand for its project at Hobsonville Point. The Hobsonville project is developed in partnership with the New Zealand government. The Catalina project described below is a continuation of the successful partnership between the Group and the New Zealand government.

The Hobsonville and Catalina projects in New Zealand operate under a different model from typical projects in Australia. In the New Zealand model, the Group undertakes the planning and design work and master-planning as well as physical land development work. The Group operates with local New Zealand builder partners who acquire the developed land and build houses for sale to retail customers. As a rule, the Group does not sell to the retail market for the two New Zealand projects, but instead deals directly with builders as a wholesale customer.

Hobsonville Point, Buckley Precinct



Hobsonville Point, Buckley Precinct is located in Auckland, New Zealand. It is a 25-minute ferry ride from Auckland City. It is a land development project being developed by the New Zealand government on an old airport site covering an area of 286,051 m² and the expected completion date is June 2015. The Hobsonville Buckley Precinct was the Group's first project within the Hobsonville area. This project is being developed under a development agreement and as at 31 December 2014, over 96% of the available 623 lots have been sold.

The Buckley model for Hobsonville refers to the business model originally adopted at the Buckley Precinct project, which is part of the larger Hobsonville development. The Hobsonville development is a very large 3000-plus lot development by Hobsonville Land Company ("**HLC**"). HLC owns the land and either sells or grants development rights to persons to develop different stages. The Buckley Precinct was the first site (of around 625 lots) in which the Group was involved. The Buckley Precinct project operates as a development agreement model, under which HLC retains ownership of the land and the Group develops the land and sells it to builder partners. The sale proceeds are split according to an agreed formula. The Group has a 100% interest in the project, under a development agreement.

Catalina, Hobsonville

Catalina, Hobsonville is located in Auckland. The Catalina project is an acquisition of over 400 lots of "Catalina Precinct" in stages over a fixed period of time, with land payments and consequent transfers of land, as agreed in the purchase agreement. The project is part of the Hobsonville Precinct almost adjacent to the Buckley Precinct, which is the existing project under development by the Group. The project involves a developable area of 152,000 m² with an anticipated yield of around 412 lots. Preliminary works commenced in late 2014. The development will follow the very successful Buckley Precinct at

Hobsonville, with the Group undertaking the planning and development of the land for sale to builder partners who will then undertake housing construction and retail sales. As at 31 December 2014, over 52.7% of the available 412 lots have been sold. The first land settlements are expected in July 2015 and the project is expected to complete by June 2016.

5. COMPETITIVE STRENGTHS

(i) The Group is well established in the industry and has a proven track record

The Group believes that it has built up a reputation over the past 82 years and has vast experience in home building, land development, pre-planned integrated housing and medium density activities. As a household and iconic Australian brand and due to its long tradition in providing quality living options, the Group believes that it has become the choice for many Australians looking for the assurance of buying from a trusted brand that offers experience and expertise, integrity and understanding.

(ii) The Group has a proven business model

The Group believes that its unique ability to provide a diverse range of property purchase options gives it a unique competitive advantage. This allows it to adapt to changing market conditions. In determining the type of property a project will encompass (for example, land development only, detached or non-detached housing (and the proportion of each type) or whether medium density housing or apartments will be included), the Group will take into account factors such as location, expected market demand and pricing. Such determination is made on a stage-by-stage basis to ensure that it remains responsive to prevailing market conditions. The Group also believes that its flexibility in delivery methods ensures that they provide property options most suitable to the needs of the consumer today and in the future.

Being a developer with a mainly horizontal development profile (where land/housing is developed on the ground as opposed to high-rise properties), the Group is able to adapt strategies to match its market forecasts as it can scale up or down more easily than if it had a high-rise apartment or vertical development profile. As horizontal developments proceed in stages, the Group is able to scale up or scale down the size of each stage when the demand for housing changes. Such scaling is also possible as Australian developers are generally able to proceed with horizontal developments without having pre-sold the properties to be constructed on the land. As compared to other countries where land may be relatively limited, more strictly regulated and accordingly more expensive to invest in, developers in Australia have more flexibility in relation to the scale and timing of their projects. For example, they do not face any time period within which they are required to build and/or sell a specified number of properties constructed in order to avoid penalties.

The Group focuses on delivering good quality and affordable housing in the different regions in Australia and in Auckland, New Zealand. Given this target segment, it is important that the Group is able to combine its land acquisition and building skills to deliver highly affordable housing products. It has a highly developed land acquisition and land development strategy to deliver the right locations at the right price points. The Group has deep expertise in being able to tailor the housing product mix to the project location and pricing strategy. With over 80 years of experience in home building, the Group is an experienced builder that can deliver completed integrated housing to customers. The Group's integrated development capability provides it with a key point of difference from its competitors. Neighbourhoods are master-planned with product designed and built and sold with warranty. As it controls the entire process from land acquisition through to development and finished product, the Group is able to control costs of the entire project through a disciplined approach to project management and building.

(iii) The Group operates in relatively stable and less volatile markets

The Group focuses on delivering good quality and affordable housing in the different regions in Australia and in Auckland, New Zealand. Second and subsequent owner-occupiers and local investors form the majority of the Group's clientele. Due to the market segment and customer base that the Group targets, which are more stable and predictable than very low end or high end market segments, the Group is less exposed to speculative buying activity. This in turn allows the Group to enjoy relatively stable and long term revenue streams.

(iv) **The Group has a diverse project portfolio which allows it to have lower concentration risks**

The Group has development projects spread across five states in Australia and in Auckland in New Zealand. The Group believes that these are well located projects with the requisite infrastructure in place allowing it to be utilised as key growth corridors. Furthermore, the Group ensures that its projects are delivered over a number of building cycles thus allowing it to ensure steady income flow throughout these periods.

(v) **The Group has a strong capital position and prudent financial management**

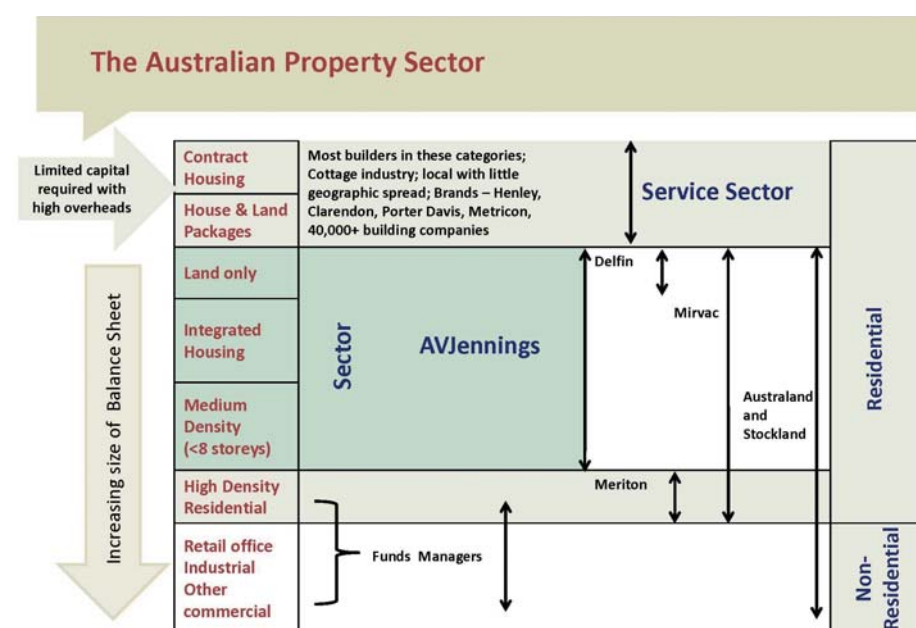
The Group has a strong balance sheet which has been built up by years of prudent financial management. It adopts a conservative land acquisition strategy which enables it to enjoy low debt allowing for flexibility in new projects. The Group also utilises joint venture and development agreements to de-risk pricing. The Group believes that its strong capital position allows it to secure the confidence of both investors and creditors allowing it to tap on various means of financing to undertake its development plans.

(vi) **The Group has an experienced and committed management team**

The Group has an experienced and committed management team with deep experience in professions such as finance and real estate. The Group is led by Mr Peter Summers (Chief Executive Officer) who has been with group since 1984. Mr Summers has extensive experience in general and financial management as well as mergers and acquisitions. Mr Simon Cheong (Non-Executive Director, Chairman) owns his own successful luxury property group in Singapore, SC Global Developments Pte. Ltd. and has more than 30 years of experience in banking and real estate. The Group's management is instrumental in setting its corporate objectives and strategies and steering the Group in new directions over the years.

6. STRATEGIES

(i) **Focus on land sector in residential market**



The Group is a pure residential property developer. The Group targets to deliver good quality and affordable housing. The Group does not have investment property and exited the contract building business in 2010 to focus on land development and medium density integrated housing. The Group believes that it faces less competition in this segment of the residential market, especially in larger planned projects.

Integrated housing projects afford the Group better control over building specifications (as opposed to the contract building business) and allow it to leverage on its in-house building, design and management skills. The Group is then able to better use its resources to reduce the cost of land. It also has greater ability to control the build rate and time to market for integrated housing.

(ii) **Focus on acquiring sites that are well placed within their catchments**

The Group has a highly developed approach in its land acquisition. It looks to acquire land in growth corridors. It does not acquire land that does not fit its asset strategy or branding.

The Group generally acquires only appropriately zoned land which is within growth corridors, and proximate to amenities such as transport, retail, schools and recreational areas. The land should form the base for a project which incorporates the Guarantor's objectives, which include the provision of affordable housing, a range of desirable and quality product offerings, and undertaking well-positioned projects.

(iii) **Disciplined approach as to development**

The Group intends to increase its market presence through increased branding and other marketing activities. Steve Waugh, AO, a popular retired national cricket player in Australia, was named as the Group's Corporate Ambassador in 2011.

Any project which the Group undertakes has to be strongly aligned with the Group's brand and what it known for. The Group's products have a long established reputation for quality, reliability and affordability. The Group is committed to delivering innovative and environmentally sustainable estates and homes at affordable prices. The Group will continue to enhance its integrated building capability to maximise land utilisation and improve affordability. (See "The Guarantor – Competitive Strengths – The Group has a proven business model"). It will focus on improving "constructability" as an aid to affordability, with increasing use of in-factory prefabrication of building components to reduce construction times.

(iv) **Geographic diversity**

The Group operates in five states across Australia and in Auckland, New Zealand. This geographic diversity provides a buffer to changes in market conditions and helps to reduce volatility. Markets, particularly in Australia, do not all move in unison, so changes in market conditions in a particular market do not unduly affect the Group's overall performance. Further, the Group may also seek to expand its footprint in different growth corridors in the existing cities it operates in.

(v) **Growth through strong partnerships and joint ventures**

Over the years, the Group has expanded its presence in the property development industry in Australia and New Zealand through partnerships and joint ventures. It has established joint ventures with other entities for some of its projects, such as the Elderslie project and the St Clair project as well as partnerships with the New Zealand government for the Catalina project. The Group seeks to continue exploring further growth opportunities through partnerships and joint ventures. The partnerships and joint ventures benefit the Group by enabling it to embark on larger scale developments, share resources with partners and manage its business risks.

7. AWARDS

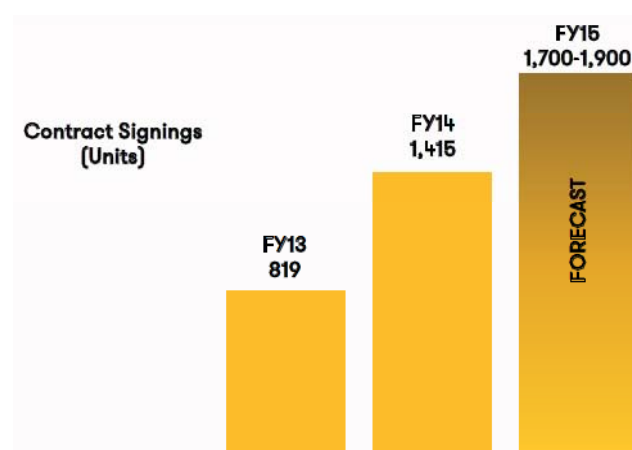
Significant awards conferred on the Group in the last two years preceding the date of this Information Memorandum include the following:

Year	Award	Property
2014	Urban Development Institute of Australia ("UDIA") Awards for Excellence Master-planned projects over 600 lots	St Clair project, South Australia
2014	UDIA Awards for Excellence Excellence in Affordable Housing (St Clair Unity Terraces)	St Clair project, South Australia
2013	QMBA Sunshine Coast Housing & Construction Awards Sporting and Community Service Facilities up to A\$5 Million	Elysium, Noosa Heads, Queensland

Year	Award	Property
2013	New Zealand Institute of Landscape Architects Hobsonville Point Park Distinction	Hobsonville Point, Auckland, New Zealand

8. OVERVIEW OF THE CURRENT MARKET OUTLOOK AND MARKET CONDITIONS

The domestic macroeconomic outlook over years 2015 to 2016 remains stable and consumer confidence to transact in housing is strong in Sydney, Brisbane, Auckland, and to a lesser extent, in Melbourne. The contract signing guidance of the Group for FY2015 was revised upwards to 1,700 to 1,900 lots. The graph below shows the contracts signings of the Group between FY2013 to FY2015.

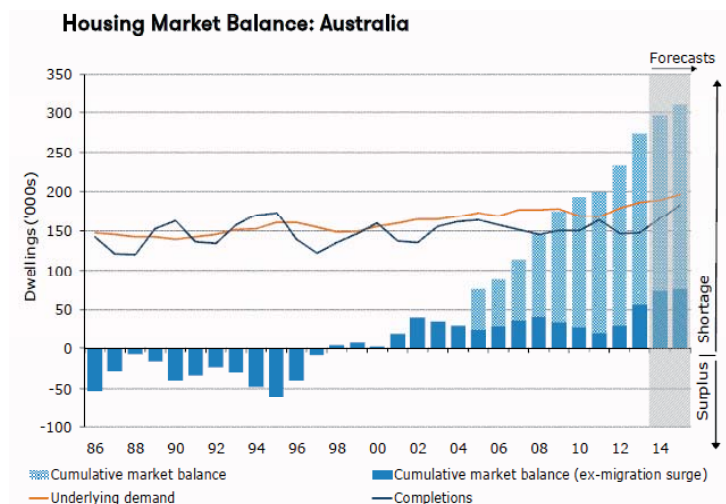


As in prior periods, the full year results for FY2015 are biased towards the second half as a result of production staging and seasonality. Strong cash generation from the Group's mature projects coupled with the realisation of new funding initiatives will facilitate prudent stock replenishment.

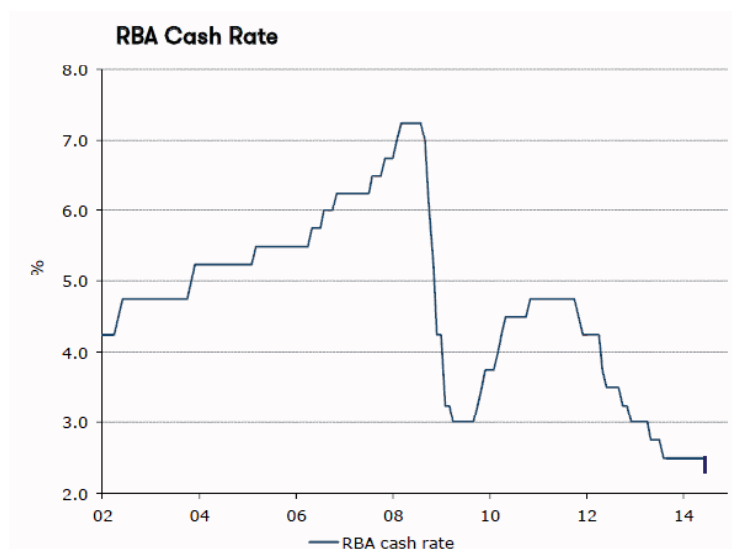
As at 31 December 2014, loan approvals for new dwellings in Australia were stable at their highest level in four years. There was also a record high number of national total dwelling approvals of 200,814 for calendar year 2014. (Source: BIS Shrapnel)

Market fundamentals also remain positive, with continued strong consumer confidence to transact in housing bolstered by low interest rates and inflation, underlying housing shortages in some markets (especially Sydney, Brisbane and Auckland) and continued strong population growth. Affordability is an ongoing challenge. However, it is assisted by a benign interest rate outlook for the foreseeable future, moderate price growth on the urban fringe of most capital city markets and government incentives. For example, there are government grants to first home buyers of newly constructed homes to support housing construction and to assist such buyers to enter the housing market and such buyers enjoy concessional stamp duty. The strong interest in purchasing lot equivalents, which is shown by third party builders and developers in all jurisdictions, also evidences confidence in continuing market recovery.

The following graphs demonstrate the continued housing shortage nationally and the low interest rate environment, both of which are helping to drive demand for housing.



Source: ANZ Bank and Australian Bureau of Statistics



Source: ANZ Bank and Australian Bureau of Statistics

9. BOARD OF DIRECTORS

Mr Simon Cheong ***Chairman (Non-Executive)***

Mr Cheong was appointed to the Board of the Guarantor in 2001. He is also Chairman of the Investments Committee, Member of the Remuneration Committee and Member of the Nominations Committee.

Prior to joining the Guarantor, he held positions with Citibank (Singapore) as their Head of Real Estate Finance for Singapore as well as with Credit Suisse First Boston as a Director and Regional Real Estate Head for Asia (excluding Japan).

In 1996, Mr Cheong established his own firm, SC Global Pte Ltd, a real estate and hotel advisory and direct investment group specialising in structuring large and complex transactions worldwide. He was elected President of the prestigious Real Estate Developers' Association of Singapore (REDAS) for two terms from 2007 until 2010.

He served on the Board of the Institute of Real Estate Studies, National University of Singapore from 2008 to 2011 and was a board member of the Republic Polytechnic Board of Governors from 2008 to 2011. He was also a Council Member of the Singapore Business Federation, a position he held from 2007 to 2010. He is a citizen and resident of Singapore.

Mr Jerome Rowley ***Deputy Chairman (Non-Executive)***

Mr Rowley was appointed to the Board of the Guarantor in 2007. He is also Chairman of the Risk Management Committee, Member of the Audit Committee, Member of the Investments Committee and Member of the Nominations Committee.

Prior to joining the Guarantor, Mr Rowley has been a career banker since the early 1970s with Citigroup, Morgan Grenfell and ABN Amro. From 1992 until 2002, he served as Managing Director and Chief Executive Officer of ABN Amro Australia and Head of Relationship Management and Structured Finance for ABN Amro, Asia Pacific. He has been active in both wholesale and investment banking domestically and internationally. Of particular significance was his involvement in advising and funding including debt, equity and hybrids, of infrastructure projects in both Australia and the Asia Pacific.

Mr Peter K Summers ***Managing Director and Chief Executive Officer***

Mr Summers was appointed to the Board of the Guarantor in 1998.

Mr Summers is a Chartered Accountant and has been employed with the Guarantor and its related corporations since 1984, when he joined the Jack Chia Australia Limited Group from Price Waterhouse (now PricewaterhouseCoopers). During Mr Summers' early period with the Group, he held various management and directorship roles within the Group. Following the acquisition of the Guarantor's residential business in September 1995, Mr Summers was appointed Chief Financial Officer, becoming Finance Director of the Guarantor in August 1998. He was appointed Managing Director and Chief Executive Officer of the Guarantor on 19 February 2009. Mr Summers has extensive experience in general and financial management as well as mergers and acquisitions.

Mrs Elizabeth Sam ***Non-Executive Director***

Mrs Sam was appointed to the Board of the Guarantor in 2001. She is also Chairman of the Nominations Committee, Chairman of the Remuneration Committee and Member of the Audit Committee.

Mrs Sam has over 40 years' experience in international banking and finance. Prior to joining the Guarantor, she served on numerous high level Singaporean government financial and banking review committees and was the Chairman of the International Monetary Exchange from 1987 to 1990 and 1993 to 1996. Mrs Sam is a Director of SC Global Developments Pte. Ltd., the Guarantor's major shareholder. She is a citizen and resident of Singapore.

Mrs Sam also holds directorships in Banyan Tree Holdings Limited and The Straits Trading Company Limited.

Mr Bobby Chin
Non-Executive Director

Mr Chin was appointed to the Board of the Guarantor in 2005. He is also Chairman of the Audit Committee.

Mr Chin is the Chairman of NTUC Fairprice Co-operative Limited and NTUC Fairprice Foundation Limited. He is the Deputy Chairman of NTUC Enterprise Co-operative Limited and a Director of the Singapore Labour Foundation. He is also a member of the Singapore Council of Presidential Advisers. Mr Chin served 31 years with KPMG Singapore and was its Managing Partner from 1992 until September 2005. He is a Fellow of the Institute of Singapore Chartered Accountants, and an Associate Member of the Institute of Chartered Accountants in England and Wales. He is a resident of Singapore.

Mr Chin also holds directorships in Yeo Hiap Seng Limited, Ho Bee Investment Limited, Sembcorp Industries Limited, Singapore Telecommunications Limited and Temasek Holdings (Private) Limited.

Mr Bruce G Hayman
Non-Executive Director

Mr Hayman was appointed to the Board of the Guarantor in 2005. He is also Member of the Remuneration Committee, Member of the Nominations Committee, Member of the Investment Committee and Member of the Risk Management Committee.

Mr Hayman has over 45 years commercial management experience with 20 of those at operational Chief Executive or General Manager Level. He is currently Chairman of Chartwell Management Services where he brings his very wide business experience to clients by way of the leadership, marketing, business performance and coaching programmes he offers. He has fulfilled senior management roles both in Australia and overseas for companies such as the Nicholas Pharmaceutical group of companies, the Dairy Farm group of companies, Hong Kong Land and Seagram Corporation. During his time in Singapore, he held the position of Foundation President of the Singapore Australia Business Council. He has also served as CEO of the Australian Rugby Union and as Chairman of the Board of the Rugby Club Ltd. For his contribution to tourism in Australia, he has been recognised by Tourism Training Australia with a Platinum award. He is Chairman of the Ella Foundation and is the Deputy Chairman and a Director of the Australian Diabetes Council – NSW.

Mr Lai Teck Poh
Non-Executive Director

Mr Lai was appointed to the Board of the Guarantor in 2011. He is also Member of the Audit Committee and Member of the Remuneration Committee.

Mr Lai has been a career banker since the late 1960s. He joined Citibank Singapore in April 1968, rising through the ranks to become Vice President and Head of the Corporate Banking Division. During his time with Citibank, Mr Lai undertook international assignments with Citibank in Jakarta, New York and London. His last position with Citigroup was as Managing Director of Citicorp Investment Banking Singapore Limited (Corporate Finance and Capital Market Activities) from 1986 to 1987. Mr Lai joined Oversea-Chinese Banking Corporation (“OCBC”) in January 1988 as Executive Vice President and Division Head of Corporate Banking. He moved on to various other senior management positions in OCBC, such as Head of Information Technology and Central Operations and Risk Management. He was head of Group Audit prior to retiring in April 2010. He is a resident of Singapore.

Mr Lai also holds directorships in PT Bank OCBC NISP Tbk (Commissioner) and OCBC.

Mr David Tsang
Non-Executive Director

Mr Tsang was appointed to the Board of the Guarantor in 2014. He is also a Member of the Investments Committee.

Mr Tsang has over 20 years' experience in real estate, corporate finance and investments, completing transactions in Asia, North America and Europe. He currently holds the position of Managing Director for SC Global Developments Pte. Ltd. and has held various director and finance positions within the SC Global group of companies. Mr Tsang began his career in investment banking with Nesbitt Burns in New York. He relocated from the United States to Singapore in 1996 and joined Simon Cheong as a founding member in establishing SC Global Pte Ltd, a boutique real estate advisory and principal investment firm. In 1999, Mr Tsang co-led two successful mergers and acquisitions transactions for the SC Global group of companies, acquiring controlling interests in the publicly listed companies MPH Ltd and ANA Hotels (Singapore) Ltd. Mr Tsang took an executive position as Director of Special Projects at MPH Ltd from 2000 to 2004, helping to restructure and unlock value for shareholders. Mr Tsang also helped lead the transformation of ANA Hotels (Singapore) Ltd into the business of high end residential development and which continues to operate today as SC Global Developments Pte. Ltd. Mr Tsang served previously as a Director on the Board of the Guarantor from 2004 to 2006. He is a resident of Singapore.

10. SENIOR MANAGEMENT

Mr Larry Mahaffy
Chief Financial Officer

Mr Mahaffy has been with the Group since November 2012. He was formally a senior banker with ANZ Bank, Halifax Bank of Scotland and Lloyds Banking Group.

Stenio Orlandi
Chief Strategy Officer

Mr Orlandi was formerly Chief Financial Officer of the Group and is a Chartered Accountant. He has been with the Group for over 10 years and has previously worked for other corporations in the residential property sector. He oversees the strategic growth plans of the Group.

Carl Thompson
Secretary and General Counsel

Mr Thompson has been with the Group for six years and was previously a Partner in the law firm Corrs Chambers Westgarth practising in the corporate and commercial sector for 16 years.

Ms Sandra Vogiatzakis
Executive Officer

Ms Vogiatzakis has been with the Group for 25 years in various roles and works with senior management in managing administration activities, stakeholder relationship engagement and special tasks for the Chief Executive Officer.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014, 31 DECEMBER 2013, 30 JUNE 2014, 31 DECEMBER 2012 AND 30 JUNE 2013

	31 December 2014 A\$'000	31 December 2013 A\$'000	30 June 2014 A\$'000	31 December 2012 A\$'000	30 June 2013 A\$'000
CURRENT ASSETS					
Cash and cash equivalents	21,580	7,252	4,796	14,858	11,649
Trade and other receivables	38,118	31,283	44,557	13,563	23,033
Inventories	188,883	119,983	168,019	81,958	109,068
Tax receivable	0	0	0	875	0
Deferred tax assets	0	0	0	2,968	0
Other current assets	1,473	1,870	1,387	1,320	1,211
Total current assets	250,054	160,388	218,759	115,542	144,961
NON-CURRENT ASSETS					
Trade and other receivables	0	232	6,159	578	4,120
Inventories	237,654	263,327	212,804	324,851	281,745
Investments accounted for using the equity method	13,608	26,342	27,108	24,470	25,181
Available-for-sale financial asset	3,000	0	3,000	0	0
Property, plant and equipment	573	769	642	1,138	993
Deferred tax assets	0	0	0	0	3,087
Intangible assets	2,816	2,816	2,816	2,816	2,816
Total non-current assets	257,651	293,486	252,529	353,853	317,942
Total assets	507,705	453,874	471,288	469,395	462,903
CURRENT LIABILITIES					
Trade and other payables	47,023	32,087	46,823	81,494	65,365
Derivative financial instruments	0	0	0	80	0
Interest-bearing loans and borrowings	91,858	3,069	4,083	107,857	7,171
Tax payable	509	480	251	0	449
Provisions	4,233	3,912	4,706	3,635	4,036
Total current liabilities	143,623	39,548	55,863	193,066	77,021
NON-CURRENT LIABILITIES					
Trade and other payables	14,191	0	13,406	6,484	6,956
Interest-bearing loans and borrowings	20,845	108,486	81,500	18,935	82,720
Deferred tax liabilities	8,001	153	4,041	0	0
Provisions	781	986	698	789	845
Total non-current liabilities	43,818	109,625	99,645	26,208	90,521
Total liabilities	187,441	149,173	155,508	219,274	167,542
Net assets	320,264	304,701	315,780	250,121	295,361
EQUITY					
Contributed equity	160,436	160,436	160,436	121,004	160,960
Reserves	4,664	3,711	4,361	788	2,200
Retained earnings	155,164	140,554	150,983	128,329	132,201
Total equity	320,264	304,701	315,780	250,121	295,361

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 6M2015, 6M2014, FY2014, 6M2013 AND FY2013

	6M2015	6M2014	FY2014	6M2013	FY2013
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenues	118,521	104,271	250,570	52,909	158,462
Share of profits of associates and joint venture entities accounted for using the equity method	1,501	1,161	1,967	413	1,294
Cost of property developments sold	(86,691)	(80,810)	(195,656)	(41,400)	(125,061)
Other operational expenses	(2,464)	(2,287)	(3,948)	(2,304)	(4,729)
Selling and marketing expenses	(3,491)	(3,135)	(6,005)	(2,020)	(6,209)
Employee benefits expenses	(9,279)	(8,153)	(17,189)	(8,524)	(16,712)
Depreciation expense	(149)	(176)	(330)	(192)	(381)
Finance costs	(217)	(296)	(457)	(205)	(492)
Fair value gain/(loss) on interest rate derivatives	0	0	0	107	187
Management and administration expenses	(4,646)	(3,271)	(7,093)	(4,105)	(6,686)
Profit/(loss) before movement in inventory provision and income tax	13,085	7,304	21,859	(5,321)	(327)
Decrease/(increase) in provision for loss on inventories	3,720	5,154	5,154	(22,964)	(22,964)
Income (tax)/credit	(4,936)	(4,105)	(8,231)	9,147	8,025
Profit/(loss) after tax	11,869	8,353	18,782	(19,138)	(15,266)
Other comprehensive income					
Foreign currency translation (recyclable through profit and loss)	374	1,778	2,065	16	1,380
Other comprehensive income for the year	374	1,778	2,065	16	1,380
Total comprehensive income/(loss) for the year	12,243	10,131	20,847	(19,122)	(13,886)

6M2015 vs 6M2014

Profit before tax was A\$16.8 million (after tax A\$11.9 million) for 6M2015, an increase from 6M2014 of 34.9% (after tax 42.1%). This strong result was achieved on increased revenue of A\$118.5 million, up 13.7% from 6M2014.

Increased production levels in previous periods, based on improving market conditions, were the catalyst for the strong first half results. This trend continued in the six months to 31 December 2014, with work in progress levels up a further 21.8% from 30 June 2014. This is the fifth consecutive half year of growth in production levels and reflects the Guarantor's confidence in market conditions.

The level of contracts signed in the first half of FY2015 will underpin settlements in the second noting that, as in prior periods, the Guarantor's results are biased towards the second half due to production staging and seasonality. The Directors believe that it is appropriate to provide guidance of contract signings for FY2015 in the range of 1,700 to 1,900 lots; previously 1,500 to 1,700 lots.

Good cash generation in the first half of FY2015 and significant confidence in the outlook for the second half enabled the Directors to declare that a fully franked interim dividend of 1.0 cents per share be paid in April 2015.

Consumer confidence is high in New South Wales; Sydney remains the strongest market in the country. Production is now well underway on the significant “Arcadian Hills”, Cobbitty project and on the Guarantor’s newest joint venture estate “Argyle at Elderslie” that is being undertaken with Investa. Physical works and sales have commenced at “Magnolia”, Hamlyn Terrace on the Central Coast. All of these projects are expected to be important contributors to profit in FY2015.

Demand in Brisbane continues to rise with positive knock-on to the Noosa, Caloundra and Coomera markets, which are now also firmly in recovery. Sales and margins have lifted considerably at the “Elysium”, Noosa project over the past year and management expects that the Guarantor will sell the last lots and complete the project altogether in the coming months. “Creekwood”, Caloundra continues to perform strongly, with demand buoyed by new infrastructure investment (including a major new general hospital) in the Sunshine Coast catchment, and new stages will be released during the second half. Sales activity at “Big Sky”, Coomera continues to lift and this estate will be the site of a major brand development initiative with the construction of a new Steve Waugh Foundation home commencing before June 2015.

The Melbourne residential land market remains stable, with the Guarantor generally experiencing good demand on its projects in the east and northeast of the city. “Arena” at Officer is expected to be largely sold out by mid-year, while the new “Hazelcroft” estate in Doreen will also host the development of a Steve Waugh Foundation home. The Guarantor’s project in Lyndarum is experiencing strong sales and more land will be released there in the second half of FY2015.

The South Australian residential market remains stable but subdued overall, with the now wholly-owned “St Clair” project contributing improved earnings during 6M2015.

Auckland is a strong market and the Guarantor’s high quality, master-planned Hobsonville Point joint venture project is experiencing significant demand, with 193 builder sales to be revenue-recognised during the second half of FY2015, 130 of which are from the recently acquired “Catalina Precinct”.

The Guarantor expanded its involvement in Perth, Western Australia during 6M2015, committing additional equity to take a 33% stake in three new projects yielding 196 lots. All are located within the urban ring of the city. The Guarantor’s investment in Perth is significant enough to renew the presence of the brand in the public consciousness whilst being a small component of the Guarantor’s total net funds employed.

Lots under development continued to grow reaching 1,539 (1,264 lots as at 30 June 2014 and 974 lots as at 31 December 2013) and this is a key indicator of future positive performance. The level of completed unsold stock remains stable and low.

The Guarantor controlled 9,418 lots at balance date. Strong cash generation from a combination of rising production, sales and settlements from a portfolio of relatively mature projects coupled with the realisation of new funding initiatives will facilitate prudent stock replenishment. In addition to the new investment in Perth, the Guarantor successfully acquired the remaining 50% of the St Clair, South Australia joint venture and contracted to purchase two new land parcels at Cobbitty, New South Wales comprising approximately 227 lots.

Market fundamentals remain positive, with strong consumer confidence to transact in housing bolstered by low interest rates and inflation, underlying housing shortages in some markets (especially Sydney and Auckland), strong population growth and a stable domestic macroeconomic outlook over 2015-2016.

The Guarantor is delivering on its commitment to diversify and expand its sources of debt capital. It recently concluded the renegotiation of its club banking facility. The facility extends the amount of funding available to the Guarantor to A\$175 million as well as the term of the facility to 30 September 2017. The facility is evergreen in nature and, subject to approval, is extendable for 12 months at each annual review. The new facility provides an excellent platform to support the Guarantor’s expansion strategy.

The Guarantor remains confident that market fundamentals support a continuation of its growth strategy, both in terms of continued increased production levels from existing projects as well as through new acquisitions.

FY2014 vs FY2013

The Guarantor's revenue was up 58.1% to A\$250.6 million and profit increased 216% to A\$27.0 million before tax and A\$18.8 million after tax in FY2014 compared to FY2013.

Directors declared a fully franked final dividend of 2.0 cents per share. Whilst obviously related most directly to the FY2014 result, this decision also reflected Directors' confidence in the future prospects of the Guarantor.

These results were the outcome of strong market analysis and a commitment to strategy developed over many years.

Having a mainly horizontal development profile enables the Guarantor to readily adapt its strategies to match market forecasts through up-scaling and down-scaling investment and construction activity on its projects. Post global financial crisis, this capability enabled the Guarantor to progressively reduce its level of activity as market conditions deteriorated to avoid a build-up of exposure to unsold inventory and more recently to increase volumes and turnover as its markets recovered, without increasing its exposure to completed unsold stock.

Market fundamentals were supportive over the period under review. Consumer confidence, whilst still somewhat volatile, was strong as it relates to residential property. Interest rates were historically low, population continued to increase and a significant housing shortage affected many markets, most notably Auckland, Brisbane and Sydney, applying further pressure to an industry that typically struggles to meet underlying demand due to constraints on the supply of suitably zoned and serviced land.

Closing work in progress of 1,264 lots at June 2014 was strong (up 77% on prior year and 298% in the last two years), reflecting both the opening of new projects, most of which only partially contributed to results in FY2014, as well as greater production levels in existing projects.

Growth was also supported by a more active acquisition strategy, with the Guarantor acquiring:

- the remaining 50% of the St Clair joint venture in South Australia;
- over 400 lots in the "Catalina Precinct" at Hobsonville Point, Auckland, continuing the Guarantor's successful involvement in this project; and
- a relatively small equity stake in a development in Subiaco, Perth. This is the Guarantor's first involvement in the Perth market for over 20 years.

New acquisition opportunities are regularly reviewed with the Guarantor's capacity to purchase aided by a low gearing level of 17% (debt to total assets).

There were 9,219 lots under control as at balance date and completed unsold stock remained very low.

FY2013 vs FY2012

The Guarantor recorded an after tax loss of A\$15.3 million for FY2013 (FY2012: A\$29.8 million loss after tax). A full year profit after tax of A\$0.8 million was recorded before the impact of provisions for loss on inventory taken up as at 31 December 2012 (no inventory provisions were recorded in the second half of FY2013).

The profit after tax for the second half of FY2013 significantly improved to A\$3.8 million (six months to 31 December 2012: A\$3.0 million loss after tax and before inventory provisions), reflecting ramped up activity compared with the first half of FY2013.

Full year revenue of A\$158.5 million was down from A\$188.8 million in FY2012, however, second half revenue of A\$105.6 million almost doubled that of the six months to 31 December 2012 due to the completion of inventory and gradually improving market conditions, particularly in New South Wales.

These results were achieved despite relatively subdued lender appetite for residential property at both the producer and consumer ends of some micro-markets.

The Guarantor also successfully completed an entitlement offer that raised A\$40.0 million after transaction costs. This more than offset the effect of increased production and settlement payments in respect of previous acquisitions.

Net debt at balance date on a proportionate consolidation basis was A\$83.3 million (FY2012: A\$129.0 million).

The working capital cycle in residential property development is typically longer than that of most other industries and, where it extends beyond balance dates, can mean that reported results sometimes do not clearly reflect market conditions over the whole of the period under review. Time and money expended on rebuilding work in progress levels in one period may therefore be disproportionately reflected in increased sales, settlements and revenue in succeeding periods.

Although demand was relatively subdued over much of the financial year, activity in the second half of FY2013 significantly outstripped that in the preceding six months during which the Guarantor expanded investment in production (especially built form). This investment is in line with the strategy disclosed to the market and directly responds to the ongoing benign interest rate environment, low inflationary expectations and the chronic under-supply of housing in some areas, as well as the Guarantor's perception of improvements in other demand drivers such as affordability, consumer confidence, subsidies for first home buyers that are now more explicitly focused on new production, together with tightening rental vacancy rates in certain areas of Sydney.

Consumer confidence in the key New South Wales market lifted, reversing a decade-long trend, while that in southern Queensland showed more recent signs of improvement as pricing realigned with historical relativities to the other eastern capitals. Performance of the Guarantor's Victorian estates was stable and fair, reflecting the Guarantor's belief that the local market is steadily correcting for the oversupply of developed stock built up in some locations during the overheated market of 2010-2011. The South Australian market was stable but subdued, however, the Guarantor's key projects in that State ("St Clair" and "Eyre" at Penfield) have reached important milestones and are now much better placed than in the previous period to capture their share of available demand in the future. The Auckland residential market experienced significant demand that should continue to leave the Guarantor's Hobsonville Point joint venture project with Government fortunately placed for the foreseeable future.

Pleasingly, the Guarantor benefitted from the solid rise in second half contract signings and settlements without undue margin sacrifice or the need to offer significant inducements of the sort anecdotally reported.

A substantial amount of the work in progress (554 lots) reported as at 31 December 2012 was completed during the second half, with 177 lots at "Hobsonville Point", New Zealand, 60 lots at "Arena", Victoria and 33 lots at "Arlington Rise", Victoria (amongst others) being finalised.

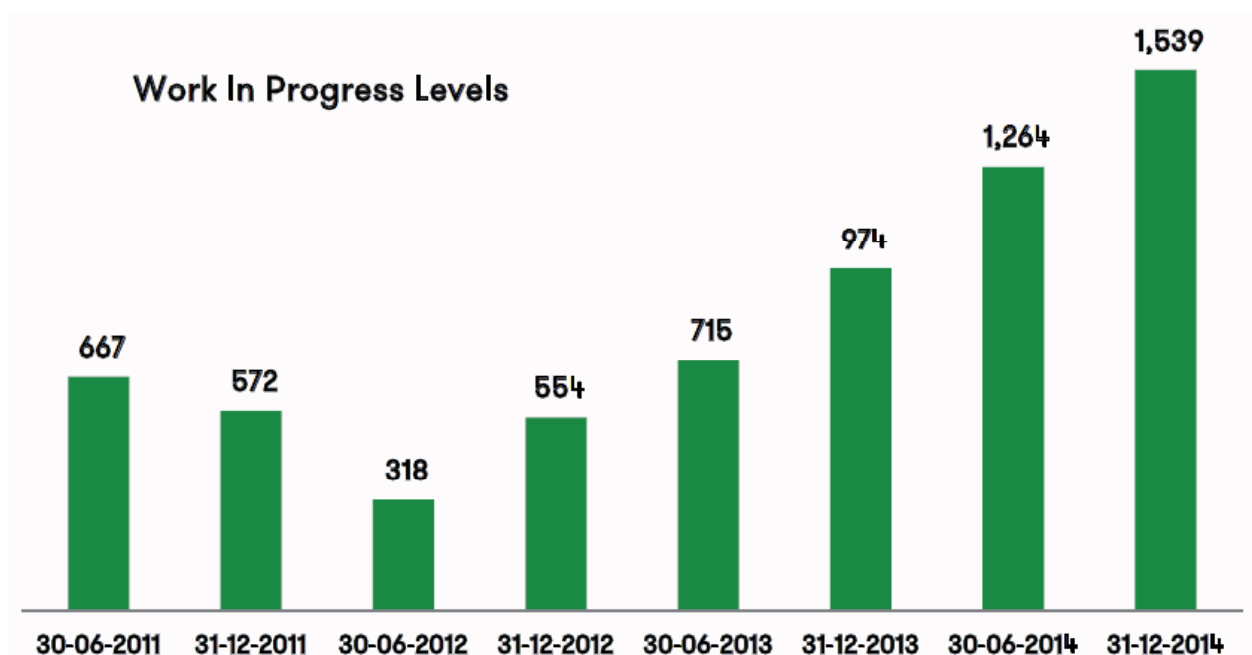
There were 9,952 lots under control at 30 June 2013 and completed unsold stock remained at an acceptable level.

Although customer preference continued to favour built form in most markets, the Guarantor noticed a resurgence of interest in land only on some of its estates, which if sustained will help smooth the inherently higher demand that increased production can place upon working capital.

An appropriate focus on overhead and cost control is now ingrained in the Guarantor's culture and that control is expected to be enhanced in the future as the new accounting system is bedded down.

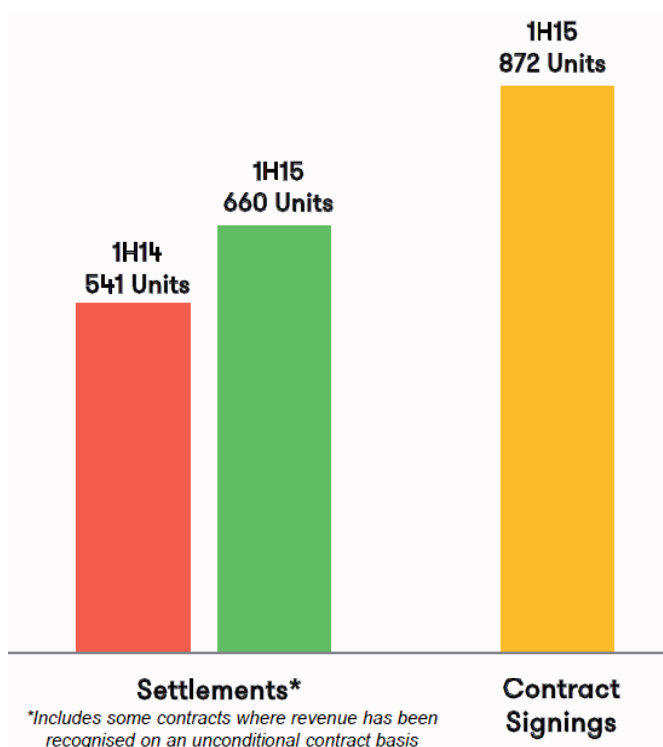
General overview of the work in progress as at 6M2015

The Group's work in progress grew for the fifth consecutive half to 1,539 lots in 6M2015. The graph below sets out the half-yearly work in progress levels of the Group for the period from FY2011 to 6M2015.



There was no material increase in fixed overhead or the level of completed unsold stock, which remained very low. These led to more settlements and contract signings and the guidance of contract signings for FY2015 was revised upwards to be in the range of 1,700 to 1,900 lots (previously 1,500 to 1,700 lots).

Contract signings continue to exceed settlements, and this forms a strong basis for future revenue. The graph below sets out the number of settlements in 6M2014 and 6M2015 as well as the number of contract signings in 6M2015.



The Group's increasing land sales are also shortening the time between contract signings and settlements, and this aids revenue growth as well.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors or existing holders of the Securities should carefully consider all the information set forth in this Information Memorandum including the risk factors set out below.

The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer, the Guarantor and their respective subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Securities. Additional risk factors which the Issuer and the Guarantor are currently unaware of may also impair their business, assets, financial condition, performance or prospects. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance or prospects of the Issuer, the Guarantor and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer and the Guarantor to comply with their respective obligations under the Trust Deed and the Securities may be adversely affected. Further, the market price of the Securities could decline, and investors may lose all or part of their investments in the Securities. The investment considerations and risk factors discussed below also include forward-looking statements and the Issuer's, the Guarantor's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

LIMITATIONS OF THIS INFORMATION MEMORANDUM

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuer, the Guarantor or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme.

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the Guarantor and/or their respective subsidiaries and/or associated companies (if any), the Arranger or any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer, the Guarantor and the Group, the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

RISKS RELATING TO THE GUARANTOR'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION AND/OR RESULTS OF OPERATIONS

RISKS RELATED TO THE GROUP'S PROPERTY DEVELOPMENT BUSINESS

Fluctuation in the general economic conditions may adversely affect the Group's business

Changes in prevailing economic conditions in Australia and other locations where the Group operates will impact (either favourably or unfavourably) on the Group's businesses. Relevant economic factors may include, but are not limited to, changes in interest rates and inflation, gross domestic product and economic growth, employment levels and consumer spending, consumer and investment sentiment, property market volatility and availability of debt and equity capital. Global economic conditions are currently challenging, with significant downside risks to growth in different geographic regions and disruptions to global capital markets in the face of uncertain economic conditions and the risk of sovereign debt defaults within the Eurozone. Whilst the Group monitors economic, market, industry and company specific developments, it is difficult to predict how long the current challenges will persist and which economies, markets, industries and companies will be affected.

The property market is susceptible to prevailing market conditions and changing market conditions may impact the Group's business, financial condition and results of operation

The Group's earnings will be subject to prevailing property market conditions in the countries and sectors where the Group operates. Increases in supply (or falls in demand) or adverse changes in the prevailing market sentiment in any of the sectors of the property market in which the Group operates or invests may adversely affect earnings. These factors may adversely affect the value of, and returns generated from, the development and construction projects undertaken by the Group from time to time and may influence the acquisition of sites, the timing and value of sales and the carrying value of projects and income-producing assets.

Property markets in different geographies are currently in differing cycles and residential markets are currently facing challenges in Australia and elsewhere following the global financial crisis, thus requiring ongoing review of the carrying values of affected assets. There are market uncertainties which are difficult to predict. These uncertainties may impact the carrying value and returns generated from certain development projects and the proposed recycling of assets, but may also present opportunities. The Group monitors the markets on an ongoing basis, seeking to implement strategies to minimise adverse impacts and take advantage of opportunities.

Property values can be influenced by a variety of unanticipated factors which would in turn have an impact on the profitability of the Group's businesses

Unanticipated factors influencing the realisable value of development trading stock, such as those listed below, could impact on future earnings:

- a sustained downturn in the property market, such as continued under-performance of residential property markets, may result in the diminution in the value of assets, a lower reported profit and a higher debt/equity ratio for the Group;
- changes in the conditions of town planning consents applicable to the Group's projects as a consequence of the unpredictable nature of council policies;
- variances in the cost of development as a consequence of the imposition of levies by state and local government agencies;
- the presence of previously unidentified threatened flora and fauna species, which may influence the amount of developable land on major projects;
- the activities of resident action groups;
- native title claims;
- land resumptions for roads and major infrastructure, which cannot be adequately offset by the amount of compensation eventually paid; and

- changes to the value of property developments currently in progress due to changes in market conditions.

Events may occur from time to time (for example, unanticipated environmental issues or hazardous materials) which affect the value of land or development costs which may impact the financial returns generated from particular property related investments, businesses or projects, including potential rezoning on some projects.

The illiquidity of property assets may make it difficult for the Group to realise their fair value

Real estate investments are generally illiquid. Such illiquidity limits the ability of an owner or a developer to convert real estate assets into cash on short notice or may require a substantial reduction in the price that may otherwise be sought for such asset to ensure a quick sale. Such illiquidity also limits the ability of the Group to vary its portfolio in response to changes in economic, real estate market or other conditions. For instance, the Group may be unable to liquidate its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. This could have an adverse effect on the Group's financial condition and results of operations, with a consequential adverse effect on the Group's ability to make expected returns. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to its illiquidity.

The Group depends on the continued service of certain key personnel, and the loss of any such key personnel may adversely affect its financial condition and results of operations

Execution of the Group's strategy depends on its ability to attract, develop and retain employees with the appropriate skills, experience and aptitude. The Group's continued success depends to a significant extent on its strong management team and skilled personnel. Development and maintenance of a group culture, recognition systems, compensation and benefits arrangements, training and development all play leading roles in minimising this risk. The loss of any of these personnel without timely and suitable replacement and the inability to attract and retain qualified and experienced personnel may have a material and adverse effect on the Group's business, financial condition and results of operations.

Conflicts of interest may arise with joint venture partners and this may lead to time and cost implications

The Group currently undertakes joint ventures on development projects and asset ownership. At times, major decisions are required to be made in respect of these joint venture arrangements (for example, redevelopment and refurbishment, refinancing, the sale of assets or surplus land, design and construction, the purchase of additional land and bid pricing). The Group's interests may not always be the same as those joint venture partners in relation to these matters and conflicts can have adverse time and cost implications.

Some of these agreements contain buy/sell provisions which may be triggered by a joint venture party and may require the Group to determine whether to retain or sell its interest in the joint venture. In addition, pre-emptive provisions or first rights of refusal may apply to sales or transfers of interests in co-owned assets and businesses. These provisions may work to the disadvantage of the Group because, among other things, the Group might be required to make decisions about buying or selling interests in these assets and businesses at a time that is disadvantageous to it.

While the majority of the Group joint venture partners are large corporates or institutional investors, there is also the risk that they may default on their obligations or otherwise act in a manner which adversely affects the Group.

The Group's business may be adversely affected by changes in the natural environment

The Group will, from time to time, be exposed to a range of environmental risks including: soil and water contamination, construction (lead paint, asbestos, polychlorinated biphenyl (PCBs)), cultural heritage (aboriginal), flora and fauna (native vegetation, endangered species) and greenhouse gases. In addition, there is a risk that property owned or projects undertaken by the Group from time to time may be contaminated by materials harmful to human health (such as asbestos and other hazardous materials). In these situations, the Group may be required to undertake remedial works on contaminated sites and may be exposed to third party compensation claims and other environmental liabilities. Such liabilities may not

be fully covered by insurance. In addition, even in situations where the harm caused is due to the fault of the Group's suppliers, the Group may not be able to successfully offset claims against their suppliers. There is also a risk of the discovery of, or incorrect assessment of costs associated with, environmental contamination on any of the Group's projects, assets or sites.

Failure to respond adequately to unpredictable climate change and climatic conditions may result in a rise in costs

Should the Group fail to adequately respond to the impact of climate change and associated legislative requirements, this could result in litigation (if reporting requirements are not met), reduced profit due to the impact of increased costs associated with energy efficiency and other costs associated with upgrading existing buildings to comply with new building standards or contractual obligations. The Group may also be adversely impacted by a loss of market share if building designs do not address community expectations or match competitor products on sustainability issues.

Prolonged adverse weather conditions (such as those experienced in Australia in recent times) may result in delays in construction, giving rise to possible project losses, liquidated damages claims and/or deferral of revenue or profit recognition.

Insurance may not adequately protect the Group's business from the occurrences of certain events

The Group purchases a suite of insurances that provide a degree of protection for its assets, liabilities and people. Such policies include material damage of assets, contract works, business interruption, fire, terrorist attacks, general and professional liability and workers' compensation. There are, however, certain risks which are uninsurable (for example, nuclear, chemical or biological incidents) or risks where the deductibles may be higher, breadth of cover reduced and/or the limits lower (such as from cyclones and earthquakes). Additionally, the Group may face risks associated with the financial strength of its insurers to meet their indemnity obligations when called upon which may adversely affect earnings. While the Group maintains insurance coverage and its own captive insurer, it may get involved in disputes not covered by insurance, which may adversely affect the Group's assumed outcome position.

The Group is affected by uninsured loss to its properties and/or may suffer material losses in excess of insurance proceeds

The real estate properties face the risks of suffering physical damage caused by fire, earthquakes or other acts of God or other causes, as well as face potential public liability claims, including claims arising from the operations of the real estate properties, all of which may result in losses (including loss of rent) and the Group may not be fully compensated by insurance proceeds. Although the Group reviews its insurance coverage annually and believes that its insurance coverage is adequate, no assurance can be given that material losses in excess of insurance proceeds will not occur in the future. In addition, certain types of risks (such as war risk, other civil disorder and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss occur, the Group could be required to pay compensation to claimants and/or lose capital invested in the affected real estate properties as well as anticipated future revenue from such real estate properties. The Group may also remain liable for any debt or other financial obligation related to those real estate properties. There may therefore be circumstances in which the Group will not be covered or sufficiently covered or compensated for losses, damages or liabilities arising in relation to its properties, thereby adversely affecting its profitability and financial performance.

The Group may suffer from existing and new competition in the market and this may reduce demand for the Group's property developments

The Group faces competition from other organisations in the countries in which the Group operates. The Group also operates with the threat of new competition entering the market. Competition may lead to an over-supply through over-development, or to prices for existing properties or services being impacted by competing bids. The existence of such competition may have an adverse impact on the Group's ability to secure buyers for its properties at satisfactory rates and on a timely basis or the pricing of construction projects or development opportunities, which in turn may impact the Group's financial performance and returns to investors.

Variations in interest rates/inflation may affect the Group's earnings

The Group's borrowings are typically based on variable interest rates. Adverse fluctuations in interest rates, to the extent that they are not hedged or forecast, will impact on the Group's earnings. Adverse movements in interest rates may also impact the Group's earnings before interest and asset values due to any impact on property markets in which the Group operates.

Higher than expected inflation rates generally or specific to the property industry could be expected to increase operating costs and development costs. These cost increases may be able to be offset by increased selling prices or rents. Increases in interest rates could have the effect of reducing the availability or increasing the cost of finance for the purchase of properties by the Group's customers. Interest rates also impact on the Group's cost of funds.

The element of development activity risk is invariably associated with the property market and this may jeopardise the Group's revenues

The Group is involved in a number of large developments and is subject to risks associated with development and redevelopment activities including general decline in property values, income derived from redeveloped properties being lower than expected, fluctuations in land values, industrial disputes, cost overruns, increases in funding costs, construction not being completed within budget or on schedule, environmental issues, disruptions in the supply of construction materials or raw materials, and failure to obtain or delays in obtaining required plan registrations, approvals, permits or licences.

Development activity involves an assumption of risk by the Group as to the ultimate value of the development asset. The Group's practice is to seek to mitigate that risk through selling down some or all of the exposure to third party investors, or position itself to fund the project through capital management initiatives. However, in differing circumstances, the Group may not be able to obtain its desired timing and value for sell-down and consequently may carry exposures to projects in excess of that which it intends to hold for the longer term or which may impact the value of those assets or the Group's credit rating.

Construction activity related risk is compounded by the Group's large portfolio of assets and this results in heightened probability of litigation and a corresponding impact on the Group's profitability

The Group is subject to risks associated with construction activities, including:

- the ability of third parties such as designers and sub-contractors to perform their work in accordance with their obligations;
- defective work and latent defects arising from incorrect design and poor sub-contractor workmanship and related third party claims;
- liquidated damages from delays in delivery on projects;
- cost overruns as a consequence of inadequate design, change in pricing conditions, industrial disputes, unforeseen conditions including inclement weather or under-performance of third parties; and
- professional liability claims arising from allegations of negligence.

The nature of construction means that at any one time there are claims where the outcome remains uncertain for many years and is dependent on the ability to recover from third parties and insurance policies.

The business is managed as a portfolio of projects and assets in which there is variation of performance, with some projects and assets over-performing whilst others under-perform, including loss-making projects, under-yielding assets and projects and assets subject to litigation.

The Group's property development business is capital intensive in nature and the Group's growth may be affected if it is unable to obtain financing

Significant expenditures associated with each project or asset, such as site costs, mortgage or landholder payments, maintenance costs, employee costs and taxes, are generally not reduced when circumstances cause a reduction in return for those projects and assets. The value of a project or an asset owned by the Group may be adversely affected if the income from the asset declines and other related expenses remain unchanged.

The Group may also require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group. The Group's ability to arrange adequate financing (if at all) on terms which are acceptable to the Group depends on a number of factors that are beyond its control, including general economic and political conditions, the cyclical nature of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources, the terms on which financial institutions are willing to extend credit to the Group and the availability of other sources of debt or equity financing. Uncertainty in the capital and credit markets may adversely affect the Group's ability to obtain financing on terms which are acceptable to the Group. If the Group is unable to obtain financing on terms which are acceptable to the Group, it may have to curtail its capital expenditure and/or defer its property development projects. Such an event may have a material and adverse impact on the Group's business, financial condition and results of operations.

The Group is exposed to the credit risks of its customers or other third parties involved

Counterparty risks may arise in circumstances where parties with which the Group has dealings experience financial difficulties with consequential adverse effects for the relevant projects or assets, which may impact on the Group's financial performance. For example:

- delay to projects and additional costs of securing replacement partners or products or amounts owed which may be unrecoverable;
- purchasers who may default on their purchase obligations resulting in the resale of those properties at a lesser amount; and
- insolvency or financial distress of its clients and tenants may reduce the income received by the Group.

Some or all of the Group's existing and planned projects may not be completed

The success and financial performance of the Group will depend on its ability to identify, develop, market and sell its developments in a timely and cost effective manner. The Group's development activities are subject to the risks of changes in regulations, delays in obtaining required approvals, availability of raw materials, increases in construction costs, natural disasters, any reliance on third party contractors as well as the risk of decreased market demand during the development of a project. As a result of these and other factors described herein, no assurance can be given as to whether or when existing and planned projects will be successfully completed. Although the Group plans to apply many of the development and marketing strategies that it has employed in the past, new projects may pose unforeseen challenges and demands on its managerial and financial resources. Non-completion of such developments, or any of the Group's other developments, may have a material and adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group's business is dependent on its ability to acquire new land sites for its development

The Group is required to constantly identify land sites for property development to maintain the growth of its property development business. The Group usually replenishes and sources for new plots of land by participating in property auctions, acquiring plots of land from private owners as well as sourcing for suitable development sites through government land sales programmes or external property agents. As the Group competes with other property developers for new land sites and there is no assurance that suitable sites will always be available at acceptable costs, the Group may not be able to secure a sufficient number of desired new land sites to maintain a pipeline of potential property development

projects as planned. In such case, the Group may be forced to undertake fewer property development projects or projects with lower margins. Such circumstances may adversely affect the Group's profitability and financial performance.

The Group's land and/or real property may be subject to compulsory acquisition

Land and real property comprise a significant part of the Group's property development business. Properties of the Group or the land on which the properties therein are located may be compulsorily acquired by the respective governments of the countries in which they are located for, among other things, public use or due to public interest. In the case of compulsory acquisition by government authorities in Australia, the compensation payout has historically been based on the market value of the land which is determined by an independent valuer. However, there is no assurance that such practice will not change or that the Group will be able to further acquire land of comparable location or value. Accordingly, if it would not be in the interests of the Group to have the land compulsorily acquired for any other reason, the Group's business, financial condition, prospects and results of operations may be adversely affected.

OTHER RISK FACTORS RELATING TO THE GROUP'S BUSINESS

The Group may be involved in legal and other proceedings arising from its operations from time to time

The Group may be involved from time to time in disputes with various parties involved in the development and sale of the Group's properties (such as contractors, sub-contractors, suppliers, construction companies, purchasers and other partners) and the management and operations of the Group's properties. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays to the relevant property development(s). In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that result in financial losses and/or a delay in the construction or completion of the Group's projects.

The outbreak of an infectious disease or any other serious public health concerns in Australia and New Zealand could adversely impact the Group's business, financial condition and results of operations

The outbreak of an infectious disease in Australia and New Zealand, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Australia and New Zealand where the Group primarily operates and could thereby adversely impact the revenues and results of the Group. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Australia and New Zealand could adversely affect the Group's businesses.

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business, financial condition and results of operations of the Group

The terrorist attacks in the different parts of the world have resulted in substantial and continuing economic volatility and social unrest. Although there have been no such incidents in Australia and New Zealand, there has been an increasing number of bombings and similar politically or ideologically motivated attacks on large commercial properties in recent years. Any further developments or terrorist activities could materially and adversely affect international financial markets and the Australian economy and this may adversely affect the operations, revenues and profitability of the Group. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee these events. These events could have an adverse effect on business, financial condition and results of operations of the Group.

The Group may be affected by accidents at its work sites

Accidents or mishaps may occur at the work sites of the Group's projects. Such accidents or mishaps may severely disrupt the operations of the Group and lead to delays in the completion of projects. In the event of such delay, the Group may be liable to pay liquidated damages to its clients and its business, financial condition and results of operations may be materially and adversely affected. Furthermore, such accidents

or mishaps may subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages, and any claims which are not covered by the Group's insurance policies may materially and adversely affect the Group's business, financial condition and results of operations.

In addition, in the event that the Group's work sites contravene the requisite safety standards imposed by the regulatory authorities, the Group may be subject to penalties which include being fined or issued with partial or full stop-work orders. The issuance of such stop-work orders may disrupt operations and lead to a delay in the completion of a project. These circumstances may have a material and adverse impact on the Group's business, financial condition and results of operations.

The Group's performance may be affected by changes in commodity prices

The Group faces risks in relation to changes in commodity prices due to the consumption of large quantities of building materials, including raw iron, steel, sand, granite and concrete in its property development operations. As a property developer, the Group generally enters into fixed or guaranteed maximum price construction contracts with independent construction companies, each of which affects the development of a significant part of its overall development project. These contracts typically cover both the supply of the building materials and the construction of the facility during the construction period.

Therefore, should the price of building materials increase significantly prior to the Group entering into fixed or guaranteed maximum price construction contracts with prospective contractors, or should its existing contractors fail to perform under their contracts, the Group may be required to pay more to such prospective or existing contractors, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group is subject to changes and developments in legislation, regulation and policy in the jurisdictions in which it operates

The Group's operations span across various regions in Australia including New South Wales, Victoria, Queensland and South Australia, as well as New Zealand. Hence, the Group is subject to changes and developments in the legislation, regulation and policy in these jurisdictions in which it operates. The Guarantor is also a "foreign controlled person" within the meaning of the Australian Foreign Acquisitions and Takeovers Act and its activities are therefore subject to the oversight of the Foreign Investment Review Board and discretionary approvals by the Australian government.

There may from time to time be changes and developments in legislation, regulation and policy in the jurisdictions in which the Group operates, including, for example, changes in the state and federal incentives for the residential property sector. These changes may impact the operations of the Group and its future earnings, the asset values of the land and property held by the Group, the timing of receipt of revenues by the Group and the market value of securities of the Group quoted on any relevant securities exchange.

The Group has little or no control over such changes and developments in legislation, regulation and policy, which could materially and adversely affect the Group's business, financial condition and results of operations.

The accounting standards which the Group is subject to may change

The Group may be affected by the introduction of new or revised accounting standards. Accounting standards in the countries the Group operates in are subject to change as they are further aligned with international accounting standards. The financial statements of the Group may be affected by the introduction of such revised accounting standards. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The Group has not quantified the effects of these proposed changes and there can be no assurance that these changes will not:

- (i) have a significant impact on the presentation of the Group's financial statements;
- (ii) have a significant impact on the Group's results of operations;
- (iii) have an adverse effect on the ability of the Group to carry out its investment strategy; or

- (iv) have an adverse effect on the business, financial condition and results of operations of the Group.

The Group is dependent on licences in order to carry out building works

Although the Group does not require any licences to undertake its development works, it is required to obtain building licences before it may carry out building works. A number of Group entities hold such licences and these are the only entities which are able to carry out building works. Such licences may be granted for fixed periods of time and may need to be renewed from time to time. There is no assurance that upon expiration of such licences, the Group will be able to successfully renew them in a timely manner or at all, or that the renewal of such licences will not be attached with conditions which it may find difficult to comply with. In addition, if the relevant authorities enact new laws and regulations, the Group may not be able to successfully meet their requirements. Failure by the Group to obtain, renew or maintain the required licences, or the cancellation, suspension or revocation of any of its licences may result in the interruption of its operations and have a material adverse effect on its business, financial condition and results of operations.

RISKS RELATING TO THE SECURITIES GENERALLY

Limited liquidity of the Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Securities issued under the Programme or the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities. The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities.

Liquidity may have a severely adverse effect on the market value of the Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

Fluctuation of market value of the Securities issued under the Programme

Trading prices of the Securities are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, the Guarantor and/or their respective subsidiaries and/or associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, the Guarantor and/or their respective subsidiaries and/or associated companies (if any) generally. Adverse economic developments in Singapore, Australia as well as countries in which the Issuer, the Guarantor and/or their respective subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the business, financial performance and financial condition of the Issuer, the Guarantor and/or their respective subsidiaries and/or associated companies (if any).

In addition, further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Notes.

Interest rate risk

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in note and/or perpetual security prices, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, note and/or perpetual security prices may rise. Securityholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns.

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal, interest or distribution payable in one or more currencies, or where the currency for principal, interest or distribution payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments. Sophisticated investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact such investment will have on the potential investor's overall investment portfolio.

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Securities are legal investments for them, (b) Securities can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Modification and waivers

The terms and conditions of the Securities contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The terms and conditions of the Securities also provide that the Trustee may at any time or times without any consent or sanction of the Securityholders or the Couponholders concur with the Issuer and the Guarantor in making any modification (i) to the Trust Deed (other than any provision of the Trust Deed referred to in the proviso to paragraph 2 of Schedule 9 therein) or any of the other Issue Documents which in the opinion of the Trustee it may be expedient to make, provided the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Securityholders or (ii) to the Trust Deed (including any provision of the Trust Deed referred to in the proviso to paragraph 2 of Schedule 9 therein) or any of the other Issue Documents which in the opinion of the Trustee is of a

formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Securities may be held. Any such modification shall be binding on the Securityholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer and the Guarantor shall cause such modification to be notified to the Securityholders as soon as practicable thereafter in accordance with Condition 16 of the Notes or, as the case may be, Condition 14 of the Perpetual Securities.

A change in Singapore law or Australia law which governs the Securities may adversely affect Securityholders

The Securities are governed by Singapore law and (where applicable) Australia law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law, (where applicable) Australia law or administrative practice after the date of issue of the Securities.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depository, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a “**Clearing System**”). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the Common Depository or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Principal Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

The market prices of Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of Securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest or principal than expected

The Issuer will pay principal and interest or, as the case may be, distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholder's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of

the Investor's Currency relative to the currency in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less interest or, as the case may be, distribution or principal than expected, or no interest or, as the case may be, distribution or principal.

Changes in market interest rates may adversely affect the value of fixed rate Securities

Investment in fixed rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Securities.

RISKS RELATING TO THE NOTES

Singapore tax risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Taxation – Singapore Taxation".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Notes subject to optional redemption may have a lower market value than Notes that cannot be redeemed

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer elects to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At that time, Noteholders generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Noteholders should consider reinvestment risk in light of other investments available at that time.

RISKS RELATING TO THE PERPETUAL SECURITIES

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the Conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Subordinated Ranking Obligations and (except on a *pro rata* basis) its Equal Ranking Obligations and the redemption and repurchase of its Subordinated Ranking Obligations and (except on a *pro rata* basis) its Equal Ranking Obligations in the event that it does not pay a distribution in whole or in part.

The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "Terms and Conditions of the Perpetual Securities – Redemption and Purchase".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for default under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such Winding-Up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a Winding-Up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the Winding-Up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the rights and claims of holders of all Junior Ranking Obligations and equally with the rights and claims of holders of any Equal Ranking Obligations, but junior to the rights and claims of all Senior Obligations, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a Winding-Up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer and the Guarantor without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a Winding-Up of the Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the “**Relevant Tranche of the Perpetual Securities**”) will be regarded as debt securities by the IRAS for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “Taxation – Singapore Taxation”) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as debt securities for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for the refinancing of existing borrowings, financing of potential acquisition and investment opportunities which the Group may pursue in the future as well as working capital requirements and the general corporate purposes of the Group, or as otherwise specified in the applicable Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Principal Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

TAXATION

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Guarantor, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities. Further, the tax disclosure below has also been drafted on the assumption that payments of interest and other income under the Securities are not derived from Singapore under Section 12(6) of the ITA.

In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions available for qualifying debt securities, provided that the other conditions for the Qualifying Debt Securities scheme are satisfied. There is no assurance that the IRAS will agree to treat any particular tranche of the Perpetual Securities as debt securities and distributions thereon as interest. The tax treatment as described below does not apply to a tranche of the Perpetual Securities which is not regarded as debt securities for the purposes of the ITA. Prospective Perpetual Securityholders are therefore advised to consult their own tax advisers on the tax consequences that may be applicable to them, in Singapore and in their own tax jurisdiction.

1. Interest and Other Payments

On the basis that the Programme as a whole is arranged by DBS Bank Ltd., which is a Financial Sector Incentive (Capital Market) Company or a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Securities (the “**Relevant Securities**”) issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” (“**MAS Circular**”) issued by MAS on 28 June 2013, qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply.

Subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates).

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Securities held by:
 - (I) any related party of the Issuer; or
 - (II) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA shall not apply if such person acquires such Relevant Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA.

All foreign-sourced income received in Singapore on or after 1 January 2004 by Singapore tax-resident individuals will be exempt from income tax, provided such foreign-sourced income is not received through a partnership in Singapore.

Under the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and

such other particulars in connection with the QDS as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:-

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (a) have an original maturity of not less than 10 years;
- (b) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and
- (c) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Securities are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Securities derived by:

- (i) any related party of the Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

3. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who apply or who are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**") may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

4. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

5. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Australian Taxation

The following is a broad summary of the material Australian income tax, GST and stamp duty consequences regarding the issue of Notes or Perpetual Securities for Australian and non-resident investors who hold the Notes or the Perpetual Securities under the Programme by the Issuer.

This summary is necessarily general in nature and does not purport to be definitive advice, nor a complete analysis, to identify all potential tax consequences for Securityholders. The information contained in this summary is not intended to be, and should not be relied upon as, personal taxation or financial advice. The Australian income tax, GST and stamp duty treatment may vary according to individual circumstances, and each Securityholder should seek their own tax advice which is specific to their particular circumstances.

This summary only provides a guide to the general Australian income tax, GST and stamp duty consequences of investing in the Securities based on the existing tax laws and administrative practices as at the date of this Information Memorandum. Australian tax law is complex and subject to change periodically as is its interpretation by the courts, the ATO and SRA. The Issuer has not sought to have its opinion ruled upon by the ATO or any SRA and therefore there is a risk that the ATO or a SRA may not agree with the Issuer's opinion or aspects of it.

This information applies to Australian and non-resident Securityholders who hold the Securities on capital account and who are not associates of the Issuer or the Guarantor for the purposes of the Australian tax laws.

This summary does not consider the Australian taxation consequences for Securityholders who:

- *are in the business of trading, dealing in securities or otherwise hold the Securities on revenue account;*
- *acquire any of the Securities otherwise than under the Programme;*
- *have made an election to apply the fair value method or any of the elective timing methods under the TOFA provisions in Division 230 of the ITAA 1997;*
- *have a different functional currency than A\$ for Australian income tax purposes;*
- *are non-residents holding the Securities through an Australian permanent establishment; or*
- *are Australian residents holding the Securities through a non-resident permanent establishment.*

Unless otherwise noted, all statutory references contained within this summary are to the ITAA 1936 or the ITAA 1997, as appropriate.

Classification of Notes and Perpetual Securities as debt interests

The Programme is general in nature, providing the Issuer with the ability to issue a broad range of Securities with different terms resulting in varying tax consequences. Broadly, the tax consequences of such Securities are primarily determined by the classification of the Securities as a debt interest or equity interest under Division 974 of the ITAA 1997, which is in turn determined by the specific characteristics of the particular security. Accordingly, the potential tax consequences of acquiring Securities under the Programme will ultimately depend upon the terms of the particular Securities and the circumstances of the prospective acquirer.

The information below is provided on the assumption that the ATO regards each Tranche of Notes or Perpetual Securities to be debt interests (and not equity interests) under Division 974 of the ITAA 1997. Division 974 contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes, including for the purposes of dividend withholding tax and interest withholding tax. To the extent that any Tranche of Notes or Perpetual Securities are not debt interests for Australian income tax purposes, the Australian income tax consequences will be different to those summarised below.

Additionally, the information is provided on the assumption that any payments or distributions made under each Tranche of Notes or Perpetual Securities will be regarded as interest (“**Interest**”) for the purpose of section 128F of the ITAA 1936. Section 128F of the ITAA 1936 provides an exemption from Australian interest withholding tax imposed under Division 11A of Part III of the ITAA 1936 in respect of notes or securities issued by an Australian issuer where specific conditions are satisfied.

Australian taxation consequences for Noteholders

1. Australian income tax consequences for Noteholders

The information below is provided on the assumption that each Tranche of Notes has a term of less than 10 years from their date of issue. The information provided below also assumes that the Notes will be financial arrangements under the TOFA provisions in Division 230 of the ITAA 1997 and “traditional securities” within the meaning of section 26BB of the ITAA 1936.

(a) Receipt of Interest

Australian residents

Interest payments (“**Interest Payments**”) made in respect of the Notes should be included in the assessable income of the Noteholders. The year of income in which the Interest Payments should be included in each Noteholder’s income tax return will depend on whether the TOFA provisions apply to them.

The TOFA provisions contain a number of different methods for bringing to account for tax purposes gains and losses in relation to “financial arrangements” (including the default accruals and realisation methods, and the elective fair value, retranslation, financial reports, and hedging methods). The TOFA provisions also effectively remove the capital/revenue distinction for most financial arrangements by treating the gains and losses on revenue account, except where specific provisions apply. The TOFA provisions only apply on a mandatory basis to certain taxpayers, having regard to turnover and asset thresholds, although other taxpayers may elect into the regime.

The TOFA provisions will generally not apply to a financial arrangement of:

- individuals;
- superannuation funds and managed investment schemes if the value of their assets is less than A\$100 million; or
- other entities (not individuals) who are below all of the following thresholds in a previous income year
 - aggregated turnover of less than A\$100 million;

- assets of less than A\$300 million; and
- financial assets of less than A\$100 million;

unless the financial arrangement is a “qualifying security” under Division 16E of the ITAA 1936.

Where the Notes are not “qualifying securities” under Division 16E of the ITAA 1936, the TOFA provisions should not apply to the Notes for the above entities. In the event the Notes are “qualifying securities” under Division 16E of the ITAA 1936, the TOFA provisions would apply to all Noteholders.

(i) Noteholders who are not subject to the TOFA provisions

For Noteholders who are not otherwise subject to the TOFA provisions, the Interest Payments should generally be recognised in their income tax returns in the year of income in which the Interest Payments are received.

(ii) Noteholders who are subject to the TOFA provisions

For Noteholders who are subject to TOFA, the default position should be to include the Interest Payments in their income tax returns on a compounding accruals basis over the term of the Notes. However, Noteholders may elect to be taxed pursuant to various elective regimes under TOFA. Due to the complexities within the TOFA provisions, Noteholders should seek tax advice specific to their circumstances in relation to the application of the elective regimes. The application of the TOFA provisions may result in income being taxed to a Noteholder for an income year prior to the receipt of the Interest.

Non-residents

Interest Payments received in respect of the Notes by non-resident Noteholders should not be included in the Australian assessable income of such Noteholders.

Normally, Interest Payments made to such non-residents would be subject to Australian withholding tax at a rate of 10%. Where the Interest Payment is made to a non-resident Noteholder in certain countries with which Australia has a Double Tax Agreement, the interest withholding tax rate may be reduced where the non-resident Noteholder is a financial institution or government body within the definition of the relevant Double Tax Agreement. However, it is anticipated that the Notes will be issued in a manner that will cause the Interest Payments to be exempt from Australian withholding tax under section 128F of the ITAA 1936.

The exemption will not apply in respect of the Notes if, at the time of issue, the Issuer knows or has reasonable grounds to suspect that the Notes, or interests in the Notes, are being or will be acquired directly or indirectly by an associate of the Issuer that is not a resident of Australia (or who is a resident of Australia acting through a permanent establishment outside Australia), other than in the capacity of a dealer, manager or underwriter in relation to a placement of the Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

If the exemption under section 128F of the ITAA 1936 does not apply and an Interest Payment to a non-resident Noteholder is subject to withholding tax, the amount of the Interest Payment will be increased so that the net amount received by the Noteholder is equal to the amount that would have been received if withholding tax had not applied, subject to certain restrictions.

(b) Disposal, redemption or transfer of Notes

Australian residents

(i) Noteholders who are not subject to the TOFA provisions

If an Australian resident Noteholder disposes, transfers or redeems the Notes, and the proceeds of disposal or redemption exceed the cost base of the Notes, the resulting gain should generally be assessable income of the Noteholder in the income year in which the sale takes place. The gain will be taxed in the same way as ordinary income and should not be a capital gain. Conversely, if the proceeds of disposal, transfer or redemption are less than the cost base of the Notes, the resulting loss may be deductible to the Noteholder in the income year in which the disposal, redemption or transfer takes place. For a Noteholder that acquires Notes issued pursuant to the Programme, the cost of a Note should include its principal amount.

Generally, the proceeds of disposal would include the gross amount received by the Noteholder in respect of the disposal of the Notes. If the Notes are redeemed by the Issuer, the proceeds for redemption for calculating a gain or loss should exclude any amount referable to an Interest Payment or any Interest amount accrued but unpaid. Any amounts referable to an Interest Payment or an amount of Interest accrued but unpaid would be included separately in the assessable income of the Noteholder, as outlined above.

In certain circumstances, a deduction will not be available as described below at section 1(b)(iii) (*Loss on disposal, redemption or transfer not deductible*).

(ii) Noteholders who are subject to the TOFA provisions

Noteholders who are subject to the TOFA provisions should treat the Notes as a financial arrangement pursuant to those provisions.

The TOFA provisions require a balancing adjustment to be made when the Noteholder disposes, transfers or redeems the Notes to bring to account any outstanding gains or losses from the Notes. Generally, the balancing adjustment should give rise to either an assessable or deductible amount for the Noteholder, having regard to the total Interest Payments and proceeds received in respect of the Notes, as well as any assessable amount previously brought to account under the TOFA provisions and the cost of the Notes.

An assessable or deductible balancing adjustment should be included in the assessable income of the Noteholder in the income year in which the disposal, redemption or transfer takes place.

In certain circumstances, a deduction will not be available as described below at section 1(b)(iii) (*Loss on disposal, redemption or transfer not deductible*).

(iii) Loss on disposal, redemption or transfer not deductible

A loss on disposal, redemption or transfer should not be deductible if, broadly:

- the Notes were acquired otherwise than in the ordinary course of trading on a securities market; and
- the disposal, redemption or transfer occurs because of an apprehension or belief that the Issuer is unable or unwilling to discharge its liability to pay amounts under the Notes.

In which case, the Noteholder should realise a capital loss on the disposal, redemption or transfer of the Notes.

Non-residents

Any gain arising to a non-resident Noteholder from a disposal, transfer or redemption of the Notes should only be subject to Australian tax if the non-resident Noteholder is not a resident of a country with which Australia has concluded a comprehensive Double Tax Agreement and the gain has an Australian source.

The source of a gain on disposal of a security, such as the Notes, is determined by weighing all of the relevant factors, including the location of the security, the place at which the contract to sell the security is concluded and the place at which the decision to sell the security is made.

Noteholders in this position should seek tax advice specific to their circumstances to determine the source of any gains realised in respect of the Notes.

Generally, the proceeds of disposal would include the gross amount received by the Noteholder in respect of the disposal of the Notes. If the gain is subject to Australian tax, it will be taxed in the same way as ordinary income and will not be a capital gain. In addition, depending on whether the Noteholder is subject to the TOFA provisions, either the Australian tax law relating to “traditional securities” or TOFA may apply (see 1(b)(i) (*Noteholders who are not subject to the TOFA provisions*) and 1(b)(ii) (*Noteholders who are subject to the TOFA provisions*) above).

(c) Redemption of the Notes – Accrued Interest

The Issuer may have the option to redeem all or part of the Notes during the Issuer’s Redemption Option Period for the Redemption Amount provided on the face of the Note. It is expected that the Issuer will have the option to redeem all, but not part, of the Notes upon the occurrence of specific events, including where the Australian income tax treatment of the Notes changes due to a change in law or application of the law. It is anticipated that Notes would be redeemed for an amount equal to its Redemption Amount together with any accrued but unpaid Interest from the prior Interest Payment Date. However this will depend on the specific terms of the particular Note subject to redemption.

Australian residents

(i) Noteholders who are not subject to the TOFA provisions

Any accrued Interest amount received by the Noteholders upon redemption of the Notes will constitute assessable income of the Noteholders. The Noteholders should recognise these amounts as interest in their income tax returns for the income year in which the redemption takes place.

(ii) Noteholders who are subject to the TOFA provisions

Any accrued Interest received by the Noteholders upon redemption of the Notes should be included as part of the interest received to calculate the assessable or deductible balancing adjustment (see 1(b) (*Disposal, redemption or transfer of Notes*) above).

Non-residents

The payment of any accrued Interest in respect of the Notes should not be included in the assessable income of the Noteholder for Australian income tax purposes.

Normally, accrued Interest amounts paid to such non-residents would be subject to Australian withholding tax at a rate of 10%. Where the Interest Payment is made to a non-resident Noteholder in certain countries with which Australia has a Double Tax Agreement, the interest withholding tax rate may be reduced where the non-resident Noteholder is a financial institution or government body within the definition of the relevant Double Tax Agreement. However, as noted above at section 1(a) (*Receipt of Interest*), it is anticipated

that the Notes will be issued in a manner that will cause accrued Interest amounts to be exempt from Australian withholding tax under section 128F of the ITAA 1936. Consequently, these amounts should also not be subject to Australian withholding tax.

(d) Provision of TFN and/or ABN

The *Taxation Administration Act 1953 (Cth)* imposes withholding tax (currently at the rate of 46.5%) on the payment of Interest on certain types of loans or investments, such as the Notes unless the Noteholder has quoted a TFN or ABN or proof of a relevant exemption.

However, where a Noteholder has provided the Issuer with their TFN or, in certain circumstances, their ABN, or has notified the Issuer or the Guarantor that they are exempt from providing this information, the Issuer should not be required to withhold any amount on account of tax from payments of Interest to the Noteholder.

A Noteholder is not required to provide their TFN or ABN to the Issuer.

If Interest Payments are exempt from Australian interest withholding tax under section 128F of the ITAA 1997 (see 1(a) (*Receipt of Interest*) above), then non-resident Noteholders should not be subject to any withholding tax under these provisions.

(e) Death and estate duties

No Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having the power to tax, if held at the time of death.

(f) Payments under guarantee

If the Issuer fails to pay Interest on the Notes, the Guarantor may be required to make payments to the holders of Notes under the Guarantee issued by the Guarantor. It is unclear whether such payments would be interest for Australian withholding tax purposes. The ATO's view, as reflected in Taxation Determination TD 1999/26 (TD 1999/26), is that such payments under the Guarantee would be interest for withholding tax purposes. However, TD 1999/26 also states that guarantee payments would be treated as exempt from withholding tax under section 128F of the ITAA 1936 if the requirements of section 128F are satisfied. Accordingly, if the requirements stated in section 128F with respect to the Notes are satisfied, then it is anticipated that interest withholding tax should not be payable in relation to any such guarantee payments made by the Guarantor.

If the Guarantor is at any time compelled or authorised by law to deduct or withhold an amount in respect of any taxes imposed or levied by any Australian authority with the power to impose tax in respect of payments under the Guarantee, the Guarantor must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the Noteholders of those Notes after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required.

2. Australian GST consequences for Noteholders

(a) The buying, selling and issuing of Notes should not be subject to GST

For Australian GST purposes, the buying, selling and issuing of the Notes should not be subject to GST.

(b) Claiming GST on acquisitions

Noteholders should seek their own advice as to whether they can claim input tax credits for GST on costs incurred in relation to acquiring the Notes.

3. Australian stamp duty consequences for Noteholders

Under current law, no Australian stamp duty should be payable on the acquisition, redemption or transfer of the Notes by the Noteholder.

Perpetual Securities – Australian taxation consequences for Perpetual Securityholders

Where the Issuer issues a Tranche of Perpetual Securities which the ATO regards as debt interests (and not equity interests) under Division 974 of the ITAA 1997, the Australian income tax, GST and stamp duty consequences for Australian resident and non-resident Perpetual Securityholders should be broadly the same as those for Noteholders of the Notes as considered above.

Accordingly, please refer to the comments above in respect of the Notes to understand the general Australian income tax, GST and stamp duty consequences for Australian resident and non-resident Perpetual Securityholders in respect of a Tranche of Perpetual Securities considered debt interests for Australian tax purposes. However, the Australian income tax, GST and stamp duty treatment of any Tranche of Perpetual Securities may vary according to individual Securityholder circumstances, and, accordingly, Securityholders should seek their own tax advice which is specific to their particular circumstances.

It should be noted that although PricewaterhouseCoopers Securities Ltd has given its consent to the inclusion of this report into this Information Memorandum, it gives no assurance or guarantee in respect of the successful operation or performance of any Securities issued under the Programme.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private bank investors in the Securities). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

United States

The Securities and the Guarantee have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the relevant Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the relevant Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of such Securities) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the

securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Securities has been or will be lodged with ASIC. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it:

- (i) has not offered or invited applications, and will not offer or invite applications for the issue, sale or purchase of the Securities in Australia (including an offer or invitation which is received by a person in Australia); and
- (ii) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive Information Memorandum or any other offering material or advertisement relating to any Securities in Australia,

unless (a) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in other currencies but disregarding moneys lent by the offeror or its associates (as defined in the Corporations Act)) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act, (b) such action complies with all applicable laws, regulations and directives in Australia (including without limitation the licensing regulations in Chapter 7 of the Corporations Act), and does not require any document to be lodged with ASIC and (iii) the offer or invitation is not made to a person in Australia who is a “retail client” for the purposes of Section 761G of the Corporations Act.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any Pricing Supplement and any other document in connection with the offer or sale, or invitation for subscription or purchase, of the Securities.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors of the Issuer and the Guarantor are set out below:

(a) **The Issuer**

Name	Position
Mr Peter Summers	Director
Mr Larry Mahaffy	Director
Mr Stenio Orlandi	Director
Ms Sandra Vogiatzakis	Director

Please refer to the section “The Issuer – Directors” for the business experience of each of the Directors.

(b) **The Guarantor**

Name	Position
Mr Simon Cheong	Chairman (Non-Executive)
Mr Jerome Rowley	Deputy Chairman (Non-Executive)
Mrs Elizabeth Sam	Director (Non-Executive)
Mr Bobby Chin	Director (Non-Executive)
Mr Teck Poh Lai	Director (Non-Executive)
Mr Bruce Hayman	Director (Non-Executive)
Mr David Tsang	Director (Non-Executive)
Mr Peter Summers	Managing Director and Chief Executive Officer

Please refer to the section “The Guarantor – Board of Directors” for the business experience of each of the Directors.

2. No Director of the Issuer or the Guarantor is or was involved in any of the following events:

- (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
- (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore, Australia or elsewhere, or being named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
- (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. (a) The Directors of the Issuer are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer or, as the case may be, the Guarantor as at the Latest Practicable Date.
- (b) Save as disclosed below, the Directors of the Guarantor are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer or, as the case may be, the Guarantor as at the Latest Practicable Date.
- (c) As at the Latest Practicable Date, Simon Cheong, the Chairman and Director of the Guarantor, has a 100% shareholding interest in SC Global Developments Pte. Ltd., which is a substantial shareholder of the Guarantor.
4. No option to subscribe for shares in, or debentures of, the Guarantor has been granted to, or was exercised by, any Director of the Guarantor or employees of the Group during the last financial year ended 30 June 2014.
5. The interests of the Directors of the Guarantor and the substantial shareholders of the Guarantor in the Shares of the Guarantor as at the Latest Practicable Date are as follows:

Directors of the Guarantor

	Direct Interest		Indirect Interest		Total	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Simon Cheong	-	-	192,318,030	50.03	192,318,030	50.03
Elizabeth Sam	209,349	0.054	-	-	209,349	0.054
Jerome Rowley	238,000	0.062	14,000	0.003	252,000	0.065
David Tsang	837,152	0.217	-	-	837,152	0.217
Peter Summers	1,140,785	0.297	2,483,689	0.646	3,624,474	0.943

Substantial Shareholders of the Guarantor

	Direct Interest		Indirect Interest		Total	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
SC Global Developments Pte. Ltd.	-	-	192,318,030	50.03	192,318,030	50.03
IOOF Holdings Limited	43,897,871	11.42	-	-	43,897,871	11.42

SHARE CAPITAL

6. (a) As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer.
- (b) As at the date of this Information Memorandum, there is only one class of ordinary shares in the Guarantor. The rights and privileges attached to the Shares are stated in the Articles of Association of the Guarantor.

7. (a) The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount
Ordinary Shares	1	A\$1

- (b) The issued share capital of the Guarantor as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount
Ordinary Shares	384,423,851	A\$162,793,000

BORROWINGS

8. Save as disclosed in Appendix IV, the Group had as at 31 December 2014 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

9. (a) The Issuer is of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, it will have adequate working capital for its present requirements.
- (b) The Guarantor is of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, it will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

10. There has been no significant change in the accounting policies of the Group since its audited financial accounts for the financial year ended 30 June 2014.

LITIGATION

11. There are no legal or arbitration proceedings pending or, as far as the Issuer and the Guarantor are aware after making all due and careful enquiries, threatened against the Issuer, the Guarantor or any of the subsidiaries of the Guarantor the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer, the Guarantor or the Group.

MATERIAL ADVERSE CHANGE

12. There has been no material adverse change in the financial condition or business of the Issuer since the date of its incorporation, or the financial condition or business of the Guarantor or the Group since 31 December 2014.

CONSENT

13. Ernst & Young has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

14. Copies of the following documents may be inspected at the registered office of the Issuer at Level 4, 108 Power Street, Hawthorn Victoria, Australia 3122 or at the registered office of the Principal Paying Agent at One Raffles Quay, #16-00 South Tower, Singapore 048583 during normal business hours for a period of six months from the date of this Information Memorandum:
- (a) the Constitution of the Issuer;
 - (b) the Constitution of the Guarantor;
 - (c) the Trust Deed;
 - (d) the letter of consent referred to in paragraph 13 above; and
 - (e) the audited consolidated financial statements of the Guarantor and its subsidiaries for the financial years ended 30 June 2013 and 30 June 2014 and the unaudited consolidated financial statements of the Guarantor and its subsidiaries for the financial half-year ended 31 December 2014.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

15. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF AVJENNINGS LIMITED
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

The information in this Appendix II has been reproduced from the annual report of AVJennings Limited and its subsidiaries for the financial year ended 30 June 2013 and has not been specifically prepared for inclusion in this Information Memorandum.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Revenues	5	158,462	188,809
Share of profits of associates and joint venture entities accounted for using the equity method		1,294	5,759
Cost of property developments sold		(125,061)	(151,244)
Provision for loss on inventories	5	(22,964)	(48,621)
Provision for loss on equity accounted investments	5	-	(1,311)
Other operational expenses		(4,729)	(5,595)
Selling and marketing expenses		(6,209)	(5,656)
Employee benefits expenses	5	(16,712)	(19,088)
Depreciation expense	5	(381)	(353)
Finance costs	5	(492)	(475)
Fair value gain/(loss) on interest rate derivatives		187	(119)
Management and administration expenses		(6,686)	(8,060)
Loss before income tax		(23,291)	(45,954)
Income tax credit	9	8,025	16,126
Loss after income tax		(15,266)	(29,828)
Other comprehensive income			
Foreign currency translation (recyclable through profit and loss)		1,380	160
Other comprehensive income for the year		1,380	160
Total comprehensive loss for the year		(13,886)	(29,668)
Earnings per share for loss from continuing operations attributable to ordinary equity holders of the parent:		Cents	Cents
Basic earnings per share	11	(5.46)	(10.99)
Diluted earnings per share	11	(5.49)	(11.03)

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	2013 \$'000	2012 \$'000
CURRENT ASSETS			
Cash and cash equivalents	12	11,649	4,560
Trade and other receivables	13	23,033	33,690
Inventories	14	109,068	73,872
Tax receivable		-	514
Other current assets	15	1,211	2,112
Total current assets		144,961	114,748
NON-CURRENT ASSETS			
Trade and other receivables	13	4,120	1,832
Inventories	14	281,745	353,152
Investments accounted for using the equity method	16	25,181	24,407
Property, plant and equipment	20	993	1,174
Deferred tax assets	21	3,087	-
Intangible assets	22	2,816	2,816
Total non-current assets		317,942	383,381
Total assets		462,903	498,129
CURRENT LIABILITIES			
Trade and other payables	23	65,365	46,946
Derivative financial instruments		-	187
Interest-bearing loans and borrowings	24	7,171	1,100
Tax payable	25	449	-
Provisions	27	4,036	3,667
Total current liabilities		77,021	51,900
NON-CURRENT LIABILITIES			
Trade and other payables	23	6,956	47,520
Interest-bearing loans and borrowings	24	82,720	123,137
Deferred tax liabilities	26	-	5,938
Provisions	27	845	641
Total non-current liabilities		90,521	177,236
Total liabilities		167,542	229,136
Net assets		295,361	268,993
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	28	160,960	121,096
Reserves	29(a)	2,200	430
Retained earnings	29(c)	132,201	147,467
Total equity		295,361	268,993

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

		Attributable to equity holders of the Parent				Total equity
		Contributed Equity	Foreign Currency Translation Reserve	Share-based Payment Reserve	Retained Earnings	
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2011		121,835	(417)	323	182,787	304,528
Loss for the year		-	-	-	(29,828)	(29,828)
Other comprehensive income for the year		-	160	-	-	160
Total comprehensive loss for the year		-	160	-	(29,828)	(29,668)
Transactions with owners in their capacity as owners						
- Treasury shares acquired	28(b)	(739)	-	-	-	(739)
- Share-based payment reserve		-	-	364	-	364
- Dividends paid	10	-	-	-	(5,492)	(5,492)
		(739)	160	364	(35,320)	(35,535)
At 30 June 2012		121,096	(257)	687	147,467	268,993
Loss for the year		-	-	-	(15,266)	(15,266)
Other comprehensive income for the year		-	1,380	-	-	1,380
Total comprehensive loss for the year		-	1,380	-	(15,266)	(13,886)
Transactions with owners in their capacity as owners						
- Ordinary share capital raised	28(a)	39,956	-	-	-	39,956
- Treasury shares acquired	28(b)	(92)	-	-	-	(92)
- Share-based payment reserve		-	-	390	-	390
		39,864	1,380	390	(15,266)	26,368
At 30 June 2013		160,960	1,123	1,077	132,201	295,361

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		182,136	188,798
Payments to suppliers, land vendors and employees		(171,824)	(230,949)
Interest paid		(9,822)	(10,809)
Income tax paid		(40)	(3,498)
Net cash from/(used in) operating activities	30	450	(56,458)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		33	53
Purchase of property, plant and equipment	20	(228)	(641)
Interest received		492	481
Distribution received		520	1,380
Investments in associates and joint venture entities		-	(1,361)
Net cash from/(used in) investing activities		817	(88)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		77,932	103,601
Repayment of borrowings		(112,278)	(48,482)
Payment of finance lease liability		-	(30)
Payment for treasury shares	28(b)	(92)	(739)
Equity dividends paid		-	(5,492)
Proceeds from issue of shares	28(a)	39,956	-
Net cash from financing activities		5,518	48,858
NET INCREASE/(DECREASE) IN CASH HELD			
		6,785	(7,688)
Cash and cash equivalents at beginning of year		4,560	12,260
Effects of exchange rate changes on cash and cash equivalents		304	(12)
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	11,649	4,560

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1. CORPORATE INFORMATION

The Consolidated Financial Statements of AVJennings Limited for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors on 27 September 2013.

AVJennings Limited (the Parent) is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through the Central Limit Order Book System (CLOB). The ultimate parent is SC Global Developments Pte Ltd, a company incorporated in Singapore which owns 50.03% of the ordinary shares in AVJennings Limited.

The Consolidated Entity ("AVJennings", "Consolidated Entity" or "Group") consists of AVJennings Limited (the "Company" or the "Parent Entity") and its controlled entities.

The nature of the operations and principal activities of the Consolidated Entity are described in the *Directors' Report*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial Report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value with variations reflected in the profit and loss account.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in note 4. AVJennings is a for-profit entity for the purpose of preparing the Consolidated Financial Statements.

The Financial Report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

a) Compliance with IFRS

The Financial Report also complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

b) New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements effective 1 July 2012* now require the *Consolidated Statement of Comprehensive Income* to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit and loss in a future period and those that may have to be reclassified if certain conditions are met.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) *Basis of consolidation*

The *Consolidated Financial Statements* incorporate the assets and liabilities of all subsidiaries of AVJennings Limited as at 30 June 2013 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2(d)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the *Consolidated Statement of Comprehensive Income*, *Consolidated Statement of Changes in Equity* and the *Consolidated Statement of Financial Position* respectively.

The AVJ Deferred Employee Share Plan Trust was formed to administer the Group's employee share scheme. This Trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares held by the Trust are disclosed as treasury shares and deducted from contributed equity.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. For each business combination, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit and loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

e) Joint ventures

Joint venture operations:

The proportionate interests in the assets, liabilities and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 19.

Joint venture entities:

The interest in a joint venture entity is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the entity are recognised in the profit and loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income. Dividends received from joint venture entities are recognised as a reduction in the carrying amount of the investment. Details relating to joint venture entities are set out in note 16(b).

Profits or losses on transactions with joint venture entities are eliminated to the extent of the Consolidated Entity's ownership interest until such time as they are realised by the joint venture entity on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

At each reporting date, the Group determines whether there is any objective evidence that the investment in the joint venture entity is impaired. Where evidence exists, the impairment is calculated as the difference between the recoverable amount of the joint venture entity and its carrying value, and recognised in the profit and loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Investments in associates

An associate is an entity over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method.

Under the equity method, investments in associates are carried in the *Consolidated Statement of Financial Position* at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associates.

The Consolidated Entity's share of an associate's profits or losses is recognised in the *Consolidated Statement of Comprehensive Income*. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment. Details relating to associates are set out in note 16(a).

At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. Where evidence exists, the impairment is calculated as the difference between the recoverable amount of the associate and its carrying value, and recognised in the profit and loss.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associates are eliminated to the extent of the Consolidated Entity's interest in the associates.

The reporting dates of the associate and the Consolidated Entity are identical and the associate's accounting policies conform to those used by the Consolidated Entity.

g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

Information regarding business activities that are below the quantitative criteria are combined, and disclosed in a separate category called "other".

h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Plant, equipment, and motor vehicles	3-7 years
Motor vehicles under finance lease	2-3 years
Leasehold improvements	3-10 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the *Consolidated Statement of Comprehensive Income*.

The assets' useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition:

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets during the period of time required to complete and prepare the assets for their intended use or sale.

Interest income on borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation.

All other borrowing costs are expensed.

j) Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination are their fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The Consolidated Entity does not capitalise any expenditure resulting in the creation of internally generated intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most recent evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. Refer to note 4(ii).

Development projects and land:

Cost includes the costs of acquisition, development, borrowings and all other costs directly related to specific projects. Borrowing and holding costs such as rates and taxes incurred after completion of development and construction are expensed. Costs expected to be incurred under penalty clauses and rectification provisions are also included.

Construction contracts:

Construction work-in-progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. Contract costs include all costs directly related to specific contracts, and costs that are specifically chargeable to the customer under the terms of the contract. The stage of completion is measured using the percentage of completion method.

l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. For an asset or disposal group to be classified as held for sale, it must be available for an immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business and is part of a single coordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately on the face of the *Consolidated Statement of Comprehensive Income* and the assets and liabilities are presented separately on the face of the *Consolidated Statement of Financial Position*.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Trade and other receivables

Trade receivables are carried at the amount invoiced less a provision for impairment.

Settlement terms for trade receivables are generally between 30 and 180 days.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written-off when identified. A provision for impairment is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. The amount of the impairment loss is the difference between the carrying amount of the receivable and the present value of estimated future cash flows, which are not discounted for short-term receivables as the effect of discounting is immaterial.

Where a receivable is expected to be settled more than twelve months after the reporting date, its carrying amount is discounted using the effective interest rate method. The difference between the carrying amount and the present value is recorded in the *Statement of Comprehensive Income*.

n) Cash and cash equivalents

Cash and cash equivalents in the *Consolidated Statement of Financial Position* comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

For the purposes of the *Consolidated Statement of Cash Flows*, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities in the *Consolidated Statement of Financial Position*.

o) Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on establishment of loan facilities are capitalised as a prepayment and amortised over the period of the facility.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Provisions

Provisions are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

When the Consolidated Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the *Consolidated Statement of Comprehensive Income* net of any reimbursement.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

q) Employee benefits

Short-term employee benefit obligations:

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period. They are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations:

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting period using the project unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted at a pre-tax rate that reflects the time value of money.

Superannuation contributions:

Contributions to superannuation plans are recognised as an expense in the *Consolidated Statement of Comprehensive Income* as they become payable.

Bonus entitlements:

A liability is recognised for bonus entitlements where contractually obliged or where there is a past practice that has created a constructive obligation.

r) Share-based payment transactions

Share-based compensation benefits are provided to Executives via the AVJ Deferred Employee Share Plan. Information relating to the plan is set out in note 35.

The original cost of equity-settled transactions is treated as a reduction in share capital and the underlying shares identified separately as treasury shares. The fair value of the shares at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share-based payment reserve in equity.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Leases

Consolidated Entity as lessee:

Finance leases which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the *Consolidated Statement of Comprehensive Income*.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Consolidated Entity as lessor:

Leases in which the Consolidated Entity does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Development projects and land sales:

Revenue from the sale of land, houses and apartments is recognised when the significant risks, rewards of ownership and effective control have been transferred to the buyer. This has been determined to occur on settlement.

Revenue from land sales is recognised prior to settlement when a signed unconditional contract for sale exists, the significant risks, rewards of ownership and effective control have been transferred to the buyer, and there is no management involvement to the degree usually associated with ownership.

Construction contracts:

Contract building relates to Home Building Agreements or similar, where there is a contract to build a house or provide other residential construction services. Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately.

Interest revenue:

Revenue is recognised as interest accrues using the effective interest rate method.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) *Revenue recognition (continued)*

Management fees:

Revenue is recognised upon delivery of the services.

u) *Income tax*

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities based on current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the *Consolidated Statement of Comprehensive Income*.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax consolidation:

AVJennings Limited and its wholly-owned controlled entities implemented the Tax Consolidation Legislation as of 1 July 2002.

The head entity, AVJennings Limited, has entered into an agreement with its wholly-owned subsidiary, AVJennings Properties Limited, under which AVJennings Properties Limited will account for the current and deferred tax amounts of the controlled entities in the Tax Consolidated Group. The Consolidated Entity has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to the members of the Tax Consolidated Group.

In addition to its own current and deferred tax amounts, AVJennings Properties Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the Tax Consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from, or payable to, other entities in the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the *Consolidated Statement of Financial Position*.

Cash flows are included in the *Consolidated Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

w) Derivative financial instruments

The Consolidated Entity uses interest rate swaps and caps to hedge its risk associated with interest rate fluctuations. These derivatives do not qualify for hedge accounting and changes in fair value are recognised immediately as income or expenses in profit and loss.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivative financial instruments are not held for trading purposes.

x) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares:

Shares acquired on-market for use in employee share-based payment plans are referred to as treasury shares. The cost of these shares is deducted from equity. No gain or loss is recognised in profit or loss for the purchase, sale, issue or cancellation of the Company's shares.

aa) Foreign currency translation

(i) Functional and presentation currency:

Both the functional and presentation currency of AVJennings Limited and its Australian subsidiaries is Australian Dollars (\$). A controlled entity, AVJ Hobsonville Pty Limited, has a branch in New Zealand whose functional currency is New Zealand Dollars which is translated to the presentation currency for consolidation reporting.

(ii) Transactions and balances:

Foreign currency transactions are translated into the Entity's functional currency at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when they are deferred in equity as they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies' functional currency to presentation currency:

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates;
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign investment is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

ab) Comparative figures

To enable meaningful comparison, some comparatives have been reclassified to conform with the current year's presentation.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's principal financial instruments comprise receivables, payables, finance leases, derivatives, cash and bank loans.

Risk Management is carried out by a central treasury department under policies approved by the Board of Directors. The objective of the policies is to support the delivery of financial targets and manage key financial risks such as interest rates, foreign currency, credit and liquidity. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

AVJennings enters into derivative transactions, principally interest rate cap and interest rate swap contracts, to hedge interest rate risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rates and ageing analysis for credit risk. Liquidity risk is managed through the development of future rolling cash flow forecasts and the continuity of funding through the facilities mentioned in notes 24(a) and 24(b).

Primary responsibility for identification and control of financial risks rests with management under the authority of the Board. The Board reviews and agrees on policies for managing each of the risks identified below.

(i) Interest rate risk

The Consolidated Entity's exposure to market interest rates relates to the obligations arising from interest-bearing loans. The level of debt is disclosed in note 24.

The policy is to manage finance costs using a mix of fixed and variable rate debt with a target to have approximately 50% of forecast average borrowings at fixed or capped rates of interest. Forecast average borrowings are derived from periodic rolling cash flow forecasts which include an allowance for potential acquisitions. Please refer to the table on page 38 for the position at the reporting date.

To manage the mix of fixed and variable debt in a cost efficient manner, the Consolidated Entity enters into interest rate cap and floating-to-fixed interest rate swap contracts. The fair value exposure on derivatives is a by-product of the Consolidated Entity's attempt to manage the cash flow volatility arising from interest rate changes.

Interest rate cap contracts are entered into for a notional principal amount by paying an upfront premium that covers a specific period. The strike rates for these contracts are benchmarked against the BBSY bid rate (*Australian Bank Bill Swap Reference Rate - Average Bid Rate*) on a quarterly basis. Settlement occurs quarterly, in favour of the Consolidated Entity, should the BBSY bid rate be above the cap strike rate (movements in the variable rate are directly proportional to movements in the BBSY bid rate).

By entering into interest rate swaps, the Consolidated Entity agrees to exchange, at the end of each quarter, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The Consolidated Entity's interest rate derivatives do not qualify for hedge accounting treatment. Gains or losses arising from changes in fair value are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest rate risk (continued)

At the reporting date, the following variable rate borrowings, interest rate swap and interest rate cap contracts were outstanding:

	2013		2012	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$'000	%	\$'000
Cash	2.31	(11,649)	2.03	(4,560)
Bank loans	4.23	89,891	5.29	124,237
Net financial liabilities		78,242		119,677
Interest rate caps		-		(15,000)
Interest rate swaps		-		(15,000)
Borrowings not hedged		78,242		89,677

Interest rate derivative contracts are exposed to fair value movements if interest rates change. Details of these contracts are outlined in note 24(e).

At 30 June 2013, none of the available borrowings are at fixed or capped rates of interest (2012: 18.4%).

The Consolidated Entity analyses its interest rate exposure on an ongoing basis. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date.

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
+1.00% (100 basis points)	(70)	(29)	-	-
+0.50% (50 basis points)	(35)	(14)	-	-
-0.50% (50 basis points)	35	14	-	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest rate risk (continued)

The above fluctuations in post-tax profit and other comprehensive income are net of interest capitalised to inventories. The effect on the basis that no interest is capitalised, would be as follows:

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
+1.00% (100 basis points)	(548)	(668)	-	-
+0.50% (50 basis points)	(274)	(333)	-	-
-0.50% (50 basis points)	274	333	-	-

(ii) Foreign currency risk

AVJ Hobsonville Pty Limited is a subsidiary which has a branch in New Zealand. The operations of the branch, including purchases of inventory denominated in New Zealand Dollars, are funded by AVJennings Properties Limited (another subsidiary) through an intragroup account.

The *Consolidated Statement of Financial Position* is affected by the exchange rate movements between the New Zealand Dollar and Australian Dollar. This exposure is not hedged as the effects are not considered to be material.

The Consolidated Entity also has transactional exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency. This exposure is not considered to be material in relation to the branch in New Zealand.

At balance date, the Consolidated Entity had the following exposure to New Zealand Dollar foreign currency that is not designated in cash flow hedges:

	2013 NZ\$'000	2012 NZ\$'000
Financial Assets		
Cash and cash equivalents	41	1,024
Trade and other receivables	18,865	7,698
Total financial assets	18,906	8,722
Financial Liabilities		
Trade and other payables	(18,142)	(13,489)
Total financial liabilities	(18,142)	(13,489)
Net exposure	764	(4,767)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(ii) Foreign currency risk (continued)

At balance date, had the Australian Dollar moved, the effect of exposure to New Zealand Dollar foreign currency that is not designated in cash flow hedges is illustrated in the following table:

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Consolidated				
AUD/NZD +10%	-	-	(1,202)	(934)
AUD/NZD - 5%	-	-	696	541
AUD/NZD -10%	-	-	1,470	1,141

(iii) Price risk

The Consolidated Entity does not have commodity and equity securities price risk.

(iv) Credit risk

Credit risk arises from financial assets which comprise cash and cash equivalents, trade and other receivables, derivative instruments and the granting of financial guarantees. Exposure to credit arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note) as well as \$12,470,000 (2012: \$15,846,000) in relation to financial guarantees granted – see note 32 for further information.

Contracts for Land, Integrated Housing and Apartments usually require payment in full prior to passing of title to customers. In the event that title is to pass without full payment being received, appropriate credit verification procedures are performed prior to executing the contract.

Derivative counterparties and cash deposits are limited to financial institutions approved by the Board.

The Consolidated Entity has no significant concentrations of credit risk and does not hold any credit derivatives to offset its credit exposure.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(v) Liquidity risk

Liquidity arises from the financial liabilities of the Consolidated Entity and the ability to repay them as and when they fall due.

The objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance leases and committed available credit facilities. Liquidity risk is managed by monitoring forecast cash flows on a monthly basis and matching the maturity profiles of financial assets and liabilities.

The current main banking facilities are due to mature on 30 September 2015. In addition, the Consolidated Entity operates certain project funding facilities which are discussed in note 24(b).

At 30 June 2013, 8.0% (2012: 0.9%) of the Consolidated Entity's interest-bearing loans and borrowings will mature in less than one year.

A. Non-derivative financial liabilities:

The liquidity risk disclosures on page 42 reflect all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities and financial guarantees as of 30 June 2013. For the other obligations, the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows is based on the contractual terms of the underlying contract.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which it can be required to be paid. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The risk implied from the values shown in the table on page 42, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments. The Consolidated Entity ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(v) Liquidity risk (continued)

A. Non-derivative financial liabilities: (continued)

Year ended 30 June 2013	< 6 months \$'000	6-12 months \$'000	> 1-5 years \$'000	Total \$'000
Financial Assets				
Cash and cash equivalents	11,649	-	-	11,649
Trade and other receivables	16,338	6,695	4,120	27,153
	27,987	6,695	4,120	38,802
Financial Liabilities				
Trade and other payables	58,422	6,943	6,956	72,321
Interest-bearing loans and borrowings*	3,796	7,093	87,100	97,989
Financial Guarantees	12,470	-	-	12,470
	74,688	14,036	94,056	182,780
Net maturity	(46,701)	(7,341)	(89,936)	(143,978)

Year ended 30 June 2012	< 6 months \$'000	6-12 months \$'000	> 1-5 years \$'000	Total \$'000
Financial Assets				
Cash and cash equivalents	4,560	-	-	4,560
Trade and other receivables	30,132	3,558	1,832	35,522
	34,692	3,558	1,832	40,082
Financial Liabilities				
Trade and other payables	24,172	22,774	47,520	94,466
Interest-bearing loans and borrowings*	4,415	3,241	125,338	132,994
Financial Guarantees	15,846	-	-	15,846
	44,433	26,015	172,858	243,306
Net maturity	(9,741)	(22,457)	(171,026)	(203,224)

* Expected settlement amounts of interest-bearing loans and borrowings include an estimate of the interest payable to the date of expiry of the facilities.

In addition to maintaining sufficient assets to meet short-term payments, at reporting date, the Consolidated Entity has approximately \$95 million (2012: \$74 million) of unused credit facilities available for its immediate use. Please refer to note 24.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(v) Liquidity risk (continued)

B. Derivative financial liabilities:

The table below details the liquidity risk arising from the derivative liabilities held by the Consolidated Entity at balance date.

Year ended 30 June 2013	< 6 months \$'000	6-12 months \$'000	> 1-5 years \$'000	Total \$'000
Derivatives				
Net settled (interest rate swaps)	-	-	-	-
Net maturity	-	-	-	-

Year ended 30 June 2012	< 6 months \$'000	6-12 months \$'000	> 1-5 years \$'000	Total \$'000
Derivatives				
Net settled (interest rate swaps)	42	-	-	42
Net maturity	42	-	-	42

(vi) Fair value

The methods used in estimating the fair value of a financial instrument are:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or the liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(vi) Fair Value (continued)

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

Year ended 30 June 2013				Year ended 30 June 2012			
Quoted market price (Level 1) observable inputs (Level 2) \$'000	Valuation technique - market observable inputs (Level 2) \$'000	Valuation technique - non market observable inputs (Level 3) \$'000	Total \$'000	Quoted market price (Level 1) observable inputs (Level 2) \$'000	Valuation technique - market observable inputs (Level 2) \$'000	Valuation technique - non market observable inputs (Level 3) \$'000	Total \$'000
Financial liabilities							
Derivative instruments							
Interest rate swaps							
-	-	-	-	-	187	-	187
-	-	-	-	-	187	-	187

Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction of transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants are used. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps not traded on a recognised exchange.

The fair value of unlisted debt and equity securities, as well as other instruments that do not have an active market, are based on valuation techniques using market data that is not observable. Where the impact of credit risk on the fair value of a derivative is significant, and the inputs on credit risk (e.g. CDS spreads) are not observable, the derivative would be classified as based on non observable market inputs (Level 3).

There were no transfers between any of the categories during the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of a reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected, in future periods.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(i) Critical judgements in applying accounting policies

In applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Recovery of deferred tax assets:

The group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the consolidated entity to generate future taxable profits and satisfy certain tests at the time the losses are recouped. If the entity fails to satisfy the tests, carried forward deferred tax assets of \$10,498,000 would have to be written-off to income tax expense.

Cost of goods sold:

Management uses judgement in determining the method to be used for cost apportionment. Costs may be apportioned based on yield, unit entitlement, percentage of revenue or other equitable methods. Costs include costs incurred to date as well as forecast costs to bring the inventory into a saleable state.

(ii) Critical accounting estimates and assumptions

Key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. Assumptions and estimates are based on parameters currently available. Existing circumstances and assumptions about future developments, however, may change due to changes in market condition or circumstances arising beyond the control of the Group. Future assumptions are altered as these changes occur.

Estimates of net realisable value of inventories:

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs of selling as per note 2(k). Estimates take into consideration fluctuations in price or cost, and development time and sales rates. The key assumptions used in this exercise require the use of management judgement and are reviewed at least half-yearly.

Profit recognised on developments:

Profit on developments is generally recognised on settlement as discussed in note 2(t). The calculation of profit for projects that are in progress, is based on actual costs to date and estimates of costs to complete.

Share-based payment transactions:

The cost of equity settled securities allocated to employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. As explained in note 35(b), the fair value of some equity instruments is determined using the Monte Carlo simulation model which includes a number of judgements and assumptions. These judgements and assumptions have no impact on the carrying value of assets and liabilities in the *Consolidated Statement of Financial Position* but may impact the share-based payment expense taken to profit and loss.

Valuation of derivatives:

Derivatives not quoted in an active market are valued based on certain assumptions and estimates. These valuations can change depending on market volatility.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

5. REVENUES AND EXPENSES

Loss from ordinary activities before income tax includes the following revenues and expenses:

	Note	2013 \$'000	2012 \$'000
Revenues from continuing operations			
Developments		150,516	181,022
Home Improvements		303	2,060
Interest revenue		492	481
Management fees		4,535	2,913
Rental revenue		5	18
Royalty revenue		1,007	1,258
Sundry revenue		1,604	1,057
Total revenues		158,462	188,809
Changes in inventories, finished goods and work-in-progress			
Amortisation of finance costs capitalised to inventories		6,089	6,998
Employee benefits expenses			
Defined contribution superannuation expense		1,185	1,286
Other employee benefits expenses		15,527	17,802
Total employee benefits expenses		16,712	19,088
Depreciation expense			
<i>Depreciation</i>			
Leasehold improvements	20	22	48
Plant, equipment and motor vehicles	20	359	305
Total depreciation expense		381	353
Other expenses			
Minimum operating lease payments		1,863	2,379
Finance costs			
Bank loans		9,822	10,809
Less: Amount capitalised to inventories		(9,330)	(10,334)
Finance costs expensed		492	475
Impairment of assets			
Provision for loss on inventories		22,964	48,621
Equity accounted investments impaired		-	1,311
Total impairment		22,964	49,932

The current year movement in provision resulted from a realignment of future assumptions with current market conditions predominantly driven by projects in Queensland.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

6. OPERATING SEGMENTS

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the states in which the Consolidated Entity sells its products and services. Discrete financial information about each of these operating businesses is reported on a monthly basis.

Types of products and services

The Consolidated Entity operates primarily in residential development.

Accounting policies

The accounting policies used in reporting segments are the same as those contained in the Financial Report.

Operating segments

States:

This includes activities relating to Land Development, Integrated Housing, Apartments Development and Home Improvements.

New Zealand has been identified and disclosed as a separate segment as it is now assessed separately by the chief operating decision makers. The 30 June 2012 comparatives have been restated to reflect this new segment.

Other:

This includes corporate transactions entered into by the Head Office which are not state based.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

6. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the year ended 30 June 2013:

Operating segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenues														
External sales	42,934	41,827	27,855	71,961	37,783	45,620	26,963	17,423	15,284	6,251	-	-	150,819	183,082
Management fees	2,248	1,516	810	627	-	68	133	108	1,344	594	-	-	4,535	2,913
Other revenue	-	-	-	-	-	-	-	-	-	-	3,108	2,814	3,108	2,814
Total segment revenues	45,182	43,343	28,665	72,588	37,783	45,688	27,096	17,531	16,628	6,845	3,108	2,814	158,462	188,809
Results														
Segment results	1,746	3,446	1,957	9,620	(1,153)	4,214	3,222	920	3,858	866	114	(473)	9,744	18,593
Impairment of assets	(1,565)	(28,885)	(3,111)	-	(18,207)	(19,958)	(81)	(1,089)	-	-	-	-	(22,964)	(49,932)
Fair value movement in interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	187	(119)
Other income	-	-	-	-	-	-	-	-	-	-	3,108	2,814	3,108	2,814
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(381)	(353)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(12,493)	(16,482)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(492)	(475)
Loss before tax													(23,291)	(45,954)
Income tax													8,025	16,126
Net loss													(15,266)	(29,828)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

6. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 30 June 2013:

<i>Operating Segment</i>	NSW		VIC		QLD		SA		NZ		Other		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Assets														
Segment assets	122,558	133,880	106,068	113,489	122,631	152,075	70,240	75,656	21,990	12,348	19,416	10,681	462,903	498,129
Total assets	122,558	133,880	106,068	113,489	122,631	152,075	70,240	75,656	21,990	12,348	19,416	10,681	462,903	498,129
Liabilities														
Segment liabilities	7,127	10,081	18,068	27,283	40,402	50,149	19,468	26,730	2,425	492	80,052	114,401	167,542	229,136
Total liabilities	7,127	10,081	18,068	27,283	40,402	50,149	19,468	26,730	2,425	492	80,052	114,401	167,542	229,136

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

7. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation of Key Management Personnel

	2013	2012
	\$	\$
<i>Short-term</i>		
- Salary/Fees	2,248,278	1,625,541
- Cash bonus	225,070	179,028
- Other ⁽¹⁾	76,617	76,053
<i>Post employment</i>		
- Superannuation ⁽²⁾	155,303	196,235
<i>Long-term</i>		
- Long service leave	59,611	57,922
<i>Share-based payment</i>	357,866	322,924
	3,122,745	2,457,703

(1) 'Other' represents the value of motor vehicle benefits.

(2) Payments to Defined Contribution Plans consist of Superannuation Guarantee Contribution payments as well as employee voluntary contributions. The Consolidated Entity does not contribute to any Defined Benefit Plans.

Detailed remuneration disclosures are provided in the Remuneration Report on pages 17 and 18.

(b) Shareholdings of Key Management Personnel

The number of shares in the Company held during the financial year by each Key Management Personnel of the Consolidated Entity, including their personally related parties, are set out on page 51. Details of shares granted as compensation during the reporting period are given in note 7(d).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

7. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Shareholdings of Key Management Personnel (continued)

Number of shares held in AVJennings Limited

	Opening Balance	Vested as Remuneration	Net Other Change ⁽¹⁾	Closing Balance
For the year ended 30 June 2013				
Directors				
S Cheong	137,370,023	-	54,948,007	192,318,030
E Sam	149,535	-	59,814	209,349
PK Summers	1,275,481	-	1,140,785	2,416,266
RJ Rowley	180,000	-	72,000	252,000
Executives				
A Soutar	-	-	212,131	212,131
L Mahaffy	-	-	19,967	19,967
SC Orlandi	-	-	143,337	143,337
CD Thompson ⁽²⁾	319,500	-	503,652	823,152
L Hunt	2,222	-	39,694	41,916
Total	139,296,761	-	57,139,387	196,436,148
For the year ended 30 June 2012				
Directors				
S Cheong	137,370,023	-	-	137,370,023
E Sam	149,535	-	-	149,535
PK Summers	942,147	333,334	-	1,275,481
RJ Rowley	180,000	-	-	180,000
Executives				
CD Thompson	319,500	-	-	319,500
L Hunt	-	-	2,222	2,222
Total	138,961,205	333,334	2,222	139,296,761

(1) Includes shares acquired through the Rights Issue.

(2) Includes 244,000 shares acquired on market.

No other Key Management Personnel held shares in AVJennings Limited at any time during the year.

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(c) Compensation options: granted and vested during the year

No options were granted or exercised during the year. There are currently no unexercised or outstanding options. None of the Key Management Personnel hold any options.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

7. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Equity instrument disclosures relating to Key Management Personnel

Share-based compensation benefits based on different vesting conditions are provided to certain Key Management Personnel via the AVJ Deferred Employee Share Plan.

Vesting subject to both service and performance conditions:

FY2011 Grant

A total of 1,375,452 shares were granted on 28 September 2010 to certain Executives. As detailed below, these include 1,136,816 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 96,124 shares from this grant have been forfeited.

FY2012 Grant

An additional 1,695,735 shares were granted on 5 September 2011 to certain executives. As detailed below, these include 1,454,555 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 124,383 shares from this grant have been forfeited.

FY2013 Grant

An additional 513,168 shares were granted on 12 September 2012 to certain executives. As detailed in the table on page 15, these include 280,712 shares for KMP. The remaining shares were granted to executives who were not KMP.

Name	Shares Granted			Number of Shares Vested		
	Year Granted	Number	Fair Value	Unvested at 1 July 2012	Vested during the year	Unvested at 30 June 2013
KMP Executive Committee Members						
PK Summers	2011	691,591	\$ 312,945	691,591	-	691,591
PK Summers	2012	884,891	\$ 311,924	884,891	-	884,891
M Henesey-Smith	2011	158,344	\$ 71,651	158,344	-	158,344
M Henesey-Smith	2012	202,601	\$ 71,417	202,601	-	202,601
A Soutar	2013	280,712	\$ 74,389	-	-	280,712
SC Orlandi	2011	102,458	\$ 46,362	102,458	-	102,458
SC Orlandi	2012	131,094	\$ 46,211	131,094	-	131,094
CD Thompson	2011	106,183	\$ 48,048	106,183	-	106,183
CD Thompson	2012	135,861	\$ 47,891	135,861	-	135,861
L Hunt	2011	78,240	\$ 35,404	78,240	-	78,240
L Hunt	2012	100,108	\$ 35,288	100,108	-	100,108
Total		2,872,083	\$1,101,530	2,591,371	-	2,872,083

These shares are subject to both service and performance conditions and will vest to the extent that each of these conditions is satisfied.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

7. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Equity instrument disclosures relating to Key Management Personnel (continued)

The service vesting condition is that the employee must still be employed by AVJennings at 30 September 2013 (for the FY2011 grant), 30 September 2014 (for the FY2012 grant) and 30 September 2015 (for the FY2013 grant), except in the event of death or permanent disablement in which case the shares will vest to the estate. In the event that the employee is retrenched, the shares may vest subject to certain conditions.

The performance vesting conditions are:

- Total Shareholder Return (TSR) performance measured against the ASX Small Industrials Index; and
- Earnings Per Share (EPS) growth. AVJennings' EPS growth for the performance period must meet or exceed the target set. The EPS hurdle for total vesting for each grant is as follows:

FY2011 grant - 10% p.a. growth for the three financial years to 30 September 2013

FY2012 grant - 10% p.a. growth for the three financial years to 30 September 2014

FY2013 grant - 10% p.a. growth for the three financial years to 30 September 2015

Half of the allocation is assessed against each performance condition. The vesting schedule for the TSR performance condition is set out in the table below. The holder of the shares is entitled to receive all dividends paid between grant and vesting date.

AVJennings' TSR rank against companies in the Index	Percentage vesting
< median	Nil
At the median	50%
> median but < 75 th percentile	Pro-rata between 50 th and 75 th percentiles
>=75 th percentile	100%

The fair value of the EPS element of the shares is the market value at grant date. The Monte Carlo Model is used to fair value the TSR element. The Model simulates AVJennings' TSR and compares it against the ASX Small Industrials Index. The Model takes into account historic dividends, share price volatilities and the risk-free yield on an Australian Government Bond at the grant date matching the remaining effective life of 3 years.

Please refer to note 2(r), note 28(b) and note 35(b).

(e) Loans to Key Management Personnel

There are currently no outstanding loans receivable from Key Management Personnel. No loans were made to Key Management Personnel during the year.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

8. AUDITOR'S REMUNERATION

	2013 \$	2012 \$
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the 30 June full-year and 31 December interim financial reports of the Entity and other entities in the Consolidated Group	250,460	272,593
- Share of audit or review costs of the financial reports of the Consolidated Entity's joint ventures	2,730	2,215
- Other services in relation to the Entity and any other entities in the Consolidated Group		
- non-audit related fees	10,300	12,360
Total auditor's remuneration	263,490	287,168

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

9. INCOME TAX

	2013 \$'000	2012 \$'000
The major components of income tax credit are:		
Current income tax		
Current income tax charge	916	196
Adjustment for prior periods	(383)	(710)
Deferred income tax		
Current year temporary differences	(8,556)	(16,450)
Adjustment for prior periods	(2)	838
Income tax credit reported in the Consolidated Statement of Comprehensive Income	(8,025)	(16,126)

Numerical reconciliation between aggregate tax expense recognised in the *Consolidated Statement of Comprehensive Income* and tax expense calculated per the statutory income tax rate:

Accounting loss before income tax	(23,291)	(45,954)
Tax at Australian income tax rate of 30% (2012 - 30%)	(6,987)	(13,787)
Adjustment for prior periods	(686)	128
Equity accounted share of Joint Venture profits	(368)	(1,603)
Other non-deductible items and variations	16	(864)
Aggregate income tax credit	(8,025)	(16,126)

Tax consolidation

AVJennings Limited and its wholly-owned resident entities have formed a tax consolidated group with effect from 1 July 2002 and are therefore taxed as a single entity from that date. The accounting policy in relation to tax consolidation is set out in note 2(u).

The Head Entity, AVJennings Limited, has entered into an agreement with its wholly-owned subsidiary, AVJennings Properties Limited, under which AVJennings Properties Limited will account for the current and deferred tax amounts of the controlled entities in the Tax Consolidated Group. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the Tax Consolidated Group.

Nature of tax funding arrangements and tax sharing agreements

Entities within the Tax Consolidated Group have entered into a tax funding arrangement and a tax sharing agreement with the Head Entity. Under the terms of the Tax Funding Arrangement, each of the entities in the Tax Consolidated Group has agreed to pay or receive a tax equivalent payment to, or from, the Head Entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from, or payable to, other entities in the Tax Consolidated Group.

The Tax Sharing Agreement entered into between members of the Tax Consolidated Group provides for the determination of the allocation of income tax liabilities between the entities should the Head Entity default on its tax payment obligations or if an entity should leave the Tax Consolidated Group. The effect of the Tax Sharing Agreement is that each member's liability for tax payable by the Tax Consolidated Group is limited to the amount payable to the Head Entity under the Tax Funding Arrangement.

Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Consolidated Entity has assessed the potential impact of these changes on its tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2013 (2012: \$Nil).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

10. DIVIDENDS

	2013 \$'000	2012 \$'000
<i>Dividends paid and recognised</i>		
2011 final dividend of 1.5 cents per fully paid share, paid 19 October 2011. Fully franked @ 30% tax.	-	4,119
2012 interim dividend of 0.5 cents per fully paid share, paid 11 April 2012. Fully franked @ 30% tax.	-	1,373
Total dividends paid	-	5,492

The Company's Dividend Reinvestment Plan remains suspended.

Franking credit balance

Franking credits available for subsequent financial years based on a tax rate of 30%	20,817	21,485

The above amounts represent the balance of the franking account as at the reporting date, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax.

11. EARNINGS PER SHARE

	2013 \$'000	2012 \$'000
<i>(a) Earnings used in calculating earnings per share</i>		
<i>For basic earnings per share:</i>		
Net loss attributable to ordinary holders of the parent	(15,266)	(29,828)
<i>For diluted earnings per share:</i>		
Net loss attributable to ordinary holders of the parent	(15,266)	(29,828)
Tax effected share-based payment expense		
- liability component	(260)	(470)
Net loss attributable to ordinary equity holders adjusted for the effect of future share-based payment expense	(15,526)	(30,298)
<i>(b) Weighted average number of shares used as denominator</i>	2013 Number	2012 Number
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	279,649,305	271,517,507
Effect of dilution:		
Treasury shares	3,365,100	3,071,187
Weighted average number of ordinary shares for diluted earnings per share	283,014,405	274,588,694

There have been no transactions involving ordinary shares that would significantly change the number of ordinary shares outstanding between the reporting date and the date of completion of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

12. CASH AND CASH EQUIVALENTS

	2013 \$'000	2012 \$'000
Reconciliation to Consolidated Statement of Cash Flows		
For the purposes of <i>Consolidated Statement of Cash Flows</i> , cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	11,649	4,560

13. TRADE AND OTHER RECEIVABLES

	2013 \$'000	2012 \$'000
Current		
Amounts due under construction contracts and trade receivables	11,936	4,277
Related parties receivables	2,497	3,299
Funds held in solicitors trust accounts	5,359	21,896
Other receivables	3,251	4,228
Allowance for impairment of other receivables	(10)	(10)
Total current trade and other receivables	23,033	33,690
Non-current		
Amounts due under construction contracts and trade receivables	4,120	1,832
Total non-current trade and other receivables	4,120	1,832

(a) Allowance for impairment loss

No impairment loss (2012: \$10,000) has been recognised by the Consolidated Entity in the current year.

At 30 June, the ageing analysis of trade receivables is as follows:

	Total \$'000	Number of days outstanding				
		0-30 \$'000	31-60 \$'000	61-90 PDNI* \$'000	+ 91 PDNI* \$'000	+ 91 CI# \$'000
2013	16,056	11,147	537	-	4,362	10
2012	6,109	6,010	-	-	89	10

* Past due not impaired (PDNI)

Considered impaired (CI)

With regards to receivables past due not impaired (PDNI), the relevant debtors have been directly contacted and the Consolidated Entity is satisfied that payment will be received in full.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

13. TRADE AND OTHER RECEIVABLES (continued)

Movements in provision for impairment of trade and other receivables

	2013 \$'000	2012 \$'000
At the beginning of the year	10	78
Amounts recovered during the year	-	(78)
Amounts provided for during the year	-	10
At the end of the year	10	10

(b) Related party receivables

For terms and conditions relating to related party receivables, refer to note 34(i).

(c) Other receivables

Other receivables generally arise from transactions outside the usual operating activities of the Consolidated Entity. These receivables are not past due or impaired.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Consolidated Entity's policy to transfer (on-sell) receivables to special purpose entities.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

14. INVENTORIES

	Note	2013 \$'000	2012 \$'000
Current			
Home Improvements			
<i>Work-in-progress on contracts</i>			
Cost plus attributable profits		-	9,860
Less: progress billings		-	(9,791)
Total work-in-progress		-	69
Land, Housing and Apartments Developments			
<i>Broadacres</i>			
Land to be subdivided - at cost		27,958	25,906
Borrowing and holding costs capitalised	14(a)	12,195	6,729
Provision for loss on inventories		(3,237)	(2,028)
Total broadacres		36,916	30,607
<i>Work-in-progress</i>			
Land subdivided or in the course of being subdivided - at cost		24,553	4,816
Development costs capitalised		4,600	5,021
Houses and apartments under construction - at cost		4,211	1,760
Borrowing and holding costs capitalised	14(a)	2,660	2,045
Provision for loss on inventories		(819)	(1,004)
Total work-in-progress		35,205	12,638
<i>Completed inventory</i>			
Completed houses and apartments - at cost		11,861	14,893
Completed residential land lots - at cost		29,819	16,455
Borrowing and holding costs capitalised	14(a)	2,789	1,581
Provision for loss on inventories		(7,522)	(2,371)
Total completed inventory		36,947	30,558
Total current inventories		109,068	73,872

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

14. INVENTORIES (continued)

	Note	2013 \$'000	2012 \$'000
Non-current			
Land, Housing and Apartments Developments			
<i>Broadacres</i>			
Land to be subdivided - at cost		240,755	288,226
Borrowing and holding costs capitalised	14(a)	55,014	53,287
Provision for loss on inventories		(41,258)	(37,487)
Total broadacres		254,511	304,026
<i>Work-in-progress</i>			
Land subdivided or in the course of being subdivided - at cost		32,254	28,773
Development costs capitalised		2,702	12,213
Borrowing and holding costs capitalised	14(a)	1,090	7,267
Provision for loss on inventories		(12,060)	(5,229)
Total work-in-progress		23,986	43,024
<i>Completed inventory</i>			
Completed residential land lots - at cost		3,248	6,253
Borrowing and holding costs capitalised	14(a)	-	353
Provision for loss on inventories		-	(504)
Total completed inventory		3,248	6,102
Total non-current inventories		281,745	353,152
Total inventories		390,813	427,024

- (a) Borrowing costs are recognised as part of the carrying amount of the qualifying asset. Borrowing costs include interest, fees and costs associated with interest rate derivatives. These costs have been capitalised at a weighted average rate of 8.31% (2012: 10.73%).
- (b) Inventory with a book value of \$100,227,000 (2012: \$102,230,000) had been pledged as security for project specific borrowings (refer to note 24(b)). The Consolidated Entity's remaining inventory has been pledged as security for the main banking facility (refer to note 24(a)).
- (c) Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to \$22,964,000 (2012: \$48,621,000). The expense has been disclosed as a separate item on the *Consolidated Statement of Comprehensive Income*.

Movements in provision for loss on inventories

	2013 \$'000	2012 \$'000
At the beginning of the year	48,621	-
Amounts utilised	(6,689)	-
Provisions created	22,964	48,621
At the end of the year	64,896	48,621

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

15. OTHER CURRENT ASSETS

	2013 \$'000	2012 \$'000
Prepayments	1,067	1,985
Deposits	144	127
Total other current assets	1,211	2,112

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2013 \$'000	2012 \$'000
Investment in Associate - unincorporated	16(a)	46	499
Interest in Joint Venture Entities - unlisted	16(b)	25,135	23,908
Total equity accounted investments		25,181	24,407

Investments in Associates are accounted for in accordance with the policy outlined in note 2(f) while Joint Venture Entities are accounted for in accordance with note 2(e).

(a) Investment in Associate

The Consolidated Entity has significant influence over the Associate because it is represented on the project governing body and its employees provide essential technical knowledge to the project. The Associate is an unincorporated partnership which trades in Australia. It has a 30 June year-end and its principal activity is the development and sale of residential lots.

Investment details

	Interest held	
	2013	2012
Associate name and principal activity		
Epping JV - Land Development	10%	10%

	2013 \$'000	2012 \$'000
<i>Movements in carrying amount</i>		
At the beginning of year	499	1,484
Distribution received	(520)	(1,380)
Share of net profit	67	395
At the end of year	46	499

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(a) Investment in Associate (continued)

Summarised financial information of the Associate

The Consolidated Entity's share of the results of the Associate and its aggregated assets and liabilities are as follows:

	2013	2012
	\$'000	\$'000
Assets	55	557
Liabilities	9	119
Revenues	419	1,153
Profit	67	395

Impairment

The Consolidated Entity's investment in the Associate was not impaired at any time during the year.

Share of Associate's commitments and contingent liabilities

The Associate's commitments and contingent liabilities have been entered into on a non-recourse basis and therefore the Consolidated Entity has no exposure to the Associate's commitments and contingent liabilities as at the date of this Report.

The share of contingent liabilities in respect to certain performance guarantees granted by the Associate in the normal course of business to unrelated parties, at 30 June 2013, amounted to \$18,000 (2012: \$58,000).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(b) Interest in Joint Venture Entities

Investment details

	Interest held	
	2013	2012
Joint Venture Entity and principal activities		
Eastwood - Land Development and Building Construction	50%	50%
Sydney Olympic Park - Commercial Development and Construction ⁽¹⁾	-	50%
Woodville - Land Development and Building Construction	50%	50%
	2013	2012
	\$'000	\$'000
<i>Movements in carrying amount</i>		
At the beginning of year	23,908	39,647
Contributions made	-	1,361
Share of net profit	1,227	5,364
AVJennings' acquisition of joint venture assets	-	(21,153)
Write-down of investment ⁽¹⁾	-	(1,311)
At the end of year	25,135	23,908

(1) During the year, the investment in Sydney Olympic Park Development amounting to \$1,311,000, which was fully provided for in the previous year, was written off due to termination of the agreement.

The Consolidated Entity's share of the Joint Venture Entities' assets, liabilities, revenue and expenses are as follows:

	2013	2012
	\$'000	\$'000
Share of assets and liabilities		
Current assets	20,185	19,883
Non-current assets	13,648	16,707
Total assets	33,833	36,590
Current liabilities	3,588	7,194
Non-current liabilities	6,714	5,488
Total liabilities	10,302	12,682
Net assets	23,531	23,908
Share of revenue, expenses and results		
Revenues	19,882	18,785
Expenses	(18,129)	(12,231)
Profit before tax	1,753	6,554
Tax	(526)	(1,190)
Profit after tax	1,227	5,364

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

17. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2013 \$'000	2012 \$'000
Balance Sheet		
Current assets	69,176	31,382
Total assets	232,462	194,728
Current liabilities	17,025	19,545
Total liabilities	17,025	19,545
<i>Shareholders' equity</i>		
Issued capital	160,960	121,096
Reserves		
Share-based payment reserve	1,077	687
Retained earnings	53,400	53,400
Contributed equity	215,437	175,183
Profit for the year	-	8
Total comprehensive income	-	8

(b) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2013 (2012: Nil).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

18. CONTROLLED ENTITIES

(a) Investment in controlled entities

The following economic entities are the controlled entities of AVJennings Limited:

ECONOMIC ENTITY ⁽¹⁾	% Equity Interest		Included in Banking Cross Deed of Covenant ⁽²⁾	
	2013	2012	2013	2012
Entities included in the Closed Group				
A.V. Jennings Real Estate Pty Limited	100	100	No	No
AVJennings Real Estate (VIC) Pty Limited	100	100	No	No
AVJennings Holdings Limited ⁽³⁾	100	100	Yes	Yes
AVJennings Properties Limited ⁽³⁾	100	100	Yes	Yes
Jennings Sinnamon Park Pty Limited	100	100	No	No
Long Corporation Limited ⁽³⁾	100	100	Yes	Yes
Orlit Pty Limited ⁽³⁾	100	100	Yes	Yes
Sundell Pty Limited ⁽³⁾	100	100	Yes	Yes
AVJennings Housing Pty Limited ⁽³⁾	100	100	Yes	Yes
AVJennings Home Improvements S.A. Pty Limited ⁽³⁾	100	100	Yes	Yes
AVJennings Mackay Pty Limited ⁽³⁾	100	100	Yes	Yes
Entities excluded from the Closed Group				
Crebb No 12 Pty Limited	100	100	Yes	Yes
Dunby Pty Limited	100	100	Yes	Yes
Epping Developments Limited	100	100	No	No
Montpellier Gardens Pty Limited	100	100	Yes	Yes
Sirda Pty Limited ⁽⁴⁾	100	100	No	No
AVJ ODP Pty Limited	100	100	No	No
AVJennings (Cammeray) Pty Limited	100	100	Yes	No
AVJennings Syndicate No 2 Limited ⁽⁴⁾	100	100	No	No
AVJennings Syndicate No 3 Limited	100	100	No	No
AVJennings Syndicate No 4 Limited	100	100	Yes	Yes
AVJennings Officer Syndicate Limited	100	100	Yes	Yes
AVJennings Properties SPV No 1 Pty Limited	100	100	No	No
AVJennings Properties SPV No 2 Pty Limited	100	100	No	No
AVJennings Properties SPV No 3 Pty Limited ⁽⁴⁾	100	100	No	No
AVJennings Properties SPV No 4 Pty Limited	100	100	No	No
AVJennings Wollert Pty Limited	100	100	No	No
AVJ Erskineville Pty Limited	100	100	Yes	No
AVJ Hobsonville Pty Limited	100	100	Yes	Yes
AVJ SPV No 8 Pty Limited ⁽⁴⁾	100	100	No	No
AVJennings Properties SPV No 9 Pty Limited	100	100	Yes	No
AVJennings SPV No 10 Pty Limited	100	100	Yes	No
AVJennings Properties SPV No 11 Pty Limited	100	100	Yes	No
AVJennings Properties SPV No 15 Pty Limited ⁽⁴⁾	100	100	No	No
Creekwood Developments Pty Limited	100	100	Yes	Yes
Portarlington Nominees Pty Limited	100	100	No	No

(1) All entities are incorporated in Australia. With the exception of AVJ Hobsonville Pty Limited, which has a branch in New Zealand, all entities operate within Australia.

(2) These entities, including AVJennings Limited, are included under the Banking Cross Deed of Covenant referred to in note 24(a).

(3) These entities, including AVJennings Limited, are included in the Deed of Indemnity for Contract performance bond facility referred to in note 24(c).

(4) These entities are in the process of being deregistered.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

18. CONTROLLED ENTITIES (continued)

(b) Ultimate parent

AVJennings Limited is the ultimate Australian parent entity. SC Global Developments Pte Ltd is the ultimate parent entity.

(c) Deeds of cross guarantee

Certain entities within the Group are parties to deeds of cross guarantee under which each controlled entity guarantees the debts of the others. By entering into these deeds, the controlled entities are relieved from the requirement to prepare Financial Statements and Directors' Reports under Class Order 98/1418 (as amended by Class Orders 98/2017, 00/321, 01/1087, 02/248, 02/1017, 04/663, 04/682, 04/1624, 05/542, 06/51, 08/11, 08/255, 08/618 and 09/626) issued by the Australian Securities and Investments Commission (ASIC). Those entities included in the Closed Group are listed in note 18(a). These entities represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the deeds of cross guarantee that are controlled by AVJennings Limited, they also represent the "Extended Closed Group".

(d) Class order closed group

Certain controlled entities were granted relief by ASIC (under provisions of Class Orders) from the requirement to prepare separate audited financial statements, where deeds of indemnity have been entered into between the Parent Entity and the Controlled Entities to meet their liabilities as required (refer to note 18(c)).

The Extended Closed Group referred to in the *Directors' Declaration* therefore comprises all of the entities within the Class Order. Certain entities falling outside of the Extended Closed Group are listed in note 18(a), and are therefore required to prepare separate annual financial statements.

The *Consolidated Statement of Comprehensive Income* for those controlled entities which are party to the deed is as follows:

	Closed Group	
	2013	2012
	\$'000	\$'000
Revenues	98,616	108,054
Cost of sales	(97,701)	(89,386)
Other expenses	(31,205)	(78,199)
Loss before income tax	(30,290)	(59,531)
Income tax	9,820	17,139
Loss after income tax	(20,470)	(42,392)
Dividend from non closed group member	4	-
Loss for the year	(20,466)	(42,392)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

18. CONTROLLED ENTITIES (continued)

(d) Class order closed group (continued)

The *Consolidated Statement of Financial Position* for those controlled entities which are party to the deed is as follows:

	2013 \$'000	2012 \$'000
CURRENT ASSETS		
Cash and cash equivalents	10,804	3,162
Trade and other receivables	137,730	110,348
Inventories	56,774	46,347
Tax receivable	-	669
Other current assets	931	1,977
Total current assets	206,239	162,503
NON-CURRENT ASSETS		
Inventories	169,688	210,247
Property, plant and equipment	993	1,174
Deferred tax assets	5,572	-
Intangible assets	2,816	2,816
Total non-current assets	179,069	214,237
Total assets	385,308	376,740
CURRENT LIABILITIES		
Trade and other payables	57,969	-
Derivative financial instruments	-	187
Short-term provisions	4,015	3,667
Total current liabilities	61,984	3,854
NON-CURRENT LIABILITIES		
Trade and other payables	-	37,692
Interest-bearing loans and borrowings	75,000	103,000
Deferred tax liabilities	-	3,922
Provisions	845	641
Total non-current liabilities	75,845	145,255
Total liabilities	137,829	149,109
Net assets	247,479	227,631
EQUITY		
Equity attributable to equity holders of the parent		
Contributed equity	160,960	121,096
Reserves	1,077	687
Retained earnings	85,442	105,848
Total equity	247,479	227,631

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

18. CONTROLLED ENTITIES (continued)

(d) Class order closed group (continued)

The *Consolidated Statement of Changes in Equity* for those controlled entities which are party to the deed is as follows:

	2013 \$'000	2012 \$'000
At beginning of the year	227,631	273,049
Changes in equity due to members entering/exiting the closed group	60	2,841
Loss for the year	(20,466)	(42,392)
Total income and expenses for the year	(20,406)	(39,551)
Equity transactions		
- Ordinary share capital raised	39,956	-
- Treasury shares acquired	(92)	(739)
- Share-based payment reserve	390	364
- Dividends paid to equity holders of parent	-	(5,492)
	19,848	(45,418)
At end of the year	247,479	227,631

19. INTEREST IN JOINT VENTURE OPERATIONS

A number of controlled entities have entered into joint venture operations. Information relating to the Joint Ventures is set out below:

	INTEREST IN OUTPUT	
	2013	2012
Joint Venture name and principal activities		
Cammeray Joint Venture - Apartments Development	-	50%
Cheltenham Joint Venture - Land Development and Building Construction	50%	50%
Hobsonville Joint Venture - Land Development	50%	50%

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

19. INTEREST IN JOINT VENTURE OPERATIONS (continued)

The Consolidated Entity's interest in the profits and losses of the Joint Venture Operations are included in the *Consolidated Statement of Comprehensive Income*, in accordance with the accounting policy described in note 2(e), under the following classifications:

	2013 \$'000	2012 \$'000
Revenues	31,240	12,549
Cost of property developments sold	(22,376)	(10,358)
Other expenses	(1,702)	(1,641)
Profit before income tax	7,162	550
Income tax	(2,149)	(165)
Net profit for the year	5,013	385

The Consolidated Entity's interest in the assets and liabilities of Joint Venture Operations are included in the *Consolidated Statement of Financial Position*, in accordance with the policy described in note 2(e), under the following classifications:

	2013 \$'000	2012 \$'000
CURRENT ASSETS		
Cash and cash equivalents	810	534
Trade and other receivables	2,999	5,878
Inventories	15,299	4,612
Other current assets	16	10
Total current assets	19,124	11,034
NON-CURRENT ASSETS		
Inventories	29,400	39,569
Property, plant and equipment	3	-
Total non-current assets	29,403	39,569
Total assets	48,527	50,603
CURRENT LIABILITIES		
Trade and other payables	4,713	4,984
Interest-bearing loans and borrowings	313	-
Total current liabilities	5,026	4,984
NON-CURRENT LIABILITIES		
Trade and other payables	6,956	9,578
Interest-bearing borrowings	4,338	7,287
Total non-current liabilities	11,294	16,865
Total liabilities	16,320	21,849
Net assets	32,207	28,754

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

20. PROPERTY, PLANT AND EQUIPMENT

	2013 \$'000	2012 \$'000
<i>Leasehold improvements</i>		
At cost	399	378
Less: accumulated depreciation	(330)	(307)
Total leasehold improvements	69	71
<i>Plant, equipment and motor vehicles</i>		
At cost	8,133	7,966
Less: accumulated depreciation	(7,209)	(6,863)
Total plant and equipment	924	1,103
Total property, plant and equipment	993	1,174

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year are set out below:

	Note	Leasehold improve- ments \$'000	Plant, equipment and motor vehicles \$'000	Leased motor vehicles \$'000	Total \$'000
For the year ended 30 June 2012					
Consolidated					
Carrying amount at 1 July 2011		202	856	29	1,087
Additions		38	603	-	641
Disposals		(121)	(51)	(29)	(201)
Depreciation charge	5	(48)	(305)	-	(353)
Carrying amount at 30 June 2012		71	1,103	-	1,174
For the year ended 30 June 2013					
Consolidated					
Carrying amount at 1 July 2012		71	1,103	-	1,174
Additions		20	208	-	228
Disposals		-	(28)	-	(28)
Depreciation charge	5	(22)	(359)	-	(381)
Carrying amount at 30 June 2013		69	924	-	993

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

21. DEFERRED TAX ASSETS

	Note	2013 \$'000	2012 \$'000
The provision for deferred income tax is made up as follows:			
- capitalisation of development costs		(22,336)	-
- prepayments, accruals/provisions and investments		(3,699)	-
- brand name		(845)	-
- unrealised loss on interest derivatives		-	-
- provisions for assets impairments		19,469	-
- tax loss carried forward		10,498	-
Deferred tax assets		3,087	-

Reconciliations

Reconciliations of the carrying amount of the deferred tax asset at the beginning and end of the year are set out below:

		2013 \$'000	2012 \$'000
Transferred from deferred tax liabilities	26	(5,938)	-
Arising temporary differences		9,025	-
Carrying amount at end of year		3,087	-

22. INTANGIBLE ASSETS

Brand name at cost	9,868	9,868
Less: accumulated amortisation	(7,052)	(7,052)
Total intangible assets	2,816	2,816

The intangible asset relates to the value of the "AVJennings" brand name which was acquired as part of a business combination in 1995. On recognition, the asset was determined to have a finite life of 20 years and has since been amortised over the expected useful life. In accordance with the accounting policy discussed in note 2(j), the amortisation period and the amortisation method for an intangible asset are reviewed at least each financial year-end. A review carried out at 31 December 2009 determined that the brand name has indefinite useful life. This change in accounting estimate has been applied prospectively with amortisation ceasing as of 31 December 2009.

The brand name is tested for impairment annually, or more frequently if there are indicators of impairment. At 30 June 2013, there were no indicators of impairment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

23. TRADE AND OTHER PAYABLES

	2013 \$'000	2012 \$'000
Current		
<i>Secured</i>		
Land creditors	-	5,600
<i>Unsecured</i>		
Land creditors	47,342	25,196
Trade creditors	8,689	9,239
Related party payables	2,750	2,450
Other creditors and accruals	6,584	4,461
	65,365	41,346
Total current payables	65,365	46,946
Non-Current		
<i>Unsecured</i>		
Land creditors	6,956	47,520
Total non-current payables	6,956	47,520

Land creditors

The amounts due to secured land creditors are secured over the title to properties acquired by way of either mortgage back or bank guarantee in favour of the land vendor. These security arrangements remain in place until final settlement of the amounts due to the land vendor. Titles for the unsecured land creditors only transfer to the Consolidated Entity on full payment of the amount outstanding or upon provision of some other security.

Related party payables

For terms and conditions relating to related party payables, refer to note 34(i).

Fair value

Due to the short-term nature of current payables, their carrying amount is assumed to approximate their fair value. Non-current land creditors have been discounted using a rate of 7.59% (2012: 9.54%).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

24. INTEREST-BEARING LOANS AND BORROWINGS

	2013 \$'000	2012 \$'000
Current		
<i>Secured</i>		
Bank loans	7,171	1,100
Total current interest-bearing liabilities	7,171	1,100
Non-current		
<i>Secured</i>		
Bank loans	82,720	123,137
Total non-current interest-bearing liabilities	82,720	123,137

Financing arrangements

The Consolidated Entity has access to the following lines of credit:

	Note	Available \$'000	Utilised \$'000	Unutilised \$'000
30 June 2013				
Main banking facilities	24(a)			
- bank loans		140,000	75,000	65,000
- performance bonds and other non-cash facilities		18,600	7,838	10,762
		158,600	82,838	75,762
Project funding	24(b)			
- bank loans		24,128	14,891	9,237
- performance bonds and other non-cash facilities ⁽¹⁾		19,750	12,442	7,308
		43,878	27,333	16,545
Contract performance bond facility	24(c)			
- performance bonds		10,000	7,396	2,604

(1) At 30 June 2013 these facilities are interchangeable up to \$5 million (2012: \$5 million) between the bank loans and performance bonds /other non-cash facilities.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

24. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Financing arrangements (continued)

	Note	Available \$'000	Utilised \$'000	Unutilised \$'000
30 June 2012				
Main banking facilities	24(a)			
- bank overdraft		5,000	-	5,000
- bank loans		134,000	103,000	31,000
- performance bonds and other non-cash facilities		33,600	11,334	22,266
		172,600	114,334	58,266
Project funding	24(b)			
- bank loans		24,078	21,237	2,841
- performance bonds and other non-cash facilities		23,500	17,775	5,725
		47,578	39,012	8,566
Contract performance bond facility	24(c)			
- performance bonds		10,000	4,424	5,576
Leasing facilities	24(d)	1,200	-	1,200

Significant terms and conditions

(a) Main banking facilities

The main banking facilities are secured by a fixed and floating charge over all the assets and undertakings of the entities within the Consolidated Entity, other than those assets pledged as security for project funding (see note 24(b)). The Parent Entity has entered into a cross deed of covenant with various controlled entities to guarantee obligations of those entities in relation to the main banking facilities. Details of entities included in the cross deed of covenant are set out in note 18. The current interest rates on the bank loans range from 4.34% to 4.54% (2012: 5.09% to 5.97%).

The Consolidated Entity's main banking facilities mature on 30 September 2015. These facilities are secured by a fixed and floating charge over all the assets and undertakings of the entities within the Consolidated Entity as mentioned above, and by first registered mortgages over various real estate inventories other than those assets pledged as security for project funding (see note 24(b)).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

24. INTEREST-BEARING LOANS AND BORROWINGS (continued)

(b) Project funding

Project funding facilities are secured by:

- fixed and floating charge over all assets and undertakings of the entity involved in the relevant project, namely, AVJennings Wollert Pty Limited;
- first registered mortgage over the real estate inventories of the entity involved in the relevant project, namely, AVJennings Wollert Pty Limited;
- fixed and floating charge over the assets and undertakings of a related company involved in the relevant project, namely, St Clair JV Nominee Pty Limited;
- deed of mortgage over the shares held by the relevant entity, namely, AVJennings Properties SPV No 4 Pty Limited, in a related company, namely, St Clair JV Nominee Pty Limited;
- fixed and floating charge over the assets and undertakings, including project rights, of a relevant entity, namely, AVJennings Properties SPV No 4 Pty Limited;
- fixed and floating charge over the assets of the entity involved in the relevant project, namely, Portarlington Nominees Pty Limited; and
- first registered mortgage over certain real estate inventories of the entity involved in the relevant project, namely, Portarlington Nominees Pty Limited.

At 30 June 2013 the facilities shown are interchangeable up to \$5,000,000 (2012: \$5,000,000) between the bank loans and performance bonds/other non-cash facilities. The lines of credit shown are maximum limits which are available progressively as projects are developed. The expiry dates for the facilities are between March 2014 and September 2015. Individual projects are expected to be completed and the outstanding amounts repaid or refinanced prior to expiry of each facility. As at 30 June 2013, the balance outstanding on these facilities was \$14,891,000 (2012: \$21,237,000).

	2013	2012
	\$'000	\$'000
The carrying amounts of the pledged assets are as follows:		
Wollert, Victoria	40,250	45,492
Cheltenham, South Australia	48,527	50,422
Arlington Rise, Victoria	18,480	16,431

The weighted average interest rate on the project funding loans at year-end was 3.52% (2012: 4.40%).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

24. INTEREST-BEARING LOANS AND BORROWINGS (continued)

(c) Contract performance bond facility

The Consolidated Entity has entered into a Contract performance bond facility of \$10,000,000 (2012: \$10,000,000). The Contract performance bond facility is subject to review annually. This facility expires on 31 October 2013 and management expects the annual review which is underway, to be completed shortly and the facility extended for a further 12 months. The Contract performance bond facility is secured by a Deed of Indemnity between the Parent Entity and various controlled entities. Details of the controlled entities, included in the Deed of Indemnity are set out in note 18.

(d) Leasing facilities

No separate security has been provided by the Consolidated Entity in relation to lease liabilities. The rights to the leased assets revert to the lessor in the event of default. This facility was cancelled during the year ended 30 June 2013.

(e) Interest rate hedge instruments

The Consolidated Entity manages the cash flow effect of interest rate risk by entering into interest rate cap and interest rate swap contracts.

Interest rate cap contracts are entered into for a principal Australian Dollar amount by paying an upfront premium that covers a specific period. The strike rates for these contracts are benchmarked against the BBSY bid rate (*Australian Bank Bill Swap Reference Rate - Average Bid Rate*) on a quarterly basis. Settlement occurs quarterly, in favour of the Consolidated Entity, should the BBSY bid rate be above the cap strike rate (movements in the variable rate are directly proportional to movements in the BBSY bid rate).

Under the interest rate swaps, at the end of every quarter, the Consolidated Entity and the counterparty agree to exchange the difference between the interest calculated by applying the fixed contract rates and that calculated by applying the BBSY bid rate to the principal Australian Dollar amounts.

There were no interest rate derivative contracts in place at 30 June 2013.

25. TAX PAYABLE

	2013 \$'000	2012 \$'000
Income tax payable	449	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

26. DEFERRED TAX LIABILITIES

	Note	2013 \$'000	2012 \$'000
The provision for deferred income tax is made up as follows:			
- capitalisation of development costs		-	21,078
- prepayments, accruals/provisions and investments		-	1,413
- brand name		-	845
- unrealised loss on interest derivatives		-	(44)
- provisions for assets impairments		-	(14,979)
- tax loss carried forward		-	(2,375)
Deferred tax liabilities		-	5,938

Reconciliations

Reconciliations of the carrying amount of the deferred tax liability at the beginning and end of the year are set out below:

		2013 \$'000	2012 \$'000
Carrying amount at beginning of year		5,938	19,516
Arising temporary differences		-	(13,578)
Transferred to deferred tax assets	21	(5,938)	-
Carrying amount at end of year		-	5,938

27. PROVISIONS

	2013 \$'000	2012 \$'000
Current		
Employee benefits	3,056	2,911
Other	980	756
Total current provisions	4,036	3,667
Non-current		
Employee benefits	845	641
Total non-current provisions	845	641

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

28. CONTRIBUTED EQUITY

	Note	2013 Number	2012 Number	2013 \$'000	2012 \$'000
Ordinary shares	28(a)	384,423,851	274,588,694	162,793	122,837
Treasury shares	28(b)	(3,365,100)	(3,071,187)	(1,833)	(1,741)
Share capital				160,960	121,096

<i>(a) Movement in ordinary share capital</i>		Number	Number	\$'000	\$'000
As at the beginning of the year		274,588,694	274,588,694	122,837	122,837
Issued pursuant to the Rights Issue 3 June 2013		109,835,157	-	39,956	-
As at the end of the year		384,423,851	274,588,694	162,793	122,837

On 24 April 2013, the Company announced a Non-Renounceable Entitlement Offer (Entitlement Offer). The Entitlement Offer was undertaken on the basis of 2 new shares for every 5 held on 3 May 2013. The shares were offered at \$0.375 per new share which represented a 4.5% discount to the volume weighted average price of the shares on the 20 trading days to 19 April 2013. Shareholders with registered addresses situated outside Australia, New Zealand and Singapore were not eligible to participate in the Entitlement Offer. The additional funds were applied to reduce debt and support general working capital requirements including:

- settlement of development sites previously acquired and development of these projects;
- development of owned land and land controlled under project development agreements; and
- investment in built form on selected projects.

The Entitlement Offer raised \$39,956,388 after net transaction costs of \$1,231,796. On 3 June 2013, 109,835,157 new fully paid ordinary shares were issued increasing the total number of fully paid ordinary shares on issue to 384,423,851.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There are currently no unexercised or outstanding options. No options were exercised during the year.

<i>(b) Movement in treasury shares</i>	2013 Number	2012 Number	2013 \$'000	2012 \$'000
As at the beginning of the year	(3,071,187)	(1,708,786)	(1,741)	(1,002)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	(293,913)	(1,695,735)	(92)	(739)
Employee share scheme issue	-	333,334	-	-
	(293,913)	(1,362,401)	(92)	(739)
As at the end of the year	(3,365,100)	(3,071,187)	(1,833)	(1,741)

Treasury shares are shares in AVJennings Limited that are held by the AVJ Deferred Employee Share Plan Trust for the purpose of issuing shares to Executives via the AVJ Deferred Employee Share Plan.

The original cost of the shares is treated as a reduction in share capital and the underlying shares identified separately as treasury shares.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

28. CONTRIBUTED EQUITY (continued)

(c) Capital Risk Management

When managing capital, management's objective is to ensure that the Consolidated Entity continues as a going concern. Management also aims to maintain an optimal capital structure that reduces the cost of capital.

In order to maintain or adjust the capital structure, management may change the amount of dividends paid to shareholders, offer a dividend reinvestment plan, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended 30 June 2013, no dividend was paid (2012: \$5,492,000).

Management monitors the capital mix through the debt to equity ratio (net debt/total equity) and the debt to total assets ratio (net debt/total assets). Based on continuing operations of the Consolidated Entity, these ratios are as follows:

	2013 \$'000	2012 \$'000
Interest-bearing loans and borrowings	89,891	124,237
Less: cash and cash equivalents	(11,649)	(4,560)
Net debt	78,242	119,677
Total equity	295,361	268,993
Total assets	462,903	498,129
Net debt to equity ratio	26.5%	44.5%
Net debt to total assets ratio	16.9%	24.0%

AVJennings Limited has complied with the financial covenants of its borrowing facilities during the 2013 and 2012 reporting periods.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

29. RESERVES AND RETAINED EARNINGS

(a) Reserves

	Foreign Currency Translation Reserve \$'000	Share-based Payment Reserve \$'000	Total \$'000
At 1 July 2011	(417)	323	(94)
Foreign currency translation	160	-	160
Share-based payments	-	364	364
At 30 June 2012	(257)	687	430
Foreign currency translation	1,380	-	1,380
Share-based payments	-	390	390
At 30 June 2013	1,123	1,077	2,200

(b) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the Financial Statements of subsidiaries which have functional currency different to the Australian dollar. Refer to note 2(aa).

Share-based payment reserve

The share-based payment reserve is used to recognise the grant date fair value of shares issued to employees. Refer to notes 2(r) and 7(d) for further details of the plan.

(c) Retained earnings

	2013 \$'000	2012 \$'000
Movements in retained earnings were as follows:		
At the beginning of the year	147,467	182,787
Net loss for the year	(15,266)	(29,828)
Dividends	-	(5,492)
At the end of the year	132,201	147,467

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

30. CASH FLOW STATEMENT RECONCILIATION

	2013 \$'000	2012 \$'000
Reconciliation of loss after tax to net cash flows from operations		
Loss after tax	(15,266)	(29,828)
<i>Adjustments for:</i>		
Depreciation	381	353
Net (gain)/loss on disposal of property, plant and equipment	(5)	222
Interest income classified as investing cash flow	(492)	(481)
Share of profits of associates and joint venture entities	(1,294)	(5,759)
Provision for loss on equity accounted investments	-	1,311
Movement in provision for loss on inventories	16,275	48,621
Share-based payments expense	390	364
Fair value adjustment to derivatives	(187)	119
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in inventories	19,936	(58,784)
(Increase)/decrease in trade and other receivables	8,369	(18,363)
(Increase)/decrease in prepayments and deposits	901	(812)
Increase in deferred tax assets	(3,087)	-
Decrease in deferred tax liability	(5,938)	(13,578)
Increase/(decrease) in current tax liability	449	(3,540)
(Increase)/decrease in current tax assets	514	(514)
Increase/(decrease) in trade and other payables	(21,069)	23,833
Increase in provisions	573	378
Net cash flows from/(used in) operating activities	450	(56,458)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

31. COMMITMENTS

Operating lease commitments – Consolidated Entity as lessee

Operating leases include property, display homes, computer equipment leases and leases for motor vehicles provided under novated leases. Certain property leases include inflation escalation and market review clauses. No renewal or purchase options exist in relation to operating leases, and no operating leases contain restrictions on financing or other leasing activities.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2013 \$'000	2012 \$'000
<i>Operating leases</i>		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	1,679	1,891
After one year, but not more than five years	2,052	3,524
Total operating leases	3,731	5,415
<i>Represented by:</i>		
Non-cancellable operating leases	3,058	5,271
Cancellable operating leases	673	144
Total operating leases	3,731	5,415

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

32. CONTINGENCIES

Unsecured

Cross guarantees

The Parent Entity has entered into deeds of cross guarantee in respect of the debts of certain of its controlled entities as described in note 18.

Banking facilities

The Parent Entity has entered into a cross deed of covenant with various controlled entities to guarantee the obligations of those entities in relation to the banking facilities. Details of these entities are set out in note 18.

Contract performance bond facility

The Parent Entity has entered into a Deed of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to the Contract performance bond facility. Details of these entities are set out in note 18. Contingent liabilities in respect of certain performance bonds, granted by the Consolidated Entity's financiers, in the normal course of business as at 30 June 2013, amounted to \$7,396,000 (2012: \$4,424,000). No liability is expected to arise.

Legal issues

From time to time a controlled entity defends actions served on it in respect of rectification of building faults and other issues. It is not practicable to estimate the amount, if any, which the entity could be liable for in this respect. The Directors anticipate that the resolution of any such matters currently outstanding will not have a material effect on the Consolidated Entity's results.

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Consolidated Entity bankers in the normal course of business to unrelated parties, at 30 June 2013, amounted to \$7,811,000 (2012: \$13,263,000). No liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Consolidated Entity's bankers to unrelated parties in the normal course of business at 30 June 2013, amounted to \$12,470,000 (2012: \$15,846,000). No liability is expected to arise.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

33. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

- a) the Consolidated Entity's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Consolidated Entity's state of affairs in future financial years.

34. RELATED PARTY DISCLOSURES

(a) Ultimate parent

AVJennings Limited is the ultimate Australian parent entity. SC Global Developments Pte Ltd (incorporated in Singapore) is the ultimate parent entity.

(b) Share and share option transactions with Directors and Director-related entities

The aggregate number of shares and options held at the reporting date either directly or indirectly or beneficially by the Directors or by an entity related to those Directors of AVJennings Limited are as follows:

	Owned by Directors directly, or indirectly or beneficially	
	2013 Number	2012 Number
Fully paid ordinary shares	195,195,645	138,975,039

Directors and Director-related entities received normal dividends on these ordinary shares.

(c) Entity with significant influence over AVJennings Limited

192,318,030 ordinary shares equating to 50.03% of the total ordinary shares on issue (2012: 137,370,023 and 50.03% respectively) were held by SC Global Developments Pte Ltd and its associates in the Parent Entity at 30 June 2013. Certain Directors of SC Global Developments Pte Ltd are also Directors of AVJennings Limited. Details of Directors' interests in the shares of the Parent Entity are set out in the *Directors' Report*.

(d) Parent Entity amounts receivable from and payable to controlled entities

At 30 June 2013, the Parent Entity has not set up any provisions against debts owed by related parties as recoverability is considered probable (2012: \$Nil). An impairment assessment is undertaken each financial year-end to determine whether there is objective evidence that a related party receivable is impaired. If evidence of impairment exists, the impairment loss is recognised immediately.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

34. RELATED PARTY DISCLOSURES (continued)

(e) Transactions with related parties

	Note	2013 \$	2012 \$
Entity with significant influence over the Consolidated Entity:			
SC Global Developments Pte Ltd			
Consultancy fee paid/payable	(i)	600,000	600,000
Associate:			
Epping JV			
Management fee received/receivable		809,882	669,246
Joint Ventures:			
Meridan Plains			
Management fee received/receivable		-	67,915
Accounting services fee received/receivable		-	8,333
Eastwood			
Management fee received/receivable		2,219,741	1,516,363
Accounting services fee received/receivable		50,000	50,000
Arlington Rise			
Reversal of over accrued management fee receivable		-	(42,440)
Cheltenham JV			
Accounting services fee received/receivable		72,000	54,000
Woodville			
Accounting services fee received/receivable		72,600	54,000

(i) Consultancy fees paid to SC Global Developments Pte Ltd of \$600,000 (2012: \$600,000).

(f) Joint ventures in which related entities in the Consolidated Entity are venturers

Joint ventures in which the Consolidated Entity has an interest are set out in note 16 and note 19.

(g) Outstanding balances arising from provision of services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

	2013 \$'000	2012 \$'000
<i>Current receivables</i>		
Joint Ventures	2,497	3,299

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

34. RELATED PARTY DISCLOSURES (continued)

(h) Loans from related party

	2013 \$'000	2012 \$'000
<i>Loan received</i>		
Joint Venture	2,600	2,000

(i) Terms and conditions of transactions with related parties

Transactions with related parties are made at arm's length both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free, at call and settlement occurs in cash.

(j) Transactions with Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 7.

(k) Entitlement Offer

The Company conducted an entitlement offer in April 2013 of 2 shares for every 5 shares held at an offer price of 37.5 cents per share. Those Directors who held shares either directly or indirectly, took up their entitlement in full. Executive (non-director) KMP also acquired shares under the Entitlement Offer by participating in the offer and by sub-underwriting a proportion of the shortfall. The shares acquired under the entitlement offer by KMP are disclosed in note 7.

35. SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

Total expenses arising from share-based payment transactions and disclosed as part of employee benefit expenses are shown in the table below:

	2013 \$'000	2012 \$'000
Expense arising from equity-settled share-based payment transactions	390	364
Total expense arising from share-based payment transactions	390	364

The share-based payment plan is described in note 35(b). There have been no cancellations or modifications to the plan during 2013.

(b) Type of share-based payment plan

AVJ Deferred Employee Share Plan

The AVJ Deferred Employee Share Plan (the LTI Plan) administers employee share schemes under which shares may be purchased on-market by the LTI Plan Trustee on behalf of employees. These shares vest to employees for no cash consideration subject to certain conditions being satisfied. Employees may elect not to participate in the scheme. Shares held by the LTI Plan's trust and not yet allocated to employees at the end of the reporting period are shown as treasury shares in the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

35. SHARE-BASED PAYMENT PLANS (continued)

(b) Type of share-based payment plan (continued)

Share-based compensation benefits are provided to Executives via the LTI Plan. These equity-settled transactions are measured at fair value at the grant date. The original cost of the shares is treated as a reduction in share capital and the underlying shares identified separately as treasury shares. The fair value of the shares at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share-based payment reserve in equity.

Vesting subject to both service and performance conditions:

FY2011 Grant

A total of 1,375,452 shares were granted on 28 September 2010 to certain executives. As detailed in the table on page 15 and page 52, these include 1,136,816 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 96,124 shares from this grant have been forfeited.

FY2012 Grant

An additional 1,695,735 shares were granted on 5 September 2011 to certain executives. As detailed in the table on page 15 and page 52, these include 1,454,555 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 124,383 shares from this grant have been forfeited.

FY2013 Grant

An additional 513,168 shares were granted on 12 September 2012 to certain executives. As detailed in the table on page 15, these include 280,712 shares for KMP. The remaining shares were granted to executives who were not KMP.

These shares are subject to both service and performance conditions and will vest to the extent that each of these conditions is satisfied.

The service vesting condition is that the employee must still be employed by AVJennings at 30 September 2013 (for the FY2011 grant) and 30 September 2014 (for the FY2012 grant) and 30 September 2015 (for the FY2013 grant). In the event of death or permanent disablement the shares may vest subject to Board discretion. In the event that the employee is retrenched, the shares may vest subject to Board discretion. If the employee resigns (in certain circumstances) or is terminated, the vested shares will be forfeited.

The performance vesting conditions are:

- Total Shareholder Return (TSR) performance measured against the ASX Small Industrials Index; and
- Earnings Per Share (EPS) growth. AVJennings' EPS growth for the performance period must meet or exceed the target set. The EPS hurdle for total vesting for each grant is as follows:

FY2011 grant - 10% p.a. growth for the three financial years to 30 September 2013

FY2012 grant - 10% p.a. growth for the three financial years to 30 September 2014

FY2013 grant - 10% p.a. growth for the three financial years to 30 September 2015

Half of the allocation is assessed against each performance condition. The vesting schedule for the TSR performance condition is set out in the table below. The holder of the shares is entitled to receive all dividends paid between grant and vesting date.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

35. SHARE-BASED PAYMENT PLANS (continued)

AVJennings' TSR rank against companies in the Index	Percentage vesting
< median	Nil
At the median	50%
> median but < 75 th percentile	Pro-rata between 50 th and 75 th percentiles
>=75 th percentile	100%

The fair value of the EPS element of the shares is the market value at grant date. The Monte Carlo Model is used to fair value the TSR element. The Model simulates AVJennings' TSR and compares it against the ASX Small Industrials Index. The Model takes into account historic dividends, share price volatilities and the risk-free yield on an Australian Government Bond at the grant date matching the remaining effective life of 3 years.

Directors' Declaration

In accordance with a resolution of the Directors of AVJennings Limited, we state that:

- 1) In the opinion of the Directors:
 - i) the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*, including;
 - a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
 - b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*;
 - ii) the Consolidated Financial Statements and Notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and
 - iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2013.
- 3) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Consolidated Entity identified in note 18 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



Simon Cheong
Director

27 September 2013



Peter Summers
Director

Independent auditor's report to the shareholders of AVJennings Limited

Report on the financial report

We have audited the accompanying financial report of AVJennings Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



Opinion

In our opinion:

- a. the financial report of AVJennings Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 10 to 18 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of AVJennings Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Mark Conroy
Partner
Sydney
27 September 2013

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF AVJENNINGS LIMITED
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

The information in this Appendix III has been reproduced from the annual report of AVJennings Limited and its subsidiaries for the financial year ended 30 June 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Revenues	5	250,570	158,462
Share of profits of associates and joint venture entities accounted for using the equity method		1,967	1,294
Cost of property developments sold		(195,656)	(125,061)
Provision for loss on inventories	5	5,154	(22,964)
Other operational expenses		(3,948)	(4,729)
Selling and marketing expenses		(6,005)	(6,209)
Employee benefits expenses	5	(17,189)	(16,712)
Depreciation expense	5	(330)	(381)
Finance costs	5	(457)	(492)
Fair value gain on interest rate derivatives		-	187
Management and administration expenses		(7,093)	(6,686)
Profit/(loss) before income tax		27,013	(23,291)
Income tax	9	(8,231)	8,025
Profit/(loss) after income tax		18,782	(15,266)
Other comprehensive income			
Foreign currency translation (recyclable through profit and loss)		2,065	1,380
Other comprehensive income for the year		2,065	1,380
Total comprehensive income/(loss) for the year		20,847	(13,886)

Earnings per share for profit/(loss) from continuing operations attributable to ordinary equity holders of the parent:		Cents	Cents
Basic earnings per share	11	4.94	(5.46)
Diluted earnings per share	11	4.94	(5.46)

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents	12	4,796	11,649
Trade and other receivables	13	44,557	23,033
Inventories	14	168,019	109,068
Other current assets	15	1,387	1,211
Total current assets		218,759	144,961
NON-CURRENT ASSETS			
Trade and other receivables	13	6,159	4,120
Inventories	14	212,804	281,745
Investments accounted for using the equity method	16	27,108	25,181
Available-for-sale financial asset	17	3,000	-
Property, plant and equipment	21	642	993
Deferred tax assets	22	-	3,087
Intangible assets	23	2,816	2,816
Total non-current assets		252,529	317,942
Total assets		471,288	462,903
CURRENT LIABILITIES			
Trade and other payables	24	46,823	65,365
Interest-bearing loans and borrowings	25	4,083	7,171
Tax payable	26	251	449
Provisions	28	4,706	4,036
Total current liabilities		55,863	77,021
NON-CURRENT LIABILITIES			
Trade and other payables	24	13,406	6,956
Interest-bearing loans and borrowings	25	81,500	82,720
Deferred tax liabilities	27	4,041	-
Provisions	28	698	845
Total non-current liabilities		99,645	90,521
Total liabilities		155,508	167,542
Net assets		315,780	295,361
EQUITY			
Contributed equity	29	160,436	160,960
Reserves	30(a)	4,361	2,200
Retained earnings	30(c)	150,983	132,201
Total equity		315,780	295,361

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Note	Attributable to equity holders of the Parent				Total equity
		Contributed Equity	Foreign Currency Translation Reserve	Share-based Payment Reserve	Retained Earnings	
		\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2012		121,096	(257)	687	147,467	268,993
Loss for the year		-	-	-	(15,266)	(15,266)
Other comprehensive income for the year		-	1,380	-	-	1,380
Total comprehensive loss for the year		-	1,380	-	(15,266)	(13,886)
Transactions with owners in their capacity as owners						
- Ordinary share capital raised	29(a)	39,956	-	-	-	39,956
- Treasury shares acquired	29(b)	(92)	-	-	-	(92)
- Share-based payment expense	36(a)	-	-	390	-	390
		39,864	1,380	390	(15,266)	26,368
At 30 June 2013		160,960	1,123	1,077	132,201	295,361
Profit for the year		-	-	-	18,782	18,782
Other comprehensive income for the year		-	2,065	-	-	2,065
Total comprehensive income for the year		-	2,065	-	18,782	20,847
Transactions with owners in their capacity as owners						
- Treasury shares acquired	29(b)	(524)	-	-	-	(524)
- Share-based payment expense reversed (forfeited shares)	36(a)	-	-	(579)	-	(579)
- Share-based payment expense	36(a)	-	-	675	-	675
		(524)	2,065	96	18,782	20,419
At 30 June 2014		160,436	3,188	1,173	150,983	315,780

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		251,561	182,136
Payments to suppliers, land vendors and employees		(242,446)	(171,824)
Interest paid		(9,349)	(9,822)
Income tax paid		(1,445)	(40)
Net cash (used in)/from operating activities	31	(1,679)	450
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		70	33
Purchase of property, plant and equipment	21	(76)	(228)
Interest received		457	492
Distribution received		40	520
Payment for available-for-sale financial asset		(1,500)	-
Net cash (used in)/from investing activities		(1,009)	817
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		101,591	77,932
Repayment of borrowings		(105,899)	(112,278)
Payment for treasury shares	29(b)	(524)	(92)
Proceeds from issue of shares	29(a)	-	39,956
Net cash (used in)/from financing activities		(4,832)	5,518
NET (DECREASE)/INCREASE IN CASH HELD		(7,520)	6,785
Cash and cash equivalents at beginning of year		11,649	4,560
Effects of exchange rate changes on cash and cash equivalents		667	304
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	4,796	11,649

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

1. CORPORATE INFORMATION

The Consolidated Financial Statements of AVJennings Limited for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors on 26 September 2014.

AVJennings Limited (the Parent) is a for-profit Company limited by shares domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through SGX Globalquote (formerly known as the Central Limit Order Book System (CLOB)). The ultimate parent is SC Global Developments Pte Ltd, a company incorporated in Singapore which owns 50.03% of the ordinary shares in AVJennings Limited.

The Consolidated Entity ("AVJennings", "Consolidated Entity" or "Group") consists of AVJennings Limited (the "Company" or the "Parent Entity") and its controlled entities.

The nature of the operations and principal activities of the Consolidated Entity are described in the *Directors' Report*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial Report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value with variations reflected in the profit and loss account.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in note 4. AVJennings is a for-profit entity for the purpose of preparing the Consolidated Financial Statements.

The Financial Report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

a) Compliance with IFRS

The Financial Report also complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current year or any prior year and are not likely to affect future periods.

The Group has adopted all mandatory standards and amendments for the annual financial year beginning 1 July 2013. Adoption of these standards and amendments has not had any effect on the financial position or performance of the Group but has impacted the Report disclosures as follows:

AASB 10 - Consolidated Financial Statements

This standard has changed the criteria for determining control. Since 1 July 2013, an entity is controlled when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

The Group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10. No differences were found and therefore no adjustments to any of the carrying amounts in the Report are required as a result of the adoption of AASB 10.

AASB 11 - Joint Arrangements

This standard uses the principle of control in AASB 10 to define joint control. Under this standard, investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations of each venturer. Joint ventures are arrangements that give the venturers rights to the net assets and are accounted for using the equity method. Joint operations are arrangements that give the venturers rights to the underlying assets and obligations and are accounted for by recognising the share of those assets and obligations. The Group also recognises the expenses that it incurs and its share of the net property income that it earns from each joint operation.

Whilst the classification criteria for joint ventures and joint operations changed, the Group's accounting for its investments in joint arrangements was not impacted by the adoption of AASB 11.

AASB 13 - Fair Value Measurement

This standard has centralised the definition and guidance for measuring fair values where required to be applied by various other accounting standards. The new standard requires quantitative and qualitative disclosures of all fair value measurements. The additional disclosures required by AASB 13 have been provided in this Report.

AASB 119 - Employee Benefits

The Group has adopted AASB 119: The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The Consolidated Entity has early adopted AASB 2013-3, effective 1 January 2014, which amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments in AASB 136 include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. AASB 2013-3 removes this requirement.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Accounting Standards and Interpretation issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. These are outlined below:

Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014 / applicable for Group 1 July 2014)

AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This amendment will have no impact on the disclosure for the Group.

AASB 9 Financial Instruments (effective 1 January 2018 / applicable for Group 1 July 2018)

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

AASB9 also removes the volatility in profit and loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E

The Group will review the classification of its existing financial assets and liabilities in line with the standard.

IFRS 15 Revenue from Contracts with Customers: (effective 1 January 2017 / applicable for Group 1 July 2017)

IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The Core principal of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group will review contracts it has with customers and assess the disclosure requirements, if any, of these contracts.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) *Basis of consolidation*

The *Consolidated Financial Statements* incorporate the assets and liabilities of all subsidiaries of AVJennings Limited as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2(d)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the *Consolidated Statement of Comprehensive Income*, *Consolidated Statement of Changes in Equity* and the *Consolidated Statement of Financial Position* respectively.

The AVJ Deferred Employee Share Plan Trust was formed to administer the Group's employee share scheme. This Trust is consolidated, as the substance of the relationship is that the Trust is controlled by the Group. Shares held by the Trust are disclosed as treasury shares and deducted from contributed equity.

d) *Business combinations*

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. For each business combination, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit and loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) *Joint ventures*

Joint operations

The proportionate interests in the assets, liabilities, revenues and expenses of joint operations have been incorporated in the Financial Statements under the appropriate headings. Details of the joint operations are set out in note 20.

Joint venture entities

The interest in a joint venture entity is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the entity are recognised in the profit and loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income. Dividends received from joint venture entities are recognised as a reduction in the carrying amount of the investment. Details relating to joint venture entities are set out in note 16(b).

Profits or losses on transactions with joint venture entities are eliminated to the extent of the Consolidated Entity's ownership interest until such time as they are realised by the joint venture entity on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

At each reporting date, the Group determines whether there is any objective evidence that the investment in the joint venture entity is impaired. Where evidence exists, the impairment is calculated as the difference between the recoverable amount of the joint venture entity and its carrying value, and recognised in the profit and loss.

f) *Investments in associates*

An associate is an entity over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method.

Under the equity method, investments in associates are carried in the *Consolidated Statement of Financial Position* at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associates.

The Consolidated Entity's share of an associate's profits or losses is recognised in the *Consolidated Statement of Comprehensive Income*. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment. Details relating to associates are set out in note 16(a).

At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. Where evidence exists, the impairment is calculated as the difference between the recoverable amount of the associate and its carrying value, and recognised in the profit and loss.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associates are eliminated to the extent of the Consolidated Entity's interest in the associates.

The reporting dates of the associate and the Consolidated Entity are identical and the associate's accounting policies conform to those used by the Consolidated Entity.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Information regarding business activities that are below the quantitative criteria are combined, and disclosed in a separate category called "other".

h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Plant, equipment, and motor vehicles	3-7 years
Motor vehicles under finance lease	2-3 years
Leasehold improvements	3-10 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the *Consolidated Statement of Comprehensive Income*.

The assets' useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets during the period of time required to complete and prepare the assets for their intended use or sale.

Interest income on borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation.

All other borrowing costs are expensed.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination are their fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The Consolidated Entity does not capitalise any expenditure resulting in the creation of internally generated intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most recent evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. Refer to note 4(ii).

Development projects and land

Cost includes the costs of acquisition, development, borrowings and all other costs directly related to specific projects. Borrowing and holding costs such as rates and taxes incurred after completion of development and construction are expensed. Costs expected to be incurred under penalty clauses and rectification provisions are also included.

Construction contracts

Construction work-in-progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. Contract costs include all costs directly related to specific contracts, and costs that are specifically chargeable to the customer under the terms of the contract. The stage of completion is measured using the percentage of completion method.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1) Available-for-sale financial assets

The available-for-sale financial asset is an investment in an unlisted property fund. Such assets are included in non-current assets unless the investments mature or management intends to dispose of the investments within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date; the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the Group measures a financial asset at its cost plus transactions costs that are directly attributable to the acquisition of the financial asset.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

Details of how the fair value of financial instruments is determined are disclosed in note 17.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below the cost is considered an indicator that the assets are impaired.

If there is objective evidence of impairment for an available-for-sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is taken to profit and loss. Cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit and loss in the period.

Impairment losses on equity instruments previously recognised in profit and loss are not reversed through profit or loss in a subsequent period. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Trade and other receivables

Trade receivables are carried at the amount invoiced less a provision for impairment.

Settlement terms for trade receivables are generally between 30 and 180 days.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written-off when identified. A provision for impairment is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. The amount of the impairment loss is the difference between the carrying amount of the receivable and the present value of estimated future cash flows, which are not discounted for short-term receivables as the effect of discounting is immaterial.

Where a receivable is expected to be settled more than twelve months after the reporting date, its carrying amount is discounted using the effective interest rate method. The difference between the carrying amount and the present value is recorded in the *Statement of Comprehensive Income*.

n) Cash and cash equivalents

Cash and cash equivalents in the *Consolidated Statement of Financial Position* comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

For the purposes of the *Consolidated Statement of Cash Flows*, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities in the *Consolidated Statement of Financial Position*.

o) Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on establishment of loan facilities are capitalised as a prepayment and amortised over the period of the facility.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

p) Provisions

Provisions are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

When the Consolidated Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the *Consolidated Statement of Comprehensive Income* net of any reimbursement.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) *Employee benefits*

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period. They are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting period using the project unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted at a pre-tax rate that reflects the time value of money.

Superannuation contributions

Contributions to superannuation plans are recognised as an expense in the *Consolidated Statement of Comprehensive Income* as they become payable.

Bonus entitlements

A liability is recognised for bonus entitlements where contractually obliged or where there is a past practice that has created a constructive obligation.

r) *Share-based payment transactions*

Share-based compensation benefits are provided to executives via the AVJ Deferred Employee Share Plan. Information relating to the plan is set out in note 36.

The original cost of equity-settled transactions is treated as a reduction in share capital and the underlying shares identified separately as treasury shares. The fair value of the shares at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share-based payment reserve in equity.

In respect of shares forfeited, no further amounts are expensed. The cumulative amounts relating to non-market based measures expensed to the date of forfeiture are reversed.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Leases

Consolidated Entity as lessee

Finance leases which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the *Consolidated Statement of Comprehensive Income*.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Consolidated Entity as lessor

Leases in which the Consolidated Entity does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Development projects and land sales

Revenue from the sale of land, houses and apartments is recognised when the significant risks, rewards of ownership and effective control have been transferred to the buyer. This has been determined to occur on settlement.

Revenue from land sales is recognised prior to settlement when a signed unconditional contract for sale exists, the significant risks, rewards of ownership and effective control have been transferred to the buyer, and there is no management involvement to the degree usually associated with ownership.

Construction contracts

Contract revenue and costs are recognised by reference to the stage of completion of the contract. Depending on the nature of the contract, this is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs; completion of physical proportion of the contract work; or surveys of work performed. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately.

Interest revenue

Revenue is recognised as interest accrues using the effective interest rate method.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) *Revenue recognition (continued)*

Management fees

Revenue is recognised upon delivery of the services.

u) *Income tax*

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities based on current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the *Consolidated Statement of Comprehensive Income*.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax consolidation

AVJennings Limited and its wholly-owned controlled entities implemented the Tax Consolidation Legislation as of 1 July 2002.

The head entity, AVJennings Limited, has entered into an agreement with its wholly-owned subsidiary, AVJennings Properties Limited, under which AVJennings Properties Limited will account for the current and deferred tax amounts of the controlled entities in the Tax Consolidated Group. The Consolidated Entity has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to the members of the Tax Consolidated Group.

In addition to its own current and deferred tax amounts, AVJennings Properties Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the Tax Consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from, or payable to, other entities in the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the *Consolidated Statement of Financial Position*.

Cash flows are included in the *Consolidated Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

w) Derivative financial instruments

The Consolidated Entity uses various techniques, including interest rate swaps, caps and collars to hedge its risk associated with interest rate fluctuations. These derivatives do not qualify for hedge accounting and changes in fair value are recognised immediately as income or expenses in profit and loss.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivative financial instruments are not held for trading purposes.

x) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Shares acquired on-market for use in employee share-based payment plans are referred to as treasury shares. The cost of these shares is deducted from equity. No gain or loss is recognised in profit or loss for the purchase, sale, issue or cancellation of the Company's shares.

aa) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of AVJennings Limited and its Australian subsidiaries is Australian Dollars (\$). A controlled entity, AVJ Hobsonville Pty Limited, has a branch in New Zealand whose functional currency is New Zealand Dollars which is translated to the presentation currency for consolidation reporting.

(ii) Transactions and balances

Foreign currency transactions are translated into the Entity's functional currency at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when they are deferred in equity as they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies' functional currency to presentation currency

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates;
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign investment is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

ab) Comparative figures

To enable meaningful comparison, some comparatives have been reclassified to conform with the current year's presentation.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's principal financial instruments comprise receivables, payables, finance leases, derivatives, cash and bank loans.

Risk Management is carried out by a central treasury department under policies approved by the Board of Directors. The objective of the policies is to support the delivery of financial targets and manage key financial risks such as interest rates, foreign currency, credit and liquidity. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

AVJennings enters into derivative transactions, principally interest rate swap, cap and collar contracts, to hedge interest rate risk exposures. Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments.

The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rates and ageing analysis for credit risk. Liquidity risk is managed through the development of future rolling cash flow forecasts and the continuity of funding through the facilities mentioned in notes 25(a) and 25(b).

Primary responsibility for identification and control of financial risks rests with management under the authority of the Board. The Board reviews and agrees on policies for managing each of the following identified risks.

(i) Interest rate risk

The Consolidated Entity's exposure to market interest rates relates to the obligations arising from interest-bearing loans. The level of debt is disclosed in note 25.

The policy is to manage finance costs using a mix of fixed and variable rate debt with a target to have approximately 50% of forecast average borrowings at fixed or capped rates of interest. Forecast average borrowings are derived from periodic rolling cash flow forecasts which include an allowance for potential acquisitions. Please refer to the table on page 45 for the position at the reporting date.

To manage the mix of fixed and variable debt in a cost efficient manner, the Consolidated Entity enters into interest rate cap and collar contracts, as well as floating-to-fixed interest rate swap contracts. The fair value exposure on derivatives is a by-product of the Consolidated Entity's attempt to manage the cash flow volatility arising from interest rate changes.

Interest rate cap contracts are entered into for notional principal amounts by paying an upfront premium that covers a specific period. Interest rate collar contracts are entered into for notional principal amounts by receiving an upfront premium that covers a specific period. The strike rates for these contracts are benchmarked against the BBSY bid rate (*Australian Bank Bill Swap Reference Rate - Average Bid Rate*) on a quarterly basis. Settlement occurs quarterly, in favour of the Consolidated Entity, should the BBSY bid rate be above the cap strike rate (movements in the variable rate are directly proportional to movements in the BBSY bid rate). Conversely, settlement occurs in favour of the counterparty, should the BBSY bid rate be below the floor strike rate. If the BBSY bid rate remains between the ceiling and floor, no settlement occurs.

By entering into interest rate swaps, the Consolidated Entity agrees to exchange, at the end of each quarter, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The Consolidated Entity's interest rate derivatives do not qualify for hedge accounting treatment. Gains or losses arising from changes in fair value are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest rate risk (continued)

At the reporting date, the following variable rate borrowings, interest rate cap and interest rate collar contracts were outstanding:

	2014		2013	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$'000	%	\$'000
Cash	1.88	(4,796)	2.31	(11,649)
Bank loans	4.13	85,583	4.23	89,891
Net financial liabilities		80,787		78,242
Interest rate cap and collar		(55,000)		-
Borrowings not hedged		25,787		78,242

Interest rate derivative contracts are exposed to fair value movements if interest rates change. Details of these contracts are outlined in note 25(d).

At 30 June 2014, 36.3% of the available borrowings are at capped and collared rates of interest (2013: Nil).

The Consolidated Entity analyses its interest rate exposure on an ongoing basis. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date.

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
+1.00% (100 basis points)	(34)	(70)	-	-
+0.50% (50 basis points)	(22)	(35)	-	-
-0.50% (50 basis points)	23	35	-	-

The above fluctuations in post-tax profit and other comprehensive income are net of interest capitalised to inventories. The effect on the basis that no interest is capitalised, would be as follows:

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
+1.00% (100 basis points)	(262)	(548)	-	-
+0.50% (50 basis points)	(172)	(274)	-	-
-0.50% (50 basis points)	182	274	-	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(ii) Foreign currency risk

AVJ Hobsonville Pty Limited is a subsidiary which has a branch in New Zealand. The operations of the branch, including purchases of inventory denominated in New Zealand Dollars, are funded by AVJennings Properties Limited (another subsidiary) through an intragroup account.

The *Consolidated Statement of Financial Position* is affected by exchange rate movements between the New Zealand Dollar and Australian Dollar. This exposure is not hedged.

The Consolidated Entity also has transactional exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency. This exposure is not considered to be material in relation to the branch in New Zealand.

At balance date, the Consolidated Entity had the following exposure to New Zealand Dollar foreign currency that is not designated in cash flow hedges:

	2014 NZ\$'000	2013 NZ\$'000
Financial Assets		
Cash and cash equivalents	1,478	41
Trade and other receivables	37,825	18,865
Total financial assets	39,303	18,906
Financial Liabilities		
Trade and other payables	34,038	889
Total financial liabilities	34,038	889
Net exposure	5,265	18,017

At balance date, had the Australian Dollar moved, the effect of exposure to New Zealand Dollar foreign currency that is not designated in cash flow hedges is illustrated in the following table:

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Consolidated				
AUD/NZD +10%	-	-	(1,447)	(1,202)
AUD/NZD - 5%	-	-	845	696
AUD/NZD -10%	-	-	1,779	1,470

(iii) Price risk

The Consolidated Entity does not have commodity and equity securities price risk.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(iv) Credit risk

Credit risk arises from financial assets which comprise cash and cash equivalents, trade and other receivables, derivative instruments and the granting of financial guarantees. Exposure to credit arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note) as well as \$8,367,000 (2013: \$12,470,000) in relation to financial guarantees granted – see note 33 for further information.

Contracts for Land, Integrated Housing and Apartments usually require payment in full prior to passing of title to customers. In the event that title is to pass without full payment being received, appropriate credit verification procedures are performed prior to executing the contract.

Derivative counterparties and cash deposits are limited to financial institutions approved by the Board.

The Consolidated Entity has no significant concentrations of credit risk and does not hold any credit derivatives to offset its credit exposure.

(v) Liquidity risk

Liquidity arises from the financial liabilities of the Consolidated Entity and the ability to repay them as and when they fall due.

The objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance leases and committed available credit facilities. Liquidity risk is managed by monitoring forecast cash flows on a monthly basis and matching the maturity profiles of financial assets and liabilities.

The current main banking facilities are due to mature on 30 September 2015 and are therefore non-current. In addition, the Consolidated Entity operates certain project funding facilities which are discussed in note 25(b).

At 30 June 2014, 4.8% (2013: 8.0%) of the Consolidated Entity's interest-bearing loans and borrowings will mature in less than one year.

A. Non-derivative financial liabilities:

The liquidity risk disclosures on page 48 reflect all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities and financial guarantees as of 30 June 2014. For the other obligations, the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows is based on the contractual terms of the underlying contract.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which it can be required to be paid. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The risk implied from the values shown in the table on page 48, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments. The Consolidated Entity ensures that sufficient liquid assets are available to meet all required short-term cash payments.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(v) Liquidity risk (continued)

A. Non-derivative financial liabilities: (continued)

Year ended 30 June 2014	< 6 months \$'000	6-12 months \$'000	> 1-5 years \$'000	Total \$'000
Financial Assets				
Cash and cash equivalents	4,796	-	-	4,796
Trade and other receivables	35,744	8,813	6,159	50,716
	40,540	8,813	6,159	55,512
Financial Liabilities				
Trade and other payables	42,177	4,646	13,406	60,229
Interest-bearing loans and borrowings*	5,821	1,698	82,340	89,859
Financial Guarantees	8,367	-	-	8,367
	56,365	6,344	95,746	158,455
Net maturity	(15,825)	2,469	(89,587)	(102,943)

Year ended 30 June 2013	< 6 months \$'000	6-12 months \$'000	> 1-5 years \$'000	Total \$'000
Financial Assets				
Cash and cash equivalents	11,649	-	-	11,649
Trade and other receivables	16,338	6,695	4,120	27,153
	27,987	6,695	4,120	38,802
Financial Liabilities				
Trade and other payables	58,422	6,943	6,956	72,321
Interest-bearing loans and borrowings*	3,796	7,093	87,100	97,989
Financial Guarantees	12,470	-	-	12,470
	74,688	14,036	94,056	182,780
Net maturity	(46,701)	(7,341)	(89,936)	(143,978)

* Expected settlement amounts of interest-bearing loans and borrowings include an estimate of the interest payable to the date of expiry of the facilities.

In addition to maintaining sufficient short-term assets to meet short-term payments, at reporting date, the Consolidated Entity has approximately \$83 million (2013: \$95 million) of unused credit facilities available for its immediate use. Please refer to note 25.

B. Derivative financial liabilities:

There was insignificant liquidity risk arising from the derivative liabilities held by the Consolidated Entity at balance date.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(vi) Fair value

In accordance with *AASB 7 Financial Instruments: Disclosures* and *AASB13 Fair Value Measurement* the Group's financial instruments are classified into the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 Inputs for the asset or liability that are not based on observable market data.

	Year ended 30 June 2014				Year ended 30 June 2013			
	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Available-for-sale								
Unlisted investments	-	-	3,000	3,000	-	-	-	-
	-	-	3,000	3,000	-	-	-	-
Financial liabilities								
Interest-bearing loans and borrowings	-	85,583	-	85,583	-	89,891	-	89,891
	-	85,583	-	85,583	-	89,891	-	89,891

Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction of transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants are used. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, cap and collar contracts not traded on a recognised exchange.

The fair value of unlisted debt and equity securities, as well as other instruments that do not have an active market, are based on valuation techniques using market data that is not observable. Where the impact of credit risk on the fair value of a derivative is significant, and the inputs on credit risk (e.g. CDS spreads) are not observable, the derivative would be classified as based on non-observable market inputs (Level 3).

Fair values of the Group's interest-bearing loans and borrowings are determined by using DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 30 June 2014 was assessed to be insignificant.

There were no transfers between any of the categories during the year.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of a reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected, in future periods.

(i) Critical judgements in applying accounting policies

In applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

Recovery of deferred tax assets:

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the consolidated entity to generate future taxable profits and satisfy certain tests at the time the losses are recouped. If the entity fails to satisfy the tests, carried forward deferred tax assets of \$10,338,000 (2013: \$10,498,000) would have to be written-off to income tax expense.

Cost of goods sold:

Management uses judgement in determining the method to be used for cost apportionment. Costs may be apportioned based on yield, unit entitlement, percentage of revenue or other equitable methods. Costs include costs incurred to date as well as forecast costs to bring the inventory into a saleable state.

(ii) Critical accounting estimates and assumptions

Key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. Assumptions and estimates are based on parameters currently available. Existing circumstances and assumptions about future developments, however, may change due to changes in market condition or circumstances arising beyond the control of the Group. Future assumptions are altered as these changes occur.

Estimates of net realisable value of inventories:

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs of selling as per note 2(k). Estimates take into consideration fluctuations in price or cost, and development time and sales rates. The key assumptions used in this exercise require the use of management judgement and are reviewed at least half-yearly.

Profit recognised on developments:

Profit on developments is generally recognised on settlement as discussed in note 2(t). The calculation of profit for projects that are in progress, is based on actual costs to date and estimates of costs to complete.

Share-based payment transactions:

The cost of equity settled securities allocated to employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. As explained in note 36(b), the fair value of some equity instruments is determined using the Monte Carlo simulation model which includes a number of judgements and assumptions. These judgements and assumptions have no impact on the carrying value of assets and liabilities in the *Consolidated Statement of Financial Position* but may impact the share-based payment expense taken to profit and loss.

Valuation of derivatives:

Derivatives not quoted in an active market are valued based on certain assumptions and estimates. These valuations can change depending on market volatility.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

5. REVENUES AND EXPENSES

Profit/(loss) from ordinary activities before income tax includes the following revenues and expenses:

	Note	2014 \$'000	2013 \$'000
Revenues			
Developments		242,861	150,516
Home Improvements		-	303
Interest revenue		457	492
Management fees		4,998	4,535
Royalty revenue		399	1,007
Sundry revenue		1,855	1,609
Total revenues		250,570	158,462
Cost of property developments sold			
Amortisation of finance costs capitalised to inventories		10,579	6,089
Employee benefits expenses			
Defined contribution superannuation expense		1,307	1,185
Other employee benefits expenses		15,882	15,527
Total employee benefits expenses		17,189	16,712
Depreciation expense			
<i>Depreciation</i>			
Leasehold improvements	21	13	22
Plant, equipment and motor vehicles	21	317	359
Total depreciation expense		330	381
Other expenses			
Minimum operating lease payments		2,235	1,863
Finance costs			
Bank loans		9,349	9,822
Less: Amount capitalised to inventories		(8,892)	(9,330)
Finance costs expensed		457	492
Impairment of assets			
(Decrease)/increase in provision for loss on inventories		(5,154)	22,964
Total impairment		(5,154)	22,964

For the year ended 30 June 2014, the decrease in the provision resulted from a realignment of future assumptions with the improvement in current market conditions predominantly affecting projects in New South Wales and Queensland.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

6. OPERATING SEGMENTS

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the states in which the Consolidated Entity sells its products and services. Discrete financial information about each of these operating businesses is reported on a monthly basis.

Types of products and services

The Consolidated Entity operates primarily in residential development.

Accounting policies

The accounting policies used in reporting segments are the same as those contained in the Financial Report.

Operating segments

Jurisdictions:

This includes activities relating to Land Development, Integrated Housing and Apartments Development.

Other:

This includes numerous low value items, amongst the most significant of which are interest and royalty revenue, and certain sales commissions.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

6. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the year ended 30 June 2014:

<i>Operating segments</i>	NSW		VIC		QLD		SA		NZ		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues														
External sales	69,138	42,934	45,273	27,855	78,810	37,783	22,982	26,963	26,658	15,284	-	-	242,861	150,819
Management fees	2,482	2,248	54	810	-	-	145	133	2,317	1,344	-	-	4,998	4,535
Other revenue	-	-	-	-	-	-	-	-	-	-	2,711	3,108	2,711	3,108
Total segment revenues	71,620	45,182	45,327	28,665	78,810	37,783	23,127	27,096	28,975	16,628	2,711	3,108	250,570	158,462
Results														
Segment results	11,895	1,746	6,529	1,957	7,687	(1,153)	2,383	3,222	5,418	3,858	(42)	114	33,870	9,744
Movement in provision for loss on inventories	2,928	(1,565)	(182)	(3,111)	2,542	(18,207)	(134)	(81)	-	-	-	-	5,154	(22,964)
Fair value movement in interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	187
Other income	-	-	-	-	-	-	-	-	-	-	2,711	3,108	2,711	3,108
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(330)	(381)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(13,935)	(12,493)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(457)	(492)
Profit/(loss) before tax													27,013	(23,291)
Income tax													(8,231)	8,025
Net profit/(loss)													18,782	(15,266)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

6. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 30 June 2014:

<i>Operating Segment</i>	NSW		VIC		QLD		SA		NZ		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets														
Segment assets	129,041	122,558	94,697	106,068	103,208	122,631	70,196	70,240	59,830	21,990	14,316	19,416	471,288	462,903
Total assets	129,041	122,558	94,697	106,068	103,208	122,631	70,196	70,240	59,830	21,990	14,316	19,416	471,288	462,903
Liabilities														
Segment liabilities	6,850	7,127	6,520	18,068	5,873	40,402	16,760	19,468	33,629	2,425	85,876	80,052	155,508	167,542
Total liabilities	6,850	7,127	6,520	18,068	5,873	40,402	16,760	19,468	33,629	2,425	85,876	80,052	155,508	167,542

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

7. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation of Key Management Personnel

	2014 \$	2013 \$
<i>Short-term</i>		
- Salary/Fees	2,484,585	2,248,278
- Cash bonus	280,167	225,070
- Other ⁽¹⁾	81,607	76,617
<i>Post employment</i>		
- Superannuation ⁽²⁾	184,342	155,303
<i>Long-term</i>		
- Long service leave	69,551	59,611
<i>Share-based payment</i>	282,796	357,866
	3,383,048	3,122,745

(1) 'Other' represents the value of motor vehicle benefits.

(2) Payments to Defined Contribution Plans consist of Superannuation Guarantee Contribution payments as well as employee voluntary contributions. The Consolidated Entity does not contribute to any Defined Benefit Plans.

(b) Shareholdings of Key Management Personnel

The number of shares in the Company held during the financial year by each Key Management Personnel of the Consolidated Entity, including their personally related parties, are set out on page 56.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

7. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Shareholdings of Key Management Personnel (continued)

Number of shares held in AVJennings Limited

	Opening Balance	Vested as Remuneration	Net Other Change ⁽¹⁾	Closing Balance
For the year ended 30 June 2014				
Directors				
S Cheong	192,318,030	-	-	192,318,030
E Sam	209,349	-	-	209,349
PK Summers	2,416,266	-	-	2,416,266
RJ Rowley	252,000	-	-	252,000
D Tsang ⁽²⁾	837,396	-	-	837,396
Executives				
A Soutar	212,131	-	-	212,131
L Mahaffy	19,967	-	-	19,967
SC Orlandi	143,337	-	-	143,337
CD Thompson	823,152	-	-	823,152
L Hunt	41,916	-	-	41,916
Total	197,273,544	-	-	197,273,544
For the year ended 30 June 2013				
Directors				
S Cheong	137,370,023	-	54,948,007	192,318,030
E Sam	149,535	-	59,814	209,349
PK Summers	1,275,481	-	1,140,785	2,416,266
RJ Rowley	180,000	-	72,000	252,000
Executives				
A Soutar	-	-	212,131	212,131
L Mahaffy	-	-	19,967	19,967
SC Orlandi	-	-	143,337	143,337
CD Thompson ⁽³⁾	319,500	-	503,652	823,152
L Hunt	2,222	-	39,694	41,916
Total	139,296,761	-	57,139,387	196,436,148

(1) For the year ended 30 June 2013, includes shares acquired through the Rights Issue.

(2) Appointed 2 June 2014.

(3) Includes 244,000 shares acquired on market.

No other Key Management Personnel held shares in AVJennings Limited at any time during the year.

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(c) Loans to Key Management Personnel

There are currently no outstanding loans receivable from Key Management Personnel. No loans were advanced to Key Management Personnel during the year.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

8. AUDITOR'S REMUNERATION

	2014 \$	2013 \$
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the 30 June full-year and 31 December interim financial reports of the Entity and other entities in the Consolidated Group	243,555	250,460
- Share of audit or review costs of the financial reports of the Consolidated Entity's joint ventures	2,785	2,730
- Other services in relation to the Entity and any other entities in the Consolidated Group		
- non-audit related fees	-	10,300
Total auditor's remuneration	246,340	263,490

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

9. INCOME TAX

	2014 \$'000	2013 \$'000
The major components of income tax are:		
Current income tax		
Current income tax charge	1,214	916
Adjustment for prior year	19	(383)
Deferred income tax		
Current year temporary differences	6,820	(8,556)
Adjustment for prior year	178	(2)
Income tax reported in the Consolidated Statement of Comprehensive Income	8,231	(8,025)

Numerical reconciliation between aggregate tax recognised in the *Consolidated Statement of Comprehensive Income* and tax calculated per the statutory income tax rate:

Accounting profit/(loss) before income tax	27,013	(23,291)
Tax at Australian income tax rate of 30% (2013 - 30%)	8,104	(6,987)
Adjustment for prior year	197	(385)
Equity accounted share of Joint Venture profits	(590)	(368)
Other non-deductible items and variations	520	(285)
Income tax	8,231	(8,025)

Tax consolidation

AVJennings Limited and its wholly-owned resident entities have formed a tax consolidated group with effect from 1 July 2002 and are therefore taxed as a single entity from that date. The accounting policy in relation to tax consolidation is set out in note 2(u).

The Head Entity, AVJennings Limited, has entered into an agreement with its wholly-owned subsidiary, AVJennings Properties Limited, under which AVJennings Properties Limited will account for the current and deferred tax amounts of the controlled entities in the Tax Consolidated Group. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the Tax Consolidated Group.

Nature of tax funding arrangements and tax sharing agreements

Entities within the Tax Consolidated Group have entered into a tax funding arrangement and a tax sharing agreement with the Head Entity. Under the terms of the Tax Funding Arrangement, each of the entities in the Tax Consolidated Group has agreed to pay or receive a tax equivalent payment to, or from, the Head Entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from, or payable to, other entities in the Tax Consolidated Group.

The Tax Sharing Agreement entered into between members of the Tax Consolidated Group provides for the determination of the allocation of income tax liabilities between the entities should the Head Entity default on its tax payment obligations or if an entity should leave the Tax Consolidated Group. The effect of the Tax Sharing Agreement is that each member's liability for tax payable by the Tax Consolidated Group is limited to the amount payable to the Head Entity under the Tax Funding Arrangement.

Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Consolidated Entity has assessed the potential impact of these changes on its tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2014 (2013: \$Nil).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

10. DIVIDENDS

	2014 \$'000	2013 \$'000
<i>Dividends proposed</i>		
2014 final dividend of 2.0 cents per fully paid share, to be paid 18 September 2014. Fully franked @ 30% tax	7,688	-
Total dividends proposed	7,688	-
The Company's Dividend Reinvestment Plan remains suspended.		
<i>Franking credit balance</i>		
Franking credits available for subsequent financial years based on a tax rate of 30%	20,817	20,817

11. EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share

For basic and diluted earnings per share:

Net profit/(loss) attributable to ordinary equity holders of the parent	18,782	(15,266)

<i>(b) Weighted average number of shares used as denominator</i>	2014 Number	2013 Number
Weighted average number of ordinary shares	384,423,851	283,014,405
Treasury shares	(4,221,605)	(3,365,100)
Weighted average number of ordinary shares for earnings per share	380,202,246	279,649,305

There have been no transactions involving ordinary shares that would significantly change the number of ordinary shares outstanding between the reporting date and the date of completion of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

12. CASH AND CASH EQUIVALENTS

	2014 \$'000	2013 \$'000
Reconciliation to Consolidated Statement of Cash Flows		
For the purposes of <i>Consolidated Statement of Cash Flows</i> , cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	4,796	11,649

13. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	30,311	11,936
Related parties receivables	2,812	2,497
Funds held in solicitors trust accounts	2,090	5,359
Other receivables	9,426	3,251
Allowance for impairment loss	(82)	(10)
Total current trade and other receivables	44,557	23,033
Non-current		
Trade receivables	6,159	4,120
Total non-current trade and other receivables	6,159	4,120

(a) Allowance for impairment loss

An impairment loss \$72,000 (2013: Nil) has been recognised by the Consolidated Entity in the current year.

At 30 June, the ageing analysis of trade receivables is as follows:

	Total \$'000	0-30 \$'000	Number of days outstanding			
			31-60* \$'000	61-90* \$'000	+ 91* \$'000	+ 91# \$'000
2014	36,470	7,803	2,748	5,868	19,969	82
2013	16,056	11,147	537	-	4,362	10

* Receivable under extended terms contracts. There are no amounts due but not paid.

Considered impaired

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

13. TRADE AND OTHER RECEIVABLES (continued)

	2014 \$'000	2013 \$'000
At the beginning of the year	10	10
Amounts provided for during the year	72	-
At the end of the year	82	10

(b) Related party receivables

For terms and conditions relating to related party receivables, refer to note 35(i).

(c) Other receivables

Other receivables generally arise from transactions outside the usual operating activities of the Consolidated Entity. These receivables are not past due or impaired.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Consolidated Entity's policy to transfer (on-sell) receivables to special purpose entities.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

14. INVENTORIES

	Note	2014 \$'000	2013 \$'000
Current			
<i>Broadacres</i>			
Land to be subdivided - at cost		52,688	27,958
Borrowing and holding costs capitalised	14(a)	9,385	12,195
Provision for loss on inventories		(6,583)	(3,237)
Total broadacres		55,490	36,916
<i>Work-in-progress</i>			
Land subdivided or in the course of being subdivided - at cost		53,708	24,553
Development costs capitalised		27,821	4,600
Houses and apartments under construction - at cost		13,978	4,211
Borrowing and holding costs capitalised	14(a)	7,283	2,660
Provision for loss on inventories		(9,424)	(819)
Total work-in-progress		93,366	35,205
<i>Completed inventory</i>			
Completed houses and apartments - at cost		2,726	11,861
Completed residential land lots - at cost		17,444	29,819
Borrowing and holding costs capitalised	14(a)	934	2,789
Provision for loss on inventories		(1,941)	(7,522)
Total completed inventory		19,163	36,947
Total current inventories		168,019	109,068
Non-current			
<i>Broadacres</i>			
Land to be subdivided - at cost		164,921	240,755
Borrowing and holding costs capitalised	14(a)	53,110	55,014
Provision for loss on inventories		(28,298)	(41,258)
Total broadacres		189,733	254,511
<i>Work-in-progress</i>			
Land subdivided or in the course of being subdivided - at cost		16,509	32,254
Development costs capitalised		3,541	2,702
Borrowing and holding costs capitalised	14(a)	576	1,090
Provision for loss on inventories		-	(12,060)
Total work-in-progress		20,626	23,986
<i>Completed inventory</i>			
Completed residential land lots - at cost		2,454	3,248
Borrowing and holding costs capitalised	14(a)	12	-
Provision for loss on inventories		(21)	-
Total completed inventory		2,445	3,248
Total non-current inventories		212,804	281,745
Total inventories		380,823	390,813

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

14. INVENTORIES (continued)

- (a) Borrowing costs are recognised as part of the carrying amount of the qualifying asset. Borrowing costs include interest, fees and costs associated with interest rate derivatives. These costs have been capitalised at a weighted average rate of 7.64% (2013: 8.31%).
- (b) Inventory with a book value of \$92,718,000 (2013: \$100,227,000) had been pledged as security for project specific borrowings (refer to note 25(b)). The Consolidated Entity's remaining inventory has been pledged as security for the main banking facility (refer to note 25(a)).
- (c) Previous write-downs of inventories to net realisable value reversed and recognised as a credit during the year ended 30 June 2014 amounted to \$5,154,000 (2013 write-down: \$22,964,000). The credit has been disclosed as a separate item in the *Consolidated Statement of Comprehensive Income*.

Movements in provision for loss on inventories

	2014 \$'000	2013 \$'000
At the beginning of the year	64,896	48,621
Amounts utilised	(13,475)	(6,689)
Provisions (reversed)/created	(5,154)	22,964
At the end of the year	46,267	64,896

15. OTHER CURRENT ASSETS

Prepayments	1,308	1,067
Deposits	79	144
Total other current assets	1,387	1,211

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2014 \$'000	2013 \$'000
Investment in Associate - unincorporated	16(a)	5	46
Interest in Joint Venture Entities - unlisted	16(b)	27,103	25,135
Total equity accounted investments		27,108	25,181

Investments in Associates are accounted for in accordance with the policy outlined in note 2(f) while Joint Venture Entities are accounted for in accordance with note 2(e).

(a) Investment in Associate

The Consolidated Entity has significant influence over the Associate because it is represented on the project governing body and its employees provide essential technical knowledge to the project. The Associate is an unincorporated partnership which trades in Australia. It has a 30 June year-end and its principal activity is the development and sale of residential lots.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(a) Investment in Associate (continued)

<i>Associate name and principal activity</i>	Interest held	
	2014	2013
Epping JV - Land Development	10%	10%
	2014	2013
	\$'000	\$'000
<i>Movements in carrying amount</i>		
At the beginning of year	46	499
Distribution received	(40)	(520)
Share of net profit	(1)	67
At the end of year	5	46

Summarised financial information of the Associate

The Consolidated Entity's share of the results of the Associate and its aggregated assets and liabilities are as follows:

	2014	2013
	\$'000	\$'000
Assets	9	55
Liabilities	4	9
Revenues	1	419
(Loss)/profit	(1)	67

Impairment

The Consolidated Entity's investment in the Associate was not impaired at any time during the year.

Share of Associate's commitments and contingent liabilities

The Associate's commitments and contingent liabilities have been entered into on a non-recourse basis and therefore the Consolidated Entity has no exposure to the Associate's commitments and contingent liabilities as at the date of this Report.

The Associate had no outstanding performance guarantees at 30 June 2014. The share of contingent liabilities in respect to certain performance guarantees granted by the Associate at 30 June 2013, in the normal course of business to unrelated parties, amounted to \$18,000.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(b) Interest in Joint Venture Entities

	Interest held	
	2014	2013
Joint Venture Entity and principal activities		
Eastwood - Land Development and Building Construction	50%	50%
Woodville - Land Development and Building Construction	50%	50%
	2014	2013
	\$'000	\$'000
<i>Movements in carrying amount</i>		
At the beginning of year	25,135	23,908
Share of net profit	1,968	1,227
At the end of year	27,103	25,135

The Consolidated Entity's share of the Joint Venture Entities' assets, liabilities, revenue and expenses are as follows:

Share of assets and liabilities		
Current assets	29,564	20,185
Non-current assets	-	13,648
Total assets	29,564	33,833
Current liabilities	1,717	1,988
Non-current liabilities	744	6,710
Total liabilities	2,461	8,698
Net assets	27,103	25,135
Share of revenue, expenses and results		
Revenues	26,336	19,882
Expenses	(23,525)	(18,129)
Profit before tax	2,811	1,753
Tax	(843)	(526)
Profit after tax	1,968	1,227

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

17. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2014 \$'000	2013 \$'000
Non-current assets		
Property Fund Units	3,000	-

Represents the fair value of units in an unlisted property fund. The fair value of the units is \$3,000,000 (2013: nil). Fair value was determined by directly observable prices for the asset.

Impairment and risk exposure

None of the financial assets are either past due or impaired.

All available-for-sale investments are denominated in Australian currency. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the intention is to hold the investments to maturity.

18. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	2014 \$'000	2013 \$'000
Balance Sheet		
Current assets	51,729	69,176
Total assets	215,015	232,462
Current liabilities	6	17,025
Total liabilities	6	17,025
Shareholders' equity		
Contributed equity	160,436	160,960
Reserves		
Share-based payment reserve	1,173	1,077
Retained earnings	53,400	53,400
Total equity	215,009	215,437
Profit for the year	-	-
Total comprehensive income	-	-

(b) Guarantees entered into by the Parent Entity

The Parent Entity has not provided any financial guarantees.

(c) Contingent liabilities of the Parent Entity

The Parent Entity did not have any contingent liabilities as at 30 June 2014 (2013: Nil).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

19. CONTROLLED ENTITIES

(a) Investment in controlled entities

The following economic entities are the controlled entities of AVJennings Limited:

ECONOMIC ENTITY ⁽¹⁾	% Equity Interest		Included in Banking Cross Deed of Covenant ⁽²⁾	
	2014	2013	2014	2013
Entities included in the Closed Group				
A.V. Jennings Real Estate Pty Limited	100	100	No	No
AVJennings Real Estate (VIC) Pty Limited	100	100	No	No
AVJennings Holdings Limited ⁽³⁾	100	100	Yes	Yes
AVJennings Properties Limited ⁽³⁾	100	100	Yes	Yes
Jennings Sinnamon Park Pty Limited	100	100	No	No
Long Corporation Limited ⁽³⁾	100	100	Yes	Yes
Orlit Pty Limited ⁽³⁾	100	100	Yes	Yes
Sundell Pty Limited ⁽³⁾	100	100	Yes	Yes
AVJennings Housing Pty Limited ⁽³⁾	100	100	Yes	Yes
AVJennings Home Improvements S.A. Pty Limited ⁽³⁾	100	100	Yes	Yes
AVJennings Mackay Pty Limited ⁽³⁾	100	100	Yes	Yes
Entities excluded from the Closed Group				
Crebb No 12 Pty Limited	100	100	Yes	Yes
Dunby Pty Limited	100	100	Yes	Yes
Epping Developments Limited	100	100	No	No
Montpellier Gardens Pty Limited	100	100	Yes	Yes
Sirda Pty Limited ⁽⁴⁾	-	100	No	No
AVJ ODP Pty Limited	100	100	No	No
AVJennings (Cammeray) Pty Limited	100	100	Yes	Yes
AVJennings Syndicate No 2 Limited ⁽⁴⁾	-	100	No	No
AVJennings Syndicate No 3 Limited	100	100	No	No
AVJennings Syndicate No 4 Limited	100	100	Yes	Yes
AVJennings Officer Syndicate Limited	100	100	Yes	Yes
AVJennings Properties SPV No 1 Pty Limited	100	100	No	No
AVJennings Properties SPV No 2 Pty Limited	100	100	No	No
AVJennings Properties SPV No 3 Pty Limited ⁽⁴⁾	-	100	No	No
AVJennings Properties SPV No 4 Pty Limited	100	100	No	No
AVJennings Wollert Pty Limited	100	100	No	No
AVJ Erskineville Pty Limited	100	100	Yes	Yes
AVJ Hobsonville Pty Limited	100	100	Yes	Yes
AVJ SPV No 8 Pty Limited ⁽⁴⁾	-	100	No	No
AVJennings Properties SPV No 9 Pty Limited	100	100	Yes	Yes
AVJennings SPV No 10 Pty Limited	100	100	Yes	Yes
AVJennings Properties SPV No 11 Pty Limited	100	100	Yes	Yes
AVJennings Properties SPV No 15 Pty Limited ⁽⁴⁾	-	100	No	No
Creekwood Developments Pty Limited	100	100	Yes	Yes
Portarlinton Nominees Pty Limited	100	100	No	No

(1) All entities are incorporated in Australia. With the exception of AVJ Hobsonville Pty Limited, which has a branch in New Zealand, all entities operate within Australia.

(2) These entities, including AVJennings Limited, are included under the Banking Cross Deed of Covenant referred to in note 25(a).

(3) These entities, including AVJennings Limited, are included in the Deed of Indemnity for Contract performance bond facility referred to in note 25(c).

(4) These entities were deregistered on 2 October 2013.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

19. CONTROLLED ENTITIES (continued)

(b) Ultimate parent

AVJennings Limited is the ultimate Australian parent entity. SC Global Developments Pte Ltd is the ultimate parent entity.

(c) Deeds of cross guarantee

Certain entities within the Group are parties to deeds of cross guarantee under which each controlled entity guarantees the debts of the others. By entering into these deeds, the controlled entities are relieved from the requirement to prepare Financial Statements and Directors' Reports under Class Order 98/1418 (as amended by Class Orders 98/2017, 00/321, 01/1087, 02/248, 02/1017, 04/663, 04/682, 04/1624, 05/542, 06/51, 08/11, 08/255, 08/618 and 09/626) issued by the Australian Securities and Investments Commission (ASIC). Those entities included in the Closed Group are listed in note 19(a). These entities represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the deeds of cross guarantee that are controlled by AVJennings Limited, they also represent the "Extended Closed Group".

(d) Class order closed group

Certain controlled entities were granted relief by ASIC (under provisions of Class Orders) from the requirement to prepare separate audited financial statements, where deeds of indemnity have been entered into between the Parent Entity and the Controlled Entities to meet their liabilities as required (refer to note 19(c)).

The Extended Closed Group referred to in the *Directors' Declaration* therefore comprises all of the entities within the Class Order. Certain entities falling outside of the Extended Closed Group are listed in note 19(a), and are therefore required to prepare separate annual financial statements.

The *Consolidated Statement of Comprehensive Income* for those controlled entities which are party to the deed is as follows:

	Closed Group	
	2014	2013
	\$'000	\$'000
Revenues	144,792	98,616
Cost of property development sold	(108,027)	(97,701)
Other expenses	(28,951)	(31,205)
Profit/(loss) before income tax	7,814	(30,290)
Income tax	(2,470)	8,697
Profit/(loss) after income tax	5,344	(21,593)
Dividend from non closed group member	-	4
Profit/(loss) for the year	5,344	(21,589)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

19. CONTROLLED ENTITIES (continued)

(d) Class order closed group (continued)

The *Consolidated Statement of Financial Position* for those controlled entities which are party to the deed is as follows:

	2014 \$'000	2013 \$'000
CURRENT ASSETS		
Cash and cash equivalents	4,416	10,804
Trade and other receivables	135,796	145,938
Inventories	78,250	56,774
Other current assets	1,335	931
Total current assets	219,797	214,447
NON-CURRENT ASSETS		
Inventories	134,188	169,688
Property, plant and equipment	642	993
Deferred tax assets	-	4,304
Intangible assets	2,816	2,816
Total non-current assets	137,646	177,801
Total assets	357,443	392,248
CURRENT LIABILITIES		
Trade and other payables	13,409	57,969
Provisions	4,674	4,015
Total current liabilities	18,083	61,984
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	77,000	75,000
Deferred tax liabilities	2,327	-
Provisions	698	845
Total non-current liabilities	80,025	75,845
Total liabilities	98,108	137,829
Net assets	259,335	254,419
EQUITY		
Contributed equity	160,436	160,960
Reserves	1,173	1,077
Retained earnings	97,726	92,382
Total equity	259,335	254,419

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

19. CONTROLLED ENTITIES (continued)

(d) Class order closed group (continued)

The *Consolidated Statement of Changes in Equity* for those controlled entities which are party to the deed is as follows:

	Closed Group	
	2014	2013
	\$'000	\$'000
At beginning of the year	254,419	227,631
Changes in equity due to members entering/exiting the closed group	-	60
Profit/(loss) for the year	5,344	(21,589)
Total income and expenses for the year	5,344	(21,529)
Equity transactions		
- Ordinary share capital raised	-	39,956
- Treasury shares acquired	(524)	(92)
- Share-based payment reserve	96	390
- Movements between Closed Group and non Closed Group members	-	8,063
	4,916	26,788
At end of the year	259,335	254,419

20. INTEREST IN JOINT OPERATIONS

A number of controlled entities have entered into joint operations. Information relating to the Joint Operations is set out below:

	INTEREST IN OUTPUT	
	2014	2013
Joint Operation name and principal activities		
Cheltenham Joint Venture - Land Development and Building Construction	50%	50%
Hobsonville Joint Venture - Land Development	50%	50%

On 15 July 2014, the Consolidated Entity entered into an agreement to purchase the 50% share held by the joint operation partner in the Cheltenham Joint Venture. It is anticipated settlement will occur in September 2014. Cheltenham does not constitute a business and will therefore be accounted for as an asset acquisition in the forthcoming year.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

20. INTEREST IN JOINT OPERATIONS (continued)

The Consolidated Entity's interest in the profits and losses of the individually immaterial Joint Operations are included in the *Consolidated Statement of Comprehensive Income*, in accordance with the accounting policy described in note 2(e), under the following classifications:

	2014 \$'000	2013 \$'000
Revenues	39,431	31,240
Cost of property developments sold	(32,195)	(22,376)
Other expenses	(993)	(1,702)
Profit before income tax	6,243	7,162
Income tax	(1,873)	(2,149)
Net profit for the year	4,370	5,013
Other comprehensive income for the year	-	-
Total comprehensive income for the year	4,370	5,013

The Consolidated Entity's interest in the assets and liabilities of individually immaterial Joint Operations are included in the *Consolidated Statement of Financial Position*, in accordance with the policy described in note 2(e), under the following classifications:

	2014 \$'000	2013 \$'000
CURRENT ASSETS		
Cash and cash equivalents	343	810
Trade and other receivables	2,544	2,999
Inventories	25,856	15,299
Other current assets	2	16
Total current assets	28,745	19,124
NON-CURRENT ASSETS		
Inventories	18,960	29,400
Property, plant and equipment	2	3
Total non-current assets	18,962	29,403
Total assets	47,707	48,527
CURRENT LIABILITIES		
Trade and other payables	8,516	4,713
Interest-bearing loans and borrowings	313	313
Total current liabilities	8,829	5,026
NON-CURRENT LIABILITIES		
Trade and other payables	-	6,956
Interest-bearing loans and borrowings	4,500	4,338
Total non-current liabilities	4,500	11,294
Total liabilities	13,329	16,320

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

21. PROPERTY, PLANT AND EQUIPMENT

	2014 \$'000	2013 \$'000
<i>Leasehold improvements</i>		
At cost	405	399
Less: accumulated depreciation	(343)	(330)
Total leasehold improvements	62	69
<i>Plant, equipment and motor vehicles</i>		
At cost	6,426	8,133
Less: accumulated depreciation	(5,846)	(7,209)
Total plant and equipment	580	924
Total property, plant and equipment	642	993

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year are set out below:

	Note	Leasehold improve- ments \$'000	Plant, equipment and motor vehicles \$'000	Total \$'000
For the year ended 30 June 2013				
Carrying amount at 1 July 2012		71	1,103	1,174
Additions		20	208	228
Disposals		-	(28)	(28)
Depreciation charge	5	(22)	(359)	(381)
Carrying amount at 30 June 2013		69	924	993
For the year ended 30 June 2014				
Carrying amount at 1 July 2013		69	924	993
Additions		6	70	76
Disposals		-	(97)	(97)
Depreciation charge	5	(13)	(317)	(330)
Carrying amount at 30 June 2014		62	580	642

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

22. DEFERRED TAX ASSETS

	Note	2014 \$'000	2013 \$'000
The provision for deferred income tax is made up as follows:			
- capitalisation of development costs		-	(22,336)
- prepayments, accruals/provisions and investments		-	(3,699)
- brand name		-	(845)
- provisions for asset impairments		-	19,469
- tax loss carried forward		-	10,498
Deferred tax assets		-	3,087

Reconciliations

Reconciliations of the carrying amount of the deferred tax asset at the beginning and end of the year are set out below:

		2014 \$'000	2013 \$'000
Opening balance		3,087	-
Transferred to/from deferred tax liabilities	27	(3,087)	(5,938)
Arising temporary differences		-	9,025
Carrying amount at end of year		-	3,087

23. INTANGIBLE ASSETS

	2014 \$'000	2013 \$'000
Brand name at cost	9,868	9,868
Less: accumulated amortisation	(7,052)	(7,052)
Total intangible assets	2,816	2,816

The intangible asset relates to the value of the "AVJennings" brand name which was acquired as part of a business combination in 1995. On recognition, the asset was determined to have a finite life of 20 years and has since been amortised over the expected useful life. In accordance with the accounting policy discussed in note 2(j), the amortisation period and the amortisation method for an intangible asset are reviewed at least each financial year-end. A review carried out at 31 December 2009 determined that the brand name has indefinite useful life. This change in accounting estimate has been applied prospectively with amortisation ceasing as of 31 December 2009.

The brand name is tested for impairment annually, or more frequently if there are indicators of impairment. At 30 June 2014, there were no indicators of impairment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

24. TRADE AND OTHER PAYABLES

	2014 \$'000	2013 \$'000
Current		
<i>Unsecured</i>		
Land creditors	17,646	47,342
Trade creditors	11,094	8,689
Related party payables	2,750	2,750
Other creditors and accruals	15,333	6,584
Total current payables	46,823	65,365
Non-Current		
<i>Unsecured</i>		
Land creditors	13,406	6,956
Total non-current payables	13,406	6,956

Land creditors

The amounts due to secured land creditors are secured over the title to properties acquired by way of either mortgage back or bank guarantee in favour of the land vendor. These security arrangements remain in place until final settlement of the amounts due to the land vendor. Titles for the unsecured land creditors only transfer to the Consolidated Entity on full payment of the amount outstanding or upon provision of some other security.

Related party payables

For terms and conditions relating to related party payables, refer to note 35(i).

Fair value

Due to the short-term nature of current payables, their carrying amount is assumed to approximate their fair value. Non-current land creditors have been discounted using a rate of 7.32% (2013: 7.59%).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

25. INTEREST-BEARING LOANS AND BORROWINGS

	2014 \$'000	2013 \$'000
Current		
<i>Secured</i>		
Bank loans	4,083	7,171
Total current interest-bearing liabilities	4,083	7,171
Non-current		
<i>Secured</i>		
Bank loans	81,500	82,720
Total non-current interest-bearing liabilities	81,500	82,720

Financing arrangements

The Consolidated Entity has access to the following lines of credit:

	Note	Available \$'000	Utilised \$'000	Unutilised \$'000
30 June 2014				
Main banking facilities	25(a)			
- bank loans		140,000	77,000	63,000
- performance bonds and other non-cash facilities		13,600	5,835	7,765
		153,600	82,835	70,765
Project funding facilities	25(b)			
- bank loans		11,691	8,583	3,108
- performance bonds and other non-cash facilities ⁽¹⁾		16,000	9,977	6,023
		27,691	18,560	9,131
Contract performance bond facility	25(c)			
- performance bonds		15,000	12,140	2,860
30 June 2013				
Main banking facilities	25(a)			
- bank loans		140,000	75,000	65,000
- performance bonds and other non-cash facilities		18,600	7,838	10,762
		158,600	82,838	75,762
Project funding facilities	25(b)			
- bank loans		24,128	14,891	9,237
- performance bonds and other non-cash facilities		19,750	12,442	7,308
		43,878	27,333	16,545
Contract performance bond facility	25(c)			
- performance bonds		10,000	7,396	2,604

(1) At 30 June 2014 these facilities are interchangeable up to \$5 million (2013: \$5 million) between the bank loans and performance bonds/other non-cash facilities.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

25. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Significant terms and conditions

(a) Main banking facilities

The main banking facilities are secured by a fixed and floating charge over all the assets and undertakings of the entities within the Consolidated Entity, other than those assets pledged as security for project funding (see note 25(b)). The Parent Entity has entered into a cross deed of covenant with various controlled entities to guarantee obligations of those entities in relation to the main banking facilities. Details of entities included in the cross deed of covenant are set out in note 19. The current interest rates on the bank loans range from 4.20% to 4.26% (2013: 4.34% to 4.54%).

The Consolidated Entity's main banking facilities mature on 30 September 2015. These facilities are secured by a fixed and floating charge over all the assets and undertakings of the entities within the Consolidated Entity as mentioned above, and by first registered mortgages over various real estate inventories other than those assets pledged as security for project funding (see note 25(b)).

(b) Project funding facilities

Project funding facilities are secured by:

- fixed and floating charge over all assets and undertakings of the entity involved in the relevant project, namely, AVJennings Wollert Pty Limited;
- first registered mortgage over the real estate inventories of the entity involved in the relevant project, namely, AVJennings Wollert Pty Limited;
- fixed and floating charge over the assets and undertakings of a related company involved in the relevant project, namely, St Clair JV Nominee Pty Limited;
- deed of mortgage over the shares held by the relevant entity, namely, AVJennings Properties SPV No 4 Pty Limited, in a related company, namely, St Clair JV Nominee Pty Limited;
- fixed and floating charge over the assets and undertakings, including project rights, of a relevant entity, namely, AVJennings Properties SPV No 4 Pty Limited;
- fixed and floating charge over the assets of the entity involved in the relevant project, namely, Portarlington Nominees Pty Limited; and
- first registered mortgage over certain real estate inventories of the entity involved in the relevant project, namely, Portarlington Nominees Pty Limited.

At 30 June 2014 the facilities shown are interchangeable up to \$5,000,000 (2013: \$5,000,000) between the bank loans and performance bonds/other non-cash facilities. The lines of credit shown are maximum limits which are available progressively as projects are developed. The expiry dates for the facilities are between March 2015 and August 2015. Individual projects are expected to be completed and the outstanding amounts repaid or refinanced prior to expiry of each facility. As at 30 June 2014, the balance outstanding on the bank loan facilities was \$8,583,000 (2013: \$14,891,000).

	2014	2013
	\$'000	\$'000
The carrying amounts of the pledged assets are as follows:		
Wollert, Victoria	29,830	40,250
Cheltenham, South Australia	47,707	48,527
Arlington Rise, Victoria	19,054	18,480

The weighted average interest rate on the project funding loans at year-end was 3.27% (2013: 3.52%).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

25. INTEREST-BEARING LOANS AND BORROWINGS (continued)

(c) Contract performance bond facility

The Consolidated Entity has entered into a Contract performance bond facility of \$15,000,000 (2013: \$10,000,000). The Contract performance bond facility is subject to review annually. This facility expires on 31 October 2014 and management expects the annual review which is underway, to be completed shortly and the facility extended for a further 12 months. The Contract performance bond facility is secured by a Deed of Indemnity between the Parent Entity and various controlled entities. Details of the controlled entities, included in the Deed of Indemnity are set out in note 19.

(d) Interest rate hedge instruments

The Consolidated Entity has entered into interest rate cap and collar contracts to limit exposure to changing interest rates. The interest rate structure is a combination of purchasing a cap and selling a floor, which effectively limits rate fluctuations to within a range (i.e. a ceiling and floor). The structure is used because it provides the benefit of capping interest rate increases whilst limiting the benefit of any interest rate decreases to the collar rate.

Interest rate cap and collar contracts have been entered into for a principal Australian Dollar amount which varies quarterly over the contract term. The strike rates for these contracts are benchmarked against the BBSY bid rate (*Australian Bank Bill Swap Reference Rate - Average Bid Rate*) on a quarterly basis.

For the quarter, should the BBSY bid rate be above the cap strike rate, settlement occurs in favour of the Consolidated Entity. Should the BBSY bid rate be below the floor strike rate, settlement occurs in favour of the counterparty. If the BBSY bid rate remains between the ceiling and floor, no settlement occurs.

Details of interest rate derivative contracts are as follows:

Type of derivative	Period Start Date	Period End Date	Cap Rate %	Floor Rate %	Principal Amount 2014 \$'000	2013 \$'000
Interest rate cap and collar	11-Jun-14	11-Sep-14	2.95	2.50	55,000	-
Interest rate cap and collar	11-Sep-14	11-Dec-14	2.95	2.50	45,000	-
Interest rate cap and collar	11-Dec-14	11-Mar-15	2.95	2.50	40,000	-
Interest rate cap and collar	11-Mar-15	11-Jun-15	2.95	2.50	30,000	-
Interest rate cap and collar	11-Jun-15	30-Sep-15	2.95	2.50	20,000	-

The Consolidated Entity's interest rate derivatives do not qualify for hedge accounting treatment. Gains or losses arising from changes in fair value are recognised in profit or loss.

26. TAX PAYABLE

	2014 \$'000	2013 \$'000
Income tax payable	251	449

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

27. DEFERRED TAX LIABILITIES

	Note	2014 \$'000	2013 \$'000
The provision for deferred income tax is made up as follows:			
- capitalisation of development costs		21,742	-
- prepayments, accruals/provisions and investments		5,729	-
- brand name		845	-
- provisions for asset impairments		(13,937)	-
- tax loss carried forward		(10,338)	-
Deferred tax liabilities		4,041	-

Reconciliations

Reconciliations of the carrying amount of the deferred tax liability at the beginning and end of the year are set out below:

		2014 \$'000	2013 \$'000
Carrying amount at beginning of year		-	5,938
Transferred from/to deferred tax assets	22	(3,087)	(5,938)
Arising temporary differences		7,128	-
Carrying amount at end of year		4,041	-

28. PROVISIONS

Current			
Employee benefits		3,526	3,056
Other		1,180	980
Total current provisions		4,706	4,036
Non-current			
Employee benefits		698	845
Total non-current provisions		698	845

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

29. CONTRIBUTED EQUITY

	Note	2014 Number	2013 Number	2014 \$'000	2013 \$'000
Ordinary shares	29(a)	384,423,851	384,423,851	162,793	162,793
Treasury shares	29(b)	(4,221,605)	(3,365,100)	(2,357)	(1,833)
Share capital				160,436	160,960

<i>(a) Movement in ordinary share capital</i>	Number	Number	\$'000	\$'000
As at the beginning of the year	384,423,851	274,588,694	162,793	122,837
Issued pursuant to the Rights Issue 3 June 2013	-	109,835,157	-	39,956
As at the end of the year	384,423,851	384,423,851	162,793	162,793

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There are currently no unexercised or outstanding options. No options were exercised during the year.

<i>(b) Movement in treasury shares</i>	2014 Number	2013 Number	2014 \$'000	2013 \$'000
As at the beginning of the year	(3,365,100)	(3,071,187)	(1,833)	(1,741)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	(856,505)	(293,913)	(524)	(92)
As at the end of the year	(4,221,605)	(3,365,100)	(2,357)	(1,833)

Treasury shares are shares in AVJennings Limited that are held by the AVJ Deferred Employee Share Plan Trust for the purpose of issuing shares to executives via the AVJ Deferred Employee Share Plan.

The original cost of the shares is treated as a reduction in share capital and the underlying shares identified separately as treasury shares.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

29. CONTRIBUTED EQUITY (continued)

(c) Capital Risk Management

When managing capital, management's objective is to ensure that the Consolidated Entity continues as a going concern. Management also aims to maintain an optimal capital structure that reduces the cost of capital.

In order to maintain or adjust the capital structure, management may change the amount of dividends paid to shareholders, offer a dividend reinvestment plan, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended 30 June 2014, no dividend was paid (2013: Nil).

Management monitors the capital mix through the debt to equity ratio (net debt/total equity) and the debt to total assets ratio (net debt/total assets). Based on continuing operations of the Consolidated Entity, these ratios are as follows:

	Consolidated	
	2014	2013
	\$'000	\$'000
Interest-bearing loans and borrowings	85,583	89,891
Less: cash and cash equivalents	(4,796)	(11,649)
Net debt	80,787	78,242
Total equity	315,780	295,361
Total assets	471,288	462,903
Net debt to equity ratio	25.6%	26.5%
Net debt to total assets ratio	17.1%	16.9%

AVJennings Limited has complied with the financial covenants of its borrowing facilities during the 2014 and 2013 reporting periods.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

30. RESERVES AND RETAINED EARNINGS

(a) Reserves

	Note	Foreign Currency Translation Reserve \$'000	Share-based Payment Reserve \$'000	Total \$'000
At 1 July 2012		(257)	687	430
Foreign currency translation		1,380	-	1,380
Share-based payment expense	36(a)	-	390	390
At 30 June 2013		1,123	1,077	2,200
Foreign currency translation		2,065	-	2,065
Share-based payment expense	36(a)	-	96	96
At 30 June 2014		3,188	1,173	4,361

(b) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the Financial Statements of subsidiaries which have functional currency different to the Australian dollar. Refer to note 2(aa).

Share-based payment reserve

The share-based payment reserve is used to recognise the grant date fair value of shares issued to employees. Refer to note 2(r) for further details of the Plan.

(c) Retained earnings

	2014 \$'000	2013 \$'000
Movements in retained earnings were as follows:		
At the beginning of the year	132,201	147,467
Net profit/(loss) for the year	18,782	(15,266)
At the end of the year	150,983	132,201

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

31. CASH FLOW STATEMENT RECONCILIATION

	2014 \$'000	2013 \$'000
<i>Reconciliation of profit/(loss) after tax to net cash flows from operations</i>		
Profit/(loss) after tax	18,782	(15,266)
<i>Adjustments for:</i>		
Depreciation	330	381
Net loss/(gain) on disposal of property, plant and equipment	28	(5)
Interest revenue classified as investing cash flow	(457)	(492)
Share of profits of associates and joint venture entities	(1,967)	(1,294)
Movement in provision for loss on inventories	(18,629)	16,275
Share-based payments expense	96	390
Fair value adjustment to derivatives	-	(187)
<i>Change in operating assets and liabilities:</i>		
Decrease in inventories	28,619	19,936
(Increase)/decrease in trade and other receivables	(23,563)	8,369
(Increase)/decrease in prepayments and deposits	(1,676)	901
Decrease/(increase) in deferred tax assets	3,087	(3,087)
Increase/(decrease) in deferred tax liability	4,041	(5,938)
Increase/(decrease) in current tax liability	(198)	449
Decrease in current tax assets	-	514
Decrease in trade and other payables	(10,695)	(21,069)
Increase in provisions	523	573
Net cash flows (used in)/from operating activities	(1,679)	450

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

32. COMMITMENTS

Operating lease commitments – Consolidated Entity as lessee

Operating leases include property, display homes, computer equipment leases and leases for motor vehicles provided under novated leases. Certain property leases include inflation escalation and market review clauses. No renewal or purchase options exist in relation to operating leases, and no operating leases contain restrictions on financing or other leasing activities.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2014 \$'000	2013 \$'000
<i>Operating leases</i>		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	2,092	1,679
After one year, but not more than five years	1,655	2,052
Total operating leases	3,747	3,731
<i>Represented by:</i>		
Non-cancellable operating leases	3,087	3,058
Cancellable operating leases	660	673
Total operating leases	3,747	3,731

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

33. CONTINGENCIES

Unsecured

Cross guarantees

The Parent Entity has entered into deeds of cross guarantee in respect of the debts of certain of its controlled entities as described in note 19.

Banking facilities

The Parent Entity has entered into a cross deed of covenant with various controlled entities to guarantee the obligations of those entities in relation to the banking facilities. Details of these entities are set out in note 19.

Contract performance bond facility

The Parent Entity has entered into a Deed of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to the Contract performance bond facility. Details of these entities are set out in note 18. Contingent liabilities in respect of certain performance bonds, granted by the Consolidated Entity's financiers, in the normal course of business as at 30 June 2014, amounted to \$12,140,000 (2013: \$7,396,000). No liability is expected to arise.

Legal issues

From time to time a controlled entity defends actions served on it in respect of rectification of building faults and other issues. It is not practicable to estimate the amount, if any, which the entity could be liable for in this respect. The Directors anticipate that the resolution of any such matters currently outstanding will not have a material effect on the Consolidated Entity's results.

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Consolidated Entity bankers in the normal course of business to unrelated parties, at 30 June 2014, amounted to \$7,445,000 (2013: \$7,811,000). No liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Consolidated Entity's bankers to unrelated parties in the normal course of business at 30 June 2014, amounted to \$8,367,000 (2013: \$12,470,000). No liability is expected to arise.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

34. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

- a) the Consolidated Entity's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Consolidated Entity's state of affairs in future financial years.

35. RELATED PARTY DISCLOSURES

(a) Ultimate parent

AVJennings Limited is the ultimate Australian parent entity. SC Global Developments Pte Ltd (incorporated in Singapore) is the ultimate parent entity.

(b) Share and share option transactions with Directors and Director-related entities

The aggregate number of shares and options held at the reporting date either directly or indirectly or beneficially by the Directors or by an entity related to those Directors of AVJennings Limited are as follows:

	Owned by Directors directly, or indirectly or beneficially	
	2014 Number	2013 Number
Fully paid ordinary shares	196,033,041	195,195,645

Directors and Director-related entities receive normal dividends on these ordinary shares.

(c) Entity with significant influence over AVJennings Limited

192,318,030 ordinary shares equating to 50.03% of the total ordinary shares on issue (2013: 192,318,030 and 50.03% respectively) were held by SC Global Developments Pte Ltd and its associates in the Parent Entity at 30 June 2014. Certain Directors of SC Global Developments Pte Ltd are also Directors of AVJennings Limited. Details of Directors' interests in the shares of the Parent Entity are set out in the *Directors' Report*.

(d) Parent Entity amounts receivable from and payable to controlled entities

At 30 June 2014, the Parent Entity has not set up any provisions against debts owed by related parties as recoverability is considered probable (2013: Nil). An impairment assessment is undertaken each financial year-end to determine whether there is objective evidence that a related party receivable is impaired. If evidence of impairment exists, the impairment loss is recognised immediately.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

35. RELATED PARTY DISCLOSURES (continued)

(e) Transactions with related parties

	Note	2014 \$	2013 \$
Entity with significant influence over the Consolidated Entity:			
SC Global Developments Pte Ltd			
Consultancy fee paid/payable	(i)	600,000	600,000
Associate:			
Epping JV			
Management fee received/receivable		54,000	809,882
Joint Ventures:			
Eastwood JV			
Management fee received/receivable		2,481,692	2,219,741
Accounting services fee received/receivable		50,000	50,000
Cheltenham JV			
Accounting services fee received/receivable		72,000	72,000
Woodville JV			
Accounting services fee received/receivable		72,000	72,600

(i) Consultancy fees paid to SC Global Developments Pte Ltd of \$600,000 (2013: \$600,000).

(f) Joint ventures in which related entities in the Consolidated Entity are venturers

Joint ventures in which the Consolidated Entity has an interest are set out in note 16 and note 20.

(g) Outstanding balances arising from provision of services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

	2014 \$'000	2013 \$'000
<i>Current receivables</i>		
Joint Ventures	2,812	2,497

(h) Loans from related party

<i>Loan received</i>		
Joint Venture	2,600	2,600

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

35. RELATED PARTY DISCLOSURES (continued)

(i) Terms and conditions of transactions with related parties

Transactions with related parties are made at arm's length both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free, at call and settlement occurs in cash.

(j) Transactions with Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 7.

36. SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

Total expenses arising from share-based payment transactions and disclosed as part of employee benefit expenses are shown in the table below:

	2014 \$'000	2013 \$'000
Expense arising from equity-settled share-based payment transactions	675	390
Expense reversed on forfeiture of shares relating to FY2011 grant	(579)	-
Total expense arising from share-based payment transactions	96	390

The share-based payment plan is described in note 36(b). There were no cancellations or modifications to the plan during the year.

(b) Type of share-based payment plan

AVJ Deferred Employee Share Plan

The AVJ Deferred Employee Share Plan (the LTI Plan) administers employee share schemes under which shares may be purchased on-market by the LTI Plan Trustee on behalf of employees. These shares vest to employees for no cash consideration subject to certain conditions being satisfied. Employees may elect not to participate in the scheme. Shares held by the LTI Plan's trustee and not yet allocated to employees at the end of the reporting period are shown as treasury shares in the Financial Statements.

Share-based compensation benefits are provided to executives via the Plan. These equity-settled transactions are measured at fair value at the grant date. The original cost of the shares is treated as a reduction in share capital and the underlying shares identified separately as treasury shares. The fair value of the shares at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share-based payment reserve in equity. There is no non-recourse financing provided to executives in relation to any share-based payments.

Vesting is subject to both service and performance conditions. The service condition requires the executive to be employed by the Company as at 30 September in the third year after the grant date for each grant. The performance conditions apply to each grant – as to 50% as measured by the TSR hurdle and as to 50% by the EPS hurdle. The two performance hurdles are tested differently. The EPS hurdle is tested as at 30 June in the test year (three years after grant). The TSR hurdle is tested at 30 September of the third year after grant.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

36. SHARE-BASED PAYMENT PLANS (continued)

The following allocations have been made under the LTI Plan:

FY2011 Grant

On 28 September 2010, 1,375,452 shares were granted to certain executives. As detailed in the table on page 18, these included 1,136,816 shares for KMP. The remaining shares were granted to executives who were not KMP. All unvested shares from this grant have been forfeited as the performance conditions were not achieved.

FY2012 Grant

On 5 September 2011, 1,695,735 shares were granted to certain executives. As detailed in the table on page 18, these included 1,454,555 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 124,383 shares from this grant have been forfeited as a result of executives' departure.

FY2013 Grant

An additional 513,168 shares were granted on 12 September 2012 to certain executives. As detailed in the table on page 18, these included 280,712 shares for KMP. The remaining shares were granted to executives who were not KMP.

FY2013 Delayed Grant

On 25 September 2013, 527,027 shares were granted to certain executives. As detailed in the table on page 18, these include 468,868 shares for KMP. The remaining shares were granted to executives who were not KMP.

This Delayed Grant was supposed to have been made about July 2012 in accordance with the usual operation of the LTI plan. In July 2012, the Remuneration Committee determined that trading conditions at the time warranted a deferral of the grant until a later time. The FY2013 grant was ultimately reconsidered in September 2013. The Remuneration Committee then considered that trading conditions and fairness to both executives and the Company warranted an allocation. However as the Company's share price had increased considerably since the original proposed allocation date (July 2012) it was impossible to determine an appropriate allocation amount under the current plan which did not prejudice either the Company or the executives. If the original number of shares to be allocated as proposed in July 2012 were granted, the cost to the Company would have been considerably more than originally contemplated. If the same allocation amount had been used as originally contemplated, executives would have received considerably fewer shares. As a reasonable compromise and recognising that staff retention was a critical factor for consideration, the Committee determined to grant a significantly reduced amount to each executive (approximately 35.5% of the proposed original allocation), and to make the grant subject only to service conditions as to 50% for one year to 30 September 2014 and as to 50% for two years to 30 September 2015.

FY2014 Grant

On 25 September 2013, 1,610,096 shares with a fair value of \$849,326 were granted to certain executives. As detailed in the table on page 18, these include 1,356,279 shares for KMP. The remaining shares were granted to executives who were not KMP.

Except for the 2013 Delayed Grant which is only subject to a service condition (explained below), all shares are subject to both service and performance conditions and will vest to the extent that each of these conditions is satisfied.

The service vesting condition is that the employee must still be employed by AVJennings at 30 September 2013 (for the FY2011 grant), 30 September 2014 (for the FY2012 grant), 30 September 2015 (for the FY2013 grant) and 30 September 2016 (for the FY2014 grant). In the event of death or permanent disablement, the shares may vest to the estate at the Board's discretion. In the event that the employee is retrenched, the shares may vest subject to Board discretion. If the employee resigns (in certain circumstances) or is terminated, the unvested shares will be forfeited.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

36. SHARE-BASED PAYMENT PLANS (continued)

The performance vesting conditions are:

- Total Shareholder Return (TSR) performance measured against the ASX Small Industrials Index; and
- Earnings Per Share (EPS) growth. AVJennings' EPS growth for the performance period must meet or exceed the target set. The EPS hurdle for total vesting for each grant is as follows:

FY2011 grant - 10% p.a. growth for the three financial years to 30 June 2013

FY2012 grant - 10% p.a. growth for the three financial years to 30 June 2014

FY2013 grant - 10% p.a. growth for the three financial years to 30 June 2015

FY2014 grant - 10% p.a. growth for the three financial years to 30 June 2016

Half of the allocation is assessed against each performance condition. The vesting schedule for the TSR performance condition is set out in the table below. The holder of the shares is entitled to receive all dividends paid between grant and vesting date.

The TSR hurdle was chosen as a performance measure as it provides a comparison against external performance. The comparator group against which performance is measured is the ASX Small Industrials Index. This peer group was chosen as the pool of listed pure residential developers was considered too small to provide a reliable and meaningful comparison group.

AVJennings' TSR rank against companies in the Index at 30 September	Percentage vesting
< median	Nil
At the median	50%
> median but < 75 th percentile	Pro-rata between 50 th and 75 th percentiles
>=75 th percentile	100%

The operation of the EPS hurdle is set out below.

AVJennings' EPS growth rate over the performance period	Percentage vesting
< 5%	Nil
5%	50% of the allocation for the hurdle
5% – 10%	Pro-rata between 50% and 100%
>=10%	100% of the allocation for the hurdle

The fair value of the EPS element of the shares is the market value at grant date. The Monte Carlo Model is used to fair value the TSR element. The Model simulates AVJennings' TSR and compares it against the ASX Small Industrials Index. The Model takes into account historic dividends, share price volatilities and the risk-free yield on an Australian Government Bond at the grant date matching the remaining effective life of 3 years.

The EPS hurdle was chosen as it provides a measure over which executives have more direct control.

Directors' Declaration

In accordance with a resolution of the Directors of AVJennings Limited, we state that:

- 1) In the opinion of the Directors:
 - i) the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*, including;
 - a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*;
 - ii) the Consolidated Financial Statements and Notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and
 - iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.
- 3) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Consolidated Entity identified in note 19 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



Simon Cheong
Director

26 September 2014



Peter Summers
Director

Independent auditor's report to the shareholders of AVJennings Limited

Report on the financial report

We have audited the accompanying financial report of AVJennings Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



Opinion

In our opinion:

- a. the financial report of AVJennings Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 10 to 22 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of AVJennings Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Mark Conroy
Partner
Sydney
26 September 2014

**31 DECEMBER 2014 HALF-YEAR REPORT OF AVJENNINGS LIMITED AND ITS
SUBSIDIARIES**

The information in this Appendix IV has been reproduced from the 31 December 2014 half-year report of AVJennings Limited and its subsidiaries and has not been specifically prepared for inclusion in this Information Memorandum.



AVJennings Limited
ABN: 44 004 327 771

31 December 2014 Half-Year Report
Appendix 4D

This Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by AVJennings Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.



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Results for Announcement to the Market

Appendix 4D for the half-year ended 31 December 2014

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000	Increase \$'000	%
Revenues	118,521	104,271	14,250	13.7%
Profit after tax	11,869	8,353	3,516	42.1%
Net profit attributable to members	11,869	8,353	3,516	42.1%
Dividends	Cents per security	Franked amount per security at 30% tax		
<u>Current period</u>				
Interim dividend	1.0	1.0		
Total dividend	1.0	1.0		
<u>Previous period</u>				
Interim dividend	NIL	NIL		
Total dividend	NIL	NIL		
Record date for determining entitlements to dividend:	25 March 2015			
Payment date:	8 April 2015			
The Company's Dividend Re-Investment Plan remains suspended.				
Explanation of results				
The Review of Operations in the attached Directors' Report provides an explanation of the results.				

Directors' Report

For the half-year ended 31 December 2014

Your Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 2014.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this Report are as below. Directors were in office for the entire period unless otherwise stated.

S Cheong (Chairman)
RJ Rowley (Deputy Chairman)
PK Summers
E Sam
B Chin
BG Hayman
TP Lai
D Tsang

PRINCIPAL ACTIVITY

The principal activity of the Consolidated Entity during the period was Residential Development.

REVIEW OF OPERATIONS

The Company's profit before tax was \$16.8 million (after tax \$11.9m) for the half year ended 31 December 2014, an increase on the same period last year of 34.9% (after tax 42.1%). This strong result was achieved on increased revenue of \$118.5 million, up 13.7% on the corresponding period.

Increased production levels in previous periods, based on improving market conditions, were the catalyst for the strong first half results. This trend has continued in the six months to 31 December 2014, with work in progress levels up a further 21.8% from 30 June 2014. This is the 5th consecutive half year of growth in production levels and reflects the Company's confidence in market conditions.

The level of contracts signed in the first half will underpin settlements in the second noting that, as in prior periods, the Company's results are biased towards the second half due to production staging and seasonality. The Directors believe that it is appropriate to provide guidance of contract signings for the year ending 30 June 2015 in the range of 1,700 to 1,900 lots; previously 1,500 to 1,700 lots.

Good cash generation in the first half and significant confidence in the outlook for the second half has enabled the Directors to declare that a fully franked interim dividend of 1 cent per share be paid in April 2015.

Consumer confidence is high in New South Wales; Sydney remains the strongest market in the country. Production is now well underway on the significant 'Arcadian Hills', Cobbitty project and on the Company's newest joint venture estate 'Argyle at Elderslie' that is being undertaken with Investa. Physical works and sales have commenced at Hamlyn Terrace on the Central Coast. All of these projects are expected to be important contributors to profit in fiscal 2015.

Directors' Report

For the half-year ended 31 December 2014

REVIEW OF OPERATIONS (continued)

Demand in Brisbane continues to rise with positive knock-on to the Noosa, Caloundra and Coomera markets, which are now also firmly in recovery. Sales and margins have lifted considerably at the 'Elysium', Noosa project over the past year and management expects the Company will sell the last lots and complete the project altogether in the coming months. 'Creekwood', Caloundra continues to perform strongly, with demand buoyed by new infrastructure investment (including a major new general hospital) in the Sunshine Coast catchment, and new stages will be released during the second half. Sales activity at 'Big Sky', Coomera continues to lift and this estate will be the site of a major brand development initiative with the construction of a new Steve Waugh Foundation home commencing before June 2015.

The Melbourne residential land market remains stable, with the Company generally experiencing good demand on its projects in the east and north-east of the city. 'Arena' at Officer is expected to be largely sold out by mid-year, while the new 'Hazelcroft' estate in Doreen will also host the development of a Steve Waugh Foundation home. The Company's project in Lyndarum is experiencing strong sales and more land will be released there in the second half.

The South Australian residential market remains stable but subdued overall, with the now wholly owned 'St Clair' project contributing improved earnings during the half.

Auckland is a strong market and the Company's high quality, master-planned Hobsonville Point joint venture project is experiencing significant demand, with 193 builder sales to be revenue-recognised during the second half, 130 of which are from the recently acquired 'Catalina Precinct'.

The Company expanded its involvement in Perth, Western Australia during the half, committing additional equity to take a 33% stake in three new projects yielding 196 lots. All are located within the urban ring of the city. The Company's investment in Perth is significant enough to renew the presence of the brand in the public consciousness whilst being a small component of the Company's total net funds employed.

Lots under development continued to grow reaching 1,539 (1,264 lots as at 30 June 2014 and 974 lots as at 31 December 2013) and this is a key indicator of future positive performance. The level of completed unsold stock remains stable and low.

The Company controlled 9,418 lots at balance date. Strong cash generation from a combination of rising production, sales and settlements from a portfolio of relatively mature projects coupled with the realisation of new funding initiatives will facilitate prudent stock replenishment. In addition to the new investment in Perth, the Company successfully acquired the remaining 50% of the St Clair, South Australia joint venture and contracted to purchase two new land parcels at Cobbitty, New South Wales comprising approximately 227 lots.

Market fundamentals remain positive, with strong consumer confidence to transact in housing bolstered by low interest rates and inflation, underlying housing shortages in some markets (especially Sydney and Auckland), strong population growth and a stable domestic macroeconomic outlook over 2015-2016.

The Company is delivering on its commitment to diversify and expand its sources of debt capital. It has recently concluded the renegotiation of its Club banking facility. The facility extends the amount of funding available to the Company to \$175 million as well as the term of the facility to 30 September 2017. The facility is evergreen in nature and, subject to approval, is extendable for 12 months at each annual review. The new facility provides an excellent platform to support the Company's expansion strategy.

Directors' Report

For the half-year ended 31 December 2014

REVIEW OF OPERATIONS (continued)

The Company remains confident that market fundamentals support a continuation of its growth strategy, both in terms of continued increased production levels from existing projects as well as through new acquisitions.

DIVIDENDS

A final dividend of 2.0 cents per share was paid on 18 September 2014 (31 December 2013: nil). Subsequent to the end of the half year, the Directors have recommended a fully franked interim dividend of 1.0 cent per share to be paid on 8 April 2015. The Dividend Reinvestment Plan remains suspended.

COMPARATIVE FIGURES

To enable meaningful comparison, some comparatives have been reclassified to conform with the current presentation.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Consolidated Entity has concluded the renegotiation of its Club banking facility. The facility extends the amount of funding available to \$175 million as well as the term of the facility to 30 September 2017. The facility is evergreen and, subject to approval, is extendable for 12 months at each annual review. The fact that the facility was not formally extended on or before the balance date requires that drawings under it be treated as a current liability in the financial statements.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect:

- a) the Consolidated Entity's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Consolidated Entity's state of affairs in future financial years.

ROUNDING OF AMOUNTS

The amounts contained in this Report and in the Financial Statements have been rounded to the nearest \$1,000 (where rounding is permitted) under the option available to the Company under the Australian Securities and Investments Commission (ASIC) Class Order 98/100. The Company is an entity to which the Class Order applies.

Directors' Report

For the half-year ended 31 December 2014

AUDITORS INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors, Ernst & Young. It is set out on page 8.

The Report is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'PS' or similar initials, written in a cursive style.

Peter Summers
Director
9 February 2015



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Auditor's Independence Declaration to the Directors of AVJennings Limited

In relation to our review of the financial report of AVJennings Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Mark Conroy
Partner
9 February 2015

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2014

		31 December 2014 \$'000	31 December 2013 \$'000
	Note		
Revenues	3	118,521	104,271
Share of profits of associates and joint ventures accounted for using the equity method	11	1,501	1,161
Cost of property developments sold	3	(86,691)	(80,810)
Decrease in provision for loss on inventories	3	3,720	5,154
Other operational expenses		(2,464)	(2,287)
Selling and marketing expenses		(3,491)	(3,135)
Employee expenses		(9,279)	(8,153)
Depreciation and amortisation expense		(149)	(176)
Finance costs	3	(217)	(296)
Management and administration expenses		(4,646)	(3,271)
Profit before income tax		16,805	12,458
Income tax	4	(4,936)	(4,105)
Profit after income tax		11,869	8,353
Net profit for the period		11,869	8,353
Other comprehensive income			
Foreign currency translation		374	1,778
Other comprehensive income for the period		374	1,778
Total comprehensive income for the period		12,243	10,131
Earnings per share for profit attributable to ordinary equity holders of the parent:		Cents	Cents
Basic earnings per share		3.12	2.20
Diluted earnings per share		3.12	2.20

Consolidated Statement of Financial Position

As at 31 December 2014

		31 December 2014 \$'000	30 June 2014 \$'000
	Note		
CURRENT ASSETS			
Cash and cash equivalents	7	21,580	4,796
Trade and other receivables		38,118	44,557
Inventories		188,883	168,019
Other current assets		1,473	1,387
Total current assets		250,054	218,759
NON-CURRENT ASSETS			
Trade and other receivables		-	6,159
Inventories		237,654	212,804
Investments accounted for using the equity method		13,608	27,108
Available-for-sale financial assets		3,000	3,000
Property, plant and equipment		573	642
Intangible assets		2,816	2,816
Total non-current assets		257,651	252,529
Total assets		507,705	471,288
CURRENT LIABILITIES			
Trade and other payables		47,023	46,823
Interest-bearing loans and borrowings	12	91,858	4,083
Tax payable		509	251
Provisions		4,233	4,706
Total current liabilities		143,623	55,863
NON-CURRENT LIABILITIES			
Trade and other payables		14,191	13,406
Interest-bearing loans and borrowings	12	20,845	81,500
Deferred tax liabilities		8,001	4,041
Provisions		781	698
Total non-current liabilities		43,818	99,645
Total liabilities		187,441	155,508
Net assets		320,264	315,780
EQUITY			
Contributed equity	6	160,436	160,436
Reserves		4,664	4,361
Retained earnings		155,164	150,983
Total equity		320,264	315,780

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2014

	Note	Attributable to equity holders of the parent			Total equity	
		Contributed Equity	Foreign Currency Translation Reserve	Share-based Payment Reserve		Retained earnings
		\$'000	\$'000	\$'000	\$'000	
At 1 July 2013		160,960	1,123	1,077	132,201	295,361
Profit for the period		-	-	-	8,353	8,353
Other comprehensive income for the period		-	1,778	-	-	1,778
Total comprehensive income for the period		-	1,778	-	8,353	10,131
Transactions with owners in their capacity as owners						
- Treasury shares acquired	6(b)	(524)	-	-	-	(524)
- Share-based payment expense reversed (forfeited shares)		-	-	(579)	-	(579)
- Share-based payment expense		-		312	-	312
		(524)	1,778	(267)	8,353	9,340
At 31 December 2013		160,436	2,901	810	140,554	304,701
At 1 July 2014		160,436	3,188	1,173	150,983	315,780
Profit for the period		-	-	-	11,869	11,869
Other comprehensive income for the period		-	374	-	-	374
Total comprehensive income for the period		-	374	-	11,869	12,243
Transactions with owners in their capacity as owners						
- Share-based payment expense reversed (forfeited shares)		-	-	(326)	-	(326)
- Share-based payment expense		-	-	255	-	255
- Dividends paid	5	-	-	-	(7,688)	(7,688)
		-	374	(71)	4,181	4,484
At 31 December 2014		160,436	3,562	1,102	155,164	320,264

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2014

		6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		142,733	110,009
Payments to suppliers, land vendors and employees		(155,171)	(130,881)
Interest paid		(4,984)	(4,590)
Income tax paid		(627)	(969)
Net cash used in operating activities		(18,049)	(26,431)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		5	68
Purchase of property, plant and equipment		(88)	(47)
Interest received		217	297
Distribution received		15,000	-
Net cash from investing activities		15,134	318
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		68,254	67,491
Repayment of borrowings		(41,134)	(45,827)
Payment for treasury shares	6(b)	-	(524)
Equity dividends paid	5	(7,688)	-
Net cash from financing activities		19,432	21,140
NET INCREASE/(DECREASE) IN CASH HELD			
Cash and cash equivalents at beginning of period		4,796	11,649
Effects of exchange rate changes on cash and cash equivalents		267	576
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	21,580	7,252

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 9 February 2015. The Company is incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange and the Singapore Exchange through SGX Globalquote.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half-year general purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 Interim Financial Reporting and other mandatory professional requirements and the Company is a for profit entity.

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2014 and considered together with any public announcements made by AVJennings Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

This Report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The accounting policies adopted are consistent with those of the previous financial year.

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current year or any prior year and are not likely to affect future periods.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

3. REVENUES AND EXPENSES

Profit from ordinary activities before income tax includes the following revenues and expenses:

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000
Revenues		
Developments	112,154	101,210
Interest revenue	217	297
Management fees	4,874	1,530
Royalty revenue	-	399
Sundry revenue	1,276	835
Total revenues	118,521	104,271
Cost of property developments sold		
Amortisation of finance costs capitalised to inventories	4,348	5,675
Finance costs		
Bank loans and overdrafts	4,984	4,590
Less: Amount capitalised to inventories	(4,767)	(4,294)
Finance costs expensed	217	296
Impairment of assets		
Decrease in provision for loss on inventories	(3,720)	(5,154)

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

4. INCOME TAX

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000
<i>Income tax</i>		
The major components of income tax are:		
Current income tax		
Current income tax charge	1,025	974
Deferred income tax		
Current year temporary differences	3,911	2,934
Adjustment for prior year	-	197
Income tax reported in the Consolidated Statement of Comprehensive Income	4,936	4,105

Numerical reconciliation between aggregate income tax recognised in the Consolidated Statement of Comprehensive Income and tax calculated per the statutory income tax rate:

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000
Accounting profit before income tax	16,805	12,458
Tax at Australian income tax rate of 30% (2013 - 30%)	5,041	3,737
Adjustment for prior years	-	197
Equity accounted share of Joint Venture profits	(450)	(348)
Other non-deductible items and variations	345	519
Aggregate income tax	4,936	4,105

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

5. DIVIDENDS

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000
Dividends paid and recognised		
2014 final dividend of 2.0 cents per fully paid share, paid 18 September 2014. Fully franked @ 30% tax	7,688	-
Total dividends paid	7,688	-
Dividends proposed		
2015 interim dividend of 1.0 cents per fully paid share, to be paid 8 April 2015. Fully franked @ 30% tax	3,844	-
Total dividends proposed	3,844	-

The Company's Dividend Reinvestment Plan remains suspended.

6. CONTRIBUTED EQUITY

	31 December 2014 Number	30 June 2014 Number	31 December 2014 \$'000	30 June 2014 \$'000
Ordinary shares	384,423,851	384,423,851	162,793	162,793
Treasury shares	(3,502,401)	(4,221,605)	(2,357)	(2,357)
Share capital	380,921,450	380,202,246	160,436	160,436
(a) Movement in ordinary share capital	Number	Number	\$'000	\$'000
As at the beginning of the period	384,423,851	384,423,851	162,793	162,793
As at the end of the period	384,423,851	384,423,851	162,793	162,793
(b) Movement in treasury shares	Number	Number	\$'000	\$'000
As at the beginning of the year	(4,221,605)	(3,365,100)	(2,357)	(1,833)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	-	(856,505)	-	(524)
Employee share scheme issue	719,204	-	-	-
As at the end of the period	(3,502,401)	(4,221,605)	(2,357)	(2,357)

Treasury shares are shares in AVJennings Limited that are held by the AVJ Deferred Employee Share Plan Trust for the purpose of issuing shares to Executives.

The original cost of the shares is treated as a reduction in share capital and the underlying shares identified separately as treasury shares.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

7. CASH AND CASH EQUIVALENTS

	31 December 2014 \$'000	30 June 2014 \$'000
<i>Reconciliation to Consolidated Statement of Cash Flows</i>		
For the purposes of <i>Consolidated Statement of Cash Flows</i> , cash and cash equivalents comprise the following:		
Cash at bank and in hand	21,580	4,796

8. OPERATING SEGMENTS

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the jurisdictions in which the Consolidated Entity sells its products and services. Discrete financial information about each of these operating businesses is reported on a monthly basis.

Types of products and services

The Consolidated Entity operates primarily in residential development.

Accounting policies

The accounting policies used in reporting segments are the same as those contained in the Financial Report.

Operating segments

Jurisdictions:

This includes activities relating to Land Development, Integrated Housing and Apartments Development.

Other:

This includes numerous low value items, amongst the most significant of which are interest and royalty revenue, and certain sales commissions.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

8. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the half-year ended 31 December 2014:

Operating segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues														
External sales	22,521	27,684	21,958	29,538	49,294	33,638	17,677	10,144	704	206	-	-	112,154	101,210
Management fees	4,758	1,409	-	-	-	-	45	73	71	48	-	-	4,874	1,530
Other revenue	-	-	-	-	-	-	-	-	-	-	1,493	1,531	1,493	1,531
Total segment revenues	27,279	29,093	21,958	29,538	49,294	33,638	17,722	10,217	775	254	1,493	1,531	118,521	104,271
Results														
Segment results *	8,782	4,429	1,361	5,016	6,306	2,170	3,483	821	125	(230)	117	447	20,174	12,653
Movement in provision for loss on inventories	3,720	2,928	-	(182)	-	2,542	-	(134)	-	-	-	-	3,720	5,154
Other income	-	-	-	-	-	-	-	-	-	-	1,493	1,531	1,493	1,531
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(149)	(176)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(8,216)	(6,408)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(217)	(296)
Profit before tax													16,805	12,458
Income tax													(4,936)	(4,105)
Net profit													11,869	8,353

* Segment results include utilisation of provision for write-down of inventories of \$7,116,000 (31 December 2013: \$6,871,000)

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

8. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 31 December 2014:

Operating Segment	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets														
Segment assets	140,774	129,041	91,719	94,697	98,255	103,208	103,383	70,196	43,153	59,830	30,421	14,316	507,705	471,288
Total assets	140,774	129,041	91,719	94,697	98,255	103,208	103,383	70,196	43,153	59,830	30,421	14,316	507,705	471,288
Liabilities														
Segment liabilities	23,343	6,850	5,026	6,520	5,961	5,873	36,170	16,760	25,879	33,629	91,062	85,876	187,441	155,508
Total liabilities	23,343	6,850	5,026	6,520	5,961	5,873	36,170	16,760	25,879	33,629	91,062	85,876	187,441	155,508

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

9. NET TANGIBLE ASSET BACKING

	31 December 2014 cents	30 June 2014 cents
Net Tangible Asset backing (NTA) - cents per ordinary security	83.3	82.3

Ordinary shares used in the calculation of NTA as at 31 December 2014 were 380,921,450 (30 June 2014: 380,202,246). Refer to note 6 for details.

10. INTEREST IN JOINT OPERATIONS

The Consolidated Entity's interest in the profits and losses of Joint Operations is included in the *Consolidated Statement of Comprehensive Income* under the following classifications:

	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000
Revenues	2,319	6,015
Cost of property developments sold	(1,663)	(4,078)
Other expenses	(481)	(723)
Profit before income tax	175	1,214
Income tax	(53)	(364)
Net profit for the period	122	850

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The interests in an associate or a joint venture entity are accounted for using the equity method of accounting and are carried at cost. Under the equity method, the consolidated entity's share of the results of the associate or the joint venture entity is recognised in the *Consolidated Statement of Comprehensive Income*, and the share of movements in reserves is recognised in the *Consolidated Statement of Financial Position*. The information is set out below:

Equity accounted Associates & Joint Ventures	Interest held		Share of net profit/(loss)	
	31 December 2014	31 December 2013	6 months 31 December 2014 \$'000	6 months 31 December 2013 \$'000
Epping	10%	10%	(1)	-
Eastwood	50%	50%	1,496	1,167
Woodville	50%	50%	6	(6)
Profit after tax			1,501	1,161

12. INTEREST-BEARING LOANS AND BORROWINGS

Fair values of interest-bearing loans and borrowings are determined by using the DCF method with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Interest-bearing loans and borrowings are classified as level 2 financial instruments. The carrying value represents the approximate fair value at reporting date.

The Consolidated Entity remains compliant with all lending covenants.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2014

13. CONTINGENCIES

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Consolidated Entity's bankers in the normal course of business to unrelated parties, at 31 December 2014, amounted to \$8,781,000 (30 June 2014: \$7,445,000). No material liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Consolidated Entity's bankers to unrelated parties in the normal course of business at 31 December 2014, amounted to \$867,000 (30 June 2014: \$8,367,000). No material liability is expected to arise.

Unsecured

Contract performance bond facility

The Parent Entity has entered into a Deed of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to the Contract performance bond facility. Contingent liabilities in respect of certain performance bonds, granted by the Consolidated Entity's financiers, in the normal course of business as at 31 December 2014, amounted to \$15,915,000 (30 June 2014: \$12,140,000). No material liability is expected to arise.

14. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect:

- a) the Consolidated Entity's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Consolidated Entity's state of affairs in future financial years.



Directors' Declaration

For the half-year ended 31 December 2014

In accordance with a resolution of the Directors of AVJennings Limited, we state that:

In the opinion of the Directors:

- a) The Financial Statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2014 and of the performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

A handwritten signature in black ink, appearing to be 'PS' with a stylized flourish.

Peter Summers
Director

9 February 2015

To the members of AVJennings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AVJennings Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AVJennings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AVJennings Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Mark Conroy
Partner
9 February 2015