

AVJennings FY24 Financial Results

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

28 August 2024

Phil Kearns AM, MD and CEO
Shanna Souter, CFO



Acknowledgement of country

AVJennings acknowledges the Traditional Custodians of Country throughout Australia and New Zealand and recognises their distinct cultural and spiritual connections to the land, waters and seas and their rich contribution to society.

We pay our respects to ancestors and Elders, past, present and emerging.

FY24 Snapshot

\$320m

Revenue

+12% on PCP¹

23.2%

Gross Margin

-8.5pp on PCP¹

590

Retail Contract Signings²

+70% on PCP

\$90m

Presales

-25% on PCP

Normalised Profit Before Tax³

\$19.4m

-44% on PCP¹

Profit Before Tax

\$1.6m

-95% on PCP¹

Retail Settlement Lots⁴

584

-23% on PCP¹

Sales Conversions

+44%

on PCP

Enquiries

+12%

on PCP

Facility Headroom

\$102m

WIP Lots

1,062

-27% on PCP¹

Lots under Control

9,871

¹PCP: Prior Corresponding Period is FY23. FY23 results were restated, as reported in the 1H24 financial statements released to the market on 26 February 2024.

²Retail contract signings exclude disposal of Glenrowan (QLD) and a large superlot sale at Elderslie (NSW).

³Normalised PBT excludes the impact of Rocksberg project write-off for \$17.8m.

⁴Retail 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

FY24 Financial Results

	FY24	FY23	% Change ¹
Revenue (\$m)	319.7	285.9	11.8%
Gross Margin (\$m)	74.3	90.8	(18.2)%
Gross Margin (%)	23.2%	31.7%	(8.5pp)
Normalised Profit Before Tax (\$m)	19.4	34.7	(44.1%)
Profit Before Tax (PBT) (\$m)	1.6	34.7	(95.4)%
Earnings Per Share (cents)	0.20	5.92	(96.6)%
Dividends (cents per share)	-	1.1	(100.0)%
NTA (\$ per share)	0.81	1.04	(22.1)%

Retail settlement volumes 23% lower with more value contributed from built-form product (63% of revenue, 44% in the PCP).

Gross margin impacted by ongoing cost pressures in most markets, the significant slowdown in NZ and the impact of one-off capital management initiatives.

Normalised to exclude FY24 Rocksberg write-off \$17.8m.

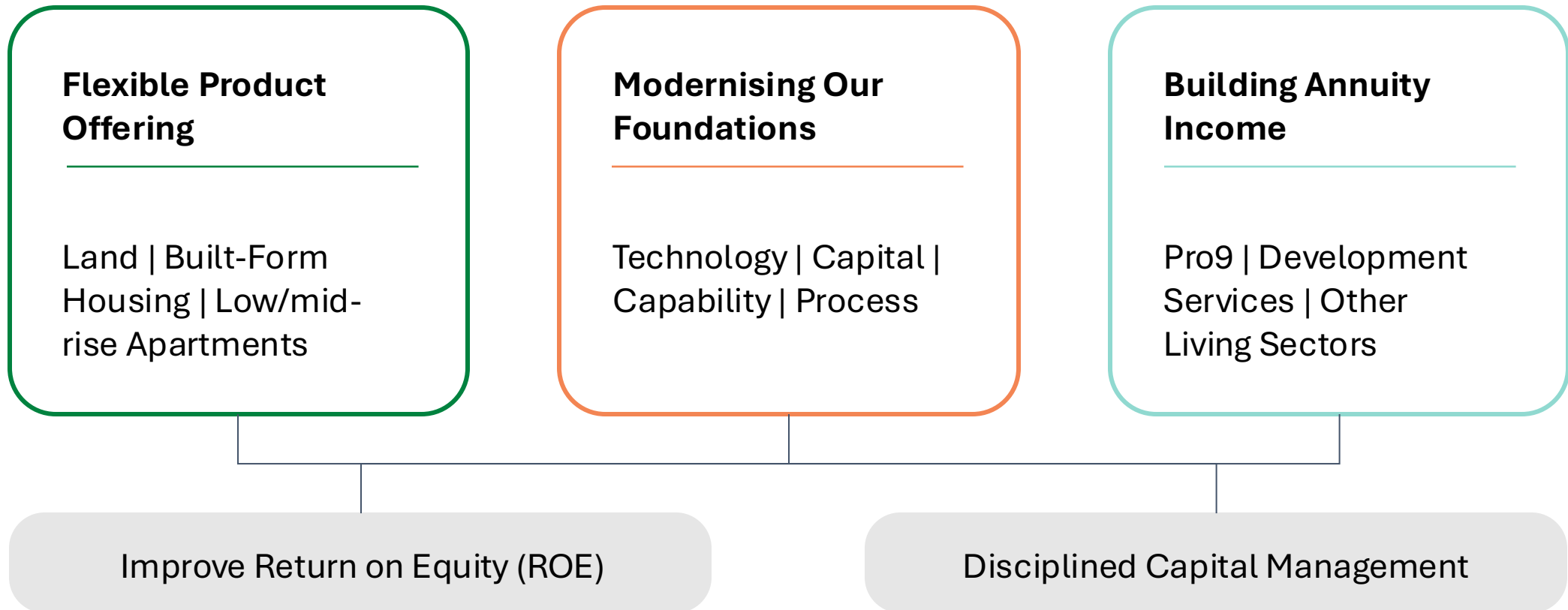
No dividend declared in line with Board policy to pay from NPAT. Expect FY25 to return to normal dividend cycle.

Share count increased following equity raise to provide funding for increased investment in built-form product.

AVJennings Strategy Update

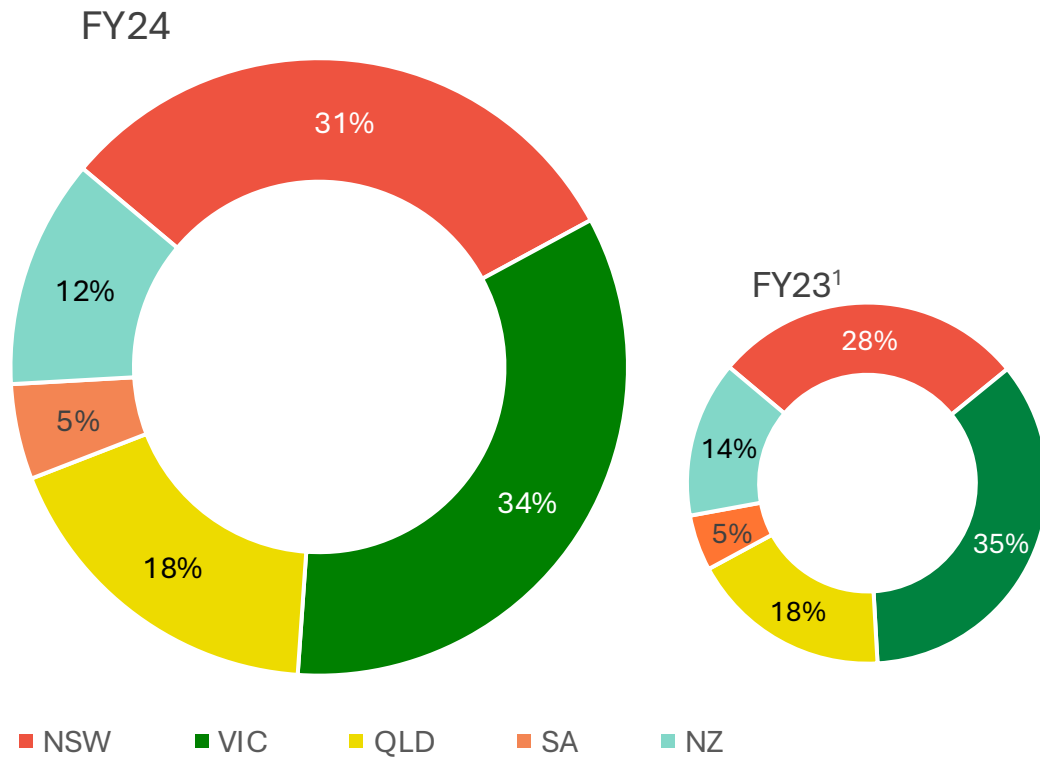
Our Strategy to Transform, Modernise and Grow remains

Developing communities for a sustainable future.

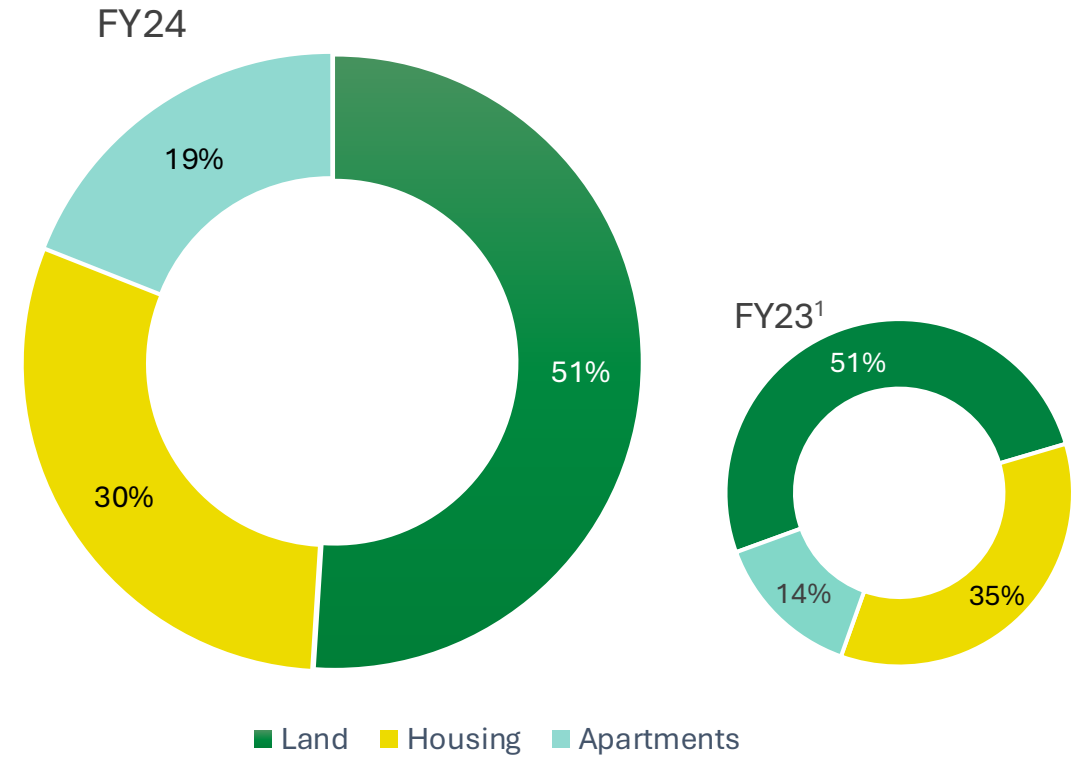


Capital allocation supports future market opportunities

Net Funds Employed (NFE) % by Region



NFE % by Product



Diverse pipeline driving future growth



Arcadian Hills
Cobbitty, New South Wales
18 remaining IH lots



Argyle
Elderslie, New South Wales
34 remaining L & IH lots



Rosella Rise
Warnervale, New South Wales
439 remaining L & IH lots



Evergreen
Spring Farm, New South Wales
337 remaining L & IH lots



Prosper
Kogarah, New South Wales
56 remaining APT lots



Ara Hills
Orewa, New Zealand
507 remaining L lots



Waterline Place
Williamstown, Victoria
105 remaining IH & APT lots



Aspect
Mernda, Victoria
132 remaining L & IH lots



Somerford
Clyde North, Victoria
173 remaining L & IH lots



Harvest Square
Brunswick West, Victoria
87 remaining IH & APT lots



Lyndarum North
Wollert, Victoria
1,336 remaining L & IH lots



St Clair
St Clair, South Australia
93 remaining L lots



Eyre
Penfield, South Australia
1,281 remaining L & IH lots



Cadence
Ripley, Queensland
394 remaining L & IH lots



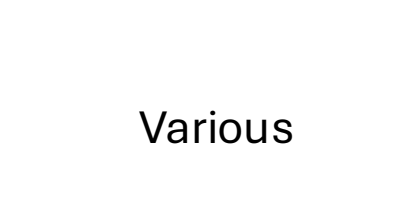
Deebing Springs
Deebing Heights, Queensland
205 remaining L lots



Riverton
Jimboomba, Queensland
861 remaining L & IH lots



Kerry Rd
Beaudesert, Queensland
1,146 remaining L lots



Various
Other
61 remaining L and IH lots

Product type: L = Land, IH = Integrated Housing, APT = Apartments.
Notes: 1. As at 30 June 2024; 2. Does not include pipeline lots dependent on planning outcomes.

Cadence (QLD) showcases the benefits of a diverse offering

Diversified product mix

- 'Turnkey' homes and land packages
- Detached, terrace and townhome homes

Different price points

- Pay upon completion offers price and completion certainty for buyers
- Land from \$315k, Homes from \$560k

Broad customer appeal

- FHB
- Investors
- Upgraders
- Downsizers

Product mix generates enquiries

- Strong online enquiries
- Steady flow of foot traffic

Strong market fundamentals

- Margin uplift across stages
- SE QLD is a strong market, with growth corridors and other AVJennings communities

Disciplined capital management

- Low rates of unsold stock
- Staged development and the use of Pro9 walls improves working capital efficiency



Located at: Ripley, QLD
Total project lots: 335

AVJennings®

Stellar collection delivers on sustainability and quality

- AVJennings' Stellar Collection homes are a premium offering with a minimum 8-star energy efficiency rating, more than the new minimum NatHERS standard of 7 stars¹.
- Will include⁵ Pro9 walling system, double-glazed windows, quality fixtures and fittings, solar panels, EV chargers, all-electric appliances, electric hot water, enhanced ceiling insulation, metal roofing, and 6-star WELS-rated tapware.
- The homes can deliver up to a ~50%² savings in heating and cooling costs.
- Higher quality, quieter, and more durable and fire-resistant homes.
- 70%⁴ of buyers are willing to pay at least \$10k for energy efficient inclusions in a new home.



¹ Minimum 7-star standard per National Construction Code (NCC)

² Based on average cost difference between an 8.0 and 6.0 NatHERS rated home

³ 9.4 star energy rating achieved at Riverton (QLD)

⁴ AVJennings 2024 survey data

⁵ Subject to market demand and customer preferences

Delivering on our modernisation strategic objectives



Leverage Technology

- Financial system refresh progressing.
- Refreshed IT capability.
- Leveraging technology to streamline construction via the Pro9 walling system.



Capital Management

- \$30M equity raise in 1H FY24.
- \$30M increase to 'Club' facility.
- Divested non-core Glenrowan (QLD) project.
- Rocksberg (QLD) option terminated with funds redeployed to existing pipeline opportunities.
- Projects identified for capital partnering opportunities.
- Club Facility modernisation.



High Performing People

- New KPI and performance framework implemented.
- Incentives for FY24 and beyond aligned to KPI framework.
- Strong employee engagement score and high participation rate.

Pro9 investment enabling a range of benefits for AVJ

- Considerable time savings to construct homes enhances capital recycling.
- Significantly reduced onsite trade visits reducing safety risks and community traffic.
- Total cost comparable with traditional construction methods.
- Significant improvements in energy efficiency above regulated National Construction Code (NCC) levels without costly additions.
- Increased certainty of program delivery.
- Enhanced sustainability positioning in the market.
- Less exposure to labour shortages and wage growth.
- Significant interest from Government and Industry to use Pro9 walls presents a growth opportunity.
- Pro9 JV has the potential to redefine AVJennings' earnings and growth profile in the future.



Pro9 JV: Our investment in prefabricated solutions

First Australian factory on the NSW Central Coast through our JV with Pro9 Global

- First walls produced in August 24 for installation at Riverton (QLD) in September 24.

Expanding AVJennings' use of Pro9 walls across the portfolio

- Pro9 walls installed at six 2-storey terrace homes at Elderslie.
- 24 Stellar Collection homes completed or under construction.
- Over 80 AVJ homes in the pipeline for future development.

Contributes to faster build times and improved working capital

- External walls for a single storey home erected in 1 day.
- Full structure for six two-storey terrace homes up in 15 days.

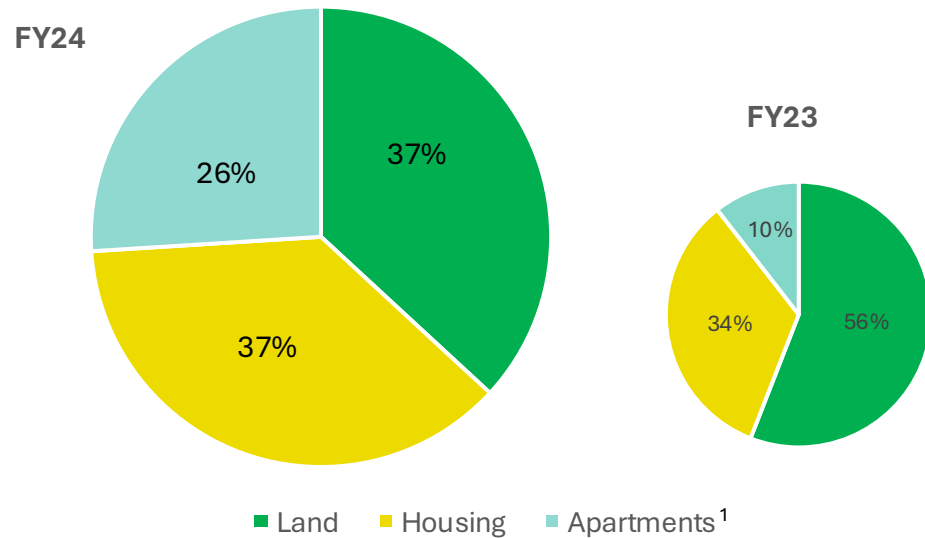
Growing industry and government interest as Pro9 has the potential to assist Australia's housing shortage and climate change goals



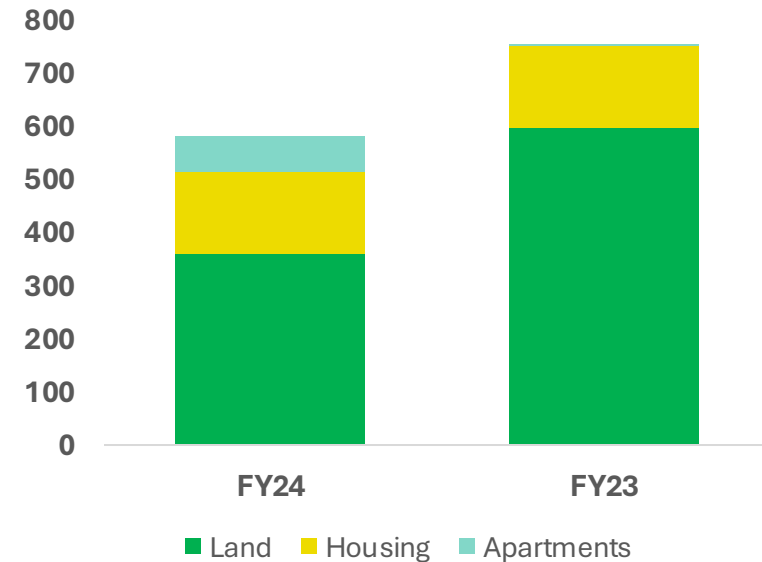
FY24 Financial Insights

Increasing revenue diversification consistent with our strategy

Revenue by Segment (%)



Retail Settlements by Product (lots)



¹ Apartment revenue generated from Harvest Square and Merchant at Waterline Place. Harvest Square revenue relates to public housing lots within the project, noting there are no settlements associated with these as AVJennings is developing on behalf of the Victorian government while revenue is generated via progress billings.

Stronger balance sheet provides increased financial flexibility

\$m	June 2024	June 2023 ¹	Change ²
Current Assets			
Cash and cash equivalents	15.1	13.0	2.1
Receivables	5.8	27.4	(21.6)
Inventories	195.2	218.7	(23.5)
Total Current Assets	236.4	264.7	(28.3)
Non-Current Assets			
Inventories	608.8	588.2	20.6
Total Non-Current Assets	626.7	609.3	17.4
Total Assets	863.2	874.0	(10.8)
Current Liabilities			
Payables	69.4	133.4	(64.0)
Total Current Liabilities	79.3	144.3	(65.0)
Non-Current Liabilities			
Payables	82.0	107.5	(25.5)
Borrowings	221.7	171.3	50.4
Total Non-Current Liabilities	327.3	303.7	23.6
Total Liabilities	406.6	448.1	(41.5)
Net Assets	456.6	426.0	30.6

Mostly settlements receivable for NZ builder sales.

Reduced payables following land payments for land, Beaudesert (QLD), Clyde (VIC) and Macarthur (NSW)

Financing increased production and land acquisition payments

Cash flow supports strategic investment in built-form product

\$m	FY24	FY23	Change	
Cash Flows from Operating Activities				
Receipts from customers	363.0	298.9	64.1	→ Receipts in line with increased revenues and decrease in receivables
Payments for land acquisitions	(93.5)	(41.6)	(51.9)	→ Payments to support increased production activities and land acquisitions announced in earlier periods
Payments for development expenditures	(234.6)	(211.2)	(23.4)	
Payments to other suppliers and employees	(75.9)	(70.4)	(5.5)	
Net Cash used in Operating Activities	(69.5)	(41.0)	(28.5)	
Net Cash used in Investing Activities	(6.8)	(2.6)	(4.2)	→ Mainly for Pro9 investment
Cash Flows from Financing Activities				
Proceeds from borrowings	204.0	171.4	32.6	→ Higher borrowings to finance increased production and acquisition payments
Repayment of borrowings	(153.6)	(109.3)	(44.3)	
Net proceeds from issue of shares	29.2	-	29.2	→ Equity raise completed in November 2023
Net Cash from Financing Activities	78.3	53.3	25.0	
Net Increase in Cash Held	2.0	9.8	(7.8)	

Disciplined approach to capital management

- No dividend declared in FY24 in line with Board policy.
- \$30m equity raise to support investment in built-form housing
- \$30m loan facility increase to assist with completion of settlement of pre-existing land acquisition contracts.
- Available facility of \$102m.
- Gearing has increased but is comfortably within target range (15-35%)
- No new acquisitions in FY24.

Key capital metrics

	Jun 2024	Jun 2023	Change ⁴
Cash at Bank (\$m)	15	13	2
Bank Loans (\$m)	222	171	51
Interest Expense (\$m)	21	13	8
Undrawn Available Limit (\$m) ⁵	102	114	(12)
Weighted Average Cost of Debt ^{1 2}	7.8%	7.5%	0.3pp
Debt Maturity	Sep 2025	Sep 2024	
Gearing ³	23.9%	18.1%	5.8pp
Covenant Compliance	✓	✓	

¹ June 23 disclosure was interest cost only excluding line fees

² WACD is 12-month period to date and includes base rate, margin, line fees and other miscellaneous facility fees

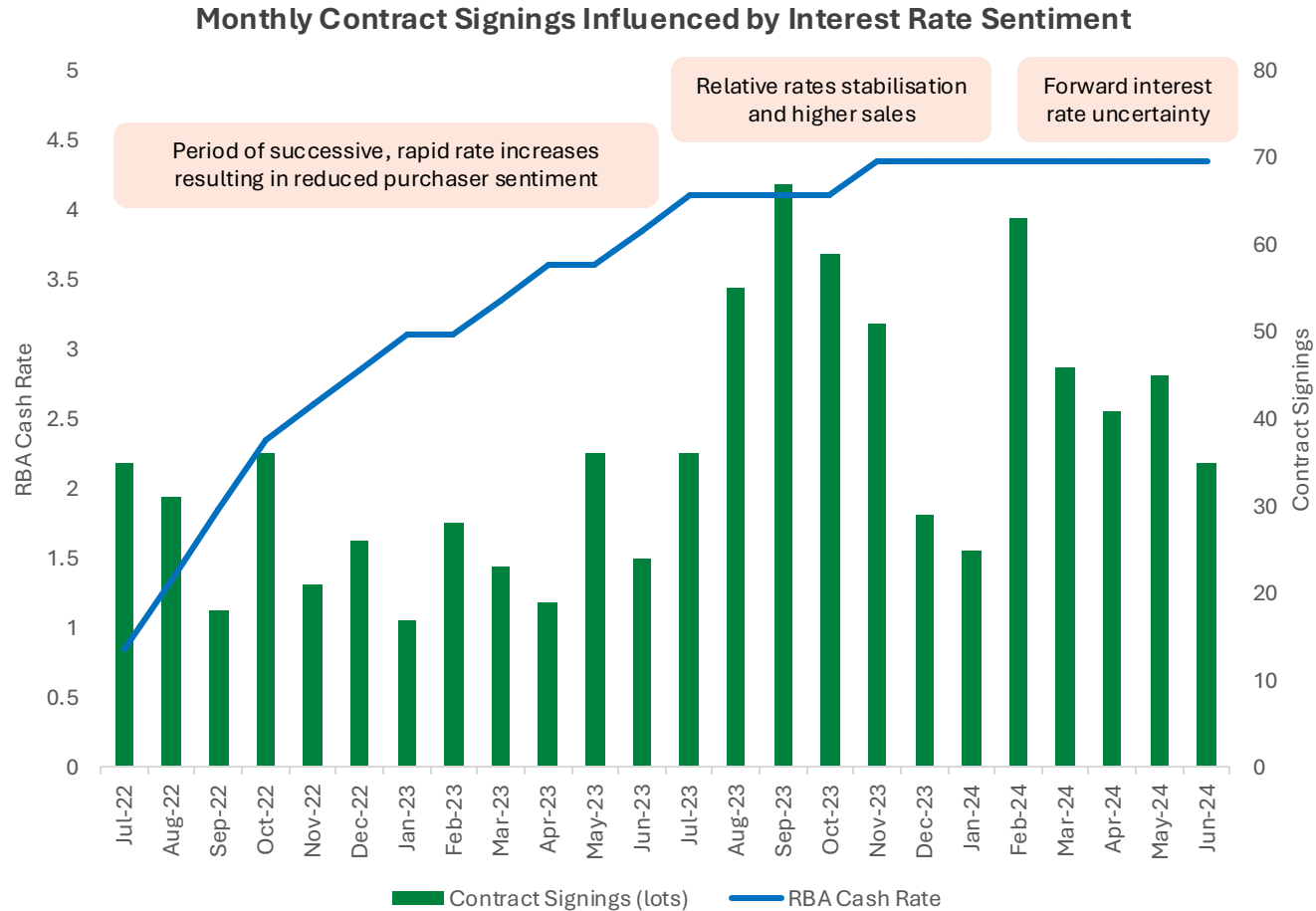
³ Calculated as (Borrowings Less Cash) / Total Assets

⁴ Rounded

⁵ Excludes undrawn Bank Guarantee limits.

Outlook

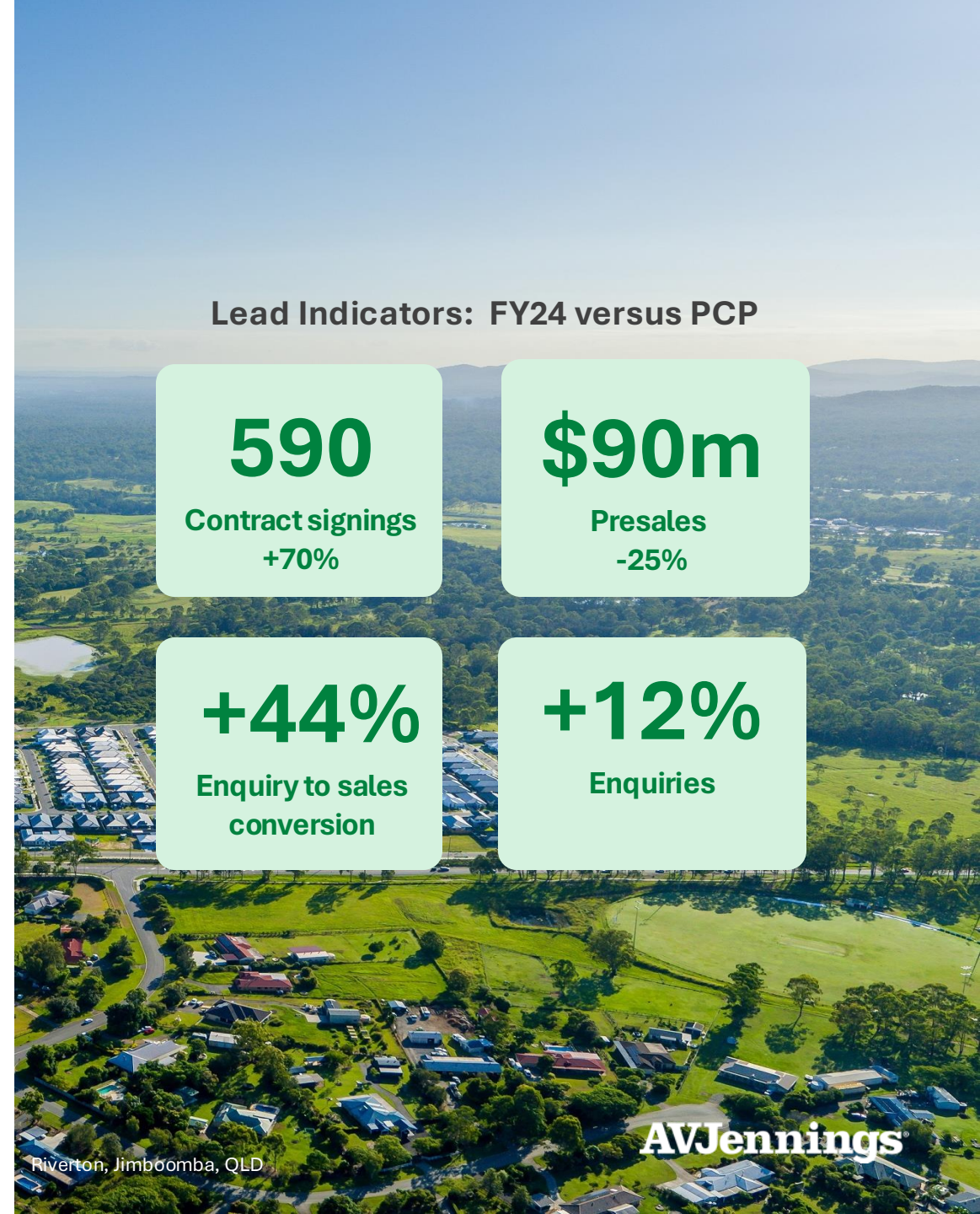
Solid market fundamentals, lead indicators are slowly improving



Indicator	Status
Population Growth (Source ABS)	Above long trend of ~1.5%, currently ~2.5% driven by high net overseas migration but forecast to moderate
Interest Rates (RBA)	Forecast bias to easing in H1 CY25
Price Growth (CoreLogic/ANZ Research)	Housing price growth has moderated and forecast to be ~5% across 2025-26
Rental Vacancy Rates (CoreLogic)	Continued tightness between 1% - 1.5%.
Material Costs (ABS)	Elevated, but escalation rates normalising
Enquiry Levels (AVJ)	Modest growth for enquiries with sales conversion rates improved 44% in FY24
Demand & Supply (ABS)	Continuing low supply is insufficient to meet forecast demand
Unemployment (ABS)	Low but rising unemployment

FY25 Outlook

- We expect FY25 revenue to be roughly in line with the current year with continued pressure on gross margins until the macroeconomic environment improves further.
- Earnings are again expected to be heavily skewed to the second half with a sizeable increase in built-form.
- SE Queensland and SA expected to continue to be the strongest markets with slower improvements in NSW and a protracted recovery in Victoria. New Zealand sentiment expected to improve as interest rate cuts commence.
- The Pro9 NSW factory has commenced production and while measured growth in production is forecast in FY25, we do not expect the factory to materially contribute to AVJennings' earnings in FY25.
- Expect to return to normal dividend cycle in FY25.
- The Company looks forward to providing a Q1 trading update during October 2024 and remains focused on executing its strategy.



Lead Indicators: FY24 versus PCP

590

Contract signings
+70%

\$90m

Presales
-25%

+44%

Enquiry to sales
conversion

+12%

Enquiries

Appendices

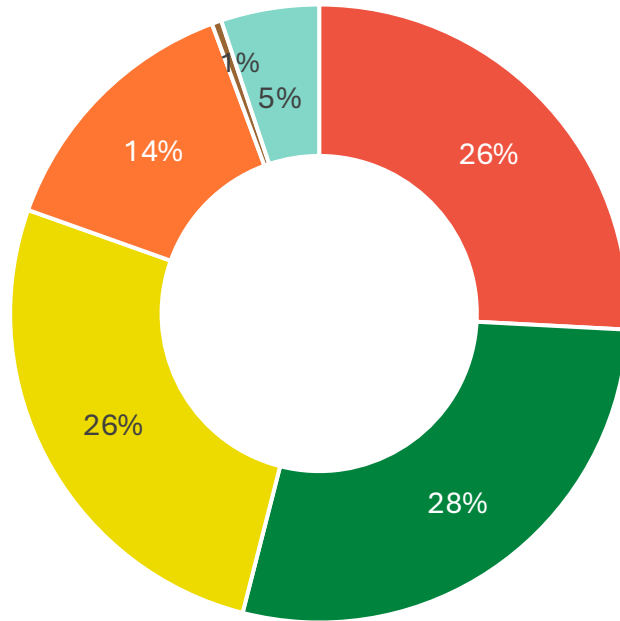
AVJennings Pipeline

	Remaining Lots (#)	Product Type	Structure	FY25	FY26	FY27	FY28	FY29+
New South Wales	Argyle, Elderslie	34	L,IH	100% AVJ				
	Evergreen, Spring Farm (East Village)	337	L,IH	100% AVJ				
	Arcadian Hills, Cobbitty	18	IH	100% AVJ				
	Rosella Rise, Warnervale	439	L,IH	PDA				
	Prosper, Kogarah	56	APT	100% AVJ		◆		
	Huntley	181	L	100% AVJ			◆	
	Calderwood	390	L	100% AVJ				◆
	Mundamia	308	L	PDA			◆	
	Macarthur	780	APT	100% AVJ				◆
Queensland	Arbor, Rochedale	5	IH	100% AVJ	◆			
	Riverton, Jimboomba	861	L,IH	100% AVJ				
	Deebing Springs, Deebing Heights	205	L,IH	100% AVJ				
	Cadence, Ripley	61	L,IH	100% AVJ				
	Cadence 2, Ripley	333	L,IH	PDA	◆			
	Kerry Rd, Beaudesert	1,146	L	100% AVJ		◆		
New Zealand	Ara Hills, Orewa	507	L	100% AVJ				
Victoria	Lyndarum North, Wollert	1,336	L,IH	JV				
	Aspect, Mernda	132	L,IH	100% AVJ				
	Harvest Square, Brunswick West	87	IH, APT	PDA	◆			
	Waterline Place, Williamstown	105	IH, APT	100% AVJ				
	Clyde	942	L	100% AVJ				◆
	Somerford, Clyde North	173	L,IH	100% AVJ				
South Australia	St Clair*	93	L	100% AVJ				
	Eyre, Penfield	1,281	L,IH	PDA				
Western Australia	Various	50	IH	Other				
Other	Various	11	L,IH					

* Balance superlots 9,871

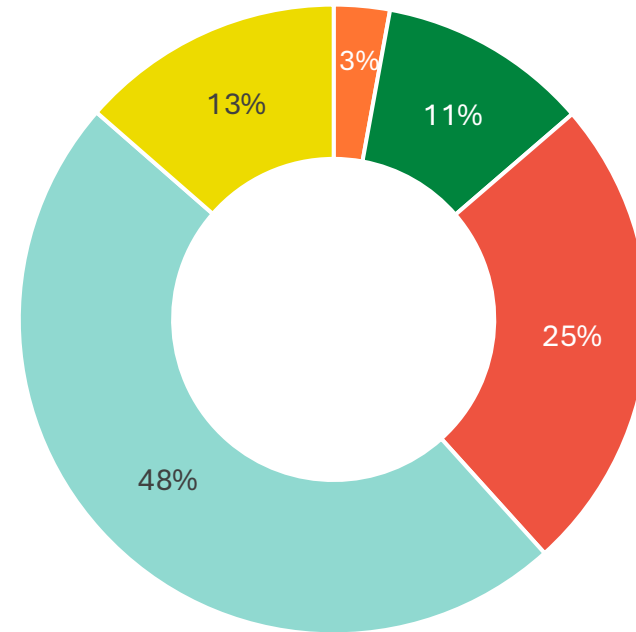
Pipeline lot allocation

By Region



■ NSW ■ VIC ■ QLD ■ SA ■ WA ■ NZ

By Development Phase



■ Completed Stock
■ WIP
■ Planning Approved
■ Zoned no Planning
■ Unzoned

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-CY2025.

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.



Queensland Portfolio (2,611 lots)

Riverton, Jimboomba

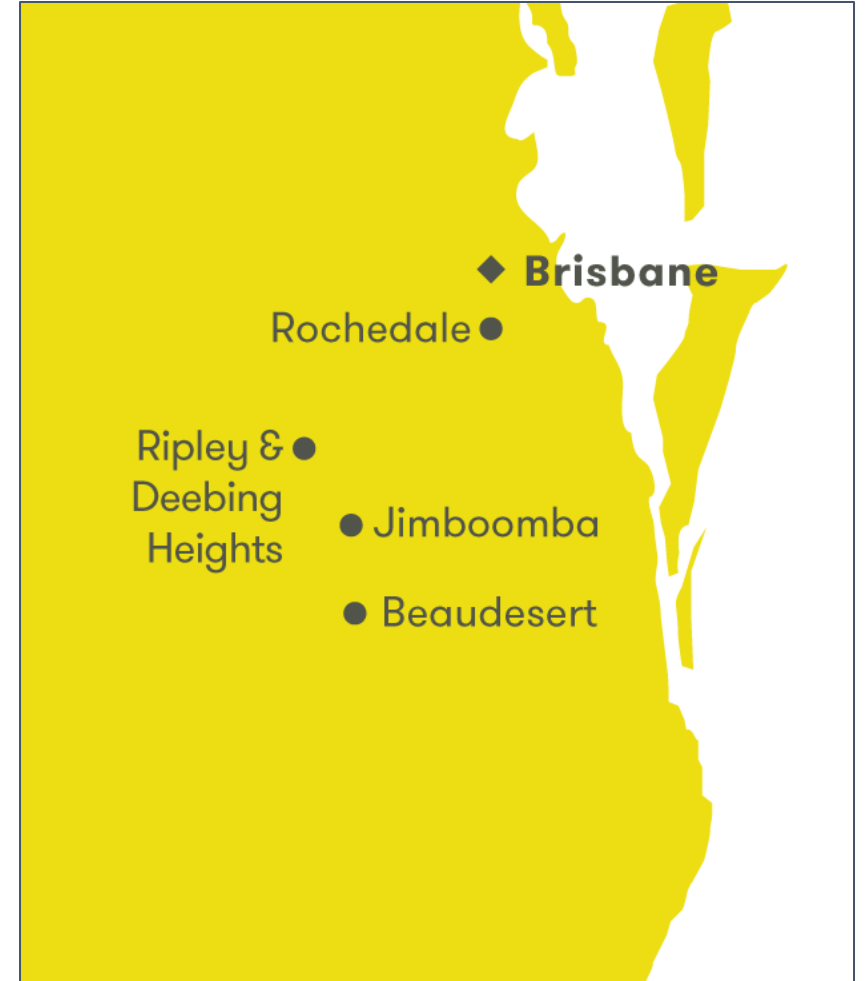
Recently completed civil works for 68 land lots with 40 lots presold and 28 built-form homes under construction for FY25.

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.



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.



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.



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.



Thank you.

AVJennings®

**Your community
developer.**