Annual Report 2024

AVJennings Limited
ABN 44 004 327 771

AVJennings

Housing matters. Community matters.

Creating communities for over 90 years that people love to call home.

Streetscape Render, Rosella Rise, Warnervale, NSW. Rendered image of intended design. Actual product delivered may differ.

Contents.

Who We Are.

Creating communities for over 90 years that people love to call home

We have been building the great Australian dream since 1932. Today we are a leading residential property development company operating across Australia and New Zealand with up to 30 geographically diverse projects in progress, across master-planned residential communities to apartments and integrated housing developments across greenfield and infill sites.

AVJennings remains one of the most recognised and trusted names in property. Our reputation has been built on quality, affordability, meticulous design and connectivity for our customers, whilst operating in a socially and environmentally responsible manner.

Our vision is to create a lasting, positive legacy in everything that we do.

Streetscape Render, Rosella Rise, Warnervale, NSW. Rendered image of intended design. Actual product delivered may differ.

Chairman's Report.

Dear fellow shareholders, on behalf of the Board of Directors, I am pleased to present our 2024 Annual Report.

Financial year 2024 (FY24) saw the Australian residential property sector experience significant macro challenges, including rising interest rates and inflationary pressures, all of which have deeply impacted buyer sentiment and affordability.

Despite ongoing challenges, we continue to focus on being a developer of communities. This purpose is achieved by execution of a clear and consistent strategy aimed at transforming and modernising AVJennings. We believe successful execution of the strategy will reward shareholders in the long term with improvements in returns on equity (ROE), leading to increased capital growth and dividends.

In FY24, AVJennings saw a 12% increase in revenue to $319.7 million. The profile of the Company's settlements and sales through FY24 reflects our diverse product offerings. We were delighted to see the first homeowners move into the Merchant Apartments at Waterline Place.

Gross margin and net profit declined from FY23, due to ongoing cost pressures, a significant slowdown in the New Zealand market and the major decision to terminate the Rocksberg project as a result of significant cost escalation which have not been matched by increases in forecast revenue. Pleasingly, the funding initially set aside for the project will be redeployed to current pipeline opportunities, with the aim of accelerating project returns and improvement of the Company's ROE.

Excluding the one-off $17.8 million impact of aborting the Rocksberg option, Normalised Profit before Tax was $19.4 million, down 44% on FY23. The Board decided not to declare a dividend for the full year in line with our policy on dividend payments from Net Profit after Tax.

We appreciate shareholders will be disappointed but anticipate a return to a normal dividend cycle in 2025 as we believe the industry and Company has finally turned the corner, supported by a healthy pipeline of developable lots.

During the year, the Company improved its balance sheet strength and capital headroom through numerous capital initiatives including the successful completion of a $30 million equity raise and $30 million increase to our existing Club Facility. This positions the Company to further invest in built-form housing and advance the modernisation of the business, in alignment with our long-term vision of creating more sustainable and innovative housing solutions.

Our Pro9 joint venture achieved significant milestones with the Pro9 manufacturing facility established on the NSW Central Coast and the commencement of prefabricated walls production. This solution enhances our sustainability credentials, improves our future earnings profile and has the potential to revolutionise the residential construction industry. The Company is leveraging the Pro9 technology to boost construction efficiencies and certainties. Growing interest from industry and government highlights Pro9's potential to address not only AVJennings, but also Australia's housing challenges.

As we enter FY25, supply and demand imbalances continue to underpin the strength of the industry while lead indicators are improving. The next twelve months will be shaped by the interest rate cycle and broader expectations, which are closely tied to purchaser confidence. The Company is in the process of refreshing its Board and is committed to continually enhancing our approach to people management and development, aiming to cultivate a high performing and engaged culture.

"we continue to focus on being a developer of communities"

To my fellow Directors and AVJennings' management team and employees, thank you for your dedication and resilience during this period. Your efforts have helped us navigate the current economic climate and positioned the Company for future success.

I would like to extend my sincere gratitude to our loyal customers, partners, financiers, and shareholders. Your support and trust are never taken for granted. The Board remains optimistic about the future of AVJennings and we are fully committed to enhancing value for all our stakeholders.

Simon Cheong
Chairman

Chief Executive Officer's Report.

I am pleased to present the Annual Report for AVJennings for the financial year ended 30 June 2024 (FY24).

FY24 was a dynamic year for AVJennings, characterised by significant progress on our strategic goals and continued innovation in our product offerings, reflecting our strong commitment to delivering sustainable communities.

As Simon Cheong, Chair of AVJennings, has focused on the execution of our corporate strategy in his update, I will provide more coverage on our financial and operating performance in my update.

Financial Performance and Settlements

Despite challenging conditions for our industry, and the domestic and global economies more broadly, AVJennings generated revenue of $319.7 million, a 12% increase over the previous financial year. This demonstrates our ability to successfully navigate uncertain and challenging market conditions. While revenue was up, gross margin declined by 18% to $74.3 million due to ongoing cost pressures in most markets, a continued shift towards built-form housing in response to customer demand, the significant market slowdown in NZ and the impact of one-off, strategic capital management initiatives during the year.

The impact of our decision to terminate our option over the Rocksberg project in Queensland significantly impacted on our Profit Before Tax (PBT) to $1.6 million, down 95% on the prior year. This decision resulted in write-off of $17.8 million of capitalised development expenses and reimbursement of the landowners' transaction costs. Profit Before Tax normalised for this transaction, fell 44%, to $19.4 million.

As outlined by the Chair, no final dividend was declared for FY24 in line with the Board's policy.

A total of 874 lots were settled during the year, representing a 15% increase on FY23. 584 of the settlements were retail lot settlements with key contributors being Waterline Place (VIC), Lyndarum North (VIC), Penfield (SA), Aspect (VIC), Riverton (QLD) and Ripley (QLD). The first apartments in The Merchant at Waterline project settled in June 2024 as planned, with 67 lots valued at approximately $60 million settled during the month.

Strategic Capital Recycling

In response to ongoing challenging market conditions, several strategic capital recycling initiatives were executed during the year to bring additional strength and flexibility to the balance sheet and support future financial performance. In addition to a $30 million equity raise and a $30 million increase to our banking facilities, the decision around the Rocksberg option will see the funds initially allocated to that project redirected to activate and expedite existing pipeline opportunities. Additionally, the divestment of the Glenrowan (QLD) project and other englobo sites further optimises the asset portfolio to support future growth and acquisition opportunities when buying conditions improve.

As of 30 June 2024, our pipeline includes 9,871 lots under control, with the decrease in total lots influenced by the termination of Rocksberg and the absence of new acquisitions during the year. Lots under development is currently at 1,062.

"For FY25, we remain cautiously optimistic, aware of the challenges ahead but confident in our strategy."

Pro9 commences production in Australia

The Pro9 Joint Venture is making excellent progress. Our investment in this prefabricated walling solution offers AVJennings significant sustainability and efficiency benefits that we are in the early stages of fully leveraging and has the potential to reshape AVJennings' earnings in the future.

The Pro9 Australian manufacturing facility in NSW recently marked a significant milestone with the first domestically produced walls manufactured in August 2024. In line with our plans to utilise this solution, 24 Stellar Collection homes featuring Pro9 walls have either been completed or are under construction with over 80 more AVJennings homes in the pipeline.

Pro9 walling system installation

Piper townhomes, Waterline Place, (Vic)

Business Modernisation Initiatives

We are pleased to report strong employee engagement (4.03 score out of 5) with an 85% participation rate across staff. Significant training investment is being made in our staff along with needed technology modernisation across the organisation to improve our operational efficiency. These initiatives are progressing well, along with the refresh of the AVJennings brand to recognise our legacy, while also the intended transformation of the business.

Outlook

Retail contract signings increased by 70% to 590 lots, valued at $269 million, as compared to the prior year. During the second half of FY24, there was a slowdown in retail signings due to uncertainties over the potential for further interest rate increases and 'sticky' inflation. We continue to see strong correlation between interest rate sentiment and sales.

Positively, customer enquiries have risen by 12% from FY23, and enquiry to sale conversion rates improved markedly by 44%.

As we enter the next financial year, we remain cautiously optimistic, aware of the challenges ahead but confident in our strategy. Residential market indicators are expected to improve gradually, though any interest rate uncertainty will continue to have a negative impact on purchaser confidence. FY25 revenue is anticipated to be relatively consistent with FY24, with gross margins under pressure until economic conditions improve across all key markets. We continue to actively work with key industry bodies and all levels of government to progress planning on the large number of pipeline lots that continue to be tied up in the planning approval process. Addressing these structural challenges for the industry will be key to tackling Australia's housing shortage as well as supporting AVJennings' ability to capitalise on market conditions when they improve.

Earnings will again be heavily weighted towards the second half of FY25, and while the Pro9 factory has begun production, we do not foresee a significant impact on AVJennings' earnings this financial year.

I want to extend my gratitude to all those who have stood by AVJennings throughout this year. Thank you for being an essential part of our journey and for your continued confidence in our future. Together, we will build on the momentum we have achieved and position AVJennings for long-term growth and success.

Philip Kearns, AM
Chief Executive Officer

2024 Snapshot.

At 30 June 2024

$320m
Revenue
+12% on PCP[1]

23.2%
Gross Margin
-8.5pp on PCP[1]

590
Retail Contract Signings[2]
+70% on PCP

$90m
Presales
-25% on PCP

Normalised Profit Before Tax[3]
$19.4m
-44% on PCP[1]

Profit Before Tax
$1.6m
-95% on PCP[1]

Retail Settlement Lots[4]
584
-23% on PCP[1]

Sales Conversions
+44%
on PCP

Facility Headroom
$102m

Enquiries
+12%
on PCP

WIP Lots
1,062
-27% on PCP[1]

Lots under Control
9,871

Our Strategy to Transform, Modernise and Grow remains

Flexible Product Offering

Land
Built-form Housing
Low/Mid-rise Apartments

Modernising Our Foundations

Technology
Capital
Capability
Process

Building Annuity Income

Pro9
Development Services
Other Living Sectors

Improve Return on Equity (ROE)

Disciplined Capital Management

1. PCP: Prior Corresponding Period is FY23. FY23 financial statements restated as per the 1H24 financial statements released to the market on 26 February 2024.
2. Retail contract signings exclude disposal of Glenrowan (QLD) and a large superlot sale at Elderslie (NSW).
3. Normalised PBT reflects normalisation for Rocksberg project write-off for $17.8 million.
4. Retail settlements exclude disposal of Glenrowan (QLD) and large superlot settlements at Elderslie (NSW) and Lyndarum (VIC).

FY24 Strategic Achievements.

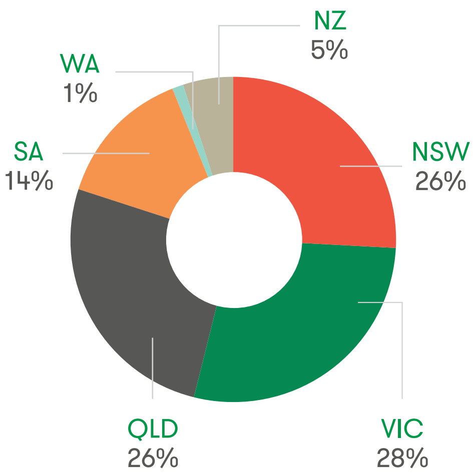
Capital Recycling	• Rocksberg (QLD) option terminated with funds to be redeployed to activate existing pipeline opportunities, driving improved financial performance • Glenrowan (QLD) divested • Other capital recycling initiatives include superlot sales at St Clair (SA)
Merchant Apartments Settled on Schedule	• 67 lots settled in June 24, with a value of ~$60m
Improved Capital Structure	• Secured $30m increase to the Club facility; new limit $330m • Completed $30m equity raise • Holdings of <$500 provided with a dedicated share sale facility
Governance enhancements	• Board refresh underway
Pro9 Achievements	• Factory entered production • First domestically produced walls manufactured in August 24 • Six two-storey attached terrace homes under construction at Elderslie (NSW) • Over 80 AVJ homes in the pipeline
AVJennings Modernisation	• Strong employee engagement (4.03 out of 5) with an 85% participation rate • Technology modernisation work progressing • Brand refresh work commenced

Property Portfolio.

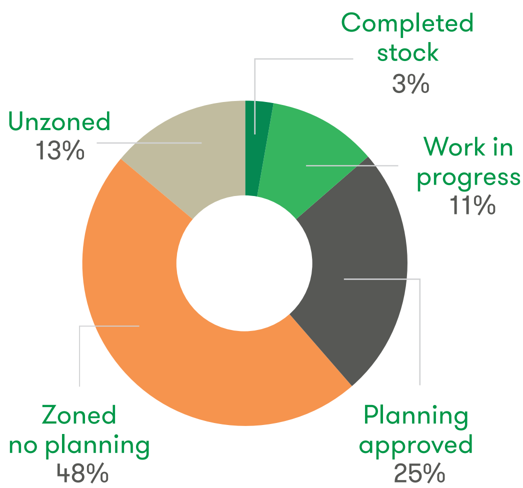
At 30 June 2024

Pipeline lot allocation

By Region

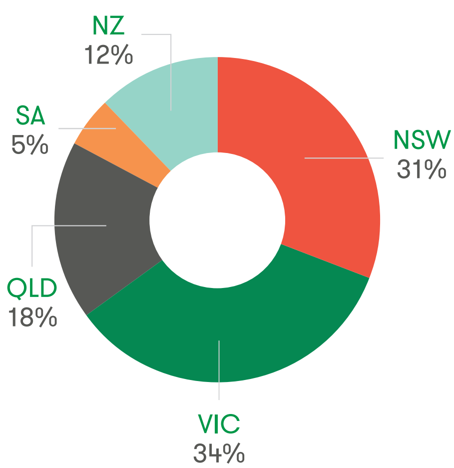


By Development Phase

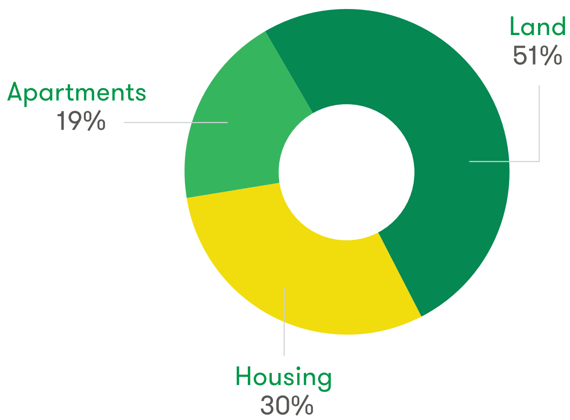


Capital allocation responding to market opportunities

NFE % by Region



NFE % by Product



NFE = Net Funds Employed

Project Pipeline.

At 30 June 2024

Region	Communities	Remaining no. of lots	Product Type	Structure	FY25	FY26	FY27	FY28	FY29+
NEW SOUTH WALES	Argyle, Elderslie	34	L,IH	100% AVJ					
NEW SOUTH WALES	Evergreen,Spring Farm (East Village)	337	L,IH	100% AVJ					
NEW SOUTH WALES	Arcadian Hills,Cobbitty	18	IH	100% AVJ					
NEW SOUTH WALES	Rosella Rise, Warnervale	439	L,IH	PDA					
NEW SOUTH WALES	Prosper, Kogarah	56	APT	100% AVJ					
NEW SOUTH WALES	Huntley	181	L	100% AVJ					
NEW SOUTH WALES	Calderwood	390	L	100% AVJ					
NEW SOUTH WALES	Mundamia	308	L	PDA					
NEW SOUTH WALES	Macarthur	780	APT	100% AVJ					
QUEENSLAND	Arbor, Rochedale	5	IH	100% AVJ					
QUEENSLAND	Riverton, Jimboomba	861	L,IH	100% AVJ					
QUEENSLAND	Deebing Springs, Deebing Heights	205	L,IH	100% AVJ					
QUEENSLAND	Cadence, Ripley	61	L,IH	100% AVJ					
QUEENSLAND	Cadence 2, Ripley	333	L,IH	PDA					
QUEENSLAND	Kerry Rd, Beaudesert	1,146	L	100% AVJ					
NZ	Ara Hills, Orewa	507	L	100% AVJ					
VICTORIA	Lyndarum North, Wollert	1,336	L,IH	JV					
VICTORIA	Aspect, Mernda	132	L,IH	100% AVJ					
VICTORIA	Harvest Square, Brunswick West	87	IH, APT	PDA					
VICTORIA	Waterline Place, Williamstown	105	IH, APT	100% AVJ					
VICTORIA	Clyde	942	L	100% AVJ					
VICTORIA	Somerford, Clyde North	173	L,IH	100% AVJ					
SA	St Clair*	93	L	100% AVJ					
SA	Eyre, Penfield	1,281	L,IH	PDA					
WA	Various	50	IH	Other					
Other	Various	11	L,IH						
	Total lots under control	**9,871**							

Pre-delivery phase
Development phase
Settlements Commence

Product type: L = Land, IH = Integrated Housing, APT = Apartments
* Balance superlots

Our Communities.

New South Wales Portfolio (2,550 lots)

Rosella Rise, Warnervale

House construction and sales continue with increased demand noted over recent months for completed homes. Development Approval is expected shortly for the next 216 lots.

Arcadian Hills, Cobbitty

All houses in current stages have been sold and settled. Civil works for the final stage are underway.

Argyle, Elderslie

Twelve two-storey terrace houses are now under construction, six of which utilise the Pro9 walling system. A 65-lot superlot sold to a consortium of private investors.

Prosper, Kogarah

Apartment construction is making good progress with completion expected mid CY25.

Evergreen, Spring Farm

East Village civil works completed for 73 lots in March 24 with 14 built-form homes under construction. The last seven homes in South Village completed construction in FY24.

Macarthur Apartments

Settlement of this site has occurred with Development Approval expected by end of CY25.

Prosper, Kogarah. CGI. Actual product delivered may differ.

Queensland Portfolio (2,611 lots)

Riverton, Jimboomba

Recently completed civil works for 68 land lots with 40 lots presold and 28 built-form homes under construction for FY25.

Cadence, Ripley

With 30 homes delivered in FY24, only five homes remain in Cadence 1. Planning is well advanced for delivery of the first stage of Cadence 2.

Deebing Springs, Deebing Heights

Recently delivered its first stage of development including the Childcare and Shopping Centre sites and 44 land lots for settlement in early FY25. 20 built-form homes to be constructed in FY25.

Riverton, Jimboomba

Eyre, Penfield (Render). Rendered image of intended design. Actual product delivered may differ.

South Australia Portfolio (1,374 lots)

Eyre, Penfield

No completed unsold land or integrated housing stock available. Planning approval granted for the next 324 lots with planning progressing for the subsequent 439 lots.

St Clair, St Clair

All remaining lots now sold or under contract with project expected to be completed in FY25.

Murray Bridge / Goolwa North

The final lots settled in both projects during the year.

Somerford, Clyde North

Victoria Portfolio (2,779 lots)

Waterline Place, Williamstown

June 2024 saw completion of the Merchant Apartment building with first residents moving in. These 125 apartments represent the last apartments to be delivered in the precinct.

Somerford, Clyde North

The project's first settlements commenced during the year following completion of works for 65 land lots. AVJennings Display Homes are under construction for completion in late CY24 and intended to promote a strong pipeline of housing across the development.

Harvest Square, Brunswick West

The 111 Public Housing and 50 retail apartments are nearing completion, with both new and returning public housing residents due to return to the precinct from September 2024.

Lyndarum North, Wollert

While wet weather did hamper construction, Lyndarum North saw the successful delivery of 140 residential land lots throughout FY24.

Aspect, Mernda

Display homes are now open with the first pipeline of AVJennings housing complete. Work has progressed on the next 41 land and built-form housing lots.

Ara Hills, Orewa

New Zealand Portfolio (507 lots)

Ara Hills, Orewa

A plan change is underway to secure an increase in project density to circa 900 lots with an outcome expected by mid-2025.

Construction of 45 lots is nearing completion, with titles anticipated by February 2025.

The next stage includes the first planned neighbourhood centre superlots which will be crucial for establishing the project as a community.

The recent interest rate cut in NZ is expected to lift purchaser confidence.

Corporate Governance.

At AVJennings, we recognise the importance of robust corporate governance practices as fundamental to the long-term sustainability and ongoing success of our business. Our governance approach is grounded in our core ASPIRE values of Accountability, Safety, People, Integrity, Respect, and Excellence. These values underpin our daily activities and are designed to promote ethical behaviour, transparency, and fair dealings with all stakeholders.

AVJennings' corporate governance practices are reviewed annually against the ASX Corporate Governance Council's principles and recommendations. Our 2024 Corporate Governance Statement reflects the Company's compliance with these recommendations and the governance practices in place throughout the year.

The AVJennings Board

The Board is responsible for ensuring AVJennings' continued success by setting its strategic direction, approving and monitoring the implementation of strategic plans and initiatives, and assessing potential risks and opportunities related to its strategic objectives. It directs the company's affairs, establishes its governance framework, and monitors compliance and performance while also addressing the interests and expectations of shareholders and other relevant stakeholders. Additionally, the Board oversees management of significant business risks, ensuring adequate frameworks are in place to manage them. The Board Charter, which outlines the Board's key accountabilities, structure, and operational conduct, is available in the investor section of AVJennings' website, www.avjennings.com.au.

The Board has identified a range of core skills, competencies, and attributes essential for its members to effectively fulfill their oversight role. These include industry experience, risk management, compliance oversight, strategy and policy development, financial literacy, expertise in transactions, finance, sales, and commerce. Collectively, these skills are represented on the Board, which strives to achieve a balanced structure that best meets the Company's needs at any given time.

The Board currently comprises seven Non-Executive Directors and one Executive Director.


Arcadian Hills, Cobbitty (NSW)


Home interior, Stellar Collection

Cadence, Ripley, (Qld). Lifestyle Stellar Collection.

Board Committees

To assist it with carrying out its responsibilities, the Board has established the following Committees:

- Audit
- Nominations
- Remuneration
- Investments
- Risk (incorporating a Workplace Health, Safety and Environment sub-committee)

Each Committee has a charter that governs its area of responsibility. Committee charters are published in the Investor section of AVJennings' website.

Tenure

As at 30 June 2024, the tenure profile of the Board was as follows:

0-1 year	= None
1 – 4 years	= 2 Directors
5 – 10 years	= 1 Director
> 10 years	= 5 Directors

The Directors believe maintaining a range of tenures is important as it facilitates orderly Board renewal and ensures the continuity of knowledge among Directors.

Director Independence

Directors are required to promptly inform the Board of any new, or changed, relationships to enable the Board to assess and determine their materiality. The Board regularly evaluates the independence of each Director based on these disclosures, and other factors, to ensure compliance with independence requirements. Following these assessments, the Board has determined that five of the seven Non-Executive Directors are independent. Two non-executive Directors represent the major shareholder, SC Global Developments Pte Ltd., Singapore and are therefore not considered independent.

Risk Management

Risk Oversight, Monitoring and Management

The Board acknowledges risk is an inherent aspect of AVJennings' business and that the identification and management of risk is essential to achieving AVJennings' strategic and operational objectives. The Board holds overall responsibility for the Company's risk management framework and sets the overall risk culture. Understanding, and managing, risks within sensible tolerances is fundamental to creating long-term value for AVJennings' shareholders, employees, financiers, customers, business partners, consultants, and the communities in which it operates.

The Risk Management Plan is the primary tool for integrating corporate, business, and operational strategies and ensuring appropriate risk mitigation initiatives are implemented. This plan is usually reviewed annually by the Risk Committee and Audit Committee and approved by the Board. The Company also has internal controls to identify and manage significant business risks, including the review of development project proposals by the Investments Committee and monitoring their ongoing performance. Multiple levels of review exist for compliance reporting on specific transactions and full and half-year disclosures, with external audit review and sign-off, as appropriate.

The Board meets annually to review AVJennings' strategic direction and consider initiatives and strategies to ensure its continued growth and success. At this meeting, the Board also reviews the Company's risk management framework to ensure it remains sound, to identify any changes in material business risks, and to confirm the Company is operating within the Board's risk appetite. AVJennings' Risk Appetite Statement is available in the Investor section of AVJennings' website, www.avjennings.com.au.

Our Key Risks and How We Address Them

Risk	Management Approach
Property Market Risk	
These include fluctuations in general economic conditions, globally and locally, that result in changes to prevailing market conditions such as a sustained downturn in property markets, changes in consumer sentiment, reduced demand for AVJennings' product and reduction in the value of its land bank.	The Board and management seek to minimise adverse impacts by monitoring the markets in which AVJennings operates on an ongoing basis, adopting strategies that minimise adverse impacts, regularly reviewing the value of AVJennings' land bank, monitoring competitor activity and tailoring commercial decisions (such as land acquisitions, volume of work-in-progress), to the forecast commercial environment.
Regulatory Risk	
AVJennings' operations span five Australian States and New Zealand. Legislation and regulations governing its activities vary in each jurisdiction in which it operates. AVJennings is dependent on various State Regulatory Bodies and Councils granting the requisite licenses and approvals required for it to carry on its business. Changes and significant delays in the development of legislation, regulation and policy in the jurisdictions in which it operates, land resumptions by government authorities and major infrastructure projects may impact AVJennings' operations.	This is done by developing relationships with regulatory bodies, making representations to all levels of government and authorities directly and through various industry groups of which AVJennings has membership. Having processes in place to expeditiously deal with issues, including staff with specialised skills and knowledge in town planning, building regulation and other appropriate disciplines, are some of the measures used to mitigate potential risks.
Financial Risk	
These include: • variations in interest rates and inflation impacting AVJennings' revenues and earnings, • the inability to obtain funding to finance current and future development activities, • potential uninsured losses or under-insurance, • changes in commodity prices or prices of services resulting in increased cost of works, • fluctuations in exchange rates and foreign currency risk which could result in a loss, • counterparty risks such as purchaser or other third party defaults, insolvencies or financial distress, which could lead to reduced financial liquidity or loss.	AVJennings seeks to mitigate these risks by maintaining a strong balance sheet with appropriate gearing levels, increasing and diversifying its sources of funding, insuring the company's assets, material potential liabilities, and personnel under a comprehensive insurance program tailored to its business activities. Where possible, it also enters into fixed, or guaranteed maximum price, construction and supply contracts to mitigate fluctuations in prices.
Operational Risk	
These include impact on profitability due to delays or non-completion of Company projects or legal proceedings arising from operations leading to losses and delays.	The Company has processes in place to monitor and assess project performance on an ongoing basis. Management is required to provide quarterly reports to the Board on ongoing and potential legal issues, so that the impact of such issues, if any, can be monitored and managed.
Construction Related Risks	
These include the inability of sub-contractors to perform their work in accordance with their obligations, defective work and latent defects arising from incorrect design or poor workmanship, liquidated damages for late delivery, cost overruns and professional liability claims arising from allegations of negligence.	AVJennings has in place procedures for the engagement of suppliers, suitably licensed and insured sub-contractors and trades people and, to the extent possible, also has in place indemnity insurance to cover any potential claims. We also utilise technology to help us monitor and minimise construction risks.

Risk	Management Approach
Environmental Risk	
Changes in climatic conditions affecting AVJennings' business activities including adverse weather conditions, soil and water contamination or runoff from project land, the presence of previously unidentified threatened flora and fauna species on project land (which may influence the amount of land available for development) are some of the risks the Board seeks to manage in this area. It also includes cultural heritage matters such as heritage items, relics and sites of First Nations and Maori peoples in Australia and New Zealand, respectively, on land which may be owned by or of interest to the Company.	Management undertakes comprehensive due diligence prior to acquiring development sites. After acquisition, management is required to provide regular reports on potential environmental issues affecting development projects under its purview so any potential adverse impact can be assessed and managed. Work is also done to minimise any adverse effect on the environment through environmental management plans, cultural heritage management plans and other measures, including use of efficient design, planning and procurement practices.
People and Culture Risks	
AVJennings relies on motivated, high-quality staff to deliver its business strategy and manage its operations effectively. Dependence on key personnel and loss of such personnel can affect AVJennings' results and operations.	Development and maintenance of an inclusive group culture, recognition and reward systems, employee assistance programs, compensation and benefit arrangements, flexible working arrangements, training and development are some of the measures used to retain high calibre employees. The success of these measures are monitored through our annual engagement survey.
Workplace Health and Safety Risks	
Accidents and injuries to our employees, contractors working on development sites and residents in surrounding communities, resulting in claims and penalties are potential risks AVJennings faces in this area.	These are managed by the implementation of stringent workplace health and safety practices, induction, education and training of employees in safe work methods (initiatives such as safe work month, workshops, toolbox meetings and similar mechanisms) and regular review and monitoring of activities undertaken at our workplaces.
Supply Chain Risks	
AVJennings has a range of suppliers who provide a diverse range of goods and services to its business. Supply of sub-standard product, business practices of our suppliers and reliability of service providers – particularly subcontractors, availability and reliability of logistics, shortages and delays in obtaining materials and cost increases, can impact AVJennings' operations and targets.	Mitigation measures may include selective engagement, rigorous selection criteria, building long-term relationships, pre-qualification processes, appropriate protection mechanisms to protect AVJennings' interests including warranties, minimum insurance requirements, retentions or other security arrangements as appropriate.
Information Technology and Cyber Risks	
These may include breaches of AVJennings' networks and cyber security systems, cyber attacks, unlawful access, data breaches, data compliance, business continuity and technology vendor management risks.	AVJennings is committed to ensuring information in its possession, including those of its customers, is properly managed in accordance with privacy laws and business requirements. The Company has invested in robust cyber protection systems and is continually looking for ways to enhance its digital capability, harness opportunities to deliver better customer experiences and remain relevant in a world where technology is changing at a rapid pace. To complement this, reputable suppliers are utilised to enhance our risk management approach with insurance policies in place as necessary.

AVJennings Risk Oversight & Governance Framework

Roles and Responsibilities

The Risk Committee is responsible for:

- Reviewing the risk management framework, monitoring the adequacy of risk controls for the Company's key risks and advising the Board of any changes required to the framework or risk appetite set by the Board.
- Overseeing implementation of the risk management framework.
- Ensuring that the Company is taking appropriate measures to achieve a prudent balance between risk and reward in both ongoing and new business activities.
- Assisting the Board in setting risk strategies, policies, frameworks, models and procedures in liaison with management.
- Monitoring the Company's work, health and safety, practices, Treasury function and insurance program.
- Review any material incidents involving fraud or a breakdown of the Company's risk controls and the "lessons learned".
- Considering reports from management on new and emerging risks and the adequacy of risk controls and mitigation measures management has put in place to deal with those risks.

The Audit Committee is responsible for:

- Overseeing reviews of activities to determine the effectiveness of internal control processes in consultation with the Risk Committee.
- Review and monitor the effectiveness of AVJennings' internal financial control systems and processes.
- Review and monitor the appropriateness of applicable accounting policies and methods, particularly those involving significant estimates and judgements, and making recommendations to the Board.
- Reviewing and approving the annual Internal Audit Plan.
- Overseeing the performance of the Internal and External Auditor.
- Reviewing the Company's full and half year disclosures.
- Reviewing the Company's tax regime, governance and associated compliance.
- Reviewing related party transactions.

The CEO and members of the Senior Leadership Team are responsible for:

- Ensuring the ongoing implementation of risk management in all areas of the Company's operations.
- The identification, analysis, treatment, monitoring, evaluation, and reporting of significant risks in relevant organisational units.
- Ensuring staff understand their responsibilities with respect to risk management.
- Fostering a risk-aware culture within their areas of responsibility.

Line Managers and supervisors ensure staff within their areas of oversight understand their responsibilities in fostering a risk-aware culture and in implementing risk management practices.

All employees have a significant role in the management of risk within the remit of their areas of responsibility.

The Internal Auditor:

- Operates under the Internal Audit Plan, approved by the Audit Committee.
- Operates independent of management and reports to the Audit Committee.
- Monitors, and reports on, the effectiveness and efficiency of, and compliance with, business processes and policies.

Separation of the Risk Management and Internal Audit roles is now in progress with each function to be overseen by separate individuals.

The External Auditor:

- Operates under the External Audit Plan approved by the Audit Committee.
- Reviews financial reporting processes at full and half year.
- Provides assurance that financial reports are free from material misstatements.
- Operates independent of management.

Risk Management Related Policies

AVJennings maintains a comprehensive framework of policies and procedures which form an integral part of its governance and risk management framework. In addition, specific frameworks exist for Workplace Health and Safety, incidents, conflicts of interest and compliance reporting.


Aspect, Mernda (Vic) (L&R)

Your Community Developer.

We believe that Housing matters, Community matters and Sustainability matters. This belief inspires us to continually seek ways to enhance the lives of those residing in our communities. For the past 92 years, we have dedicated ourselves to creating thriving neighbourhoods by leveraging our expertise and experience to develop places people are proud to call home. In doing so, we strive to operate in an environmentally and socially responsible manner and aim to leave a lasting, positive legacy in everything we do.

Housing matters.

Housing is a cornerstone of individual and societal well-being, influencing many aspects of life from health to economic stability and social cohesion. It is a fundamental human need, providing shelter from the elements and a place to rest, eat, play and live. It is essential for survival and a person's overall security and plays a crucial role in fostering community and social connections.

A home reflects a person's lifestyle and personality. Understanding that everyone is different, we honour these unique differences by offering a diverse range of homes to suit the varied needs of those who will ultimately reside in them. At AVJennings, our quality design addresses not only how people live and work, but also their interactions with those around them.

Community matters.

Our communities are an integral part of the urban landscapes in Australia and New Zealand. We believe well-connected neighbourhoods, where people can meet and support one another, enhance the quality of life. That's why we emphasise creating infrastructure and social spaces that blend seamlessly with nearby areas and the natural surroundings.

Catering to the diverse needs of residents in our communities is essential with social infrastructure such as shopping centres, schools, medical facilities conveniently located near many of our communities. We promote sustainable living by positioning our communities near major transport hubs and train stations, thus reducing the need for car travel.

With a deep respect for the natural environment, we aim to make a positive impact. Our communities feature thoughtfully designed parks, inviting ovals, welcoming community hubs, and excellent sporting facilities. We are committed to creating spaces that foster unity, where neighbours can come together, enjoy the outdoors and build lasting memories.

Sustainability matters.

The construction of residential buildings within our communities, as well as the operation and maintenance by their occupiers, have several environmental impacts, including energy consumption, resource use, waste generation, water consumption and land use, which makes housing a significant potential contributor to environmental pollution and resource consumption. Sustainable housing practices help to mitigate some of these environmental impacts and promote environmental health.

Sustainable housing practices involve designing, building, and maintaining homes in ways that are environmentally friendly and resource-efficient throughout a home's life cycle. This includes using renewable energy sources, incorporating energy-efficient systems and appliances, utilising more sustainable materials, ensuring proper insulation and ventilation, reducing waste and water usage, and creating spaces that promote healthy living.

AVJennings also acknowledges that sustainable business growth is multifaceted. By thoroughly understanding and addressing the issues and opportunities important to our stakeholders and material to our business, we can enhance or implement new measures that promote growth, generate positive impact and add long-term value for our customers, employees, investors and other key stakeholders.

As we continue to embark on the path to further improve the sustainability of AVJennings, our next step will be to prioritise and respond to the environmental risks and opportunities which are most material to our business and our stakeholders.

Community Park, Lyndarum North, Wollert (Vic)

Below we highlight some of our sustainability practices for the FY24 period.

Environmental Sustainability

Residential development activities inherently impact the environment. However, our goal is to undertake responsible development that minimises environmental impact while providing much needed housing for Australians and New Zealanders and leaving our communities in a better way.

Our environmental policy outlines our main objectives to:

- Comply with all applicable statutory requirements, codes of practice, standards, and guidelines.
- Integrate environmental considerations into our planning and development process.
- Protect and encourage biodiversity, including identifying opportunities to mitigate biodiversity loss through our operations.
- Create and deliver environmentally responsible homes and communities.
- Lead by example, encouraging our stakeholders and suppliers to minimise pollution, waste, and the use of non-renewable energy resources, thereby reducing our, and our customers', carbon footprint.
- Innovate with new technologies and products that deliver improved environmental outcomes.

These objectives are achieved through several means, some of which are:

- Buying biodiversity credits (which means we invest in planting trees etc on someone else's land) so that we can minimise the impacts on land we have acquired or have control over for development.
- Creation of drainage swales where permitted to redirect groundwater from roads to reduce flooding events.
- The use of Pro9 walling systems, which has enabled the reduction of construction waste on site by about 80%.
- Recycling of gyprock offcuts by crushing and using them for landscaping.

How These Objectives are Implemented

Our Communities

Focusing on connectivity, we target greenfield development opportunities in urban growth corridors where existing, or planned, rail and road infrastructure supports efficient transportation for communities.

In Sydney's booming southwest, our Argyle at Elderslie community is an enviable locale, featuring nearby schools, shopping precincts, services and public transport. The charming country villages of Camden and Narellan are also just a short drive away.

Similarly, our Evergreen, Spring Farm community, also situated in the NSW southwest growth corridor, is only a fifteen-minute drive from various schools, the Oran Park Town Centre, and popular medical facilities. Residents have easy access to the Hume Highway or the train line to Sydney, Canberra and the beautiful Southern Highlands.

Our inner-city apartment and medium-density projects at Waterline Place, Williamstown and Harvest Square, Brunswick West (Vic) and Prosper in Kogarah, (NSW) are strategically located within walking distance of shopping precincts, restaurants, and public transport, promoting convenience and reducing the need for car travel.

Ensuring high-quality, usable amenities such as parks, playgrounds, picnic areas, open spaces, and walking trails are located within proximity to our homes is a core design principle, providing key meeting points in our communities and spaces to play, explore, and relax. Our masterplans seamlessly integrate these recreational areas. In our Lyndarum North community in Wollert (Vic) numerous parks (including an impressive community park), recreational reserves, green open spaces and stunning wetlands are within walking distance. A total of 25 hectares has been set aside for parks, with a further 11 hectares set aside for recreational reserves and four hectares for wetlands. Schools and specialty shops are a short stroll away, with a new secondary school, train station, and major town centre included in the masterplan.

Harvest Square will incorporate approximately 3,200 square meters of

Community Park, Eyre, Penfield (SA)

publicly accessible open, green spaces with an 18-meter-wide green access link forming a key part of the design and providing linkage to and from Albion Street commercial / retail facilities to Dunstan Reserve.

At our Argyle community in Elderslie (NSW) 3.5 hectares are dedicated to community reserves and parks. Residents can enjoy these spaces with family and friends for picnics, sports, and barbecues.

Efficient Design

We recognise rising energy costs are a growing challenge for our residents and integrate energy efficiency into the design and construction of AVJennings built-form housing. During community planning, we leverage our masterplanning expertise to optimise the passive solar potential of each home by carefully considering road patterns for optimal lot orientation. Additionally, our in-house designers thoughtfully match each land lot's attributes and size to a suitable built-form product from our extensive design library, ensuring synergistic house and land outcomes that maximise solar benefits for all homes.

The new National Construction Code includes Liveable Housing Design Standards, which both enforce new spatial requirements and ensure that new homes can be readily adapted, where necessary, to ensure that residents of varying abilities can be accommodated. These considerations will be incorporated into AVJennings' housing designs.

Our built-form products are evaluated against the Nationwide House Energy Rating Scheme (NatHERS) to meet, or exceed, the minimum star rating mandated by state governments across Australia. With our ongoing use and innovation of the Pro9 walling system, we are consistently achieving NatHERS star ratings far in excess of the minimum standards.

Recent Design Initiatives

Embodied Carbon Initiatives

In recent years, AVJennings has made significant strides in enhancing the operational energy efficiencies of our homes. A key element of this effort is our investment in a Joint Venture to bring the manufacturing of the Pro9 composite walling system, known for its exceptional thermal efficiency, to Australia. This system is central to our strategy for advancing sustainable housing. While operational energy efficiency remains a priority, we have expanded our focus to 'upfront' or embodied carbon within the Pro9 walls.

Recent studies predict that in Australia, embodied carbon, the emissions associated with the manufacture of materials and components used in construction, will account for half of the total carbon footprint of new constructions by 2050. This highlights the urgent need for action. At AVJennings, we recognise our responsibility and the unique potential to significantly reduce embodied carbon in residential construction.

To set a benchmark for us to improve against, we are collaborating with leading experts to establish a historical benchmark for our embodied carbon footprint. This foundational step will enable us to set meaningful and measurable targets for reducing embodied carbon in our homes and communities. Our commitment to both operational energy efficiency and embodied carbon reduction demonstrates our holistic approach to sustainability.

Pro9 Joint Venture (Pro9 Australia)

Commissioning of Pro9 Australia's manufacturing facility in the Central Coast, NSW, has been completed with production commencing. The walls for the first locally produced AVJ house are expected to be completed in August 2024.

Pro9's walls are a single-leaf walling system consisting of a robust galvanised steel frame with a dense foam insulation core. They are finished with an option of a base coat rendered finish or raw finish that can be clad in a desired look. The panels are delivered to site complete with selected windows pre-installed, ready for installation. Pro9 walls are engineered to enhance thermal insulation and improve the energy efficiency of buildings. The NatHERS energy ratings achieved utilising the Pro9 walls are considerably better than those typically achieved in homes constructed with traditional methods.

AVJennings' Joint Venture with Pro9 Global will give us access both to this transformative product, as well as the benefit of financial exposure to an expanding business that addresses the growing challenges facing the Australian construction industry. Local Pro9 manufacturing capability provides certainty of supply and distribution whilst eliminating shipping and port delays, allows greater flexibility in panel size and provides the opportunity for initiatives such as increased ceiling heights. We are currently exploring other design opportunities arising from increased panel size. With the Pro9 factory now operational, AVJennings is expanding the use of the Pro9 walling system across more of its projects, replacing traditional construction methods.

Pro9 walling system installation (Stakeholder event)

During the year, the first double-storey, attached terrace homes were successfully erected using the Pro9 walling system at AVJ's Argyle community in Southwest Sydney. The six newly built homes are designed to achieve an 8-star energy rating and showcase a mix of innovation and efficiency with Pro9 external walls, traditional internal walls, off-site manufactured floor and roof cassette systems and prefabricated stairs. Construction is progressing significantly faster than a conventional build, demonstrating the effectiveness of this innovative approach. Once the slab was laid, the double-storey structure was completed in just 15 workdays, far exceeding expectations and highlighting our commitment to delivering high-quality, innovative product within accelerated timelines.

Our Stellar Collection homes, which utilise external Pro9 walls and double-glazed windows, represent a top-tier, sustainable and energy efficient offering. The Stellar Collection offering is being refined in order to provide market differentiation between product ranges, whilst still exceeding minimum energy rating requirements. As we embrace these innovative and pioneering initiatives, a nationwide survey of prospective buyers revealed that over 80% prioritise energy efficiency. Buyers are willing to invest more in sustainable features such solar panels, double glazed windows, EV chargers, provisions for future battery installation, all-electric appliances and hot water systems (eliminating gas), enhanced ceiling insulation, metal roofing and 6-star WELS-rated tapware.

This insight is crucial for our Stellar Collection homes and investment in Pro9. Not only do our customers benefit from the environmental advantages, but the industry also recognises the use of Pro9 walls has the potential to be a game-changer for the industry, delivering housing more quickly and safely, and with significant energy rating improvements.


Stellar Collection home, Evergreen, Spring Farm (NSW)

Harvest Square, Brunswick West (Vic)

Harvest Square, Brunswick West, a project developed in conjunction with Homes Victoria, will consist of 79 private dwellings including townhouses and apartments, 111 apartments over two buildings dedicated to social housing and 8 community housing dwellings specifically for Women's Housing. The third apartment building consists of 50 privately owned residential apartments. The project is well underway with all three apartment buildings now nearing completion.

All apartment buildings have been certified to 5-Star Green Star by the Green Building Council Australia with an average of 7-Star NatHERS rating. To achieve these standards, the design contemplates a holistic approach to design, construction and ongoing operation for the strata manager. Key performance criteria include indoor environment quality, energy consumption, transport, water, materials selection, land use and ecology (reuse of previously developed land, remediation, improving ecological value of site and reducing the heat island effect), emissions (including stormwater, light pollution, refrigerant impact and microbial control) and innovation practices. What it will mean for the residents is energy consumption reduction, emissions reduction and an increase in liveability and sustainability. Achieving 5-Star Green Star is considered Australian excellence and only a small number of residential housing projects have achieved this benchmark in Australia.

Cadence, Ripley (Qld)

Energy

Recent updates to the National Construction Code have been progressively adopted through all jurisdictions in which AVJennings operates in Australia.

These updates have included the requirement to undertake a 'Whole of Home' assessment prior to construction. The Whole of Home assessment predicts annual greenhouse gas emissions with and without solar PV panels, electricity generated from solar PV and predicted electricity returned to the grid.

In response to the provisions of the new code, all homes built by AVJennings include energy efficient appliances and solar PV is provided as standard in New South Wales and Queensland. Solar PV is being progressively introduced to current projects in Victoria and to South Australia from October 2024.

The new code requires a minimum thermal performance rating of seven stars. A range of design approaches have therefore been adopted to achieve compliance, reflecting the varying climatic zones in which AVJennings operates. The high thermal performance of the Pro9 walling system, in conjunction with double glazing, has meant that thermal ratings in excess of minimum standards have been achieved in all jurisdictions including Victoria.

Materials

All materials used in our built-form products adhere to applicable Australian standards. Strict processes are in place to ensure our suppliers, especially trade suppliers like plumbers and electricians, certify all materials provided for installation meet the required specifications, comply with Australian Standards and the National Construction Code, and have been correctly installed.

Water

In some of the regions where we operate, press reports of meteorological data indicates that we are experiencing an average increase in temperature and drier landscapes. Conversely, other areas are experiencing higher rainfall and more frequent flooding. As a result, stormwater management, the creation of water-wise landscapes, and the capture and reuse of rainwater are priorities in our developments.

In some of our developments, we use water-sensitive urban design to treat stormwater before it leaves the site, maintaining or improving downstream water quality. Our stormwater catchments include detention and bio-retention basins to control the flow of stormwater, ensuring conditions downstream post-development match pre-development conditions.

In our master planned communities, we often construct wetlands, rain gardens, drainage swales and stormwater detention basins as part of our civil and landscape works. Wetlands and rain gardens treat water quality before it leaves the site, while drainage swales and stormwater detention reduce the intensity of flood peaks by retaining water on site for a period.

Many of our projects in southeast Queensland have dispersive soils, which are easily eroded by water flow. These sites have management plans to mitigate the risks posed by dispersive soils, minimising the amount of sediment leaving the site and accumulating in downstream watercourses.

We have implemented several initiatives to reduce the use of potable water in our developments and homes. Rainwater tanks are now standard across our Eyre Community in SA, and rainwater recycling for toilet and laundry use is standard across our built-form product in NSW. Water Efficiency Labelling and Standards (WELS) rated appliances are specified for installation at Harvest Square, Brunswick West (Vic). At our Merchant Apartments in Waterline Place, Williamstown (Vic), an 80,000-litre tank was constructed in the basement for rainwater harvesting and reuse. In Somerford, Clyde North (Vic), all lots will have provisions for a connection to recycled water.

Waste

We are continually exploring ways to reduce and recycle waste generated through development. Civil works on our sites produce significant waste as contractors use heavy equipment to move large amounts of soil and rock to achieve development and landscape levels. We work with our civil contractors to minimise vehicle movement across sites and, whenever possible, reuse excess soil and rocks excavated within the project for fill or landscaping elsewhere. Rocks excavated from site are sometimes crushed and used for landscaping. Contaminants and hazardous waste found on site are disposed of in line with applicable government regulations to minimise further risk.

In Queensland, we utilise the recycling program of our polystyrene waffle pod supplier to return all excess product, which is wrapped in bags and collected from site after slab pours. The waffle pods are used in the construction of concrete slabs. At our next stage at Deebing Springs (Qld), we will be trialling specific purpose product bins to assist with recycling and waste measurement. This is a new strategy which is aimed at reducing builder waste going to landfill.

At our Aspect, Mernda (Vic) project, discussions are continuing with Council for use of recycled plastic park benches in lieu of traditional steel and timber seating.

Protecting Biodiversity

We understand the crucial role flora and fauna biodiversity plays in sustaining healthy ecosystems and supporting the wellbeing of communities. We recognise our land development activities can significantly impact the surrounding environment, particularly in greenfield sites where development can affect bushland habitats and important species. Mitigating these impacts is a primary focus from the initial planning stages of a project.

Our mitigation measures include revegetation, relocation of species to suitable locations, allocation of land for woodlands or wetlands, provision of offset sites, and creation of open spaces and reserves. We also apply Water Sensitive Urban Design principles to manage rainwater runoff to protect wetland habitats and to ensure clean water is released into the downstream environment, preserving significant flora and fauna habitats identified on our sites.

At Riverton in Jimboomba (Qld), we are continuing to harvest seeds from existing endangered Irbyana Melaleuca thickets, propagating seedlings, and planting them in surrounding buffer areas. This effort aims to bolster the size of the Irbyana community with plants that are genetically identical to the existing ones. We plan to implement the same approach at Cadence II in Ripley (Qld) with the protected Irbyana plants on site.

Our approach to landscaping includes many native species that are endemic to the area of the development, requiring less water and supporting local wildlife. At Aspect in Mernda (Vic), significant specimens of existing native trees within the project have been retained to provide quality and aged habitat for native wildlife. We seek to use indigenous plants across our reserves at Aspect, not only supporting indigenous flora and fauna, but also a local business.

At Lyndarum North in Wollert (Vic), 100 street trees were planted over two stages in FY24 to provide shade and cooling for the community.

In our Deebing Springs, Deebing (Qld) community, approximately 12 hectares have been reserved for revegetated greenspace corridors adjacent to Deebing Creek.

Management of biodiversity is also heavily regulated by state and local government bodies, underscoring the importance of preserving Australia's unique fauna and flora. Our land development activities are managed within these frameworks.

Climate Resilience

Extreme weather events, such as floods and bushfires, can impact our operations, communities, and the health and wellbeing of our residents. We are committed to creating climate-resilient communities that are safe for our residents and adaptable to changing conditions. Extreme climate impacts are assessed at the outset of a project and mitigated to the extent possible through the design and planning phases.

All our developments are constructed in accordance with the relevant Authority requirements and expert recommendations to mitigate the impact of climate change. In areas near flood plains or inundation zones, housing is built with freeboard to a minimum of the 1 in 100-year flood levels. The required level of freeboard varies depending on the location of the development, further reducing the risk of flooding.

At Riverton in Jimboomba (Qld), our latest stages of development have been elevated two meters higher than the Q100 flood level prediction in the area, in compliance with recent Council-imposed changes.

All AVJennings' Queensland developments have implemented exclusion zones around bushfire sources, and adjacent housing must comply with ember proofing in line with predicted bushfire attack levels.

Developments located on the urban fringe, or near grassland or bushland, are assessed against potential fire threats, with relevant controls embedded in urban design and housing design standards to minimise risk.

AVJennings identifies and assesses climate risks during the pre-acquisition phase by conducting due diligence investigations, obtaining advice from relevant consultants, and negotiating appropriate contract conditions to accommodate unquantifiable climate risks where possible.

Cultural Heritage Management

When cultural heritage issues, particularly those involving cultural heritage items, relics, and sites of First Nations peoples, are identified on land we intend to develop, we seek to manage these respectfully and in consultation with local Indigenous communities. This process is governed by Cultural Heritage Management Plans agreed upon by all interested parties.

A prime example is our Deebing Springs (Qld) project, where we have developed a strong relationship with the Yuggera Ugarapul People (YUP), the designated local indigenous community. This relationship has been instrumental in allowing us to recommence development operations on the project while respecting and protecting the significance of the site.

Reconciliation Action Plan

An AVJennings Reconciliation Action Plan - currently in development, will provide guiding principles as to how we more proactively engage with First Nations peoples across Australia. The next phase of the Reconciliation Action Plan has commenced and will include consultation with a range of significant stakeholders.

Creating and Supporting Communities.

Our Communities

We recognise that housing is a fundamental determinant of health and wellbeing. It arises from the basic human need for belonging and the safety, stability and security that a home provides. For the past 92 years, we have been passionate about fostering a sense of belonging and home. By creating exceptional residential communities, we have dedicated ourselves to helping our customers build brighter futures filled with connection and ownership.

At AVJennings, we recognise that our homes are an essential part of a community. A strong community provides a network of relationships that offer emotional, social and practical support, enhancing the well-being of those who reside in it. A community is a place where people feel connected and engaged, contributing to a collective identity and a sense of togetherness.

This is why we design our neighbourhoods in a way that fosters connections among residents, featuring where possible, parklands, play spaces, pathways, picnic areas and cycling tracks that people can enjoy and use as spaces to meet and interact with others in their community. By facilitating events for our residents such as barbecues, games, Christmas parties and meet-and-greet opportunities with our Corporate Ambassadors, we give our residents opportunities to make social connections and get to know others within their community, further fostering a sense of belonging and support.

Happy customer, Riverton, Jimboomba (Qld)

Our Valued Customers

Making the dream of home ownership a reality has been our passion. This is a legacy we proudly uphold and continue to help people reach today.

Customer loyalty and satisfaction inspire us to constantly improve. Our customers describe us as 'professional, affordable, and trustworthy,' according to our brand research. Through our customer survey program, we actively seek feedback to assess satisfaction levels throughout the homebuying journey. Over the past year, customer loyalty, satisfaction, and engagement have increased by 10%.

Our research shows 95% of our customers were happy with the service they received whilst buying their property. We are dedicated to providing world-class service and use the valuable feedback received to continually enhance the customer journey from purchase to settlement and beyond.

Here's what some of our customers have shared in the past year:

"Couldn't be happier with my new home by AVJennings. The build and the quality are next level. The team at AVJennings were super accommodating with any minor issues."
— Tracy, Waterline Place, VIC.

"I purchased an energy-efficient, turn-key AVJennings home and could not be happier with the process or the home. At every stage, I received customer service that exceeded my expectations. This service underpinned excellence in my home build and pleasant support during the minimal defect correction period. I am so happy with the end product and was pleasantly surprised with the energy-efficient features and benefits of my home, including my first quarterly energy account, which was a very pleasant surprise."
— Gail, Riverton, QLD

"Buying a turn-key home is definitely a much easier proposition than building. Brett went above and beyond to assist us through the process, which we very much appreciated."
— Anne, Rosella Rise, NSW


Aspect Sales & Information Centre, Mernda (Vic)

The Renee 7, Supplier Event.

We provide multiple ways for buyers to connect with us, through virtual interactions or face-to-face meetings. Our immersive experiences, utilising virtual and augmented reality, are particularly appealing to the new generation of homebuyers. We use Touchscreen Apps, 3D Modelling for apartment projects, and Interactive Masterplans for Land/Home Projects across our developments.

Customer Service Enhancement

We are delighted to report outstanding results from the implementation of three key enhancements to our customer journey: the National Quality Assurance and Handover Process, an enhanced Quality Assurance process, and the Customer Inspection Report. These initiatives have led to improved customer satisfaction, positive online testimonials on Product Review, and a reduction in warranty callouts, reflecting the success of our efforts to improve the customer experience with AVJennings.

New Home Presentation Guide

This guide ensures a smooth settlement experience by detailing what to expect at the walkthrough presentation, covering the home's features, maintenance and defect resolution process. It includes practical demonstrations of appliances and home services, a comprehensive settlement preparation checklist and outlines a simple key collection process post-settlement.

New Home Post Completion Guide

This essential resource offers detailed instructions for settling into and maintaining a new home. It outlines the 90-day warranty process, including claim submissions, inspections, and repairs, provides key contacts for warranties and emergencies and includes maintenance tips to keep the home in top condition.

The next phase of our initiative will be to transform these brochures into short videos that can be digitally sent to our customers. These videos will serve as an accessible resource homeowners can easily refer to whenever needed, ensuring that critical information is both easy to understand and readily available.

Inspiring Community Bonds

Our commitment goes beyond creating exceptional living spaces; we aim to positively impact the broader community through various activities, grants and partnerships.

Our sponsorships and grants programs in the communities we develop in empower grassroots initiatives, helping them to grow and flourish. Important work done by the likes of Wildcare Australia, Quota Jimboomba and Reach World Wide were supported by our grants as were social enterprises and sporting clubs such as Wollert Community Farm, Donnybrook Football Netball Club, Doreen Gagel Calming Minds and Jimboomba Scout Group.

Steve Waugh, former Australian cricket captain, dedicates himself to philanthropic efforts through the Steve Waugh Foundation (SWF), which offers crucial support to families of children and young people with rare diseases. As the inaugural partner of SWF, AVJennings has raised over $1.2 million for the Foundation through various fundraising initiatives. A significant, longstanding project is The Renee series of homes in AVJennings communities, where profits from completed homes are donated to the SWF. The seventh home in the series, the Renee 7, is currently under construction at Rosella Rise, Warnervale (NSW). An event to launch the Renee 7 and seek supplier support was attended by over 50 guests, including our CEO Phil Kearns, SWF Founder Steve Waugh, and Renee Eliades, after whom the series is named.

We also had the pleasure of giving SWF Grant Recipient, Jai, an unforgettable experience at the AVJennings Match Day AFL Game in August, where he served as a junior mascot for the St Kilda FC.

For the third consecutive year, AVJennings supported the Humpty Dumpty Foundation through the Balmoral Burn initiative. This foundation provides essential medical equipment to hospitals and health services. This year, four dedicated AVJennings team members took on the challenge of sprinting up a steep 420-metre hill to raise funds. Friends and family cheered them on, making the event even more special. Our donations enabled the Wyong Hospital, close to our Rosella Rise community on NSW's Central Coast, to receive a much-needed humidifier.

Supporting Narralling community, Elderslie (NSW)

AVJennings community netball clinics, held with the Firebirds team at Caboolture and Ipswich (Qld), allowed young fans to engage with and learn from their sports heroes.

We also extended a hand at Round 3 and 4 of the AusCycling National Cyclocross Series, held in Victoria Park Brisbane (Qld).

We have also supported the Surf Lifesaving Club in Orewa, New Zealand with vital equipment, when needed.

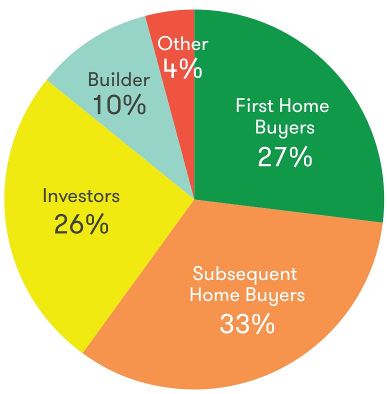
Throughout the year, we hosted a variety of community events, giving residents the opportunity to meet and bond with their neighbours, including festive celebrations and seasonal activities.

The dedication of our team members, who volunteer their time for various fundraising and customer-focused activities, is the driving force behind the success of our events and partnerships. They truly embody the spirit of community.

Affordable Product

Rising house prices in Australia and New Zealand and affordability are major concerns for many potential home buyers, particularly first-time buyers. As a leading developer of master-planned communities, we are committed to addressing this need by offering a diverse range of affordable product types from land, to townhomes, apartments and stand-alone homes on appropriately sized blocks to cater to the different needs of our customers. We seek to balance inclusions with price and value through our in-house design processes.

Sales by Purchaser Type



Social Housing

Supporting more than 700 jobs during construction, our development at Harvest Square Brunswick West (Vic) is located within six kilometres of the Melbourne city centre. This project is a partnership with Homes Victoria that will deliver 111 social housing dwellings and eight dwellings specifically for community housing provider Women's Housing Limited. At least five per cent of the new social housing homes will be easy to access for residents with disabilities. This includes drop-off areas, paths, lifts and car parking and ensuring the accessibility of the kitchens, bathrooms and storage inside the homes.

Our People

AVJennings knows what it takes to build a community, and our people are the key to making that happen. We recognise that a good corporate governance framework is vital to support a culture that values integrity, respect and ethical behaviour. Our values – **ASPIRE** (Accountability, Safety, People, Integrity, Respect and Excellence) – are core to our culture and our people.

We have continued to invest in our people through continuous learning and development. Our AVJ Learning Hub is home to our learning management system and comprehensive cyber security awareness training. Our Executive Authentic Confidence (EAC) Program, is a program designed to embrace and enhance the incredible potential in our organisation.

We believe if these talents and diversity of thought are deeply nurtured, we can make real, positive change towards building an exceptional organisation for the future. This program was introduced in 2022, and we delivered a further six programs during the year.

In March 2024, we took our senior leadership team offsite for a day to take a deeper dive into high performing teams and driving actions from our engagement survey and how it ties into the EAC program.

With all senior leaders having completed this program, we are focussed on how to maximise the long-term impact from this program in alignment with our values, embracing change to maximise the success of the business transformation work underway, increasing collaboration, and creating a healthy feedback process and culture.

Engagement

This year we conducted our fourth annual employee engagement survey measuring satisfaction levels across various areas such as overall employee engagement, teams, safety, health and wellbeing, working environment, and career development and leadership.

Our 2024 survey, conducted in June 2024, had an engagement score of 4.03 (out of a possible 5). While down slightly on last year's score of 4.07, this result continues to reflect strong employee engagement across our business. A Positive indicator was the response rate at 85%.

Line Manager was the highest scoring topic at 4.27 with notable improvements in values, performance measurement, and work environment.

We recognise our people through our Service Awards program and our annual employee awards, including our ASPIRE Award recognising an employee that exemplifies AVJennings' values.

Our people shape our performance, productivity and efficiencies that influence shareholder return on equity. This is why we invest in our people, maintain workforce continuity (voluntary turnover for FY24 was 9.12%, below reported industry/survey benchmarks) and continue to develop a pipeline of talent for key positions across the business.

ACCOUNTABILITY
We own our own words, our actions and our impact.
A

SAFETY
We are committed to safety and wellness.
S

PEOPLE
We are a business of people, for people and by working together we will achieve great outcomes.
P

INTEGRITY
We build trust through high standards of moral and ethical conduct.
I

RESPECT
We treat everyone with dignity, fairness and professionalism.
R

EXCELLENCE
We strive for excellence in what we do, deliver and stand for.
E

Staff volunteering at Community Christmas party, Arcadian Hills, Cobbitty, Spring Farm (NSW)

Following a review of our Leave Policy and incorporating valuable internal feedback (including from the 2023 engagement survey) and external benchmarking, our parental leave policy was enhanced to provide greater leave:

- Parental Leave for Primary Carer's is now up to 12 weeks.
- Parental Leave for Secondary Carer's is now up to 3 weeks.

We continue to review our flexible working arrangements to ensure that it works for both the business and our employees.

Health, Safety and Wellbeing

The health and wellbeing of our employees is the "S" for Safety in our values.

We are committed to the health, safety and wellbeing of all employees, contractors, clients, visitors on site and members of the public who come into contact with our Company's operations. We strive for continuous improvement in WHS management and to fulfil our legal obligations with regard to health and safety at all times.

To ensure support for our site-based teams, formal site inspections occur on all AVJennings' controlled sites and during FY24, over 1,000 inspections were conducted, with a compliance rating of 95%. We continue to use our external safety provider Site Safe NZ for our New Zealand operations which had an overall compliance rating of 92%.

During the year, our internal WHS, design and building teams reviewed the new regulations for crystalline silica processes and engineered stone benchtops. As a business, we have sourced an alternative product range which will meet the new standards.

Our AVJ Safety Hub is the online access point for AVJennings Work Health & Safety (WHS) Forms, Reporting, Information, Policies and Guidelines.

Our Employee Assistance Program (EAP) continues to be there to support our employees and their families. This complements our AVJ Wellness Hub, which provides all employees with an array of wellness resources and information, with the aim to promote both physical and mental health and a core focus on positive wellbeing.

Diversity, Equity and Inclusion

We recognise a talented and diverse workforce is a key competitive advantage. We are committed to seeking out and retaining the best people and leveraging their diverse backgrounds, experience and perspectives to provide improved services for our customers and returns for our shareholders. We believe promoting diversity, where differences are tolerated, inappropriate attitudes and behaviours are confronted and equal opportunity for advancement is provided, contributes to a positive culture and business success. It also encourages diversity of thought – fostering greater innovation due to different perspectives and increases our ability to recruit people with the best skills and attributes.

Getting the balance right and having a diverse workforce is continuous. We know that in the building industry historically many roles were male only. Whilst we have seen change in the areas such as building operations and development management, at construction sites our workforce remains male dominated.

Following the completion of our 2024 Workplace Gender Equality (WGEA) Report, the average total remuneration gender pay gap is 31.9% and the median is 38.2%. The data considers gender and pay only across all roles within the business (excluding CEO). It does not look at like-for-like roles. We have been focussing on the like-for-like pay equity of our team and took significant steps during the 2023 remuneration review to close identified gaps. We will continue to take steps to either reduce or eliminate identified pay equity disparities and are committed to ongoing monitoring.

As of 30 June 2024, 49% of our workforce was female.

KMP composition (includes MD/CEO)

5 **total members**

40% **female**

Board composition (includes MD/CEO)

8 **total members**

12.5% **female**

Stakeholder event, Evergreen Spring Farm (NSW)

Our Suppliers

Our supply chain includes all organisations from which we source goods and services used in our business. We have built productive, long-term relationships with most of our key suppliers and regularly engage with them to ensure ongoing support for our business. We are committed to timely payment to our suppliers to support the viability of their businesses.

Our suppliers share our values and support us in sourcing products ethically and sustainably. In FY24, we engaged with our key suppliers to identify and address risks of unfair labour practices within their businesses or supply chains and published our fourth Modern Slavery Statement. To ensure our suppliers understand and share our commitment to limiting the risks of modern slavery infiltrating our supply chains, we have implemented a Modern Slavery Policy and Supplier Code of Conduct. This code, communicated to our major suppliers, outlines AVJennings' expectations in the areas of labour and human rights, workplace health and safety, governance, ethical behaviour, conflicts of interest, and environmental sustainability.

Our Shareholders

As a publicly listed company, we take our disclosure obligations and responsibility to our shareholders seriously. Our Australian-based Directors, particularly our Deputy Chairman and Managing Director, along with members of the senior leadership team, regularly engage with institutional investors, research analysts and individual investors through briefings. These briefings often occur after the release of half-year and full-year results or at other times during the year upon request. The Chairman and all Directors are available to engage with shareholders at General Meetings. These interactions allow AVJennings to articulate its strategy and gather investors' views on our strategy, financial performance and governance.

In August 2023 and February 2024, we held our FY2023 results announcement and 1H2024 presentations respectively via a webinar conferencing facility, providing shareholders the opportunity to participate virtually and ask questions through the webinar portal. Our Annual General Meeting was held in person in November 2023, offering shareholders the chance to meet and engage with the entire Board of Directors in person if they so wished.

Directors' Report.

The Directors of AVJennings Limited present their Report together with the Financial Report of the Group (referred to hereafter as "AVJennings", "Group" or "Company") and the Auditor's Report thereon for the year ended 30 June 2024. The Group comprises AVJennings Limited ("Company" or "Parent") and its controlled entities.

DIRECTORS

The Directors of AVJennings Limited during the financial year and up until the date of this Report are as follows. Directors were in office for the entire period unless otherwise stated.

S Cheong	Non-Executive Chairman
RJ Rowley	Non-Executive Deputy Chairman
P Kearns	Managing Director and Chief Executive Officer
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
L Chung	Non-Executive Director
LM Mak	Non-Executive Director

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was residential development.

OPERATING AND FINANCIAL REVIEW

FINANCIAL RESULTS

AVJennings' Profit Before Tax (PBT) of $1.6m for the year ended 30 June 2024 is down 95% on the prior year (FY23 PBT[1]: $34.7m). Net Profit After Tax is $1.0m (FY23 NPAT[1]: $24.0m). Adjusting for the impact of the nonrecurring write-off of costs associated with the Rocksberg project, Normalised Profit Before Tax is $19.4m[2], down 44%.

The result is significantly impacted by the Company's decision to terminate its option in relation to the Rocksberg land in Caboolture, Queensland. Termination of the option resulted in the write-off of capitalised development expenses as well as the payment of the landowners' transaction costs at a total expense of $17.8m as well as the reduction in lots under control by 3,500. This decision occurred following extensive negotiation with the landowner to restructure the agreement to the satisfaction of all parties which was ultimately unsuccessful.

During the period, 874 lots were settled compared to 757[1] lots for the prior comparable period. Key retail contributors to FY24 settlements were Waterline (VIC), Lyndarum North (VIC), Eyre (SA), Aspect (VIC), Riverton (QLD) and Cadence (QLD) with an overall skew towards land settlements. This 15% increase on the prior year was primarily driven by the successful execution of key capital management initiatives during the year. These initiatives include the disposal of all 177 remaining lots within the Glenrowan (QLD) project which was last under active development in 2013 and within a non-core market; the sale of a large parcel of land (59 lots) at the Elderslie (NSW) project and the disposal of three remaining medium density sites within the St Clair (SA) project. These transactions resolved legacy project matters as well as expediting capital recycling for completed, or nearly completed, projects.

Excluding these transactions, lot settlements were down on the prior comparable period, generally driven by reduced overall market sentiment, particularly during 1H24, as the high-interest rate environment continues and affordability is challenged in many markets.

Gross margin percentage at 23% is down on the prior period (FY23[1]: 32%). The decline in gross margin percentage was impacted by several factors including ongoing cost pressures, particularly related to labour and some built-form material categories, the significant slowdown in the New Zealand market and the impact of the execution of the one-off capital management initiatives outlined previously.

A provision of $1.3m was taken during the period relating to our apartment project at Kogarah (NSW). This provision reflects ongoing construction cost beyond revenue growth. More broadly across the portfolio, management continues to deploy various strategies to mitigate cost risks including greater leveraging of technology in the design and construction phases and exploiting more strategic procurement strategies across the portfolio.

Contract signings of 830 lots are up 139% on the prior period (FY23[1]: 348). While contract signings benefited from the capital management initiatives previously highlighted, improvements in contract exchanges were seen, particularly in the first half of FY24 following periods of improved stabilisation of the interest rate and outlook as well as price growth in some areas. Contract signings have been more challenging recently with the overhang of 'sticky' inflation and market sentiment about potential further interest rate rises. Most notably, we have seen improved demand across all markets, bar New Zealand, for both land and completed built-form housing with an increasing skew towards built-form across the year. We have 255 unconditional contracts on hand, at a value of $90m, the majority of which will settle during FY25.

Land and built-form enquiry levels are up 6% on FY23 and have returned to normalised levels excluding the impacts of the COVID-period stimulus. This is a positive indicator despite concerns around interest rates and affordability continuing to weigh on purchaser sentiment. We have also seen an increasing proportion of enquiries directed to built-form housing as we increase the diversity of our offering and customers increasingly look to our turnkey product.

1. FY23 financial statements restated as per the 1H24 financial statements released to the market on 26 February 2024.
2. Calculated as the total of rounded figures; $1.6m of PBT and $17.8m of Rocksberg write-off.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FINANCIAL RESULTS (continued)

In addition to enquiry levels improving, the quality of enquiries is also improving, resulting in a significant improvement of 44% in land and built-form conversion rates compared to FY23. Conversion rates are continuing to improve towards longer-term trends and cancellation rates have halved compared to FY23.

AVJennings' operating cashflow to 30 June 2024 of $24m, excluding land payments on committed acquisitions, was up $23m on the prior comparable period, driven by increased settlements offsetting increases in development activities, particularly related to the Merchant apartments at Waterline (VIC) project. Payments for land of $94m was up $52m as staged payments were made for previously contracted acquisitions including Macarthur (NSW), Somerford (VIC) and Beaudesert (QLD).

Financing cash inflows were $78m, benefiting from the $30m equity raise conducted during the year to fund increased built-form and support the modernisation of the business. The equity raise resulted in the issuance of an additional 152.1 million shares.

During the year, we secured an increase in our existing Club Banking facility limit of $30m, bringing the total facility to $330m. This increase provides further financial capacity and support for the Group's growth ambitions. The facility was also extended to September 2025 during the period. The final work to modernise our existing Club Banking facility continues to progress with our lenders regarding the restructure of our existing debt facilities. These discussions, and the relationships overall, have been constructive to date and are expected to result in a facility better aligned to our future capital management strategy in support of the overall business strategy.

A conservative approach to debt management was maintained with gearing levels remaining at the lower end of the range at 23.9%. No dividend has been declared in line with the Board's policy to pay from NPAT. The Board expects to return to its normal dividend declaration cycle in FY25.

Earnings Per Share (EPS) stood at 0.20 cents per share (FY23[1]: 5.92 cents per share), reflecting lower earnings and an increase in the number of shares post-equity raise.

While there remains some general uncertainty due to prevailing macroeconomic conditions, AVJennings remains focussed on financial stability, prudent capital management and measured risk management to successfully navigate the current market conditions.

OPERATIONS OVERVIEW

During the 12 months through to 30 June 2024, AVJennings has continued to navigate challenging and uncertain macroeconomic conditions to position itself for future market recovery. The key points that shaped our operations and strategies throughout the year are highlighted below.

Recognising the slowdown in demand in some markets driven by macroeconomic factors, we have adjusted our production levels on certain projects where market conditions are more challenging and increased our exposure to stronger markets via increased production in those markets. This balanced approach to capital management has generally seen greater capital allocation to QLD and SA and more restrained allocations to New Zealand. Across all projects, we remain focused on overcoming systemic planning challenges to be 'shovel ready' to swiftly respond to improving market conditions and to capitalise on future opportunities.

While we continue to see the moderation of cost escalation, labour shortages and the resulting pressure on wages continue to be a challenge, particularly within the built-form housing sector. These constraints have required us to adapt our delivery approach in some instances as we do not see labour challenges abating in the near-term.

Part of this adaptation relates to our Joint Venture with Pro9 Global (Pro9) and the establishment of a domestic manufacturing facility to manufacture its prefabricated walling system in Australia. With the use of Pro9 walls, AVJennings has realised significant benefits to the construction program for both single and double-story homes. Our customers have also benefited from the delivery of more comfortable, higher quality homes with energy ratings well above the minimum required standard. With the introduction of onshore production, we expect to realise even greater benefits as we further refine our delivery processes to leverage the full benefits of domestic production. Our use of Pro9's prefabricated walling system will help mitigate labour shortages (by requiring fewer trades at site) and material constraints (due to the manufacturing nature of construction), further enabling our ability to quickly respond to changes in demand.

With 1,062 lots currently under construction, we remain focused on delivering high-quality communities that exceed our customers' expectations. Well over 50% of the lots under construction relate to current and future built-form construction. As at 30 June 2024, there were 114 completed lots for retail sale (FY23: 72 lots), the majority of which relate to our Merchant apartments at Waterline (VIC) which completed in June 24.

Two projects in SA, Murray Bridge and Riverhaven, were completed during the year and the first lots at Deebing Heights (QLD) and Somerford (VIC) were settled.

No new acquisitions were made during the period which has resulted in our pipeline of lots under control reducing to 9,871.

Directors' Report.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

OPERATIONS OVERVIEW (continued)

Looking ahead, our acquisition activities remain primarily opportunistic in the near-term given ongoing market uncertainty and vendor price expectations for quality sites have yet to adjust to market conditions. We expect our acquisition activities to remain scaled back until overall market sentiment and buying conditions improve.

Despite increased focus from all levels of government, planning challenges continue to persist, leading to protracted planning outcomes on several projects and constraining our ability to actively respond to improved market conditions on a small number of projects. Planning challenges include significantly protracted rezoning assessments, material changes in planning instruments and infrastructure constraints. While these conditions have posed obstacles, we continue to work collaboratively with the necessary authorities to progress planning outcomes and to play a role in addressing Australia's housing shortage.

RISK MANAGEMENT

As a residential developer, AVJennings is exposed to several typical risks requiring active management. In addition to the macroeconomic risks previously highlighted, there are other risks which are actively managed by the Board and management team as set out below. These risks are grouped by theme and the order does not indicate the order of importance.

Although we believe we are near, or at, the top of the interest rate cycle, the possibility of further increases in interest rates and elevated cost of living both continue to pose a risk to the housing market. There is a close correlation between interest rate movements and enquiry levels and recent inflation figures give rise to an increased risk of further interest rate increases. This risk typically has a direct impact on purchaser confidence. As confidence around the forward interest rate cycle improves, future purchasers will benefit from stable borrowing costs and borrowing power which should continue to support improved conversion rates. Our competitive pricing and high-quality product put us in a strong position to benefit.

Equally, our business remains exposed to fluctuations in financing costs and sustained, elevated interest rates, as well as capital availability, and these risks may impact our overall profitability and growth.

While supply chain and material pricing risks have normalised, wage rates continue to increase in conjunction with historically low levels of trade unemployment. In some markets this flows through to trade shortages, particularly in built-form housing. Our long-term relationships with suppliers, strong visibility of our forward pipeline and growing use of prefabricated solutions, particularly Pro9, help to offset the impact of these risks on our profitability.

Climate changes continue to present risks to residential property development. In particular, the risk of extreme weather, including heat, rain and bushfires, can significantly protract construction timelines. To the extent possible, these risks are mitigated with prefabricated solutions, in particular the Pro9 walling system for the construction of built-form homes and undertaking works in lower risk periods for extreme weather where possible.

Our acquisition process considers the potential risk of future environmental risks, such as flooding, sea-level rises, contamination and cultural heritage, and looks to mitigate, transfer or share identified risks through the acquisition process.

We are also seeing increasing requirements to deliver more sustainable homes, driven both by increased government regulation but also customer expectations. Our Stellar Collection offering addresses these changes by delivering homes with a minimum 8.0 NatHERS rating in Australia, well in excess of the minimum requirements, and ultimately providing more comfortable and more efficient homes for our customers. As we increase our use of the Pro9 walling system across the portfolio, we expect to continue to be able to provide product above the minimum standards.

As the use of technology increases and facilitates greater global interconnectivity, cybersecurity risks become increasingly relevant. These risks include potential cyber attacks, system disruption, data breaches and challenges related to cloud security. To address these risks, we are actively modernising our technology environment and implementing improved cybersecurity measures to protect our digital assets. We have also invested in extensive employee training programs to ensure our staff are equipped to recognise and respond to cyber threats. Regular external and internal testing of our cybersecurity solutions helps us identify and mitigate vulnerabilities proactively. Additionally, we have secured appropriate cyber insurance solutions to safeguard against potential financial losses. These concerted efforts underscore our commitment to maintaining the highest standards of cybersecurity and protecting the interests of our stakeholders.

OUTLOOK

While many of the conditions surrounding the residential property market continue to be challenging and are expected to remain so in the near-term, several underlying macroeconomic factors point towards an improving environment for residential development in the next one to two years. These factors include stabilisation of the interest rate environment with rate reductions expected next calendar year, relatively low unemployment, a government focus on unlocking planning constraints for residential development and demand driven by historically low levels of supply. These underlying factors set the groundwork for growth as consumer confidence improves. While preparing ourselves to respond to improved conditions and purchaser sentiment, we are equally mindful of the near-term risks that demand our attention and strategic planning with the timing of a materially improved market unknown.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

OUTLOOK (continued)

The recent very strong levels of immigration continue to present an opportunity for AVJennings, as do changing preferences for more diverse housing options. While immigration is expected to temper in the coming years and see a policy shift towards skilled workers and away from students, immigration levels are expected to remain above the long-term growth levels which will continue to put pressure on housing. As the population increases, so too does demand for housing, both owner occupier and investor. With its pipeline of close to 10,000 lots, AVJennings is well placed to assist all levels of government to deliver on its ambitious targets to build 1.2 million homes over five years. The current supply shortage is unlikely to be abated in the near-term.

Our Joint Venture with Pro9 to establish an Australian manufacturing facility is a key element in our ability to expedite delivery of built-form housing. While not expected to have a material impact on AVJennings' profit profile in the near term, our ability to utilise prefabricated walls to deliver homes faster than typical construction methodologies with significantly improved customer outcomes in relation to sustainability, quality and certainty, building benefits, as well as broader business benefits, will become a competitive advantage. The Pro9 factory established on the Central Coast of NSW is expected to be fully operational in Q1FY25 with the first walls produced in the factory to be installed as part of a home at our Riverton (QLD) project.

Although somewhat still tempered by an uncertain interest rate environment and challenging affordability in some markets, improving consumer confidence should translate through to further improvements in conversion rates as the macroeconomic environment stabilises. This, combined with growth in established market house prices and the growing supply shortfall, is expected to support realisation of higher sales prices over time. AVJennings is well positioned to capitalise on this thematic by responding with increased supply to market as consumer demand improves. Looking ahead, sales over the next twelve months will be highly impacted by expectations for, or changes in, interest rates given the high correlation to purchaser confidence.

We again expect to see a revenue and earnings skew heavily towards the second half in FY25 due to the relatively restrained deployment of capital through 1H24 and prior to improved green shoots of market confidence. A further settlement skew towards built-form lots is expected in line with our strategy, as well as towards apartments as the balance of the Merchant apartments at Waterline Place (VIC) settles along with settlements commencing at Harvest Square (VIC). Further pressure on gross margins is expected until the macroeconomic environment improves further.

Despite the current challenges, AVJennings is confident of our ability to seize new opportunities, thanks to our adaptability and focus on customer needs. Our modernisation of skills, processes, and technology, along with ongoing capital management activities, puts us in a strong position to efficiently capitalise on market improvements. We remain dedicated to quality, customer satisfaction, innovation, and prudent capital management, aiming to position ourselves as a leader in the residential development sector. Our 90-plus-year legacy underscores our capability for success.

DIVIDENDS

Dividends paid during the financial year were as follows:

	2024 $'000	2023 $'000
Cash dividends declared and paid		
2022 final dividend of 0.67 cents per share, paid 22 September 2022. Fully franked @ 30% tax	–	2,722
2023 interim dividend of 1.1 cents per share, paid 24 March 2023. Fully franked @ 30% tax	–	4,469
Total cash dividends declared and paid	**–**	**7,191**

No dividend has been declared in line with the Board's policy to pay from NPAT. The Board expects to return to its normal dividend declaration cycle in FY25. The Dividend Reinvestment Plan (DRP) will also remain suspended.

Directors' Report.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

a) the Group's operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group's state of affairs in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The prospects and business strategies of the Group are discussed in the operating and financial review of this Report.

ENVIRONMENTAL REGULATION

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation, particularly in relation to its property development activities. The Group's practice is to ensure that where operations are subject to environmental regulations, those obligations are identified and appropriately addressed. This includes the obtaining of approvals, consents and requisite licences from the relevant authorities and complying with their requirements.

To the best of the Directors' knowledge, property development activities have been, and are being, undertaken in compliance with these requirements.

CHANGE IN STATE OF AFFAIRS

There have been no significant changes in the Group's state of affairs.

INFORMATION ON THE DIRECTORS

Simon Cheong *B.Civ.Eng. MBA*

Director since 20 September 2001. Mr Cheong has over 35 years experience in real estate, banking and international finance. He is the Founder and Chairman of SC Global Developments Pte Ltd (the ultimate holding company). He has formerly 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 twice elected President of the prestigious Real Estate Developers' Association of Singapore (REDAS) for 2 terms from 2007 till 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. On 1 June 2017, Mr Cheong was appointed a non-executive Director of Singapore Airlines Limited. Resident of Singapore.

Responsibilities:

Chairman of the Board, Non-Executive Director, Chairman of Investments Committee, Member of Remuneration Committee, Member of Nominations Committee.

Directorships held in other listed entities:

Singapore Airlines Limited (listed in Singapore) since 1 June 2017.

Jerome Rowley *SF Fin, FAICD*

Director since 22 March 2007. 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 CEO 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. During his career, Mr Rowley devoted considerable effort towards the recognition, understanding and management of risk as a means of profit optimisation. Of particular significance was his involvement in advising and funding including debt, equity and hybrids, of infrastructure projects in both Australia and Asia Pacific. Resident of Sydney.

Responsibilities:

Deputy Chairman of the Board, Non-Executive Director, Chairman of Risk Committee, Member of Audit Committee, Member of Investments Committee, Member of Nominations Committee.

Directorships held in other listed entities:

None.

Philip Kearns AM *BA (Economics); Grad Dip (Applied Finance)*

Mr Kearns has been a Director of AVJennings Limited since 21 March 2019. He was subsequently appointed Chief Executive Officer on 10 January 2022 and as Managing Director on 15 February 2022. Mr Kearns has over fifteen years' corporate leadership experience and has been instrumental in driving cultural change, building new revenue streams and improving stakeholder engagement in banking, insurance and financial planning, all with involvement in the property sector. Mr Kearns was previously a Director of Venues NSW, a Government Board that owns and operates multiple sports and entertainment venues across New South Wales. Additionally, he was a member of the NSW "Game Changers" Ministerial Advisory Board for Women in Sport. He was CEO of Centric Wealth where he gained experience in the Private Equity world which added to

INFORMATION ON THE DIRECTORS (CONTINUED)

his experience at Investec Bank in property funds, private clients and his corporate finance relationships. Mr Kearns is a Director of Coolabah Capital Investments, a private fixed interest funds management business. He was director of the committee to successfully get the Rugby World Cup (RWC) to Australia in 2027 and 2029 and has just been appointed to the Board of the Organising Committee for those RWC's.

Mr Kearns was appointed a member of the Order of Australia in 2017 for significant service to the community through support for charitable organisations, to business, and to rugby union at the elite level. He played 67 tests for the Australia national rugby union team, the Wallabies (1989-1999) and captained the team ten times. After his rugby career, he worked as a rugby commentator with FOXSports for 21 years. Mr Kearns is a resident of Sydney.

Responsibilities:

Managing Director and Chief Executive Officer.

Directorships held in other listed entities:

None.

Bobby Chin *FCA (ICAEW) B.Acc.*

Director since 18 October 2005. Mr Chin is Chairman of the Singapore Corporate Governance Advisory Committee and a member of EDPR APAC Advisory Board. He was appointed a Director of Singapore Health Services Pte Ltd effective 1 October 2023 and a Director of Temasek Trust Limited effective 1 April 2024. He stepped down from his role as a senior adviser to NTUC Fairprice Co-operative Ltd on 16 May 2024.

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 Chartered Accountants in England and Wales, and a Distinguished Lifetime Member of the Institute of Singapore Chartered Accountants. Resident of Singapore.

Responsibilities:

Non-Executive Director, Chairman of Audit Committee, Member of Nominations Committee.

Directorships held in other listed entities:

Ho Bee Land Limited (listed in Singapore), since 29 November 2006

Frasers Property Limited (listed in Singapore) since 19 September 2022

Other Directorships:

Temasek Holdings (Private) Limited, Singapore since 10 June 2014

Temasek Trust Ltd, Singapore since 1 April 2024

Singapore Health Services Pte Ltd since 1 October 2023

Bruce G Hayman

Director since 18 October 2005. Mr Hayman has many years of commercial management experience with over 20 of those at operational Chief Executive or General Manager Level. He is currently Chairman of Chartwell Management Services. He previously fulfilled senior management roles both in Australia and overseas for companies such as Nicholas Pharmaceutical Group, Dairy Farm Group, Hong Kong Land and Seagram Corporation. During his time in Singapore, he held the position of Foundation President of the Singapore Australia Business Council, now known as AUSTCHAM Singapore.

Mr Hayman served as CEO of the Australian Rugby Union and as Chairman of the Board of the Rugby Club Ltd. He retired as a Director and Deputy Chair of Diabetes NSW & ACT after 16 years of service. Mr Hayman is currently Chairman of the Ella Foundation. Resident of Bowral, New South Wales.

Responsibilities:

Non-Executive Director, Chairman of Nominations Committee, Member of Remuneration Committee, Member of Investments Committee, Member of Risk Committee.

Directorships held in other listed entities:

None.

Lai Teck Poh *BA Hons. (Economics)*

Director since 18 November 2011. 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 Ltd from 1986 to 1987.

Mr Lai joined Oversea-Chinese Banking Corporation Limited (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, including Head of Information Technology and Central Operations, Chairman OCBC Asset Management, Head Risk Management and Head Audit. Following his retirement from executive positions in April 2010, Mr Lai served as a Board Director of OCBC from June 2010 to December 2019, OCBC AL-Amin Bank Bhd (2011 to 2018) and OCBC Bank Malaysia Bhd (2011 to 2019). He stepped down as Chairman of Bank of Singapore Limited effective 1 January 2024 but continues in his role as a Director.

Besides banking roles, Mr Lai was a Non-Executive Director of United Engineers Ltd (1992 to 2011) and WBL Corporation Ltd (1993 to 2014). Both were Singapore listed companies engaged in diversified regional businesses, including property development. Resident of Singapore.

Directors' Report.

INFORMATION ON THE DIRECTORS (CONTINUED)

Responsibilities:

Non-Executive Director, Chairman of Remuneration Committee, Member of Audit Committee, Member of Investments Committee.

Directorships held in other listed entities:

PT Bank OCBC NISP Tbk (listed in Indonesia) (Commissioner) since 4 September 2008

Other Directorships:

Bank of Singapore Limited since 1 January 2020.

Lisa Chung AM *LLB, FIML, FAICD*

Director since 1 June 2021. Ms Chung is an experienced non-executive director and is currently Chair of Australian Unity Limited and The Front Project, a Director of Artspace/Visual Arts Centre Limited, the Committee for Sydney, the Sydney Community Foundation and Warren and Mahoney Limited and a Trustee of the Foundation of the Art Gallery of NSW. Ms Chung was previously the Chair of Urbis Pty Limited and The Benevolent Society, a non¬executive director of APN Outdoor Limited and the Deputy President of Trustees of the Museum of Applied Arts and Sciences (Powerhouse Museum).

Ms Chung has a diverse background, with senior and Board level experience in sectors including commercial property, urban development and infrastructure, outdoor advertising and mass media, professional services, education and training, visual and creative arts and social and community services.

Ms Chung had a successful 30-year career in the legal profession. During this time, she specialised in the area of commercial property and was a Partner at firms Maddocks and Blake Dawson (now Ashurst). She is a skilled negotiator with extensive commercial legal experience acting for government and the private sector in property, development, urban renewal and infrastructure transactions.

In 2004, Ms Chung completed the Advanced Management Program at INSEAD in France. She is a Fellow of the Australian Institute of Company Directors and is also a member of Chief Executive Women, an organisation comprising women leaders committed to enabling other women leaders.

In 2020, Ms Chung became a member of the General Division of the Order of Australia for significant service to the community through charitable and cultural organisations. Resident of Sydney.

Responsibilities:

Non-Executive Director, Member of Risk Committee, Member of Remuneration Committee

Directorships held in other listed entities:

Australian Unity Limited (ASX listed).

Mak Lye Mun *B.Civ.Eng. (First Class Hons) University of Malaya, MBA (UT, Austin)*

Director since 15 October 2021. Mr Mak is currently Executive Chairman of Intraco Limited and an independent non-executive director of Boustead Singapore Limited and Well Chip Group Sdn Bhd Malaysia. He was redesignated as non-executive Chairman of Well Chip Group effective 13 November 2023. He is also an independent non-executive Director of SC Global Developments Pte Ltd, AVJennings' majority shareholder.

Mr Mak joined the CIMB Group (an ASEAN universal bank listed in Malaysia) following the acquisition of GK Goh Securities Pte. Ltd. in 2005, where he served as the Head of Corporate Finance. He was CEO of CIMB Bank Singapore and its Country Head from 2008 until his retirement in December 2019. Previously, Mr Mak was the Head of Mergers & Acquisitions Advisory Department with DBS Bank Ltd (formerly known as The Development Bank of Singapore). He held various senior positions in the Corporate Finance divisions of Vickers Ballas & Co. Pte. Ltd., Ernst & Young, Oversea-Chinese Banking Corporation Limited and Citicorp Investment Bank (Singapore) Limited.

Mr Mak is also a Member of the Inaugural Singapore Stock Exchange (SGX) Listings and Advisory Committee. In January 2021, he was appointed as a governing board member of the Duke-NUS Medical School (a graduate medical school in Singapore). Mr Mak resides in Singapore.

Responsibilities:

Non-Executive Director, Member of Investments Committee

Directorships held in other listed entities:

Intraco Limited (listed in Singapore), since 29 April 2021 (Appointed Executive Chairman on 15 July 2022)

Boustead Singapore Limited (listed in Singapore), since 29 July 2021

Well Chip Group Sdn Bhd (listed in Malaysia), since 28 June 2023 (Appointed non-executive Chairman on 13 November 2023)

INFORMATION ON THE COMPANY SECRETARY

Carl Thompson *LLB B. Comm*

Company Secretary since 12 January 2009. Mr Thompson previously held the Company Secretary and General Counsel role at Downer EDI Ltd. Prior to that he was a Partner at national law firm Corrs Chambers Westgarth, practising in corporate and commercial work. Resident of Melbourne.

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2024 forms part of the Directors' Report. It has been prepared in accordance with the *Corporations Act 2001 (Cth)* (the Act), the *Corporations Regulations 2001 (Cth)* and *AASB124 Related Party Disclosures* and audited as required by the Act. It also includes additional information and disclosures intended to enable a deeper understanding by shareholders of AVJennings' remuneration governance and practices.

The Board intends that the Report provides clear and transparent communication of the remuneration arrangements in place for the Company's Directors and executives. These arrangements are intended to align remuneration with the Company's values, purpose, strategy and performance.

Our purpose is straightforward: "Housing Matters. Community Matters." This is achieved through our people who exemplify our Values – ASPIRE – Accountability, Safety, People, Integrity, Respect and Excellence.

The Company's remuneration arrangements are structured to attract and retain high quality people and remunerate them for achieving against our objectives and acting consistently with our values and purpose. Remuneration arrangements are reviewed regularly by the Remuneration Committee and adjustments and redesign made where considered appropriate, balancing alignment with the Company's own specific circumstances, fairness to executives and considering market expectations and industry standards.

A. Report Structure

The report is divided into the following sections:

A.1 People covered by this Report

This Report sets out the remuneration arrangements in place for Key Management Personnel (KMP), which comprises the Directors of the Company (executive and non-executive) and those members of the AVJennings' executive team who have authority and responsibility for planning, directing and controlling the activities of the Company (Executive KMP).

The name and position of each KMP for FY24 whose remuneration is disclosed in this Report is set out below:

Table 1

			Committee Membership				
Name	**Role**	**Appointed**	**Audit**	**Remuneration**	**Nominations**	**Investments**	**Risk Management**
Non-Executive KMP							
S Cheong	Non-Executive Chair	20/09/2001	–	✔	✔	C	–
RJ Rowley	Non-Executive Deputy Chair	22/03/2007	✔	–	✔	✔	C
B Chin	Non-Executive Director	18/10/2005	C	–	✔	–	–
BG Hayman	Non-Executive Director	18/10/2005	–	✔	C	✔	✔
TP Lai	Non-Executive Director	18/11/2011	✔	C	–	✔	–
L Chung	Non-Executive Director	1/06/2021	–	✔	–	–	✔
LM Mak	Non-Executive Director	15/10/2021	–	–	–	✔	–
Executive KMP							
P Kearns	Chief Executive Officer & Managing Director	10/01/2022					
S Souter	Chief Financial Officer	20/02/2023					
CD Thompson	Company Secretary/General Counsel	12/01/2009					
SC Orlandi	Chief Operating Officer	8/11/2004					
L Hunt	General Manager, Human Resources	22/06/2009					

C = Chair of Committee, ✔ = Member of Committee

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

A.2 Remuneration Strategy, Policy and Framework

The Board has established a Remuneration Committee comprising not less than three Non-Executive Directors (NEDs) which is responsible for determining and reviewing remuneration arrangements for KMP, other senior management personnel and general staff.

AVJennings' remuneration objectives are to remunerate fairly, attract and retain talent, drive performance, and promote adherence to values, and are aligned with shareholder interests. They are also designed to provide an appropriate balance between fixed and at-risk components to support delivery of the Company's objectives and strategy and promote sustained growth in shareholder value.

The Company has adopted a Securities Trading Policy (available on the Company's Investor Centre website). In accordance with this Policy, executives are prohibited from hedging the risk associated with unvested equity-based incentives. Breach of this requirement could lead to disciplinary action including dismissal and forfeiture of equity-based incentives. The Policy also provides for blackout periods for trading in the Company's shares around reporting season as well as prohibitions on insider trading and breach of confidentiality obligations to the Company.

The remuneration framework is designed to align executive interests with Company success and long-term shareholder value.

B. Remuneration Overview

As reported in the FY23 Remuneration Report, the Board implemented a new structure for KMP remuneration which incorporates both short-term and long-term variable remuneration plans. The new plans are intended: to better align executive and shareholder interests, to create shareholder value over the longer-term and to enhance several aspects of the previous LTI plan. The new plans incorporate: a reduced number of participants, changes to the vesting criteria, and introduction of new terms and conditions to better reflect market practice. After extensive consultation with and advice from Godfrey Remuneration Group (GRG), the Remuneration Committee considered and approved the revised plan incorporating the features outlined in this report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

B.1 Executive Remuneration Structure At-A-Glance

The following diagrams outline AVJennings' approach to executive remuneration and the remuneration cycle under the framework applicable to FY24:

Table 2

AVJennings' Remuneration Framework Summary

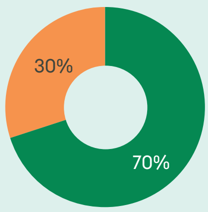
Fixed Pay		**Variable Remuneration**	
		Short Term Variable Remuneration (STVR)	**Long Term Variable Remuneration (LTVR)**
Purpose	To compensate fairly based on external market conditions for each role.	To incentivise Key Management Personnel (KMPs) to achieve or surpass the company's financial objectives for the year.	To acknowledge and compensate Key Management Personnel (KMPs) for accomplishing significant goals over an extended period of time.
Delivery	Base salary, Superannuation, and other benefits.	75% delivered in cash. 25% delivered in deferred cash/rights as determined by Remuneration Committee.	Performance Rights subject to LTVR performance with a Measurement Period of 3 years.

FY24 Approach

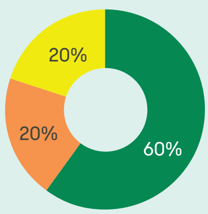
STVR Opportunity as % of Fixed Pay

	Target
CEO	57.5%
Other Executives	20-35%

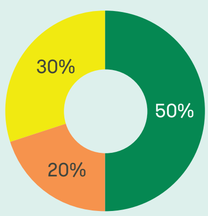
CEO Weightings



CFO Weightings



COO, Other KMP Weightings



Financial Strategic Operational

LTVR Opportunity as % of Fixed Pay

	Target
CEO	57.5%
Other Executives	20-35%

Performance Conditions:

The LTVR will be in the form of Rights subject to an indexed Total Shareholder Return (iTSR) vesting condition and a ROE Vesting condition at the end of 3 years from the grant date.

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

B.2 Executive Remuneration – Total Fixed Remuneration (TFR), and the Variable Remuneration Framework

For Executive KMP, remuneration is made up of:

- Fixed remuneration – which is made up of base salary and superannuation guarantee payments. Target fixed remuneration is set at market median (P50 policy midpoint).
- Short Term Incentives – which is at risk and is based on satisfying key performance measures which include a range of financial and non-financial targets.
- Long Term Incentives – this is a long term (3 year) equity plan under which Performance Rights are granted annually subject to performance conditions. The Rights are tested against performance hurdles at the end of 3 years from grant date in September of the relevant year.

The following table shows changes in Fixed Pay over FY24:

Table 3

Position	Incumbent	Fixed Pay at End of FY23	Fixed Pay at End of FY24	% Change	Actual Fixed Pay Received FY24	Reasons for Change
Chief Executive Officer & Managing Director	P Kearns	$695,500	$744,185	7%	$732,014	Benchmarking
Chief Financial Officer	S Souter	$460,000	$480,000	4%	$470,389	Benchmarking
Company Secretary/ General Counsel	CD Thompson	$457,000	$472,995	3%	$468,996	Benchmarking
Chief Operating Officer	SC Orlandi	$448,351	$459,000	2%	$456,338	Benchmarking
General Manager, Human Resources	L Hunt	$310,000	$345,000	11%	$335,050	Benchmarking

B.3 FY24 Short Term Variable Remuneration (STVR) Plan

A description of the STVR Structure applicable for FY24 is set out below:

Purpose

The purposes of the Plan are to:

- enable AVJennings to provide variable remuneration that is performance focussed and linked to value creation for shareholders, creating a strong link between performance, outcomes and reward,
- enable the Company to compete effectively for the calibre of talent required for it to be successful,
- support risk management by exposing the rewards for short term performance to long term outcomes via deferral, and to assist executives participating in the Plan ("Participants") to acquire shares in the Company through remuneration to align their interests with stakeholders,
- encourage teamwork and co-operation among Participants by ensuring that Participants have commonly shared goals, and
- increase the commitment of Participants to delivery of planned annual outcomes that contribute to sustainable value creation for stakeholders.

These objectives are intended to be achieved by a remuneration structure that rewards participants for performance relative to outcome metrics derived from annual business plans.

Measurement Period

The financial year of the company (1 July – 30 June)

Opportunity as % of TFR

	Target
CEO	57.5%
COO	27.5%
CFO	35.0%
Other KMP	20.0%

REMUNERATION REPORT (AUDITED) (CONTINUED)

B.3 FY24 Short Term Variable Remuneration (STVR) Plan (continued)

Outcome Metrics and Weightings

For FY24, the following metrics and weightings applied:

	Financial	Strategic	Operational
CEO	70%	30%	
COO	50%	20%	30%
CFO	60%	20%	20%
Other KMP	50%	20%	30%

These metrics reflect the most direct alignment with shareholder interests and the strategic direction of the group.

Gate

No work-related death or major injury. Remuneration Committee retains discretion on overall financial performance.

Award, Settlement and Deferral

Awards will be calculated following the completion of the audit of financial statements.

75% of any STVR Award is to be paid in cash, 25% of any STVR Award is to be settled in the form of a grant of Restricted Rights. 12.5% is subject to a 24 month exercise and service restriction and 12.5% is subject to a 12 month exercise and service restriction to facilitate malus/clawback.

Offers will specify the portions of awards that will settle in cash and/or compulsory equity, as applicable to the offer.

<table>
<tr><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>...</th><th>Year 16</th></tr>
<tr><td>STVR Measurement Period</td><td>75% Cash Awarded and 25% Rights/Cash Granted</td><td colspan="3"></td></tr>
<tr><td></td><td>1 Year Exercise Restriction (12.5%)</td><td colspan="3">< 14 Years Manual Exercise (rights grants only)></td></tr>
<tr><td></td><td colspan="2">2 Year Exercise Restriction (12.5%)</td><td colspan="2">< 13 Years Manual Exercise (rights grants only) ></td></tr>
</table>

STVR Cash awards are generally awarded following the release of the audited Annual Report.

The Remuneration Committee determined the deferred component for FY24 awards will be settled in cash.

Cessation of Employment

Where an executive resigns or is terminated for cause, any unvested awards are forfeited unless otherwise determined by the Board. In exercising this discretion, the Board considers the circumstances of the cessation of employment.

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

B.3 FY24 Short Term Variable Remuneration (STVR) Plan (continued)

<table>
<tr><td>Corporate Actions</td><td>Unless the offer to participate in the Plan (" Offer") specifies otherwise, in the event of a Corporate Action including a takeover, a demerger, Change in Control, delisting or major return of capital, the Board may in its discretion decide to:

a) Terminate the Plan for the Measurement Period and pay pro-rata Awards based on the completed proportion of the Measurement Period, taking into account outcomes up to the date of the Change in Control, or
b) Continue the STVR but make interim non-refundable pro-rata Awards based on the completed proportion of the Measurement Period, taking into account outcomes up to the date of the Change in Control, or
c) Allow the STVR to continue without change.

If a payment is made and the Plan continues in relation to the Measurement Period, only the excess of the Award calculated at the end of the Measurement Period, compared to the amount already paid, would be payable. If the Award calculated at the end of the Measurement Period is less than the payment already made in relation to the Corporate Action event, no payment will be made, and no portion of the amount already paid is refundable to the Company, except as otherwise provided for in relation to any applicable malus or clawback policy.

In the circumstances of a Corporate Action, the proportions of Awards that are subject to deferral as outlined in an Offer, may be deemed not to be subject to deferral, and any portions of Awards specified in an Offer to be payable in the form of Equity may be deemed to be payable in cash, at the discretion of the Board.</td></tr>
<tr><td>Board Discretion</td><td>The Board has discretion to determine that Awards for a Measurement Period will be adjusted, including to nil, if it forms the view that the Awards otherwise payable would be inappropriate given the circumstances that prevailed during the Measurement Period (i.e. inappropriate in the Board's view).

The Board has discretion to waive any Gate, either in respect of an individual, a group of individuals or all participants, for a given Measurement Period, if it determines that the application of the Gate was inappropriate given the circumstances that prevailed during the Measurement Period.

The Board has discretion to determine that an Award will be settled in mix of cash and deferred equity that is different from the mix outlined in the Offer, if it forms the view that the outcome would otherwise be inappropriate.

When the Board is applying their Board discretion, it will consider hygiene issues including but not limited to safety, compliance and conduct.</td></tr>
<tr><td>Malus & Clawback</td><td>The Board has sole discretion to determine that some or all Rights that are unvested or subject to an Exercise Restriction held by a Participant lapse on a specified date if allowing the Rights to be exercised would, in the opinion of the Board, result in an inappropriate benefit to the Participant. Such circumstances include but are not limited to:

(a) if a Participant engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Company or the Board, including bringing the Company into disrepute,
(b) if the Board determines that a Participant or Participants took actions that caused harm or are expected to cause harm to the Company's stakeholders,
(c) if the Board forms the view that a Participant or Participants have taken excessive risks, have contributed to, or may benefit from unacceptable cultures within the Company,</td></tr>
</table>

REMUNERATION REPORT (AUDITED) (CONTINUED)

B.3 FY24 Short Term Variable Remuneration (STVR) Plan (continued)

Malus & Clawback (continued)

(d) if the Board forms the view that Participants have exposed employees, the broader community or environment to excessive risks, including risks to health and safety,

(e) if a Participant becomes the employee of a competitor or provides services to a competitor, either directly or indirectly (as determined by the Board and unless otherwise determined by the Board),

(f) if there has been a material misstatement in the Company's financial reports, which once resolved, indicates that a larger number of Rights previously vested than should have, in light of the corrected information,

(g) if the Board determines that unacceptable "ESG" (Environmental, Social and Governance) outcomes have been identified,

(h) if the Participant has committed an act of fraud, dishonesty, defalcation or gross misconduct,

(i) if the Participant is terminated for cause,

(j) if the Participant is in breach of their individual obligations to the Company (including any Company policy applicable to them),

(k) if the Board determines that the Participant has not adhered to the Company's values or risk framework to an unacceptable extent,

(l) if the Participant has engaged in activities with the aim of achieving the Goals outlined to them in a manner which is unsustainable or likely to detract from long term value.

B.4 FY24 Long Term Variable Remuneration (LTVR) Plan

A description of the LTVR structure applicable for FY24 is set out below:

Purpose

The purposes of the Plan are to:

- enable the Company to provide a component of variable remuneration that is performance focussed and linked to long-term value creation for Shareholders,
- create alignment between the interests of Participants and Shareholders,
- enable the Company to compete effectively for the calibre of talent required for it to be successful,
- ensure that Participants have commonly shared goals, and
- assist Participants to become Shareholders.

Instrument

The LTVR is in the form of Performance Rights.

Measurement Period

The Performance Rights (PRs) are subject to a Measurement Period from 1 July 2023 to 30 June 2026 (3 years).

Term

Each Right has a Term of 15 years from the Grant Date and if not exercised within that Term the Rights will lapse. The Grant Date is the date of the Grant Notice Participants may receive following the making of an application.

<table>
<tr><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>...</th><th>Year 15</th></tr>
<tr><td>Rights Grant</td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td colspan="3"><Tranche 1 Measurement Period – iTSR PRs (50%)></td><td rowspan="2">Audit, Results Calculation</td><td colspan="2" rowspan="2"></td></tr>
<tr><td colspan="3"><Tranche 2 Measurement Period – ROE PRs (50%)></td></tr>
<tr><td colspan="3"></td><td>Vesting</td><td colspan="2"></td></tr>
<tr><td colspan="3"></td><td colspan="3">< 12 Years Manual Exercise ></td></tr>
</table>

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

B.4 FY24 Long Term Variable Remuneration (LTVR) Plan (continued)

Opportunity as % of TFR

	Target
CEO	57.5%
COO	27.5%
CFO	35.0%
Other KMP	20.0%

Grant Calculation

The Share Price used to calculate the grant of Rights was based on a volume weighted average price (VWAP) over the 20 trading days following the release of FY23 financial results, of $0.4138.

Cessation of Employment

Generally, Performance Rights held at the date of a cessation of employment in respect of which the first year of the Measurement Period has not been completed will be forfeited prorata in the percentage that the remainder of the year bears upon the full year, unless otherwise determined by the Board. Cessation of employment after the first year of the Measurement Period will generally not result in forfeiture of unvested Rights, unless the cessation of employment relates to termination for cause, or another clause of the Rules allowing for Board discretion to trigger forfeiture or lapsing of the Rights.

Following a Participant ceasing employment with the Group, at any time after 90 days after the first date that all Rights that the Participant holds are fully vested and not subject to an Exercise Restriction Period, Rights held by the Participant may be automatically exercised on a date determined by the Board.

Performance Metrics and Vesting Schedule

Tranche 1 Performance Rights are subject to an iTSR performance vesting condition.
This vesting condition compares the Company's TSR over the Measurement Period with the movement in the ASX 300 Real Estate Total Return Index. This Index is a TSR Index. Total Shareholder Return (TSR) is calculated as a percentage growth in shareholder value based on share price growth and dividends, assuming that they are reinvested into Shares. It is calculated over a specific period which for purpose of this Invitation is the Measurement Period.

The vesting scale for this performance vesting metric is as follows:

Performance Level	AVJ TSR Compared to TSR of the ASX 300 Real Estate TR Index	% of Grant Vesting
Target	**≥Index TSR + 8% TSR CAGR**	**100%**
Between Threshold and Target	> Index TSR & < Index TSR + 8% TSR CAGR	Pro-rata
Threshold	= Index TSR or AVJ TSR = 9% CAGR	25%
Below Threshold	< Index TSR and AVJ TSR < 9% CAGR	0%

Tranche 2 Performance Rights are subject to a Return on Equity (ROE) Performance Vesting Condition, determined in reference to the following scale, in relation to the Measurement Period:

Performance Level	AVJennings average Return on Equity (ROE)	% of Grant Vesting
Target	**≥10%**	**100%**
Between Threshold and Target	>5% & < 10%	Pro-rata
Threshold	= 5%	25%
Below Threshold	< 5%	0%

Return on Equity (ROE) is calculated by applying the following formula:

$$ROE\ as\ a\ \% = \frac{NPAT(Yr1) + NPAT(Yr2) + NPAT(Yr3)}{SHE(Yr1) + SHE\ (Yr2) + SHE(Yr3)}\ X\ 100$$

Where:

NPAT = Net Profit After Tax (trailing 12 month)
SHE = Shareholders' Equity at beginning of year

Note: if capital is raised during a financial year, then the time weighted average of that capital will be attributed to the year in which it is raised. The Board retains discretion to modify the vesting outcomes, if it deems it appropriate to do so. Refer to Plan Rules.

REMUNERATION REPORT (AUDITED) (CONTINUED)

B.4 FY24 Long Term Variable Remuneration (LTVR) Plan (continued)

Gates

A Gate applies to the Tranche 1 iTSR Performance Rights, such that vesting will not be considered if the Company's TSR is not positive for the Measurement Period.

Retesting

No Retesting is allowed for under the Plan Rules.

Corporate Actions

Unless otherwise determined by the Board, in the event the Board determines that the Company will be imminently de-listed, whether in the case of a Change in Control or otherwise, the Vesting Conditions attached to the Tranche at the time of the Application will cease to apply and:

a) Performance Rights constructed as Share Appreciation Rights will vest 100% unless otherwise determined by the Board,

b) unvested Performance Rights for the current year of grant subject to a nil Exercise Price will vest in accordance with the application of the following formula to each unvested Tranche as at a date determined by the Board (Effective Date), noting that negative results will be taken to be nil, and vesting cannot exceed 100%:

$$\text{Number of Performance Rights in Tranche to Vest} = \text{Unvested Performance Rights in Tranche} \times \text{\% of First Year of Measurement Period Elapsed} \times \frac{(\text{Share Price at the Effective Date} - \text{Share price at Measurement Period Commencement})}{\text{Share price at Measurement Period Commencement}}$$

c) any remaining unvested Performance Rights will vest to the extent, if any, determined by the Board having regard to performance over the Measurement Period prior to the Effective Date,

d) any unvested Performance Rights that remain following (b) and (c) will lapse, unless the Board determines that Participants may continue to hold unvested Rights following the Effective Date,

e) some or all unvested Service Rights may vest to the extent determined by the Board in its discretion, having regard to the circumstances that gave rise to the grant of Service Rights and any remainder will lapse immediately,

f) any unexercised Rights held by a Participant that are subject to an Exercise Restriction Period will cease to be so restricted on the date that the Board determines in its sole discretion, and

g) any Specified Disposal Restriction Period will be lifted, including the removal of any Company initiated CHESS holding lock.

In the event the Board determines that the Company will imminently become the subject of a Change in Control without delisting, the Board may make adjustments to:

- Vesting Conditions,
- Measurement Period,
- Exercise Restriction Period,
- Specified Disposal Restriction Period,
- Exercise Price, and
- Automatic Exercise of Rights,

in respect of any Rights previously issued under these Rules and in accordance with the ASX Listing Rules, as necessary to ensure that the plan will operate as intended following the Change in Control.

Board Discretion

The Board retains discretion to increase or decrease, including to nil, the extent of vesting in relation to each Tranche of Performance Rights or Service Rights if it forms the view that it is appropriate to do so given the circumstances that prevailed during the Measurement Period. In exercising this discretion, the Board shall consider, amongst other factors it considers relevant, the interest of Shareholders over the relevant Measurement Period.

Before exercising its discretion under this Rule, the Board may seek advice from an independent advisor as to whether the discretion should be exercised and if so then the alternative extent of vesting that should be considered by the Board.

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

B.4 FY24 Long Term Variable Remuneration (LTVR) Plan (continued)

Malus & Clawback	The Board has sole discretion to determine that some or all unvested Rights and vested Rights subject to Exercise Restriction held by a Participant lapse on a specified date if allowing the Rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the Participant. Such circumstances include but are not limited to: (a) If the Board forms the view that a Participant has breached accepted codes of conduct i.e. misconduct has been identified, (b) if a Participant engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Company or the Board, including bringing the Company into disrepute, (c) if the Board determines that a Participant or Participants took actions that caused harm or are expected to cause harm to the Company's stakeholders, (d) if the Board forms the view that a Participant or Participants have taken excessive risks, have contributed to, or may benefit from unacceptable cultures within the Company, (e) if the Board forms the view that Participants have exposed employees, the broader community or environment to excessive risks, including risks to health and safety, (f) if a Participant becomes the employee of a competitor or provides services to a competitor, either directly or indirectly, (as determined by the Board) unless otherwise determined by the Board, (g) if there has been a material misstatement in the Company's financial reports, which once resolved, indicates that a larger number of Rights previously vested than should have, in light of the corrected information, (h) if the Board determines that unacceptable "ESG" (Environmental, Social and Governance)outcomes have been identified, (i) if the Participant has committed an act of fraud, dishonesty, defalcation or gross misconduct, (j) if the Participant is terminated for cause, (k) if the Participant is in breach of their individual obligations to the Company (including any Company policy applicable to them), (l) if the Board determines that the Participant has not adhered to the Company's values or risk framework to an unacceptable extent, (m) if the Participant has engaged in activities with the aim of achieving the Goals outlined to them in a manner which is unsustainable or likely to detract from long term value.

C.1 FY22/23 Long Term Incentive (LTI) Plan

A description of the LTI applicable for FY22 and FY23 (former LTI plan) is set out below:

Purpose	LTI remuneration is provided by the issue of Rights with performance conditions. The use of Performance Rights as an incentive reduces upfront cash requirements (as shares do not need to be acquired for allocations). Shares are acquired on market by the Plan Trustee to satisfy the grant of shares in respect of rights which have vested. Participants do not receive dividends on Rights (as distinct from shares). The allocation of Performance Rights is designed to align executives' interests with shareholders and to consider themselves like shareholders. The Rights are subject to real risk of forfeiture during the vesting period.
Instrument	The LTI is in the form of Performance Rights.
Measurement Period	The performance conditions are tested at the end of the three-year measurement period, in the September following release of the financial statements for that year.

REMUNERATION REPORT (AUDITED) (CONTINUED)

C.1 FY22/23 Long Term Incentive (LTI) Plan (continued)

Cessation of Employment

Where an executive resigns or is terminated for cause, any unvested awards are forfeited unless otherwise determined by the Board. In exercising this discretion, the Board considers the circumstances of the cessation of employment.

Performance Metrics and Vesting Schedule

50% of Performance Rights granted vest depending on AVJennings' average growth rate in EPS over the three financial years of performance measurement.

50% of Performance Rights granted vest depending on AVJennings' TSR over the three financial years of performance measurement against the ASX 300 Real Estate Index, a comparator group including peers in the residential property sector. The comparator group is not directly comparable to AVJennings as the Index contains non-residential property participants. However, this comparator group was chosen as the best approximation as the pool of directly comparable listed developers was too small to provide a reliable and meaningful comparator group.

Both elements of the Performance Rights (EPS and TSR, formerly ROE) are also subject to a service condition. The recipient must be employed by AVJennings as at 30 June of the year in which the performance conditions of the Rights are tested. The Rights only vest if both the service condition and the performance conditions are satisfied.

AVJennings' TSR rank against ASX 300 RE Index at 30 September	Percentage vesting
< median	Nil
At the median	50% of the allocation for the hurdle
> median but < 75th percentile	Pro-rata between 50th and 75th percentiles
> 75th percentile	100% of the allocation for the hurdle

AVJennings' EPS growth rate over the three year performance period	Percentage of rights 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

AVJennings' ROE over the three year performance period	Percentage of rights vesting
< 12%	Nil
12%	50% of the allocation for the hurdle
15%	75% of the allocation for the hurdle
> = 18%	100% (Straight line interpolation between 12% and 18%)

The ROE hurdle was removed in February 2020 as it was based on market cap and not book equity. Replaced with the TSR hurdle for grants for FY21 to FY23.

Retesting

No Retesting is allowed for under the Plan Rules.

Corporate Actions

In the event of a change in control of the Company, the Board can elect to vest unvested Rights.

Board Discretion

The Board retains discretion to increase or decrease, including to nil, the extent of vesting in relation to each Tranche of Performance Rights or Retention Rights if it forms the view that it is appropriate to do so given the circumstances that prevailed during the Measurement Period. In exercising this discretion, the Board shall take into account, amongst other factors it considers relevant, the interest of Shareholders over the relevant Measurement Period.

Before exercising its discretion under this Rule, the Board may seek advice from an independent advisor as to whether the discretion should be exercised and if so then the alternative extent of vesting that should be considered by the Board.

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

C.2 FY23 and prior Retention Rights

Retention Rights are granted in three equal tranches which vest in each of the three succeeding years following the year of grant.

Retention component – years of service	Percentage of rights vesting
One year	33.33%
Two years	33.33%
Three years	33.34%

Rationale for Retention Rights

The Company recognises that the TEC is generally set at around mid-market. It is also recognised that the market for quality executives is dynamic and that high turnover in executive ranks is undesirable, costly and disruptive. Accordingly, Retention Rights are granted to support a number of objectives:

- Address the issue of retaining executives;
- Avoid the disruption of turnover in executive ranks;
- Avoid the costs of recruitment of replacement executives; and
- Avoid the impact on operations, performance and productivity of executive turnover.

Unvested Retention Rights are subject to real risk of forfeiture, for example where an executive ceases employment for any reason.

The final grant of Retention Rights was in September 2022. The final grant will vest in July 2025.

C.3 Key KMP Remuneration Governance Considerations and Changes

The following summarises responses to feedback and the key remuneration governance matters that were the focus of considerations in FY24.

The Board has responded to feedback on remuneration practices provided by stakeholders in relation to previous reporting periods, taking the view that the remuneration framework should demonstrate a continuing strong and appropriate link between performance, stakeholder interests, and reward for executives.

Noting that no plan will be able to cover all situations, both plans contemplate an overall discretion by the Remuneration Committee. This overall discretion can be utilised where the Committee perceives there to be an anomalous result or outcome which may not otherwise be addressed by the terms and conditions. This same strong framework will, in current and coming periods, align management's interests directly with the interest of shareholders and other stakeholders, in working to create sustainable long term value.

The terms and conditions of the new plans incorporate various changes outlined in the preceding sections, including clawback and malus provisions, incorporation of a 'Gate' before vesting can occur, and clarification on the determination of the LTVR rights grant calculation.

There was shareholder concern expressed regarding the LTVR plan on the potential undue higher number of rights to be granted and the impact on vesting outcomes of the TSR tranche, resulting from the low share price following the discounted rights issue in October 2023. The LTVR plan for FY24 was not unduly affected since 1 July 2023 was the base for computing the rights to be granted and for measuring vesting outcomes. The feedback on imposing an NTA floor to the share price used for computing the grant of LTVR rights is considered, and our preference is for the Remuneration Committee to exercise its overall discretion to address specific market anomalies when they arise. This approach is aligned with industry practice. In addition, vesting of the TSR tranche will be measured over a rolling 3-year timeframe and against stringent iTSR vesting conditions to mitigate against undue vesting aberrations.

The Company will continue to consult with shareholders and their representatives to ensure its remuneration practices balance the need to meet the objectives of the remuneration practices and the need to be consistent with prevailing community standards.

REMUNERATION REPORT (AUDITED) (CONTINUED)

D FY24 Non-Executive Director (NED) Remuneration

D.1 Fee Policy

The following outlines the principles that AVJennings applies to governing NED remuneration:

Policy

NEDs receive a base fee for service as a Director and an additional fee for participation in a Committee. The Chair of a Committee receives a higher fee, reflecting the additional responsibility of that position. The Company's policy is to pay fees which are reflective of peer practice in the property sector and similarly sized entities, and which attract and retain directors with the desired attributes, skills and experience. The fees also reflect the time commitment which directors are expected to provide and the increased complexities and expectations of the office.

NED fees are reviewed on an ad hoc basis as considered necessary. As a matter of practice, fees have been stable for many years and the NED fee pool cap was not increased for almost 20 years until 2019.

The following outlines the Board Fees applicable at the end of FY24:

Table 4.1

Role/ Function	Main Board	Audit	Remuneration	Nominations	Investments	Risk Management
Chair		$30,000	$15,000	$15,000	N/A	$30,000
Deputy Chair	$70,000					
Member	$60,000	$12,000	$6,000	$6,000	$8,000	$12,000

Fees are inclusive of superannuation.

Fees Paid:

Table 4.2

	Year	Short-Term Fees $	Post Employment Superannuation[2] $	Total $
S Cheong [1]	**2024**	**–**	**–**	**–**
	2023	–	–	–
RJ Rowley	**2024**	**$113,514**	**$12,486**	**$126,000**
	2023	$114,027	$11,973	$126,000
B Chin	**2024**	**$96,000**	**–**	**$96,000**
	2023	$96,000	–	$96,000
BG Hayman	**2024**	**$90,991**	**$10,009**	**$101,000**
	2023	$91,403	$9,597	$101,000
TP Lai	**2024**	**$95,000**	**–**	**$95,000**
	2023	$95,000	–	$95,000
L Chung	**2024**	**$70,270**	**$7,730**	**$78,000**
	2023	$70,588	$7,412	$78,000
LM Mak [1]	**2024**	**–**	**–**	**–**
	2023	–	–	–
Total	**2024**	**$465,775**	**$30,225**	**$496,000**
Total	2023	$467,018	$28,982	$496,000

1. These Directors were not paid fees. A consulting fee of $50,000 per month is payable to the Ultimate Parent Entity SC Global Developments Pte Ltd which covers the services of these Directors. Total fee paid for the year was $600,000 (2023: $600,000).
2. Relates to SGC payments which apply only to Australian based Directors.

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

D.1 Fee Policy (continued)

Aggregate Board Fees	At the AGM in 2019, shareholders approved an increase in the maximum annual aggregate fee pool to $650,000 for NEDs. The allocation to individual NEDs is determined after considering factors such as time commitment, the size and scale of the Company's operations, skill sets, participation in committee work, in particular chairmanship of committees and fees paid to directors of comparable companies. NEDs do not receive any leave entitlement benefits or performance-based remuneration. Australian based NEDs receive superannuation payments.
SC Global Nominee Directors	For FY24, SC Global had two nominees on the Board, Mr S Cheong and Mr LM Mak. These two Directors do not receive fees. However, AVJennings pays a consulting fee to the Ultimate Parent Entity, SC Global Developments Pte Ltd. This consulting fee is not included in the NEDs fee pool. The fees are paid pursuant to a consultancy and advisory agreement for the provision of the following: • Services of at least two directors on the Board. • Assistance in sourcing and facilitating financial and banking requirements particularly from Asian-based and other institutions. • Assistance in secretarial and administrative matters in connection with the Company's Singapore listing. • Sourcing and facilitating business, commercial and investment opportunities. • Ancillary advice. The appropriateness of the agreement and the reasonableness of the fees is assessed annually by the Australian-based independent NEDs considering the actual services provided, comparable market data for similar services, the benefits to the Company and the likely cost of replacement of the services provided. This review has been undertaken annually over the past few years and the Australian-based NEDs have, on each occasion, concluded that the fee is appropriate in all the circumstances. The annual fee payable is $600,000 and has been fixed at this level for over ten years. The agreement may be terminated by either party giving six months' notice or by the Company on 30 days' notice for cause.
Indemnification	Clause 10.2 of the Company's constitution provides that to the extent permitted by law, it indemnifies a person who is or has been, an officer of the Company or any related bodies corporate against any liability incurred by the person as such an officer, to another person and against a liability for costs and expenses incurred by the person in successfully defending proceedings.
Insurance Premiums	Clause 10.3 of the Company's constitution also provides that to the extent permitted by law the Company may pay or agree to pay a premium in respect of a contract insuring a person who is or has been an officer of the Company or its related bodies corporate against a liability incurred by the person as such an officer, and for costs and expenses incurred by the person in defending proceedings as such an officer, whatever the outcome. During the year the Company paid premiums for policies insuring Directors and Officers of the Company and its related bodies corporate against certain liabilities, to the extent permitted by law and subject to certain exclusions. The amount of the premiums paid in respect of these policies has not been disclosed in accordance with usual practice.

REMUNERATION REPORT (AUDITED) (CONTINUED)

E.1 The Link Between Performance and Reward in FY24

The Board reviews the performance conditions for the variable remuneration plans on an annual basis, and weighs metrics across group, business unit/region and individual/role-related key result areas, classifiable as financial, strategic or operational metrics. The Board is responsible for assessing performance against metrics and determining the STVR awards and LTVR vesting. The following disclosures are intended to assist in demonstrating the link between AVJennings' strategy, performance and executive reward in the FY24 period.

E.2 FY24 STVR Outcomes

The STVR plan is designed to reward executives for the achievement against annual performance objectives set by the Board at the beginning of the performance period, linked to the strategy and annual business plans. The payment of an STVR is dependent on delivery of performance against a range of weighted outcome metrics.

Overall STVR outcomes for FY24 are determined through the Board's assessment of actual performance against expectations, as outlined below.

Table 5

Name	Target STVR	STVR Outcome as % of Target	Total STVR Awarded ($)	Cash ($)	Deferred Cash ($)
P Kearns	$399,913	73%	$293,143	$219,857	$73,286
S Souter	$161,000	69%	$111,076	$83,307	$27,769
CD Thompson	$91,400	82%	$74,999	$56,249	$18,750
SC Orlandi	$123,297	82%	$100,864	$75,648	$25,216
L Hunt	$62,000	81%	$50,409	$37,807	$12,602

E.3 FY24 LTI Outcomes

The LTI structure that was eligible to vest in relation to the completion of FY24 is described below:

Instrument	Performance Rights (refer Section C.1)
Measurement Period	3 years
Performance Metrics and Weightings	**Tranche 1** (50% weighted at Target) subject to EPS. **Tranche 2** (50% weighted at Target) subject to TSR.
Performance Outcome and Vesting Determination	**Tranche 1** 100% EPS tranche of 2020 grant vested. **Tranche 2** 100% TSR tranche of 2020 grant forfeited.

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

E.4 FY24 Retention Rights Outcomes

The LTVR structure that was eligible to vest in relation to the completion of FY23 is described below:

Instrument	Retention (Service) Rights
Measurement Period	3 years
Performance Outcome and Vesting Determination	September 2020 Service Rights Tranche 3 vested July 2023. October 2021 Service Rights Tranche 2 vested July 2023. September 2022 Service Rights Tranche 1 vested July 2023.
Cessation of Employment	Unvested Retention Rights are subject to real risk of forfeiture, for example where an executive ceases employment for any reason.

The following is the status of Rights granted to Executive KMP under the LTI plans:

Table 6

KMP	Year of Grant	Fair Value at Grant date	Rights at 1 July 2023	Rights granted	Rights vested	Rights forfeited	Rights Cancelled	Rights at 30 June 2024
P Kearns	FY22	$187,523	461,141	–	–	–	–	461,141
P Kearns	FY23	$375,000	1,174,076	–	–	–	–	1,174,076
P Kearns	FY24	$289,932	–	966,439	–	–	–	966,439
S Souter	FY23	$67,636	211,760	–	–	–	–	211,760
S Souter	FY24	$116,723	–	389,077	–	–	–	389,077
CD Thompson	FY21	$71,385	120,997	–	(73,249)	(47,748)	–	–
CD Thompson	FY22	$74,099	125,962	–	(21,251)	–	–	104,711
CD Thompson	FY23	$74,092	203,512	–	(29,173)	–	–	174,339
CD Thompson	FY24	$66,264	–	220,880	–	–	–	220,880
SC Orlandi	FY21	$85,706	145,269	–	(87,942)	(57,327)	–	–
SC Orlandi	FY22	$88,963	151,230	–	(25,514)	–	–	125,716
SC Orlandi	FY23	$88,955	244,336	–	(35,025)	–	–	209,311
SC Orlandi	FY24	$89,389	–	297,962	–	–	–	297,962
L Hunt	FY21	$44,116	74,775	–	(45,267)	(29,508)	–	–
L Hunt	FY22	$45,793	77,845	–	(13,133)	–	–	64,712
L Hunt	FY23	$45,789	125,770	–	(18,029)	–	–	107,741
L Hunt	FY24	$44,949	–	149,831	–	–	–	149,831
Total		**$1,856,313**	**3,116,673**	**2,024,188**	**(348,583)**	**(134,583)**	**–**	**4,657,695**

REMUNERATION REPORT (AUDITED) (CONTINUED)

E.5 Achieved Total Remuneration Package for FY24

The following non-statutory table outlines the remuneration of executive KMP reflecting the period in which the award was achieved (what became payable, awarded or vested in respect of FY24 performance completed), total remuneration, including the portions of maximum variable remuneration that were awarded or vested, and portions that were forfeited or lapsed as the result of performance assessments.

Table 7

Name	Year	Fixed Pay (incl Super)		Cash STVR Awarded* (FY23 was STI)		Deferred STVR Awarded**		Value of LTVR that Vested Following Completion of the Measurement Period***		Total Remuneration Package (TRP)
		Amount	% of TRP	Amount	% of TRP	Amount	% of TRP	Amount	% of TRP	
P Kearns	**2024**	**$732,014**	**71%**	**$219,857**	**21%**	**$73,286**	**7%**	**$0**	**0%**	**$1,025,157**
	2023	$668,958	70%	$284,375	30%	$0	0%	$0	0%	$953,333
S Souter	**2024**	**$470,389**	**81%**	**$83,307**	**14%**	**$27,769**	**5%**	**$0**	**0%**	**$581,465**
	2023	$167,962	74%	$58,827	26%	$0	0%	$0	0%	$226,789
CD Thompson	**2024**	**$468,996**	**78%**	**$56,249**	**9%**	**$18,750**	**3%**	**$57,067**	**9%**	**$601,063**
	2023	$453,892	82%	$66,685	12%	$0	0%	$35,929	6%	$556,506
SC Orlandi	**2024**	**$456,338**	**73%**	**$75,648**	**12%**	**$25,216**	**4%**	**$68,514**	**11%**	**$625,716**
	2023	$440,048	79%	$77,838	14%	$0	0%	$40,185	7%	$558,071
L Hunt	**2024**	**$336,250**	**80%**	**$37,807**	**9%**	**$12,602**	**3%**	**$35,267**	**8%**	**$421,927**
	2023	$301,186	83%	$40,067	11%	$0	0%	$22,205	6%	$363,458
Total	**2024**	**$2,463,986**		**$472,869**		**$157,623**		**$160,848**		**$3,255,326**
Total	2023	$2,032,046		$527,792		$0		$98,319		$2,658,157

**This is the value of the total STVR cash award calculated following the end of the current Financial Year in respect of FY24 performance.*

***This is the value of deferral STVR cash award calculated following the end of the current Financial Year in respect of FY24 performance.*

****This is the grant value of the LTVR that vested in the reporting period i.e. number that vested multiplied by the Black-Scholes value at grant.*

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

F. Use of Board Discretion

During the financial year and to the date of this report, the Board did not exercise any discretions available to it to modify STVR or LTVR outcomes, vesting or awards.

G. Statutory Tables and Supporting Disclosures

G.1 Executive KMP Statutory Remuneration for FY24

The following table outlines the statutory remuneration of executive KMP:

Table 8

		Short-Term					Post Employment	Other Long-Term	Share-Based		
Name	**Year**	**Cash Salary**	**Accrued Annual Leave**	**Cash STVR***	**Deferred STVR***	**Other Benefits**	**Superannuation**	**Accrued Long Service Leave**	**LTVR****	**Total**	**Performance Related**
P Kearns	**2024**	**$704,615**	**$32,874**	**$219,857**	**$73,286**	**–**	**$27,399**	**$10,024**	**$270,072**	**$1,338,127**	**42.09%**
	2023	$643,666	$10,999	$284,375	–	–	$25,292	$4,966	$166,340	$1,135,638	28.68%
S Souter	**2024**	**$430,608**	**($1,727)**	**$83,307**	**$27,769**	**$12,382**	**$27,399**	**$3,204**	**$51,726**	**$634,668**	**25.65%**
	2023	$156,606	$10,499	$58,827	–	–	$11,356	$512	$0	$237,800	24.74%
CD Thompson	**2024**	**$441,598**	**($17,894)**	**$56,249**	**$18,750**	**–**	**$27,399**	**$1,046**	**$44,872**	**$572,020**	**13.63%**
	2023	$428,600	$7,571	$66,685	–	–	$25,292	$16,558	$69,315	$614,021	16.64%
SC Orlandi	**2024**	**$428,939**	**($16,145)**	**$75,648**	**$25,216**	**–**	**$27,399**	**$25,592**	**$56,331**	**$622,980**	**25.18%**
	2023	$414,756	$43,509	$77,838	–	–	$25,292	$28,142	$83,218	$672,755	17.83%
L Hunt	**2024**	**$308,851**	**($9,538)**	**$37,807**	**$12,602**	**–**	**$27,399**	**$27,199**	**$28,730**	**$433,051**	**12.07%**
	2023	$275,894	$31	$40,067	–	–	$25,292	$20,747	$42,836	$404,867	15.31%
Former Executive KMP											
A Carter [1]	**2024**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2023	$137,821	$17,392	–	–	$87,833	$18,969	–	($8,434)	$253,581	–
Total	**2024**	**$2,314,611**	**($12,430)**	**$472,869**	**$157,623**	**$12,382**	**$136,994**	**$67,065**	**$451,731**	**$3,600,844**	**–**
Total	2023	$2,057,343	$90,001	$527,792	–	$87,833	$131,493	$70,925	$353,275	$3,318,662	–

**Note that the STVR values (cash and deferral) reported in this table reflect STVR awards that were accrued during the period. Variable remuneration outcomes for the reporting and previous period are outlined elsewhere in this report. For deferred STVR, 50% subject to a 24 month exercise and service restriction and 50% subject to a 12 month exercise and service restriction to facilitate malus/clawback.*

***Note that the LTVR value reported in this table is the amount expensed or reversed in response of the rights granted that have not lapsed or vested as at the start of the reporting period.*

[1] Appointed 7 February 2022 and ceased employment 28 November 2022. "Other" relates to the value of motor vehicle benefits and final payment.

REMUNERATION REPORT (AUDITED) (CONTINUED)

G.2 KMP Equity Interests and Changes During FY24

Table 9

Rights granted to Executive KMP	Financial Year Granted	Date of testing the final performance conditions
The September 2020 grant	FY21	September 2023
The September 2021 grant	FY22	September 2024
The September 2022 grant	FY23	September 2025
The September 2023 grant	FY24	September 2026

The fair value of the Rights at the date of the Grant is determined by the Plan manager using an appropriate valuation model. The fair value is expensed over the period in which the performance and/or service conditions are fulfilled with a corresponding increase in share-based payment reserve in equity. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense of credit in the *Consolidated Statement of Comprehensive Income* represents the movement in cumulative expense recognised between the beginning and end of that period.

Movements in equity interests held by each KMP of the Group during the reporting period, including their related parties, are set out below:

Table 10

	Opening Balance	Vested as Remuneration	On Market Purchase	Equity Raising	Closing Balance
For the year ended 30 June 2024					
Directors					
S Cheong	219,112,839	–	386,694	82,064,737	**301,564,270**
RJ Rowley	370,223	–	–	138,663	**508,886**
BG Hayman	235,000	–	–	31,386	**266,386**
L Chung	110,000	–	41,198	–	**151,198**
P Kearns	25,000	–	–	9,364	**34,364**
Executives	–				
CD Thompson	2,001,166	123,673	155,000	777,938	**3,057,777**
SC Orlandi	713,537	148,481	–	301,384	**1,163,402**
L Hunt	472,154	76,429	–	194,411	**742,994**
Total	**223,039,919**	**348,583**	**582,892**	**83,517,883**	**307,489,277**
For the year ended 30 June 2023					
Directors					
S Cheong	219,112,839	–	–	–	**219,112,839**
RJ Rowley	370,223	–	–	–	**370,223**
BG Hayman	235,000	–	–	–	**235,000**
L Chung	–	–	110,000	–	**110,000**
P Kearns	25,000	–	–	–	**25,000**
Executives				–	
CD Thompson	1,930,195	70,971	–	–	**2,001,166**
SC Orlandi	634,789	78,748	–	–	**713,537**
L Hunt	428,293	43,861	–	–	**472,154**
Total	**222,736,339**	**193,580**	**110,000**	**–**	**223,039,919**

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

G.2 KMP Equity Interests and Changes During FY24 (continued)

The following outlines the accounting values and potential future costs of equity remuneration granted during FY24 for executive KMP:

Table 11

2024 Equity Grants Name	Tranche	Grant Type	Vesting Conditions	Grant Date	Total Value at Grant	Value Expensed in FY 24	Maximum Value to be Expensed in Future Years
P Kearns	FY24 LTVR Performance Rights	LTVR	iTSR	25/9/2023	$96,644	$24,161	$72,483
	FY24 LTVR Performance Rights	LTVR	ROE	25/9/2023	$193,288	$48,322	$144,966
S Souter	FY24 LTVR Performance Rights	LTVR	iTSR	25/9/2023	$38,908	$9,727	$29,181
	FY24 LTVR Performance Rights	LTVR	ROE	25/9/2023	$77,815	$19,454	$58,362
CD Thompson	FY24 LTVR Performance Rights	LTVR	iTSR	25/9/2023	$22,088	$5,522	$16,566
	FY24 LTVR Performance Rights	LTVR	ROE	25/9/2023	$44,176	$11,044	$33,132
SC Orlandi	FY24 LTVR Performance Rights	LTVR	iTSR	25/9/2023	$29,796	$7,449	$22,347
	FY24 LTVR Performance Rights	LTVR	ROE	25/9/2023	$59,592	$14,898	$44,694
L Hunt	FY24 LTVR Performance Rights	LTVR	iTSR	25/9/2023	$14,983	$3,746	$11,237
	FY24 LTVR Performance Rights	LTVR	ROE	25/9/2023	$29,966	$7,492	$22,475

Note: the minimum value to be expensed in future years for each of the above grants made in FY23 is nil. A reversal of previous expense resulting in a negative expense in the future may occur in the event of an executive KMP departure or failure to meet nonmarket-based conditions including failure for Gate to open.

H. KMP Executive Employment Agreements

H.1 Executive KMP Employment Agreements

The following outlines current executive KMP service agreements:

Table 12

Name	Position Held at Close of FY24	Employing Company	Duration of Contract	Period of Notice From Company	Period of Notice From KMP	Termination Payments*
P Kearns	Chief Executive Officer & Managing Director	AV Jennings Limited	Five years, with renewal discussion at end of year 4.	Six months	Six months	–
S Souter	Chief Financial Officer	AV Jennings Limited	Permanent	Three months**	One month	–
CD Thompson	Company Secretary/ General Counsel	AV Jennings Limited	Permanent	Three months	One month	–
SC Orlandi	Chief Operating Officer	AV Jennings Limited	Permanent	Three months	One month	–
L Hunt	General Manager, Human Resources	AV Jennings Limited	Permanent	Three months	One month	–

**Note: Under the Corporations Act, broadly the Termination Benefit Limit is 12 months average Salary (over prior 3 years) unless shareholder approval is obtained.*

*** Change of control event, less than 2 years service, 6 month notice period.*

REMUNERATION REPORT (AUDITED) (CONTINUED)

H.2 Non-executive directors (NEDs) Service Agreements

The appointment of Non-executive Directors is subject to a letter of engagement. The NEDs are not eligible for any termination benefits following termination of their office, nor any payments other than those required under law such as in respect of superannuation. There are no notice periods applicable to either party under this approach.

I. Other Statutory Disclosures

I.1 Loans to KMP and their related parties

During the financial year and to the date of this report, the Company made no loans to directors and other KMP and none were outstanding as of 30 June 2024 (2023: Nil).

I.2 External Remuneration Consultants

During FY24 the Board engaged approved External Remuneration Consultants to provide KMP remuneration advice and other services as outlined below:

- Godfrey Remuneration Group Pty Ltd (GRG): $22,000 (incl GST).

Directors' Report.

MEETINGS OF DIRECTORS AND DIRECTORS' COMMITTEES

The number of meetings of Directors and Directors' committees held during the year, for the period the Director was a Member of the Board or a Committee, and the number of meetings attended by each Director are detailed below.

	Full Meetings of Directors		Meetings of Committees							
			Audit		Remuneration		Nominations		Risk	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
S Cheong	6	6	–	–	5	5	–	–	–	–
B Chin	6	6	6	6	–	–	–	–	–	–
BG Hayman	6	6	–	–	5	5	–	–	2	2
RJ Rowley	6	6	6	6	–	–	–	–	2	2
TP Lai	6	6	6	6	5	5	–	–	–	–
L Chung	6	6	–	–	5	5	–	–	2	2
P Kearns	6	6	–	–	–	–	–	–	–	–
LM Mak	6	6	–	–	–	–	–	–	–	–

The Investments Committee typically does not formally meet in person. It conducts physical inspections of certain major development sites and receives detailed briefings from management on all major development sites prior to consideration of formal acquisition proposals which are dealt with by way of circular resolution.

DIRECTORS' INTERESTS

The relevant interests of the Directors in the shares of the Company at the date of this Report are:

Director	Number
S Cheong	301,564,270
RJ Rowley	508,886
BG Hayman	266,386
L Chung	151,198
P Kearns	34,364

INDEMNIFYING OFFICERS

During the year, the Group paid a premium in respect of a contract insuring its Directors and employees against liabilities that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of entities in the Group. In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

ROUNDING

ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 is applicable to the Group and in accordance with that Instrument, amounts in the Financial Report and the *Directors' Report* are rounded to the nearest thousand dollars, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 62.

NON-AUDIT SERVICES

The Group's auditor, Ernst & Young provided certain non-audit services as outlined in note 33. The Board has considered these and based on advice received from the Audit Committee, is satisfied that provision of these services is compatible with, and did not compromise, the auditor independence requirements imposed by the *Corporations Act 2001*, for the following reason:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks or rewards.

Signed in accordance with a resolution of the Directors.

Simon Cheong
Director
28 August 2024

Philip Kearns
Director

Ernst & Young
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Auditor's Independence Declaration to the directors of AVJennings Limited

As lead auditor for the audit of the financial report of AVJennings Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit.

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AVJennings Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
28 August 2024

Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2024

	Note	2024 $'000	2023 (Restated)* $'000
Continuing operations			
Revenue from contracts with customers	2	319,746	285,929
Revenue		**319,746**	**285,929**
Cost of sales	3	(245,454)	(195,147)
Gross profit		**74,292**	**90,782**
Share of loss of equity accounted investments	26	(267)	(169)
Expected credit loss	6	(77)	-
Change in inventory provisions	3	(1,349)	(4,475)
Write-off of a terminated project	3	(17,774)	-
Fair value adjustment to investment property	8	72	(88)
Selling and marketing expenses		(7,524)	(4,953)
Employee expenses		(29,257)	(27,537)
Other operational expenses		(5,808)	(6,561)
Management and administration expenses		(9,449)	(10,754)
Depreciation and amortisation expenses	3	(1,684)	(1,656)
Finance income	3	735	400
Finance costs	3	(685)	(589)
Other income	3	348	282
Profit before income tax		**1,573**	**34,682**
Income tax expenses	4	(551)	(10,645)
Profit after income tax		**1,022**	**24,037**
Other comprehensive income			
Foreign currency translation (loss)/gain		(323)	881
Other comprehensive (loss)/income		**(323)**	**881**
Total comprehensive income		**699**	**24,918**
Profit attributable to owners of the Company		**1,022**	**24,037**
Total comprehensive income attributable to owners of the Company		**699**	**24,918**
Earnings per share (cents):			
Basic earnings per share	34	0.20	5.92
Diluted earnings per share	34	0.20	5.92

** See note 30(a).*

To be read in conjunction with the accompanying notes.

Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Note	2024 $'000	2023 (Restated)* $'000
Current assets			
Cash and cash equivalents	5	15,121	12,983
Receivables	6	5,822	27,434
Inventories	7	195,192	218,674
Financial assets at fair value through profit or loss	11	9,640	–
Tax receivable	4(c)	2,477	–
Other assets	9	8,194	5,628
Total current assets		**236,446**	**264,719**
Non-current assets			
Receivables	6	2,708	1,799
Inventories	7	608,767	588,217
Investment property	8	1,740	1,668
Equity accounted investments	26	4,617	4,884
Financial assets at fair value through profit or loss	11	–	3,500
Plant and equipment	10	731	993
Right-of-use assets	12	5,369	5,432
Intangible assets	13	2,816	2,816
Total non-current assets		**626,748**	**609,309**
Total assets		**863,194**	**874,028**
Current liabilities			
Payables	14	69,433	133,359
Lease liabilities	16	1,390	1,053
Tax payable	4(c)	–	3,301
Provisions	17	8,449	6,617
Total current liabilities		**79,272**	**144,330**
Non-current liabilities			
Payables	14	82,048	107,530
Borrowings	15	221,708	171,301
Lease liabilities	16	4,349	4,607
Deferred tax liabilities	4(e)	17,584	18,874
Provisions	17	1,615	1,416
Total non-current liabilities		**327,304**	**303,728**
Total liabilities		**406,576**	**448,058**
Net assets		**456,618**	**425,970**
Equity			
Contributed equity	18	202,597	173,172
Reserves	19(a)	8,440	8,239
Retained earnings	19(c)	245,581	244,559
Total equity		**456,618**	**425,970**

** See note 30(a).*

To be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2024

		Attributable to equity holders of AVJennings Limited				Total equity
	Note	Contributed Equity $'000	Foreign Currency Translation Reserve $'000	Share-based Payment Reserve $'000	Retained Earnings $'000	$'000
At 1 July 2022		**173,506**	**1,088**	**5,722**	**227,713**	**408,029**
Comprehensive income:						
Profit for the year (restated)*		–	881	–	24,037	24,918
Total comprehensive income for the year		**–**	**881**	**–**	**24,037**	**24,918**
Transactions with owners in their capacity as owners:						
– Treasury shares acquired	18(b)	(299)	–	–	–	(299)
– Share-based payment expense reversed	32(a)	–	–	(93)	–	(93)
– Share-based payment expense	32(a)	–	–	641	–	641
– Share buyback and cancellation	18(a)	(35)	–	–	–	(35)
– Dividends paid	20	–	–	–	(7,191)	(7,191)
Total transactions with owners in their capacity as owners		**(334)**	**–**	**548**	**(7,191)**	**(6,977)**
At 30 June 2023 (restated)*		**173,172**	**1,969**	**6,270**	**244,559**	**425,970**
At 1 July 2023		**173,172**	**1,969**	**6,270**	**244,559**	**425,970**
Comprehensive income:						
Profit for the year		–	(323)	–	1,022	699
Total comprehensive income for the year		**–**	**(323)**	**–**	**1,022**	**699**
Transactions with owners in their capacity as owners:						
– Ordinary share capital raised	18(a)	29,571	–	–	–	29,571
– Treasury shares acquired	18(b)	(146)	–	–	–	(146)
– Share-based payment expense reversed	32(a)	–	–	(73)	–	(73)
– Share-based payment expense	32(a)	–	–	597	–	597
Total transactions with owners in their capacity as owners		**29,425**	**–**	**524**	**–**	**29,949**
At 30 June 2024		**202,597**	**1,646**	**6,794**	**245,581**	**456,618**

** See note 30(a).*

To be read in conjunction with the accompanying notes.

Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		362,974	298,894
Payments for land		(93,531)	(41,586)
Payments to other suppliers and employees (inclusive of GST)		(310,547)	(281,551)
Interest paid	3	(21,066)	(13,120)
Income tax paid	4(c)	(7,280)	(3,621)
Net cash used in operating activities	21	**(69,450)**	**(40,984)**
Cash flow from investing activities			
Payments for plant and equipment		(12)	(827)
Payments for financial assets at fair value through profit or loss		(7,484)	(2,156)
Interest received	3	735	400
Net cash used in investing activities		**(6,761)**	**(2,583)**
Cash flow from financing activities			
Proceeds from borrowings		204,009	171,377
Repayment of borrowings		(153,602)	(109,266)
Principal elements of lease payments	16	(1,206)	(1,266)
Net payment for treasury shares	18(b)	(146)	(299)
Dividends paid	20	–	(7,191)
Share buy back on market	18(a)	–	(35)
Net proceeds from issue of shares		29,205	-
Net cash from financing activities		**78,260**	**53,320**
Net increase in cash and cash equivalents		**2,049**	**9,753**
Cash and cash equivalents at beginning of the year		12,983	3,274
Effects of exchange rate changes on cash and cash equivalents		89	(44)
Cash and cash equivalents at end of the year	5	**15,121**	**12,983**

To be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section A – How the numbers are calculated

Section A1 Segment information

1. OPERATING SEGMENTS

The Group operates primarily in residential development.

The Group determines segments based on information that is provided to the Managing Director who is the Chief Operating Decision Maker (CODM). The CODM assesses the performance of each segment and makes decisions regarding the allocation of resources to each segment. Each segment prepares a detailed finance report monthly which summarises the historic results of the segment and forecast of the segment for the remainder of the year.

Reportable Segments

Jurisdictions:
This includes activities relating to land development, integrated housing and apartments development.

Other:
This includes activities relating to apartments in Western Australia and other numerous low value items.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 (Restated) $'000
Revenues														
External sales	77,315	78,864	141,023	39,645	56,648	63,853	16,071	27,777	2,725	42,172	970	3,920	294,752	256,231
Management fees	-	-	24,994	29,698	-	-	-	-	-	-	-	-	24,994	29,698
Total segment revenues	**77,315**	**78,864**	**166,017**	**69,343**	**56,648**	**63,853**	**16,071**	**27,777**	**2,725**	**42,172**	**970**	**3,920**	**319,746**	**285,929**
Results														
Segment results	15,795	19,893	5,185	(3,507)	1,311	5,843	(666)	908	(2,215)	14,587	398	1,008	19,808	38,732
Share of (loss)/profit of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(267)	(169)	(267)	(169)
Other non-segment revenue	-	-	-	-	-	-	-	-	-	-	950	553	950	553
Rent from investment property	-	-	133	129	-	-	-	-	-	-	-	-	133	129
Change in inventory provisions	(1,335)	(2,263)	-	(625)	-	(1,587)	(14)	-	-	-	-	-	(1,349)	(4,475)
Write-off of a terminated project	-	-	-	-	(17,774)	-	-	-	-	-	-	-	(17,774)	-
Fair value adjustments	-	-	72	(88)	-	-	-	-	-	-	-	-	72	(88)
Profit before income tax													**1,573**	**34,682**
Income tax													(551)	(10,645)
Net profit													**1,022**	**24,037**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023 (Restated)**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets														
Segment assets	232,907	232,460	328,562	332,457	163,826	164,015	32,724	33,543	84,829	93,196	20,346	18,357	863,194	874,028
Total assets	**232,907**	**232,460**	**328,562**	**332,457**	**163,826**	**164,015**	**32,724**	**33,543**	**84,829**	**93,196**	**20,346**	**18,357**	**863,194**	**874,028**
Liabilities														
Segment liabilities	22,554	64,413	94,765	120,324	40,303	57,889	1,691	1,506	11,783	21,317	235,480	182,609	406,576	448,058
Total liabilities	**22,554**	**64,413**	**94,765**	**120,324**	**40,303**	**57,889**	**1,691**	**1,506**	**11,783**	**21,317**	**235,480**	**182,609**	**406,576**	**448,058**

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section A2 Profit and loss information

2. REVENUES FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue information

The disaggregation of the Group's revenue from contracts with customers is set out below:

Operating Segments **30 June 2024**	**NSW** **$'000**	**VIC** **$'000**	**QLD** **$'000**	**SA** **$'000**	**NZ** **$'000**	**Other*** **$'000**	**Total** **$'000**
Types of goods or services							
Sale of land	32,107	50,938	20,411	10,705	2,725	–	116,886
Sale of integrated housing	45,208	30,270	36,237	5,366	–	–	117,081
Sale of apartments	–	59,815	–	–	–	970	60,785
Property development & other services	–	24,994	–	–	–	–	24,994
Total revenue from contracts with customers	**77,315**	**166,017**	**56,648**	**16,071**	**2,725**	**970**	**319,746**
Timing of revenue recognition							
Goods transferred at a point in time	77,315	141,023	56,648	16,071	2,725	970	294,752
Services transferred over time	–	24,994	–	–	–	–	24,994
Total revenue from contracts with customers	**77,315**	**166,017**	**56,648**	**16,071**	**2,725**	**970**	**319,746**

Operating Segments **30 June 2023**	**NSW** **$'000**	**VIC** **$'000**	**QLD** **$'000**	**SA** **$'000**	**NZ** **$'000**	**Other*** **$'000**	**Total** **(Restated)** **$'000**
Types of goods or services							
Sale of land	28,945	33,372	33,246	17,671	42,172	1,850	157,256
Sale of integrated housing	49,919	5,365	30,607	10,106	–	–	95,997
Sale of apartments	–	908	–	–	–	2,070	2,978
Property development & other services	–	29,698	–	–	–	–	29,698
Total revenue from contracts with customers	**78,864**	**69,343**	**63,853**	**27,777**	**42,172**	**3,920**	**285,929**
Timing of revenue recognition							
Goods transferred at a point in time	78,864	39,645	63,853	27,777	42,172	3,920	256,231
Services transferred over time	–	29,698	–	–	–	–	29,698
Total revenue from contracts with customers	**78,864**	**69,343**	**63,853**	**27,777**	**42,172**	**3,920**	**285,929**

*Relates to Western Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

(b) Revenue recognition accounting policy

(i) Sale of land, integrated housing and apartments

Revenue from the sale of land, houses, and apartments is recognised at a point in time when control is transferred to the customer. In most cases, transfer of control occurs at settlement when legal title passes to the customer, and an enforceable right to payment exists.

In certain contractual arrangements, as detailed below, the customer obtains control before settlement. In these cases, revenue is recognised prior to settlement once the customer has obtained control and a right to payment exists.

- *Revenue from the sales of land on deferred terms to builders in New Zealand.*
  The builder gains control of the land at the point when the contract is unconditional, physical works on land are complete, and building can be commenced.
- *Sales of englobo land on deferred terms.*
  Control passes to the customer when the contract is unconditional, physical works on land are complete, and the customer has unconditional rights to the land before settlement.
- *Revenue from the sales of land to builders in Australia.*
  In this scenario, land is sold to the builder who is the ultimate purchaser, rather than acting as a conduit between AVJennings and a retail purchaser. The builder obtains control of the land when certain conditions are met: the contract becomes unconditional, physical works on the land are completed, and building can be commenced.

(ii) Property development and other services

AVJennings Properties Limited provides property development and other services to joint venture arrangements entered by other entities within the Group. The performance obligation is satisfied over-time and revenue is progressively recognised based on the terms of the service agreement.

(iii) Financing components

The Group does not anticipate entering any contracts for the sale of land, integrated housing, or apartments in Australia where the period between the transfer of goods to the customer and the customer's payment exceeds one year.

In the case of certain contracts for the sale of land in New Zealand and the provision of services in Australia, the duration may exceed one year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. INCOME AND EXPENSES

	Note	2024 $'000	2023 (Restated) $'000
Revenues			
Revenue from contracts with customers	2	319,746	285,929
Total revenues		**319,746**	**285,929**
Cost of sales			
Cost of sales - Development expenditure		236,528	190,951
Cost of sales - Borrowing and holding costs		16,752	7,253
Utilisation of inventory provisions	7	(7,826)	(3,057)
Total cost of sales		**245,454**	**195,147**
Impairment of assets			
Write-off of software implementation costs		–	1,334
Expected credit loss	6	77	–
Total impairment costs		77	1,334
Impairment of inventory			
Change in inventory provisions	7	1,349	4,475
Write-off of a terminated project*		17,774	–
Depreciation and amortisation expense			
Depreciation of owned assets	10	273	241
Amortisation of right-of-use assets	12	1,411	1,415
Total depreciation and amortisation expense		**1,684**	**1,656**
Finance income			
Interest received		735	400
Finance costs			
Bank loans and overdrafts		20,705	12,806
Interest on lease liabilities		361	314
Total finance costs		21,066	13,120
Less: Amount capitalised to inventories		(20,381)	(12,531)
Finance costs expensed		**685**	**589**
Other income			
Rent from investment property		133	129
Sundry income		215	153
Total other income		**348**	**282**

*The Group terminated its option in relation to the Rocksberg land in Caboolture, Queensland. Termination of the option resulted in a write-off of development expenditures, including transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAX

	Note	2024 $'000	2023 (Restated) $'000
(a) Income tax expense			
The major components of income tax are:			
Current income tax			
Current income tax charge		1,391	7,195
Adjustment for prior year		95	160
Total current income tax		**1,486**	**7,355**
Deferred income tax			
Current temporary differences		(704)	3,290
Adjustment for prior year		(231)	-
Total deferred income tax		**(935)**	**3,290**
Income tax expenses		**551**	**10,645**

(b) Numerical reconciliation between aggregate tax recognised in the Consolidated Statement of Comprehensive Income and tax calculated per the statutory income tax rate

	2024	2023
Accounting profit before income tax	**1,573**	**34,682**
Tax at Australian income tax rate of 30%	472	10,404
Non-deductible items	142	359
Foreign jurisdiction (losses)/gain	(8)	19
Effect of lower tax rate in foreign jurisdiction	41	(297)
Net adjustment for prior year	(136)	160
Other	40	-
Income tax expense	**551**	**10,645**
Effective tax rate	**35%**	**31%**

(c) Numerical reconciliation from income tax expense to cash taxes paid

	2024	2023
Income tax expense	**551**	**10,645**
Timing differences recognised in deferred tax	935	(3,290)
Adjustment for prior year	(95)	(160)
Exchange rate translation difference	(2)	(34)
Current year tax receivable/(payable) at year end	2,477	(3,301)
Prior year tax paid/ (refunded) in current year	3,414	(239)
Cash taxes paid per the *Consolidated Statement of Cash Flows*	**7,280**	**3,621**

(d) Reconciliation of deferred tax amounts

	Note	2024	2023
Amounts recognised in the statement of comprehensive income	4(a)	(935)	3,290
Amounts recognised directly in equity		(366)	-
Net deferred tax movement	**4(e)**	**(1,301)**	**3,290**

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAX (continued)

(e) Recognised deferred tax assets and liabilities

Deferred income tax movement for the year ended 30 June 2024:	Opening balance $'000	Expense /(benefit) $'000	Foreign exchange variance $'000	Closing balance $'000
Deferred tax assets				
– accruals	1,318	309	–	1,627
– employee entitlement provisions	1,814	76	–	1,890
– lease liabilities	1,693	348	–	2,041
– business related costs	58	354	–	412
– investments	71	(71)	–	–
– fixed assets	290	604	–	894
– debtors	–	20	–	20
– carried forward tax losses	–	442	–	442
Deferred tax assets	**5,244**	**2,082**	**-**	**7,326**
Deferred tax liabilities				
– inventories	(19,245)	(3,100)	7	(22,338)
– unearned revenue	(2,471)	2,329	(18)	(160)
– prepayments	(74)	6	–	(68)
– right-of-use assets	(1,626)	63	–	(1,563)
– fixed assets intangible	(702)	(4)	–	(706)
– investments	–	(75)	–	(75)
Deferred tax liabilities	**(24,118)**	**(781)**	**(11)**	**(24,910)**
Net deferred tax liabilities	**(18,874)**	**1,301**	**(11)**	**(17,584)**
Restated deferred income tax movement for the year ended 30 June 2023:				
Deferred tax assets				
– accruals	1,260	58	–	1,318
– employee entitlement provisions	1,725	88	1	1,814
– lease liabilities	1,859	(167)	1	1,693
– business related costs	–	58	–	58
– investments	–	71	–	71
– fixed assets	314	(24)	–	290
Deferred tax assets	**5,158**	**84**	**2**	**5,244**
Deferred tax liabilities				
– inventories	(17,067)	(2,178)	–	(19,245)
– unearned revenue	(935)	(1,550)	14	(2,471)
– prepayments	(101)	27	–	(74)
– right-of-use assets	(1,729)	104	(1)	(1,626)
– fixed assets intangible	(845)	143	–	(702)
– investments	(80)	80	–	–
Deferred tax liabilities	**(20,757)**	**(3,374)**	**13**	**(24,118)**
Net deferred tax liabilities	**(15,599)**	**(3,290)**	**15**	**(18,874)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAX (continued)

(f) Tax consolidation legislation

AVJennings Limited and its wholly owned Australian controlled entities are in a Tax Consolidated Group (TCG).

The entities in the TCG have entered into a Tax Sharing Agreement which limits the joint and several liabilities of the wholly owned entities in the case of a default by the head entity, AVJennings Limited.

The entities in the TCG have also entered into a Tax Funding Agreement to fully compensate/be compensated by AVJennings Limited for current tax balances and deferred tax assets or unused tax losses and credits transferred.

(g) Accounting

Income tax expense is calculated at the applicable tax rate and recognised in the profit and loss for the year, unless it relates to other comprehensive income or transactions recognised directly in equity.

The tax expense comprises current and deferred tax. Broadly, current tax represents the tax expense paid or payable for the current year. Deferred tax accounts for tax on temporary differences. Temporary differences generally occur when income and expenses are recognised by tax authorities and for accounting purposes in different periods.

Deferred tax assets, including those arising from tax losses, are only recognised to the extent it is probable that sufficient taxable profits will be available to utilise the losses in the foreseeable future.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section A3 Balance Sheet information

5. CASH AND CASH EQUIVALENTS

	2024 $'000	2023 $'000
Cash at bank and in hand	**15,121**	**12,983**

Accounting

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, which are subject to an insignificant risk of changes in value.

6. RECEIVABLES

	2024 $'000	2023 (Restated) $'000
Current		
Trade receivables	4,361	25,754
Expected credit loss	(77)	–
Trade receivables (net of expected credit loss)	4,284	25,754
Related party receivables	834	526
GST Receivable	–	369
Other receivables	704	785
Total current receivables	**5,822**	**27,434**
Non-current		
Related party receivables	2,462	1,640
Other receivables	246	159
Total non-current receivables	**2,708**	**1,799**

(i) Accounting

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

The Group recognises an allowance for Expected Credit Loss (ECL) for all financial assets not held at fair value through profit or loss. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECL, in accordance with the Accounting Standards. Accordingly, the Group does not monitor changes in credit risk but instead recognises a loss allowance based on lifetime ECL at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. RECEIVABLES (continued)

(ii) Expected credit loss

The Expected Credit Loss (ECL) balance for the year ended 30 June 2024 is $77,000 (2023: nil).

At 30 June, the ageing analysis of trade receivables, net of ECL, is as follows:

			Number of days overdue			
	Total $'000	Not due $'000	0-30 $'000	31-60 $'000	61-90 $'000	+ 91 $'000
2024						
Trade receivables	4,361	4,361	–	–	–	–
Expected credit loss	(77)	(77)	–	–	–	–
Trade receivables (net of ECL)	**4,284**	**4,284**	**-**	**-**	**-**	**-**
2023						
Trade receivables	**25,754**	**25,754**	**-**	**-**	**-**	**-**

Movements in expected credit loss provision

	2024 $'000	2023 $'000
At the beginning of the year	–	–
Amounts provided during the year	77	–
At the end of the year	**77**	**-**

The carrying value of receivables is assumed to approximate their fair value.

Note 23 provides further details on credit risk and exposure. Except for the specific circumstances outlined in Note 2(b), receivables related to land and built-form require full settlement before the transfer of title.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INVENTORIES

	Note	2024 $'000	2023 (Restated) $'000
Current			
Undeveloped land			
Land to be developed – at cost		8,086	16,422
Borrowing and holding costs capitalised	7(a)	1,282	2,935
Impairment provision		–	(6,953)
Total undeveloped land		9,368	12,404
Work-in-progress			
Land subdivided or in the course of being subdivided – at cost		25,618	55,378
Development costs capitalised		36,218	39,730
Houses and apartments under construction – at cost		22,601	67,926
Borrowing and holding costs capitalised	7(a)	6,352	18,598
Total work-in-progress		90,789	181,632
Completed inventory			
Completed houses and apartments – at cost		61,545	8,772
Completed residential land lots – at cost		22,155	13,823
Borrowing and holding costs capitalised	7(a)	11,335	2,207
Impairment provision		–	(164)
Total completed inventory		95,035	24,638
Total current inventories		**195,192**	**218,674**
Non-current			
Undeveloped land			
Land to be developed – at cost		444,800	429,078
Borrowing and holding costs capitalised	7(a)	36,252	30,195
Impairment provision		(625)	(955)
Total Undeveloped land		480,427	458,318
Work-in-progress			
Land subdivided or in the course of being subdivided – at cost		53,727	53,290
Development costs capitalised		55,360	45,014
Houses and apartments under construction – at cost		1,884	5,432
Borrowing and holding costs capitalised	7(a)	16,207	11,385
Impairment provision		(3,598)	(2,263)
Total work-in-progress		123,580	112,858
Completed inventory			
Completed houses and apartments – at cost		923	571
Completed residential land lots – at cost		3,649	13,194
Borrowing and holding costs capitalised	7(a)	188	3,641
Impairment provision		–	(365)
Total completed inventory		4,760	17,041
Total non-current inventories		**608,767**	**588,217**
Total inventories		**803,959**	**806,891**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INVENTORIES (continued)

(a) Borrowing costs attributable to qualifying assets are capitalised. These include interest and fees and have been capitalised at a weighted average rate of 7.79% (2023: 7.59%).

Accounting

Inventories are carried at the lower of cost and Net Realisable Value (NRV).

Cost includes costs of acquisition, development, interest capitalised 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.

NRV is the estimated selling price in the ordinary course of business less the estimated costs to complete and sell the inventory. NRV is estimated using the most reliable information at the time, taking into consideration the expected fluctuations in selling price and estimated costs to complete and sell.

Movement in impairment provisions

	2024 $'000	2023 $'000
At beginning of year	10,700	9,282
Amounts utilised	(7,826)	(3,057)
Amounts provided	1,349	4,475
At end of year	**4,223**	**10,700**

8. INVESTMENT PROPERTY

The Group has an investment property at Waterline Place, Victoria. This relates to a retail space asset being held for long term yield and capital appreciation.

The Group values its investment property at fair value, and revaluations are recognised through the profit and loss statement. Qualified external independent property valuers conduct valuations at least once every three years, in compliance with accounting standards. The most recent external valuation was conducted by Knight Frank on 30 June 2024. In the intervening years, internal valuations are prepared.

As at 30 June 2024, the property was valued at $1,740,000 (30 June 2023: $1,668,000).

	2024 $'000	2023 $'000
Opening balance at 1 July	**1,668**	**1,756**
Gain/(loss) from fair value remeasurement	72	(88)
Closing balance at 30 June	**1,740**	**1,668**

Investment property is measured as Level 3. Refer to note 23(v) for explanation of the levels of fair value measurement.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. OTHER ASSETS

	2024 $'000	2023 $'000
Current		
Prepayments	6,302	4,945
Security deposits	1,892	683
Total other current assets	**8,194**	**5,628**

10. PLANT AND EQUIPMENT

	2024 $'000	2023 $'000
Leasehold improvements		
At cost	1,314	1,320
Less: accumulated depreciation	(686)	(497)
Total leasehold improvements	**628**	**823**
Plant and equipment		
At cost	1,877	1,890
Less: accumulated depreciation	(1,774)	(1,720)
Total plant and equipment	**103**	**170**
Total plant and equipment	**731**	**993**

(i) Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the year are set out below:

	Note	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
For the year ended 30 June 2024				
Carrying amount at 1 July 2023		823	170	993
Additions		–	12	12
Disposals		–	(1)	(1)
Depreciation	3	(195)	(78)	(273)
Carrying amount at 30 June 2024		**628**	**103**	**731**
For the year ended 30 June 2023				
Carrying amount at 1 July 2022		771	1,288	2,059
Additions		537	290	827
Disposals		(318)	(1,334)	(1,652)
Depreciation	3	(167)	(74)	(241)
Carrying amount at 30 June 2023		**823**	**170**	**993**

During FY23, the Group disposed the assets associated with the enhancement of the ERP system, totalling $1,334,000, categorised under the Plant and Equipment classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PLANT AND EQUIPMENT (continued)

(ii) Accounting

Plant and equipment are stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets using the following rates which are consistent with the prior year:

Plant and equipment	3-10 years
Leasehold improvements	5-10 years or lease term if shorter

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 $'000	2023 $'000
Current		
Loan to Pro9 Joint Venture	9,640	–
Total current loan	**9,640**	**–**
Non-current		
Loan to Pro9 Joint Venture	–	3,500
Total non-current loan	**–**	**3,500**

Pro9 Australia Pty Ltd is a Joint Venture established in June 2023 between AVJennings and Pro9 Global Limited. Its primary objective is to manufacture the highly durable and energy efficient Pro9 prefabricated walling system in Australia. AVJennings holds a 5% equity interest in the Joint Venture (30 June 2023: 5%), while Pro9 Global Limited holds a 95% equity interest. Further information about the Pro9 Joint Venture is included in Note 26.

As at 30 June 2024, AVJennings has provided a loan totalling $9.64 million (30 June 2023: $3.50 million) to the Pro9 Joint Venture. This loan, along with any subsequent loan, is expected to be convertible into an equity interest in the Pro9 Joint Venture when the loan matures.

Accounting

The Group classifies certain financial assets as at fair value through profit or loss, including convertible loans, based on the financial asset's use and contractual terms. Financial Assets at fair value through profit or loss on initial recognition are measured at fair value (generally transaction price).

Subsequent to initial recognition, financial assets at fair value through profit or loss, including convertible loans, are measured at fair value. Changes in the fair value of these assets are recognised in profit or loss for the period in which they occur.

The equity conversion option embedded in the convertible loan instrument is not separately recognised on the balance sheet, particularly when the loan component and the equity conversion option are inseparable and cannot be accounted for separately.

Derecognition of financial assets at fair value through profit or loss occurs when the contractual rights to receive cash flows from the financial asset expire, are transferred, or otherwise settled.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. RIGHT-OF-USE ASSETS

The Group has lease contracts for various office premises, motor vehicles and IT equipment used in its operations. Lease of office premises generally have lease terms between 3 and 5 years, while motor vehicles and IT equipment have lease terms between 3 and 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Some of the lease contracts for office premises include extension options.

The Group also has certain leases with terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Note	Motor vehicle lease $'000	IT equipment lease $'000	Office premises lease $'000	Total $'000
For the year ended 30 June 2024					
As at 1 July 2023		**329**	**96**	**5,007**	**5,432**
Additions		233	–	1,221	1,454
Amortisation expense	3	(221)	(37)	(1,153)	(1,411)
Disposal		(27)	–	(79)	(106)
As at 30 June 2024		**314**	**59**	**4,996**	**5,369**
Current		–	–	–	–
Non-current		314	59	4,996	**5,369**
Total		**314**	**59**	**4,996**	**5,369**
For the year ended 30 June 2023					
As at 1 July 2022		**400**	**86**	**5,297**	**5,783**
Additions		134	51	3,063	3,248
Amortisation expense	3	(205)	(41)	(1,169)	(1,415)
Disposal		-	-	(2,184)	(2,184)
As at 30 June 2023		**329**	**96**	**5,007**	**5,432**
Current		-	-	-	-
Non-current		329	96	5,007	**5,432**
Total		**329**	**96**	**5,007**	**5,432**

Accounting

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of use assets are subject to impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

	2024 $'000	2023 $'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 was amortised over the expected useful life. In accordance with the accounting policy discussed below, the amortisation period and the amortisation method are reviewed each year. A review carried out at 31 December 2009 determined that the brand name had indefinite life. This change in accounting estimate was applied prospectively with amortisation ceasing as of 31 December 2009.

At 30 June 2024, there were no indicators of impairment. However, an annual impairment assessment was conducted, no impairment was identified (2023: nil).

Accounting

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is 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.

Intangible assets with indefinite useful lives are not amortised but tested annually for impairment. The assessment of indefinite life is reviewed annually to determine whether it continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

14. PAYABLES

	2024 $'000	2023 (Restated) $'000
Current		
Land creditors	46,578	100,527
Trade creditors	12,747	23,645
Related party payables	150	1,494
Deferred Income	1,268	267
Contractual amounts payable to landowners	701	89
Property and payroll taxes payable	3,941	1,907
Other creditors and accruals	4,048	5,430
Total current payables	**69,433**	**133,359**
Non-current		
Land creditors	80,057	104,541
Deferred Income	1,991	2,135
Contractual amounts payable to landowners	–	854
Total non-current payables	**82,048**	**107,530**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. PAYABLES (continued)

Accounting

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid.

Due to the short-term nature of current payables (other than land creditors), their carrying amount is assumed to approximate their fair value. Land creditors have been discounted using a rate of 7.85% (2023: 8.75%).

15. BORROWINGS

	2024 $'000	2023 $'000
Non-current		
Bank loans	221,708	171,301
Total borrowings	**221,708**	**171,301**

Accounting

Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequently, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer repayment for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset whilst in active development. Qualifying assets are assets that take a substantial period to get ready for their intended use or sale. Other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. BORROWINGS (continued)

Financing arrangements

The Group has access to the following lines of credit:

	Note	Available $'000	Utilised $'000	Unutilised $'000
30 June 2024				
Main banking facilities	15(a)			
– bank overdraft		5,000	–	5,000
– bank loans		319,000	221,708	97,292
– performance bonds		6,000	4,326	1,674
		330,000	**226,034**	**103,966**
Contract performance bond facilities				
– performance bonds	15(b)	**75,000**	**32,356**	**42,644**
30 June 2023				
Main banking facilities	15(a)			
– bank overdraft		5,000	–	5,000
– bank loans		280,000	171,301	108,699
– performance bonds		15,000	8,699	6,301
		300,000	**180,000**	**120,000**
Contract performance bond facilities				
– performance bonds	15(b)	**75,000**	**30,227**	**44,773**

The main banking facilities are interchangeable up to $47 million (2023: $47 million) between the bank loans and performance bonds within the main banking facility. During the current and prior year, there were no defaults or breaches of any covenants relating to the facilities.

Significant terms and conditions

(a) Main banking facilities

The Group's main banking facilities mature on 30 September 2025. These facilities are secured by a fixed and floating charge over all the assets and undertakings of the entities within the Group that are obligors under the main banking facilities, and by first registered mortgages over various real estate inventories other than those controlled by the Group under project development agreements. The Parent Entity has entered a cross deed of covenant with various controlled entities to guarantee obligations of those entities in relation to the main banking facilities (see note 25). The weighted average interest rate including margin on the main banking facilities at 30 June 2024 was 5.70% (2023: 5.69%).

(b) Contract performance bond facilities

The Group has entered into Contract performance bond facilities of $75 million (2023: $75 million) which are subject to review annually. $35 million of the facilities expire on 30 September 2024, $25 million of the facilities expire on 31 March 2025, and $15 million of the facilities expire on 30 June 2025. The performance bond facilities are secured by Deeds of Indemnity between the Parent Entity and various controlled entities. Details of the controlled entities, included in the Deeds of Indemnity are set out in note 25.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. LEASE LIABILITIES

The Group has lease contracts for various office premises, motor vehicles and IT equipment used in its operations. Lease of office premises generally have lease terms between 3 and 5 years, while motor vehicles and IT equipment have lease terms between 3 and 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Some of the lease contracts for office premises include extension options, the effects which have been incorporated in calculating lease liabilities.

The Group also has certain leases with terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	Motor vehicle lease $'000	IT equipment lease $'000	Office premises lease $'000	Total $'000
As at 1 July 2023	**331**	**100**	**5,229**	**5,660**
Additions	233	–	1,221	1,454
Payments	(217)	(36)	(953)	(1,206)
Disposal	(28)	–	(141)	(169)
As at 30 June 2024	**319**	**64**	**5,356**	**5,739**
Current	170	37	1,183	**1,390**
Non-current	149	27	4,173	**4,349**
Total	**319**	**64**	**5,356**	**5,739**
As at 1 July 2022	**400**	**88**	**5,726**	**6,214**
Additions	134	51	3,063	3,248
Payments	(203)	(39)	(1,024)	(1,266)
Disposal	–	–	(2,536)	(2,536)
As at 30 June 2023	**331**	**100**	**5,229**	**5,660**
Current	180	36	837	**1,053**
Non-current	151	64	4,392	**4,607**
Total	**331**	**100**	**5,229**	**5,660**

The Group recognised rent expense from short-term leases of $203,000 (2023: $140,000) and leases of low-value assets of $184,000 (2023: $277,000). The additions under the office premises lease arose from recognising a new lease, while disposals arose from derecognising the prior lease.

Accounting

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. LEASE LIABILITIES (continued)

Accounting (continued)

Short-term leases and leases of low-value assets:

The Group applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its office leases to lease the assets for additional terms of up to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of office space due to the significance of these assets to its operations. The Group has no renewal options for leases of plant and equipment or motor vehicles.

17. PROVISIONS

	Rectification* **$'000**	**Restructuring $'000**	**Employee entitlements $'000**	**Total $'000**
For the year ended 30 June 2024				
At 1 July 2023	**974**	**-**	**7,059**	**8,033**
Arising during the year	1,667	-	3,694	**5,361**
Utilised	(258)	-	(3,072)	**(3,330)**
At 30 June 2024	**2,383**	**-**	**7,681**	**10,064**
Current	1,709	-	6,740	**8,449**
Non-Current	674	-	941	**1,615**
Total	**2,383**	**-**	**7,681**	**10,064**
For the year ended 30 June 2023				
At 1 July 2022	**1,075**	**89**	**6,716**	**7,880**
Arising during the year	541	-	3,181	**3,722**
Utilised	(642)	(89)	(2,838)	**(3,569)**
At 30 June 2023	**974**	**-**	**7,059**	**8,033**
Current	218	-	6,399	**6,617**
Non-Current	756	-	660	**1,416**
Total	**974**	**-**	**7,059**	**8,033**

** Rectification provision consists of costs of maintenance, completion and rectification of completed projects.*

Accounting

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The non-current portion is discounted using corporate bond rates.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. CONTRIBUTED EQUITY

	2024 Number	2023 Number	2024 $'000	2023 $'000
Ordinary shares	558,270,857	406,153,457	207,497	177,926
Treasury shares	(585,579)	(785,878)	(4,900)	(4,754)
Share capital	**557,685,278**	**405,367,579**	**202,597**	**173,172**

(a) Movement in ordinary share capital	Number	Number	$'000	$'000
At beginning of year	406,153,457	406,230,728	177,926	177,961
Share buyback and cancellation	–	(77,271)	–	(35)
Issued pursuant to the rights issue	152,117,400	–	29,571	–
At end of year	**558,270,857**	**406,153,457**	**207,497**	**177,926**

(b) Movement in treasury shares	Number	Number	$'000	$'000
At beginning of year	(785,878)	(498,815)	(4,754)	(4,455)
On market acquisition of shares	(405,268)	(694,065)	(146)	(299)
Employee share scheme issue	605,567	407,002	–	–
At end of year	**(585,579)**	**(785,878)**	**(4,900)**	**(4,754)**

During the year, the Company invited its shareholders to subscribe to a fully underwritten rights issue. It involved the issuance of fully paid ordinary shares ("New Shares") through a pro-rata accelerated renounceable entitlement offer exclusively for existing shareholders. Shareholders subscribed for 1 New Share for every 2.67 shares held as of the Record Date (13 October 2023) at a share price of $0.20 per New Share ("Issue Price"). This Issue Price represented a 50% discount to the last closing price on 10 October 2023.

Share capital net proceeds of $29,571,052 was raised after net transaction costs of $852,428. The net proceeds from this Equity Raising will primarily be used to accelerate built-form housing to meet the anticipated growth in demand for AVJennings 'Turnkey' built-form homes. The Equity Raising resulted in the issuance of approximately 152.1 million New Shares. These New Shares carry equal status with existing shares.

Treasury shares are held by the AVJ Deferred Employee Share Plan Trust (AVJDESP) and deducted from contributed equity. During the year, 405,268 treasury shares (2023: 694,065) were purchased by the AVJDESP at a cost of $146,000 (2023: $299,000).

Holders of ordinary shares are entitled to dividends and to one vote per share at shareholder meetings.

Accounting

Incremental costs directly attributable to the issue of ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Shares held by the AVJDESP Trust are disclosed as treasury shares and deducted from contributed equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. RESERVES AND RETAINED EARNINGS

(a) Reserves

	Note	Foreign Currency Translation Reserve $'000	Share-based Payment Reserve $'000	Total $'000
At 1 July 2023		**1,969**	**6,270**	**8,239**
Foreign currency translation		(323)	–	(323)
Share-based payment expense	32(a)	–	524	524
At 30 June 2024		**1,646**	**6,794**	**8,440**
At 1 July 2022		**1,088**	**5,722**	**6,810**
Foreign currency translation		881	–	881
Share-based payment expense	32(a)	–	548	548
At 30 June 2023		**1,969**	**6,270**	**8,239**

(b) Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as explained in note 40(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the *Consolidated Statement of Comprehensive Income* when the net investment is disposed of.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of rights to shares or shares issued to employees, with a corresponding increase in employee expense in the *Consolidated Statement of Comprehensive Income.*

(c) Retained earnings

	2024 $'000	2023 $'000
Movements in retained earnings were as follows:		
At beginning of year	**244,559**	**227,713**
Profit after income tax	1,022	24,037
Dividends declared and paid	–	(7,191)
At end of year	**245,581**	**244,559**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. DIVIDENDS

	2024 $'000	2023 $'000
Cash dividends declared and paid		
2022 final dividend of 0.67 cents per share, paid 22 September 2022. Fully franked @ 30% tax	–	2,722
2023 interim dividend of 1.1 cents per share, paid 24 March 2023. Fully franked @ 30% tax	–	4,469
Total cash dividends declared and paid	**–**	**7,191**
Dividends proposed		
2023 interim dividend of 1.1 cents per share, paid 24 March 2023. Fully franked @ 30% tax	–	4,469
Total dividends proposed	**–**	**4,469**
The Company's Dividend Reinvestment Plan remains suspended.		
Dividend franking account		
Franking credits available for subsequent financial years based on a tax rate of 30%	**32,755**	**32,652**

The above balance is based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the amount provided for income tax; and
- franking debits that will arise from the payment of dividends proposed at year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section A4 Cash Flow information

21. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of profit after tax to net cash flow from operating activities

	2024 $'000	2023 (Restated) $'000
Net profit after tax	**1,022**	**24,037**
Adjustments for non-cash items:		
Depreciation and amortisation	1,684	1,656
Net gain on disposal of right-of-use assets	(63)	(352)
Net loss on disposal of plant and equipment	1	1,652
Interest revenue classified as investing cash flow	(735)	(400)
Share of loss of equity accounted investments	267	169
Change in inventory loss provisions	1,349	1,418
Write-off of a terminated project	17,774	-
Change in expected credit losses	77	-
Share-based payments expense	524	548
Fair value adjustment to investment property	(72)	88
Change in operating assets and liabilities:		
Increase in inventories	(16,191)	(118,370)
Decrease/ (increase) in receivables	20,626	(14,608)
Increase in other assets	(2,566)	(2,345)
Increase in tax receivables	(2,477)	-
(Decrease)/increase in deferred tax liability	(1,290)	3,275
(Decrease)/increase in tax payable	(3,301)	3,750
(Decrease)/increase in payables	(88,110)	58,345
Increase in provisions	2,031	153
Net cash used in operating activities	**(69,450)**	**(40,984)**

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section B – Risk

22. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements involves the use of certain critical accounting estimates and requires management to exercise judgement. These estimates and judgements are continually reviewed based on historical experience, current and expected market conditions as well as other relevant factors.

(i) Judgements

In applying the Group's accounting policies, management makes judgements, which can significantly affect the amounts recognised in the *Consolidated Financial Statements*.

Timing of revenue recognition:

This includes the determination of whether revenue recognition criteria have been satisfied on sales of land lots with deferred settlement terms.

(ii) Estimates and assumptions

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Estimates of net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the net amount expected to be realised from the sale of inventories, the estimated costs to complete and sell.

Profit recognised on developments:

The calculation of profit for land lots and built-form is based on actual costs to date and estimates of costs to complete.

Fair value measurement:

Judgement is exercised in determining:

- fair value of financial asset carried at fair value through profit and loss.
- fair value of investment property.

23. FINANCIAL RISK MANAGEMENT

The Group's principal financial assets and financial liabilities comprise receivables, payables, borrowings and cash.

The Group's Treasury department focuses on the following main financial risks:

- interest rate risk;
- foreign currency risk;
- credit risk; and
- liquidity risk.

Financial risk activities are governed by appropriate policies and financial risks are identified, measured and managed in accordance with policies and risk objectives.

Responsibility for the monitoring of financial risk exposure and the formulation of appropriate responses rests with the Chief Financial Officer.

The Board reviews and approves these policies.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or associated future cash flows will fluctuate because of changes in market interest rates. The exposure to market interest rates primarily relates to interest-bearing loans and borrowings issued at variable rates.

In assessing interest rate risk, the Group considers loan maturity and cash flow profiles and the outlook for interest rates.

The Group has, when appropriate, used various techniques, including interest rate swaps, caps and floors to hedge the risk associated with interest rate fluctuations. These derivatives would not qualify for hedge accounting and changes in fair value would be recognised in profit and loss. Given market uncertainty experienced in 2024, cashflows have been lumpy and therefore more challenging to forecast for hedging purposes. The Group has therefore retained all the drawn debt at variable rates of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest rate risk (continued)

At balance date, the Group had the following cash and variable rate borrowings:

	2024		2023	
	Weighted average interest rate %	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Cash	4.41	(15,121)	3.76	(12,983)
Bank loans	5.81	221,708	5.66	171,301
Net financial liabilities		**206,587**		**158,318**

The following table shows the impact on Profit After Tax if interest rates changed by 50 basis points. The calculation is based on borrowings and cash held at year-end. It assumes that interest is capitalised to qualifying assets as disclosed in note 3.

With all other variables held constant, Profit After Tax would have been affected as follows:

	Profit After Tax Higher/(Lower)	
	2024 $'000	**2023 $'000**
+50 basis points	(170)	(59)
-50 basis points	170	59

The effect on the basis that no interest is capitalised, would be as follows:

	Profit After Tax Higher/(Lower)	
	2024 $'000	**2023 $'000**
+50 basis points	(723)	(554)
-50 basis points	723	554

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT (continued)

(ii) Foreign currency risk

Foreign currency risk arises from NZD denominated assets (balance sheet risk) or from transactions or cash flows, denominated in NZD (cash flow risk).

The following table demonstrates the sensitivity to a change in AUD/NZD exchange rates on exposures existing at balance date.

With all other variables held constant, Profit After Tax and equity would have been affected as follows:

	Profit After Tax Higher/(Lower)		Equity Higher/(Lower)	
	2024 $'000	**2023 $'000**	**2024 $'000**	**2023 $'000**
AUD/NZD +10%	(80)	(144)	(9,575)	(8,521)
AUD/NZD -10%	80	144	3,309	4,364

(iii) Credit risk

Credit risk is the risk that a counterparty will not meet its contractual obligations under a financial instrument, leading to a financial loss. Credit risk arises from cash and cash equivalents, receivables, and from granting of financial guarantees.

Contracts for Land, Integrated Housing and Apartments usually require payment in full prior to passing of title to customers and collateral is therefore unnecessary. If title is to pass prior to full payment being received, appropriate credit verification procedures are performed before contract execution.

Credit risk from balances with banks and financial institutions is managed by the Group's Treasury department in accordance with Group policy. Surplus funds are typically applied to repay drawn loans to minimise borrowing costs. Counterparties are limited to financial institutions approved by the Board.

The granting of financial guarantees also exposes the Group to credit risk, being the maximum amount that would have to be paid if the guarantee is called on. As the amounts payable under the guarantees are not significantly greater than the original liabilities, this risk in not material. See note 37 for details regarding financial guarantees.

The Group has one major debtor in its receivables balance at 30 June 2024, but based on the current assessment and the available collateral (land), this debtor does not pose a significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Treasury department manages the Group's liquidity risk by monitoring forecast cash flows on a fortnightly basis and assessing forecast covenant compliance and limit capacity monthly over a three-year time horizon. These forecasts are reviewed by the Chief Financial Officer and presented to the Board as needed. The goal is to maintain a balance between funding continuity and flexibility, utilising bank loans and committed available credit facilities.

The Group's primary banking facilities have a maturity date of 30 September 2025, classifying them as non-current. The Treasury department regularly monitors the maturity profile of all debt facilities. Financing plans are reviewed and approved by the Chief Financial Officer before being presented to the Board for approval, ensuring they are addressed well in advance of maturity.

The Group has no interest-bearing loans and borrowings maturing in less than one year, consistent with the previous year (2023: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT (continued)

(iv) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments.

Year ended 30 June 2024	< 6 months $'000	6 -12 months $'000	1-5 years $'000	Total $'000
Financial Assets				
Cash and cash equivalents	15,121	–	–	15,121
Receivables	5,383	439	2,708	8,530
Financial assets at fair value through profit or loss	–	9,640	–	9,640
	20,504	**10,079**	**2,708**	**33,291**
Financial Liabilities				
Payables	38,952	32,390	93,246	164,588
Interest-bearing loans and borrowings(1)	6,464	6,428	237,849	250,741
Lease liabilities(2)	761	769	3,181	4,711
	46,177	**39,587**	**334,276**	**420,040**
Net maturity	**(25,673)**	**(29,508)**	**(331,568)**	**(386,749)**

Year ended 30 June 2023 (restated)	< 6 months $'000	6 -12 months $'000	1-5 years $'000	Total $'000
Financial Assets				
Cash and cash equivalents	12,983	–	–	12,983
Receivables	23,948	3,486	1,799	29,233
Financial assets at fair value through profit or loss	–	–	3,500	3,500
	36,931	**3,486**	**5,299**	**45,716**
Financial Liabilities				
Payables	136,424	204	128,796	265,424
Interest-bearing loans and borrowings(1)	4,865	4,838	173,747	183,450
Lease liabilities(2)	698	677	2,106	3,481
	141,987	**5,719**	**304,649**	**452,355**
Net maturity	**(105,056)**	**(2,233)**	**(299,350)**	**(406,639)**

(1) Expected settlement amounts of interest-bearing loans and borrowings include an estimate of the interest payable to the date of expiry of the facilities.

(2) The contractual undiscounted payments of $1,989,000 (2023: $2,394,000) mature after a period of more than 5 years.

At reporting date, the Group has approximately $147 million (2023: $165 million) of unused credit facilities available. Please refer to note 15.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT (continued)

(v) Fair value

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

	Year ended 30 June 2024				Year ended 30 June 2023			
	Quoted prices in active markets (Level 1) $'000	Quoted prices in active markets (Level 1) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets								
Investment property	–	–	1,740	1,740	–	–	1,668	1,668
Financial assets at fair value through profit or loss	–	–	9,640	9,640	–	–	3,500	3,500
	–	**–**	**11,380**	**11,380**	**–**	**–**	**5,168**	**5,168**
Financial liabilities								
Interest-bearing loans and borrowings	–	221,708	–	221,708	–	171,301	–	171,301
	–	**221,708**	**–**	**221,708**	**–**	**171,301**	**–**	**171,301**

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Investment property is valued at fair value, representing the price expected in an orderly market transaction at the reporting date. It is classified as Level 3 financial instruments, relying on unobservable inputs for its valuation. The fair value of investment property is influenced by several key factors, including capitalisation rate, discount rate, terminal yield, market rent and growth rate. Higher net market income and a higher compound annual growth rate generally leads to an increase in fair value. Conversely, higher values for the capitalisation rate, terminal yield, and discount rate typically result in a lower fair value.

The financial asset at fair value through profit and loss is a loan to a Joint Venture. The carrying value of this financial asset is equal to the fair value. This financial asset is classified as Level 3 as the fair values are not based on observable data.

Interest bearing loans and borrowings are carried at amortised cost. The carrying value approximately reflects the fair value.

24. CAPITAL MANAGEMENT

In managing capital, management's objective is to achieve an efficient capital structure which optimises the weighted average cost of capital commensurate with business requirements and prudential considerations.

During the year ended 30 June 2024, nil dividend was paid (2023: $7,191,000).

Management monitors capital mix through the debt-to-equity ratio (net debt/total equity) and the debt to total assets ratio (net debt/total assets) calculated below:

	2024 $'000	2023 (Restated) $'000
Interest-bearing loans and borrowings	221,708	171,301
Less: cash and cash equivalents	(15,121)	(12,983)
Net debt	**206,587**	**158,318**
Total equity	456,618	425,970
Total assets	863,194	874,028
Net debt to equity ratio	**45.2%**	**37.2%**
Net debt to total assets ratio	**23.9%**	**18.1%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section C – Group Structure

25. CONTROLLED ENTITIES

(a) Investment in controlled entities

The following economic entities are the controlled entities of AVJennings Limited:

	% Equity Interest		Included in Banking Cross Deed of Covenant [2]	
ECONOMIC ENTITY [1]	**2024**	**2023**	**2024**	**2023**
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	No	Yes
AVJennings Home Improvements S.A. Pty Limited[3]	100	100	No	Yes
AVJennings Mackay Pty Limited[3]	100	100	Yes	Yes
Entities excluded from the Closed Group				
Montpellier Gardens Pty Limited[3]	100	100	No	Yes
AVJennings (Cammeray) Pty Limited[3]	100	100	No	Yes
AVJennings Syndicate No 3 Limited	100	100	No	No
AVJennings Officer Syndicate Limited[3]	100	100	Yes	Yes
AVJennings Properties SPV No 1 Pty Limited	100	100	No	No
AVJennings Properties SPV No 2 Pty Limited[3]	100	100	Yes	Yes
AVJennings Properties SPV No 4 Pty Limited[3]	100	100	Yes	Yes
AVJennings Wollert Pty Limited[3]	100	100	Yes	Yes
AVJ Erskineville Pty Limited[3]	100	100	Yes	Yes
AVJ Hobsonville Pty Limited[3]	100	100	Yes	Yes
AVJennings Properties SPV No 9 Pty Limited[3]	100	100	Yes	Yes
AVJennings SPV No 10 Pty Limited	100	100	No	No
AVJennings SPV No 19 Pty Limited[3]	100	100	Yes	Yes
AVJennings SPV No 20 Pty Limited[3]	100	100	Yes	Yes
AVJennings SPV No 22 Pty Limited[3]	100	100	Yes	Yes
AVJennings SPV No 23 Pty Limited[3]	100	100	Yes	Yes
AVJennings SPV No 24 Pty Limited	100	100	No	No
AVJennings SPV No 25 Pty Limited	100	100	Yes	No
AVJennings SPV No 26 Pty Limited[3]	100	100	Yes	Yes
AVJennings SPV No 27 Pty Limited	100	100	No	No
AVJennings SPV No 29 Pty Limited	100	100	No	No
Creekwood Developments Pty Limited[3]	100	100	Yes	Yes
Portarlington Nominees Pty Limited[3]	100	100	Yes	Yes

(1) All entities operate and are based in Australia, except for AVJ Hobsonville Pty Limited which has a branch in New Zealand.

(2) These entities, including AVJennings Limited, are included under the Banking Cross Deed of Covenant referred to in note 15(a).

(3) These entities, including AVJennings Limited, are included in the Deeds of Indemnity for performance bond facilities referred to in note 15(b).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CONTROLLED ENTITIES (continued)

(a) Investment in controlled entities (continued)

	% Equity Interest		Included in Banking Cross Deed of Covenant [(2)]	
ECONOMIC ENTITY [(1)]	**2024**	**2023**	**2024**	**2023**
Entities excluded from the Closed Group (continued)				
AVJennings St Clair Pty Limited[(3)]	100	100	Yes	Yes
St Clair JV Nominee Pty Limited[(3)]	100	100	Yes	Yes
AVJennings Properties Wollert SPV Pty Limited	100	100	No	No
AVJennings Waterline Pty Limited[(3)]	100	100	Yes	Yes
Cusack Lane Nominees Pty Ltd[(3)]	100	100	Yes	Yes
Otan Property Fund Trust	100	100	No	No
Otan Subiaco Fine China No 1 Trust	100	100	No	No
Otan Subiaco Fine China No 2 Trust	100	100	No	No

(1) All entities operate and are based in Australia, except for AVJ Hobsonville Pty Limited which has a branch in New Zealand.

(2) These entities, including AVJennings Limited, are included under the Banking Cross Deed of Covenant referred to in note 15(a).

(3) These entities, including AVJennings Limited, are included in the Deeds of Indemnity for performance bond facilities referred to in note 15(b).

(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 Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission (ASIC). Those entities included in the Closed Group are listed in note 25(a). These entities represent a "Closed Group" for the purposes of the Corporations Instrument, 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) Corporations Instrument closed group

Certain controlled entities were granted relief by ASIC (under provisions of the Corporations Instrument) 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 25(c)).

The Extended Closed Group referred to in the *Directors' Declaration* therefore comprises all the entities within the Corporations Instrument. Certain entities falling outside of the Extended Closed Group are listed in note 25(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:

	2024 **$'000**	**2023 (Restated) $'000**
Revenues	152,675	160,700
Cost of sales	(117,433)	(101,207)
Other expenses	(46,801)	(45,204)
(Loss)/profit before income tax	**(11,559)**	**14,289**
Income tax benefit/(expenses)	3,423	(4,805)
(Loss)/profit after income tax	**(8,136)**	**9,484**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CONTROLLED ENTITIES (continued)

(d) Corporations Instrument closed group (continued)

The *Consolidated Statement of Financial Position* for those controlled entities which are party to the deed is as follows:

	2024 $'000	2023 (Restated) $'000
Current assets		
Cash and cash equivalents	8,708	8,872
Receivables	180,269	149,230
Inventories	80,561	93,743
Tax receivable	2,300	-
Other assets	7,328	4,939
Total current assets	**279,166**	**256,784**
Non-current assets		
Receivables	2,462	1,640
Inventories	246,213	256,481
Equity accounted investments	4,617	4,884
Plant and equipment	731	993
Financial assets at fair value through profit or loss	9,640	3,500
Right-of-use assets	4,967	5,284
Intangible assets	2,816	2,816
Total non-current assets	**271,446**	**275,598**
Total assets	**550,612**	**532,382**
Current liabilities		
Payables	35,985	105,971
Lease liabilities	1,310	1,006
Tax payable	-	1,419
Provisions	6,762	6,417
Total current liabilities	**44,057**	**114,813**
Non-current liabilities		
Payables	23,678	13,299
Interest-bearing loans and borrowings	212,556	156,599
Lease liabilities	4,026	4,461
Deferred tax liabilities	16,465	15,779
Provisions	1,615	1,416
Total non-current liabilities	**258,340**	**191,554**
Total liabilities	**302,397**	**306,367**
Net assets	**248,215**	**226,015**
Equity		
Contributed equity	202,597	173,171
Reserves	6,793	6,270
Retained earnings	38,825	46,574
Total equity	**248,215**	**226,015**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CONTROLLED ENTITIES (continued)

(d) Corporations Instrument closed group (continued)

The *Consolidated Statement of Changes in Equity* for those controlled entities which are party to the deed is as follows:

	2024 $'000	2023 (Restated) $'000
At the beginning of the year	226,015	223,508
Comprehensive income:		
(Loss)/profit for the year	(8,136)	9,484
Total comprehensive (loss)/income for the year	(8,136)	9,484
Transactions with owners in their capacity as owners		
– Ordinary share capital raised	29,571	–
– Share buyback and cancellation	–	(35)
– Treasury shares acquired	(146)	(299)
– Share-based payment expense	524	548
– Dividends received from non closed group member	387	–
– Dividends paid	–	(7,191)
Total transactions with owners in their capacity as owners	30,336	(6,977)
At the end of the year	**248,215**	**226,015**

26. EQUITY ACCOUNTED INVESTMENTS

	2024 $'000	2023 $'000
Joint Ventures	**4,617**	**4,884**

Accounting

A Joint Venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the Joint Venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint Ventures are accounted for using the equity method. Under the equity method, investments in these entities are carried at cost plus post acquisition changes in the Group's share of net assets of these entities.

The aggregate of the Group's share of profit or loss after tax of Joint Ventures is disclosed in the *Consolidated Statement of Comprehensive Income.* Dividends received from a Joint Venture are recognised as a reduction in the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and Joint Venture are eliminated to the extent of the interest in the Joint Venture, until the underlying assets are realised by the Joint Venture on consumption or sale.

If there is objective evidence that the investment in the Joint Venture is impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and it's carrying value and recognises it in the *Consolidated Statement of Comprehensive Income.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. EQUITY ACCOUNTED INVESTMENTS (continued)

Interest in Joint Ventures

	Interest held	
	2024	**2023**
Joint Venture and principal activities		
Pindan Capital Group Dwelling Trust – Building Construction	33.3%	33.3%
Pro9 Australia Pty Ltd – Prefabricated Walling System Manufacturing	5.0%	5.0%

Pindan Capital Group Dwelling Trust	**2024**	**2023**
Movements in carrying amount	**$'000**	**$'000**
At beginning of year	4,884	5,053
Share of loss	(267)	(169)
At end of year before provision movement	4,617	4,884
At end of year	**4,617**	**4,884**

The Group's share of the Joint Ventures' assets, liabilities, revenues and expenses are as follows:

Share of assets and liabilities		
Current assets	1,625	1,425
Non-current assets	3,015	3,652
Total assets	4,640	5,077
Current liabilities	23	180
Non-current liabilities	–	13
Total liabilities	23	193
Net assets	**4,617**	**4,884**
Share of revenues and expenses		
Revenues	1,525	662
Cost of sales	(1,422)	(619)
Expenses	(370)	(212)
Loss before income tax	(267)	(169)
Loss after income tax	**(267)**	**(169)**

In September 2021, several Pindan entities acted as trustees for the trusts holding the investment in Pindan Capital Group Dwelling Trust. During that time, Pindan Capital Pty Limited (liquidated) agreed to sell shares in the trustee entities to Dorado Syndicate 59 Pty Limited on behalf of the unitholders. As a result, the Pindan Group no longer possesses any legal or beneficial interest in the trusts or the underlying projects. The legal ownership of these assets now belongs to Dorado Syndicate 59 Pty Limited, acting as trustee for the unitholders, while the beneficial interest lies with the unitholders, including AVJennings.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. EQUITY ACCOUNTED INVESTMENTS (continued)

Pro9 Australia Pty Ltd

Pro9 Australia Pty Ltd is a Joint Venture (Pro9 Joint Venture) established in June 2023 between AVJennings and Pro9 Global Limited. Its primary objective is to manufacture the highly durable and energy efficient Pro9 prefabricated walling system in Australia. AVJennings holds a 5% equity interest in the Joint Venture (30 June 2023: 5%), while Pro9 Global Limited holds a 95% equity interest.

As at 30 June 2024, AVJennings has provided a loan totalling $9.64 million (30 June 2023: $3.50 million) to the Pro9 Joint Venture. Once the Australian manufacturing plant is effectively set up by the Joint Venture, this loan, as well as any future loans, are convertible into an equity interest of the Joint Venture. In total, the initial equity investment and the converted loans collectively will lead to a 50/50 Joint Venture with Pro9 Global Limited.

The Pro9 Joint Venture is at an early stage of operational activities. As a result, there is no material profit or loss to report for the Pro9 Joint Venture. Further information about the loan and the accounting policy can be found in note 11.

27. INTEREST IN JOINT OPERATIONS

A controlled entity is part of a Joint Operation. Information relating to the Joint Operation is set out below:

	Interest held	
	2024	**2023**
Joint Operation name, principal place of business and principal activities		
Wollert Joint Venture (Victoria) – Land Development and Building Construction	49%	49%

Accounting

A Joint Operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the Joint Operation. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Their interests in the assets, liabilities, revenues and expenses of the Joint Operation have been recognised in the Financial Statements under the appropriate headings.

The Group's share of the Joint Operation's assets, liabilities, revenues and expenses are as follows:

	2024 $'000	**2023 $'000**
Share of assets and liabilities		
Current assets	14,112	14,915
Non-current assets	20,056	18,098
Total assets	**34,168**	**33,013**
Current liabilities	1,999	2,005
Non-current liabilities	2,529	1,086
Total liabilities	**4,528**	**3,091**
Net assets	**29,640**	**29,922**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. INTEREST IN JOINT OPERATIONS (continued)

	2024 $'000	2023 $'000
Share of revenues and expenses		
Revenues	16,876	18,595
Cost of sales	(12,741)	(14,778)
Other expenses	(987)	(1,614)
Profit before income tax	**3,148**	**2,203**
Income tax	(944)	(661)
Profit after income tax	**2,204**	**1,542**
Other comprehensive income for the year	–	–
Total comprehensive income for the year	**2,204**	**1,542**

Section D - Other information

28. CORPORATE INFORMATION

AVJennings Limited ("Company" or "Parent") is a for-profit Company limited by shares domiciled and incorporated in Australia. The Company's shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through SGX GlobalQuote. The Ultimate Parent is SC Global Developments Pte Ltd, a company incorporated in Singapore which owns 54.02% of the ordinary shares in AVJennings Limited.

The Group ("AVJennings" or "Group") consists of AVJennings Limited ("Company" or "Parent") and its controlled entities. The Consolidated Financial Statements of the Group for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors on 28 August 2024.

The nature of the operations and principal activities of the Group are provided in the *Directors' Report*.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. STATEMENT OF COMPLIANCE

These Consolidated Financial Statements are general purpose financial reports. They have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

30. BASIS OF PREPARATION

These Financial Statements have been prepared on a going concern basis, using historical cost convention with the exception of financial assets at fair value through profit and loss.

All figures in the Consolidated Financial Statements are presented in Australian Dollars and all values are rounded to the nearest thousand dollars ($'000) in accordance with ASIC Corporations Instrument 2016/191, unless otherwise stated. The accounting policies adopted are consistent with those of the previous financial year.

Where necessary, comparative information has been restated to conform to the current year's disclosures.

(a) Correction of revenue recognition (understatement)

During the half-year ended on 31 December 2023, a revenue recognition error from the previous period (30 June 2023) was discovered. The error resulted from an omission, specifically the understatement of revenue for our New Zealand operations, totalling $11.6 million, and cost of sales of $7.8 million, for the financial year ended 30 June 2023.

The sales to Builders in New Zealand, which are at the subject of this error, are recognised when control of the land is transferred to the Builders. This typically occurs after the local Council issues a certificate confirming all subdivision works conditions within a stage have been satisfied, and the Builder has the right to gain access to the land. This aligns with our accounting policy as outlined in Note 2 (b). Despite the issuance of a certificate on 30 June 2023, there was an internal oversight in applying the certificate for revenue recognition. It led to inadvertent exclusion of revenue from the contracts associated with the certificate.

This led to an understatement of both revenue ($11.6 million) and cost of sales ($7.8 million) for the period ending on 30 June 2023. Immediate control improvements have been implemented to ensure ongoing completeness of revenue recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. BASIS OF PREPARATION (continued)

(a) Correction of revenue recognition (understatement) (continued)

The revenue recognition error occurred in the second half of FY23, and therefore did not affect opening balance of FY23. The effects of the restatement on both the *Statement of Comprehensive Income* for the year ended 30 June 2023 and the *Statement of Financial Position* as at 30 June 2023 have been disclosed below:

Statement of Comprehensive Income	**Note**	**30 June 2023 Actual $'000**	**Change $'000**	**30 June 2023 (Restated) $'000**
Continuing operations				
Revenue from contracts with customers	(a)	274,309	11,620	285,929
Revenue		**274,309**	**11,620**	**285,929**
Cost of sales	(b)	(187,379)	(7,768)	(195,147)
Gross profit		**86,930**	**3,852**	**90,782**
Profit before income tax		**30,830**	**3,852**	**34,682**
Income tax	(c)	(9,566)	(1,079)	(10,645)
Profit after income tax		**21,264**	**2,773**	**24,037**
Other comprehensive income				
Foreign currency translation	(d)	866	15	881
Other comprehensive income		**866**	**15**	**881**
Total comprehensive income		**22,130**	**2,788**	**24,918**
Profit attributable to owners of the Company		**21,264**	**2,773**	**24,037**
Total comprehensive income attributable to owners of the Company		**22,130**	**2,788**	**24,918**
Earnings per share (cents):				
Basic earnings per share		5.24	0.68	5.92
Diluted earnings per share		5.24	0.68	5.92

(a) Revenue restated for sales contracts with New Zealand Builders. The recorded revenue slightly deviates from the Receivable amount (net of deposits) recorded in the *Statement of Financial Position*, mainly due to foreign currency conversion. The monthly average exchange rate was used for revenue conversion, whereas the balance sheet (receivables) used the exchange rate as at 30 June 2023.

(b) The cost of sales for the restated revenue in (a) above is also subject to the exchange rate effect outlined in (a).

(c) Tax effect impact of restated revenue.

(d) Net foreign currency translation effect of the restatement of revenue.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. BASIS OF PREPARATION (continued)

(a) Correction of revenue recognition (understatement) (continued)

Statement of Comprehensive Income	Note	30 June 2023 Actual $'000	Change	30 June 2023 (Restated) $'000
Current assets				
Receivables	(a)	16,769	10,665	27,434
Inventories	(b)	226,487	(7,813)	218,674
Total current assets		**261,867**	**2,852**	**264,719**
Non-current assets				
Inventories		588,217	–	588,217
Total non-current assets		**609,309**	**–**	**609,309**
Total assets		**871,176**	**2,852**	**874,028**
Current liabilities				
Payables	(c)	134,380	(1,021)	133,359
Tax payable	(d)	3,294	7	3,301
Total current liabilities		**145,344**	**(1,014)**	**144,330**
Non-current liabilities				
Deferred tax liabilities	(e)	17,796	1,078	18,874
Total non-current liabilities		**302,650**	**1,078**	**303,728**
Total liabilities		**447,994**	**64**	**448,058**
Net assets		**423,182**	**2,788**	**425,970**
Equity				
Contributed equity		173,172	–	173,172
Reserves	(f)	8,224	15	8,239
Retained earnings	(g)	241,786	2,773	244,559
Total equity		**423,182**	**2,788**	**425,970**

(a) Revenue restated for sales contracts with New Zealand Builders. The recorded revenue in the *Statement of Comprehensive Income* slightly deviates from the Receivable amount (net of deposits) here, mainly due to foreign currency conversion and deposits previously paid. The monthly average exchange rate was used for revenue conversion, whereas the receivable was converted using the exchange rate as at 30 June 2023.

(b) The cost of sales recorded in inventory for the restated revenue in (a) above is also subject to the exchange rate effect outlined in (a).

(c) Deposits paid, used to decrease the receivable amount owed by Builders.

(d) Tax adjustment for the Group from the restatement.

(e) Tax effect of (a), (b) and (c) above.

(f) Net foreign currency translation of NZ related sales.

(g) Impact on retained earnings of the restatement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. 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	
	2024 Number	**2023 Number**
Fully paid ordinary shares	302,525,104	219,853,062

(c) Entity with significant influence over AVJennings Limited

302,525,104 ordinary shares equating to 54.02% of the total ordinary shares on issue following share buyback and cancellation (2023: 219,853,062 and 53.95% respectively) were held by SC Global Developments Pte Ltd and its subsidiaries in the Parent Entity at 30 June 2024. 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

The Group assesses the allowance for expected credit loss (ECL) for all related party receivables. No ECL has been recognised for related party transactions as at 30 June 2024.

(e) Transactions with related parties

	2024 $	**2023 $**
Entity with significant influence over the Group:		
SC Global Developments Pte Ltd		
Consultancy fee paid/payable	600,000	600,000
Other:		
Related party of P Kearns*		
Miscellaneous items	–	200
Joint Operation:		
Wollert JV		
Management fee received/receivable	3,287,597	2,617,329
Accounting services fee received/receivable	50,000	50,000
Equity Accounted JV:		
Pro9 Australia Pty Ltd		
Management fee received/receivable	12,000	–

* P Kearns is a Director of AVJennings. This is further discussed in the *Directors' Report.*

(f) Joint Ventures and Joint operations in which related entities in the Group are venturers

Joint arrangements in which the Group has an interest are set out in notes 26 and 27.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES (continued)

(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.

	2024 $'000	2023 $'000
Current receivables		
Joint Ventures	834	526
Non-current receivables		
Joint Ventures and others	2,462	1,640
Current payables		
SC Global Developments Pte Ltd	150	150
Non-current payables		
Joint Ventures and others	–	1,344

(h) Amounts advanced to and received from related parties

Amounts advanced		
Pro9 Joint Venture	9,640	3,500
Other	665	186

(i) Remuneration of Key Management Personnel (KMP)

	2024 $	2023 $
Short-term		
– Salary/Fees	2,780,386	2,524,361
– Accrued annual leave	(12,430)	90,001
– STI	630,494	527,792
– Other(1)	12,382	87,833
Post employment		
– Superannuation	167,220	160,475
Long-term		
– Accrued Long service leave	67,065	70,925
Share-based payment	409,431	353,275
	4,096,848	**3,814,662**

(1) Current year relates to S Souter's Motor Vehicle benefit, prior year relates to A Carter's Motor Vehicle benefit and final payment.

(j) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. 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:

	2024 $'000	2023 $'000
Expense arising from equity-settled share-based payment transactions	597	641
Expense reversed on forfeiture of shares	(73)	(93)
Net expense arising from share-based payment transactions	**524**	**548**

The share-based payment plan is described in note 32(b).

(b) Type of share-based payment plan

A description of the LTVR structure applicable for FY24 is set out below:

Instrument	The LTVR is in the form of Performance Rights.
Measurement Period	The Performance Rights are subject to a Measurement Period from 1 July 2023 to 30 June 2026 (3 years).
Term	Each Right has a Term of 15 years from the Grant Date and if not exercised within that Term the Rights will lapse. The Grant Date is the date of the Grant Notice a KMP may receive following the making of an application.
Opportunity as % of TFR	

	Target
CEO	57.5%
COO	27.5%
CFO	35.0%
Other KMPs	20.0%

Grant Calculation	The Share Price used to calculate the grant of Rights was based on a volume weighted average price (VWAP) over the 20 trading days following the release of FY23 financial results, of $0.4138.
Performance Metrics and Vesting Schedule	**Tranche 1 Performance Rights are subject to an iTSR performance vesting condition.** This vesting condition compares the Company's TSR over the Measurement Period with the movement in the ASX 300 Real Estate Index Total Return Index. This Index is a TSR Index. Total Shareholder Return (TSR) is calculated as a percentage growth in shareholder value based on share price growth and dividends, assuming that they are reinvested into Shares. It is calculated over a specific period which for purpose of this Invitation is the Measurement Period. The vesting scale for this performance vesting metric is as follows:

Performance Level	AVJ TSR Compared to TSR of the ASX 300 Real Estate TR Index	% of Grant Vesting
Target	**≥Index TSR + 8% TSR CAGR**	**100%**
Between Threshold and Target	> Index TSR & < Index TSR + 8% TSR CAGR	Pro-rata
Threshold	= Index TSR or AVJ TSR = 9% CAGR	25%
Below Threshold	< Index TSR and AVJ TSR < 9% CAGR	0%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENT PLANS (continued)

(b) Type of share-based payment plan (continued)

Performance Metrics and Vesting Schedule (continued)

Tranche 2 Performance Rights are subject to a Return on Equity (ROE) Performance Vesting Condition, determined in reference to the following scale, in relation to the Measurement Period:

Performance Level	AVJennings average Return on Equity (ROE)	% of Grant Vesting
Target	**≥10%**	**100%**
Between Threshold and Target	>5% & < 10%	Pro-rata
Threshold	= 5%	25%
Below Threshold	< 5%	0%

Return on Equity (ROE) is calculated by applying the following formula:

$$ROE\ as\ a\ \% = \frac{NPAT(Yr1) + NPAT(Yr2) + NPAT(Yr3)}{SHE(Yr1) + SHE\ (Yr2) + SHE(Yr3)}\ X\ 100$$

Where:

NPAT = Net Profit After Tax (trailing 12 month)
SHE = Shareholders' Equity at beginning of year

Note: if capital is raised during a financial year, then the time weighted average of that capital will be attributed to the year in which it is raised The Board retains discretion to modify the vesting outcomes, if it deems it appropriate to do so. Refer to Plan Rules.

Gates

A Gate applies to the Tranche 1 iTSR Performance Rights, such that vesting will not be considered if the Company's TSR is not positive for the Measurement Period.

Retesting

No Retesting is allowed for under the Plan Rules.

Corporate Actions

Unless otherwise determined by the Board, in the event the Board determines that the Company will be imminently de-listed, whether in the case of a Change in Control or otherwise, the Vesting Conditions attached to the Tranche at the time of the Application will cease to apply and:

- Performance Rights constructed as Share Appreciation Rights will vest 100% unless otherwise determined by the Board,
- unvested Performance Rights subject to a nil Exercise Price will vest in accordance with the application of the following formula to each unvested Tranche as at a date determined by the Board (Effective Date), noting that negative results will be taken to be nil, and vesting cannot exceed 100%:

$$\text{Number of Performance Rights in Tranche to Vest} = \text{Unvested Performance Rights in Tranche} \times \text{\% of First Year of Measurement Period Elapsed} \times \frac{\text{(Share Price at the Effective Date – Share price at Measurement Period Commencement)}}{\text{Share price at Measurement Period Commencement}}$$

- any remaining unvested Performance Rights will vest to the extent, if any, determined by the Board having regard to performance over the Measurement Period prior to the Effective Date,
- any unvested Performance Rights that remain following (b) and (c) will lapse, unless the Board determines that Participants may continue to hold unvested Rights following the Effective Date,
- some or all unvested Service Rights may vest to the extent determined by the Board in its discretion, having regard to the circumstances that gave rise to the grant of Service Rights and any remainder will lapse immediately,
- any unexercised Rights held by a Participant that are subject to an Exercise Restriction Period will cease to be so restricted on the date that the Board determines in its sole discretion, and
- any Specified Disposal Restriction Period will be lifted, including the removal of any Company initiated CHESS holding lock.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENT PLANS (continued)

(c) Former Type of share-based payment plan

LTI grants are only made to executives who can significantly impact the Group's performance and create shareholder value over the longer-term.

LTI remuneration is provided by the issue of Performance Rights with performance conditions. The use of Performance Rights as an incentive reduces upfront cash requirements (as shares do not need to be acquired for allocations). Shares are acquired on market by the Plan Trustee to satisfy the grant of shares in respect of rights which have vested. Participants do not receive dividends on Performance Rights (as distinct from shares).

LTI and performance

The TSR measure was introduced in February 2020 to replace the former ROE component of the Performance Rights which used market capitalisation as a proxy for equity. The TSR hurdle will apply to grants under the LTI from FY21 onwards. The ROE hurdle applied to earlier grants.

50% of Performance Rights granted vest depending on AVJennings' average growth rate in EPS over the three financial years of performance measurement.

50% of Performance Rights granted vest depending on AVJennings' TSR over the three financial years of performance measurement. TSR is assessed against the ASX 300 Real Estate Index (REI), a comparator group including peers in the residential property sector. The comparator group is not directly comparable to AVJennings as the REI contains non-residential property participants. However, this comparator group was chosen as the best approximation as the pool of directly comparable listed residential developers was too small to provide a reliable and meaningful comparator group.

Both elements of the Performance Rights (EPS and TSR) are also subject to a service condition. The recipient must be employed by AVJennings as at 30 June of the year in which the performance conditions of the Rights are tested. The Rights only vest if both the service condition and the performance conditions are satisfied.

The performance conditions are tested at the end of the three-year measurement period, in the September following release of the financial statements for that year. There is no re-testing. If the conditions are not satisfied when they are tested, the Rights are immediately forfeited.

The operation of the EPS, ROE and TSR hurdles are set out below.

AVJennings' EPS growth rate over the three year performance period	Percentage of rights 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

AVJennings' TSR rank against ASX 300 RE Index at 30 September	Percentage vesting
< median	Nil
At the median	50% of the allocation for the hurdle
> median but < 75th percentile	Pro-rata between 50th and 75th percentiles
> 75th percentile	100% of the allocation for the hurdle

AVJennings' ROE over the three year performance period	Percentage of rights vesting
< 12%	Nil
12%	50% of the allocation for the hurdle
15%	75% of the allocation for the hurdle
> = 18%	100% (Straight line interpolation between 12% and 18%)

This ROE hurdle was removed in February 2020 and replaced with TSR hurdle for grants for FY21 to FY23.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENT PLANS (continued)

(c) Former Type of share- based payment plan (continued)

Retention

Retention Rights are granted in three equal tranches which vest in each of the three succeeding years following the year of grant.

Retention component - years of service	Percentage of rights vesting
One year	33.33%
Two years	33.33%
Three years	33.34%

Unvested Retention Rights are subject to real risk of forfeiture, for example where an executive ceases employment for any reason.

The Retention Rights component has been abolished for FY24 and beyond; but existing Retention Rights, granted in 2021 and 2022, will vest in accordance with the Plan Rules.

(d) Accounting

The fair value of the Rights at the date of the grant is determined using an appropriate valuation model. The fair value is expensed over the period in which the performance and/or service conditions are fulfilled with a corresponding increase in share-based payment reserve in equity. The expense or credit in the *Consolidated Statement of Comprehensive Income* represents the movement in cumulative expense recognised between the beginning and end of that period. No expense is recognised for awards that do not ultimately vest because nonmarket performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where an award is cancelled during the vesting period other than by forfeiture for failure to satisfy the vesting conditions, it is treated as an acceleration of vesting, and the Company recognises immediately the amount that would otherwise have been recognised for services received over the remainder of the vesting period.

(e) Summary of rights granted

The following is the status of rights granted (both KMP and other executives) under share-based remuneration:

	Total rights granted	Rights vested to date	Rights forfeited to date	Rights cancelled to date	Unvested rights at 30 June 2024
FY21 Grant	1,765,852	(874,198)	(507,524)	(384,130)	**-**
FY22 Grant	1,595,805	(432,366)	(150,079)	(103,834)	**909,526**
FY23 Grant	2,716,170	(249,972)	(333,829)	–	**2,132,369**
FY24 Grant	2,024,188	–	–	–	**2,024,188**
Total	**8,102,015**	**(1,556,536)**	**(991,432)**	**(487,964)**	**5,066,083**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENT PLANS (continued)

(e) Summary of rights granted (continued)

The following table gives details and inputs in respect of the rights granted for the retention and performance components for the years ended 30 June 2024 and 2023.

	2024 Retention	2024 Performance
Number of rights granted	–	2,024,188
Weighted average fair value at measurement date	–	$0.3000
Dividend yield (%)	–	0.00
Risk-free interest rate (%)	–	4.01
Expected life (years)	–	2.77
Share price	–	$0.46

	2023 Retention	2023 Performance
Number of rights granted	572,114	2,144,056
Weighted average fair value at measurement date	$0.4233	$0.3194
Dividend yield (%)	4.22	4.22
Risk-free interest rate (%)	2.64 to 2.99	3.01
Expected life (years)	0.88 to 2.87	3.04
Share price	$0.46	$0.46

33. AUDITOR'S REMUNERATION

	2024 $	2023 $
Fees to Ernst & Young		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of controlled entities	396,399	359,951
Fees for other services - consulting	37,800	-
Total fees to Ernst & Young	**434,199**	**359,951**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent by the sum of the weighted average number of ordinary shares outstanding during the year (adjusted for treasury shares) and the weighted average number of ordinary shares, if any, that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	2024 $'000	2023 (Restated) $'000
Profit attributable to ordinary equity holders of the Parent	1,022	24,037

	2024 Number	2023 Number
Weighted average number of ordinary shares for diluted EPS	509,120,588	406,230,728
Treasury shares	(585,579)	(498,815)
Weighted average number of ordinary shares for basic EPS	508,535,009	405,731,913
Earnings per share (cents):		
Basic earnings per share	0.20	5.92
Diluted earnings per share	0.20	5.92

35. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	2024 $'000	2023 $'000
Balance Sheet		
Current assets	99,510	69,637
Non Current assets	163,286	163,286
Total assets	**262,796**	**232,923**
Current liabilities	5	5
Total liabilities	**5**	**5**
Shareholders' equity		
Contributed equity	202,597	173,171
Reserves		
Share-based payment reserve	6,794	6,346
Retained earnings	53,400	53,401
Total equity	**262,791**	**232,918**
Profit for the year	**–**	**–**
Total comprehensive income for the year	**–**	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. PARENT ENTITY FINANCIAL INFORMATION (continued)

(b) Guarantees entered into by the Parent Entity

The Parent Entity has not provided any guarantees other than those mentioned in notes 15(a), 15(b), 25(c) and 37.

(c) Contingent liabilities of the Parent Entity

Please refer to note 37 for details of the Parent Entity's contingent liabilities.

36. COMMITMENTS

Short-term/low value lease commitments – Group as lessee

Liabilities in respect of leases recognised in accordance with AASB 16 - Leases, are presented in note 16. The table below presents liabilities in respect of short-term leases and leases of low-value assets for which the Group has applied the recognition exemption available under the accounting standard.

Short-term/low value 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 short-term/low value leases, and no short-term/low value leases contain restrictions on financing or other leasing activities.

Future minimum rentals payable under non-cancellable short-term/low value leases are as follows:

	2024 $'000	2023 $'000
Short-term/low value leases		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	374	442
After one year, but not more than five years	194	287
Total short-term/low value leases	**568**	**729**
Represented by:		
Non-cancellable short-term/low value leases	360	715
Cancellable short-term/low value leases	208	14
Total short-term/low value leases	**568**	**729**

Joint Venture loan commitments

As of 30 June 2024, the Group has provided a loan of $9.64 million (2023: $3.50 million) to the Pro9 Joint Venture. Details about the Pro9 Joint Venture are discussed in note 26. The total loan commitment to the Joint Venture for the upcoming 12 months is $3.36 million.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. 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 25(c).

Contract performance bond facilities

The Parent Entity has entered into Deeds of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to the Contract performance bond facilities. Details of these entities are set out in note 25(a). Contingent liabilities in respect of certain performance bonds, granted by the Group's financiers, in the normal course of business as at 30 June 2024 amounted to $32,356,000 (2023: $30,227,000). No material 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. An accrual is taken up for legal costs if a present obligation exists and there is a high degree of certainty on the amount payable. In cases where costs have been estimated after the exercise of judgement, a provision is taken up.

Secured

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 25(a).

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Group bankers in the normal course of business to unrelated parties, at 30 June 2024, amounted to $2,358,000 (2023: $7,931,000). No liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Group's bankers to unrelated parties in the normal course of business at 30 June 2024, amounted to $1,968,000 (2023: $768,000). No material liability is expected to arise.

38. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

a) the Group's operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group's state of affairs in future financial years.

39. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

(a) New and amended accounting standards adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. They did not have a significant impact on the current period or any prior period and are not likely to have a significant impact in future periods.

(b) New and amended accounting standards issued but not yet applied by the Group

The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective. However, the following amendments are relevant to the Group.

AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

The amendment is applicable from FY25, Financial periods starting from 1 January 2024, and is applicable retrospectively. This amendment specifies the requirements for classifying liabilities from loan agreements as current or non-current. This amendment clarifies that:

- A liability is classified as non-current if the entity has the right at the reporting date to defer settlement for at least twelve months after the reporting date.
- The classification is not influenced by the likelihood of the entity exercising its deferral right or by management's expectations.
- Disclosures must be made when a liability arising from a loan agreement is classified as non-current, and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

Based on the Group's preliminary assessment, this standard is not expected to have a material impact on classification of borrowings, on adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

(b) New and amended accounting standards issued but not yet applied by the Group (continued)

AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

The amendment is applicable from FY25, Financial periods starting from 1 January 2024, and is applicable retrospectively. The amendments introduce a new accounting model for how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. It confirms the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

Based on the Group's preliminary assessment, this standard is not expected to have a material impact on current lease arrangements.

AASB 18, Presentation and Disclosure in Financial Statements

AASB 18 is replacing AASB 101, it introduces several key changes to the presentation and disclosure requirements for financial statements. One of the main updates is the requirement to classify income and expenses into three distinct categories: operating, investing, and financing activities. This new classification also mandates the presentation of subtotals for operating profit or loss, as well as profit or loss before financing and income taxes.

Additionally, operating expenses must also be presented directly on the face of the income statement. These expenses can be classified either by their nature, such as employee compensation, or by their function, such as cost of sales, or using a mixed presentation approach.

Management is currently assessing the impact of the standard.

40. OTHER ACCOUNTING POLICIES

Material accounting policies relating to particular items are set out in the relevant notes. Other material accounting policies adopted in the preparation of the Financial Report are set out below.

(a) Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of AVJennings Limited and its subsidiaries as at 30 June 2024. Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and deconsolidated from the date control ceases.

The Financial Statements of subsidiaries are prepared for the same period as the Parent, adopting consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows are fully eliminated in preparing the Consolidated Financial Statements.

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.

(b) Business combinations

Business combinations are accounted for using the acquisition method. This involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired, and the liabilities assumed are measured at their acquisition date fair values. Acquisition-related costs are expensed as incurred.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. OTHER ACCOUNTING POLICIES (continued)

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or as part of the cost of acquisition of the asset or the expense item as applicable; and
- 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.* Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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.

(d) Foreign currency translation

(i) Functional and presentation currency

The Group's functional and presentation currency is Australian Dollars.

(ii) Translation of Group Companies' functional currency to presentation currency

The results and financial positions 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 *Statement of Financial Position* presented are translated at the closing rate at the date of that *Statement of Financial Position*;
- income and expenses for each *Statement of Comprehensive Income* are translated at average exchange rates; and
- 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 operation 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.

CONSOLIDATED ENTITY DISCLOSURE

As at 30 June 2024

Entity Name	Entity Type	Share of Ownership (%)	Place of Incorporation	Tax Residency
Sundell Pty Limited	Body Corporate	100%	Australia	Australia
Long Corporation Limited	Body Corporate	100%	Australia	Australia
Orlit Proprietary Limited	Body Corporate	100%	Australia	Australia
AVJennings Holdings Limited	Body Corporate	100%	Australia	Australia
AVJennings Properties Limited	Body Corporate	100%	Australia	Australia
AVJennings Real Estate (Vic) Pty Limited	Body Corporate	100%	Australia	Australia
Jennings Sinnamon Park Pty Limited	Body Corporate	100%	Australia	Australia
A.V.Jennings Real Estate Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings (Cammeray) Pty Limited	Body Corporate	100%	Australia	Australia
Montpellier Gardens Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings Mackay Pty Limited	Body Corporate	100%	Australia	Australia
AVJ Hobsonville Pty Limited*	Body Corporate	100%	Australia	Australia
AVJennings Housing Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings Home Improvements S.A. Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings Syndicate No 3 Limited	Body Corporate	100%	Australia	Australia
AVJennings Officer Syndicate Limited	Body Corporate	100%	Australia	Australia
AVJennings Properties SPV No 4 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings St Clair Pty Limited	Body Corporate	100%	Australia	Australia
St Clair JV Nominee Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings Waterline Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 19 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 20 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 23 Pty Limited	Body Corporate	100%	Australia	Australia
Cusack Lane Nominees Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings Properties SPV No 1 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings Properties SPV No 2 Pty Limited	Body Corporate	100%	Australia	Australia
Creekwood Developments Pty. Limited	Body Corporate	100%	Australia	Australia
AVJennings Wollert Pty Limited	Body Corporate	100%	Australia	Australia
AVJ Erskineville Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings Properties SPV No 9 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 10 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings Properties Wollert SPV Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 22 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 24 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 25 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 26 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 27 Pty Limited	Body Corporate	100%	Australia	Australia
AVJennings SPV No 29 Pty Limited	Body Corporate	100%	Australia	Australia
AVJ Deferred Employee Share Plan Trust^	Trust	0%	Australia	Australia
Otan Property Fund Trust	Trust	100%	Australia	Australia
Otan Subiaco Fine China No 1 Trust	Trust	100%	Australia	Australia
Otan Subiaco Fine China No 2 Trust	Trust	100%	Australia	Australia
Portarlington Nominees Pty Limited (Trustee)	Body Corporate	100%	Australia	Australia

*AVJ Hobsonville Pty Ltd has a branch office in NZ where tax returns are lodged separately for the branch.

^The trust is controlled but not legally owned by the Group.

Financial Statements.

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 Group's financial position as at 30 June 2024 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 29;
   iii) the Consolidated entity disclosure statement as at 30 June 2024 set out on Page 119 is true and correct; and
   iv) 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 2024.

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 Group identified in note 25 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
28 August 2024

Philip Kearns AM
Director

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Independent Auditor's Report to the Members of AVJennings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AVJennings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Net realisable value of inventories

Why significant	How our audit addressed the key audit matter

At 30 June 2024, the Group's inventories total $804m and comprise 93% of the Group's total assets as disclosed in Note 7.
 	
Inventories are carried at the lower of cost and net realisable value and the directors assess this with reference to the following:
▸ Capitalised costs to date
▸ Forecast costs to complete
▸ Average historic and forecast selling prices and sales rates for each project
▸ Changes in macro-economic conditions impacting forecast assumptions
 	
Disclosure of the significant judgments is included in Note 22 of the financial report.
 	
The assessment of net realisable value involves a significant degree of judgment and can present a range of alternative outcomes. Due to these factors, this was considered a key audit matter.
	Our audit procedures on assessing the judgments and assumptions made by the Group in the feasibilities underpinning the net realisable value assessments included the following:
	▸ Assessed the effectiveness of relevant controls over cost accumulation and capitalisation
	▸ Discussed with Project Managers to understand the status and progress of a sample of developments
	▸ Assessed the impairment methodology, project margin analysis and feasibility models prepared by management for a sample of developments in progress
	▸ Identified higher risk projects, based on our judgment, and evaluated the assumptions adopted. In doing so, we:
	  ▸ Compared the forecast sales revenue assumptions to the most recent historical or comparable sales and external market data
	  ▸ Corroborated the costs projected to signed contracts or actual costs incurred for current or comparable projects
	  ▸ Assessed contingency estimates for remaining development risks
	  ▸ Selected a sample of identified higher risk projects in which we involved our internal real estate valuation specialists to evaluate the key sales revenue and cost assumptions in these projects
	▸ Performed sensitivity analyses in relation to the key forward looking assumptions including sales price achieved, cost per lot and escalation rates.
	▸ Assessed the impact of the current market conditions, increasing costs and higher interest rates on the Group's forward-looking assumptions.
	▸ Tested the mathematical accuracy of the feasibilities selected.
	▸ Assessed the adequacy and appropriateness of the disclosures included in the Notes to the financial statements.

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2. New Zealand Builder Sales Revenue

Why significant	How our audit addressed the key audit matter
In New Zealand, the Group enters into contracts with customers whereby revenue is recognised when control of the land is transferred to the customer, which occurs when the local council issues a certificate confirming all subdivision works conditions within a stage have been satisfied and the customer has the right to gain access to the land as disclosed in Note 2 and 22 to the financial report. During the financial year, an error was identified in the application of the accounting policy for revenue recognition pertaining to sales that should have been recognised in FY23. The error requires restatement of the FY23 comparative period within the FY24 financial statements as disclosed in Note 30. Due to the restatement, this was considered a key audit matter.	Our audit procedures included the following: ▸ Assessed whether the Group's revenue recognition policy is set out in accordance with the requirements of AASB 15. ▸ Assessed the recognition of revenue for all New Zealand of sales to ensure compliance with the Group's revenue recognition policy, and whether revenue has been recognised in the correct period. ▸ Confirmed that the customer has the right to commence construction, and control has passed to the customer, by obtaining the relevant certificate from council. ▸ Assessed the adequacy of disclosures included in the Notes to the financial statements in accordance with the requirements of AASB 108 "*Accounting policies, changes in accounting estimates and errors*".

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and;

b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of AVJennings Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
28 August 2024

Shareholder Information.

As at 19 August 2024.

1. NUMBER OF SHAREHOLDERS AND DISTRIBUTION OF EQUITY SECURITIES

	Australian Securities Exchange	Singapore Exchange	Total
Range of Holdings of Ordinary Shares			
1 – 1,000	101	285	386
1,001 – 5,000	543	532	1,075
5,001 – 10,000	234	172	406
10,001 – 100,000	511	191	702
100,001 – and over	188	35	223
Total number of holders	**1,577**	**1,215**	**2,792**
Number of holders of less than a marketable parcel	**151**	**466**	**617**

2. SUBSTANTIAL SHAREHOLDERS

As disclosed by latest notices received by the Company:

Name	Ordinary Shares	%
SC Global Developments Pte Ltd	301,564,270	54.02
Brazil Farming Pty Ltd	33,993,835	6.09

Shareholder Information.

As at 19 August 2024.

3. TWENTY LARGEST SHAREHOLDERS ON THE AUSTRALIAN REGISTER

Name	Ordinary Shares	%
The Central Depository (Pte) Ltd	304,605,591	54.56
Brazil Farming Pty Ltd	28,544,958	5.11
Citicorp Nominees Pty Ltd	23,466,740	4.20
HSBC Custody Nominees (Australia) Ltd	20,653,191	3.70
BNP Paribas Nominees Pty Ltd	19,120,421	3.42
Gillcorp Pty Limited	8,718,660	1.56
John E Gill Trading Pty Ltd	8,064,457	1.44
JP Morgan Nominees Australia Pty Ltd	7,981,559	1.43
John E Gill Operations Pty Ltd	7,709,894	1.38
Luton Pty Ltd	6,931,368	1.24
Jamplat Pty Ltd	6,760,300	1.21
Anchorfield Pty Ltd <Brazil Family FNDN A/c>	5,448,877	0.98
Horrie Pty Ltd	5,200,362	0.93
Mr Bradley J Newcombe	3,750,000	0.67
Mr Peter Summers	3,185,917	0.57
Ago Pty Ltd	2,709,572	0.49
Dr D R M Gill and Mrs J M Gill <Gill Super Fund A/c>	2,692,036	0.48
Pacific Custodians Pty Ltd AVJ Def Emp Share Trust	2,664,846	0.48
Di Iulio Homes Pty Ltd	2,544,908	0.46
ES Watts Projects Pty Ltd <the Watts Super fund>	2,167,212	0.39
Total	**472,920,869**	**84.71**

As at 19 August 2024.

4. TWENTY LARGEST SHAREHOLDERS ON THE SINGAPORE REGISTER

Name	Ordinary Shares	%
UOB Nominees (2006) Pte Ltd	264,541,256	47.39
United Overseas Bank Nominees Pte Ltd	16,056,565	2.88
Trimount Pte Ltd	2,450,266	0.44
Oei Hong Leong Foundation Pte Ltd	2,158,248	0.39
Lim Chin Tiong or Sim Lye Wan	1,908,420	0.34
Tsang Sze Hang	1,236,093	0.22
Rowland Wong Kwok Ho	1,105,364	0.20
Vesmith Investments Pte Ltd	937,151	0.17
DBS Nominees Pte Ltd	745,122	0.13
Pansbury Investments Pte Ltd	732,390	0.13
OCBC Securities Pte Ltd	475,590	0.09
Ng Poh Cheng	431,508	0.08
Hexacon Construction Pte Ltd	368,480	0.07
UOB Kay Hian Pte Ltd	355,676	0.06
Chua Hung Koon Edmond	297,873	0.05
Lim Kong Wee (Lin Guangwei)	296,661	0.05
Teo Chiang Long	269,172	0.05
Tan Hak Jin	258,000	0.05
Raffles Nominees (Pte) Ltd	234,816	0.04
OCBC Nominees Singapore Pte Ltd	234,804	0.04
Total	**295,093,455**	**52.86**

Percentages are calculated on the total number of shares on issue.

5. VOTING RIGHTS

Ordinary Shareholder
On a show of hands, every member present in person or by representative, proxy or attorney shall have one vote, and on a poll each fully paid share shall have one vote.

6. TOTAL NUMBER OF SHARES

The total number of shares on issue and listed on the Australian Securities Exchange is 558,270,857.

Company Particulars.

DIRECTORS

Mr Simon Cheong
Mr Jerome Rowley
Mr Bobby Chin
Mr Lai Teck Poh
Mr Bruce Hayman
Mr Mak Lye Mun
Ms Lisa Chung
Mr Philip Kearns

COMPANY SECRETARY

Mr Carl Thompson

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 4, 108 Power Street
Hawthorn Vic 3122
Telephone +61 3 8888 4800

AUDITORS

Ernst & Young
200 George Street
Sydney NSW 2000

BANKERS

Commonwealth Bank of Australia
DBS Bank Ltd
HSBC Bank Australia Ltd
United Overseas Bank Ltd

STOCK EXCHANGE LISTINGS

Australia
The Company is listed on:
The Australian Securities Exchange
Level 50, South Tower Rialto,
525 Collins Street
Melbourne VIC 3000

Singapore
The Company's shares are also quoted and traded on:
The Singapore Exchange
11 North Buona Vista Drive #06-07
The Metropolis Tower 2
Singapore 138589
through SGX GlobalQuote (formerly known as the Central Limit Order Book System (CLOB)).

SHARE REGISTRY

Australia
Link Market Services Ltd
Tower 4
727 Collins Street
Docklands VIC 3008
Telephone: +61 1300 554 474

Singapore
The Central Depository (Pte) Ltd
11 North Buona Vista Drive #06-07
The Metropolis Tower 2
Singapore 138589
Telephone +65 6535 7511

DIVIDENDS

No dividends were declared in FY24.

Building
on our past.
Shaping
your future.

Your community developer.

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