

18 November 2022

The Manager
Company Announcements
Australian Securities Exchange Limited
Level 4, Rialto North Tower
525 Collins Street
Melbourne Vic 3000.

Dear Sir,

**ANNUAL GENERAL MEETING
AVJENNINGS LIMITED**

Please find attached the Chairman's and Managing Director's addresses made at the Annual General Meeting of AVJennings Limited on 18 November 2022.

Yours faithfully,



Carl Thompson
Company Secretary.

**AVJennings Limited: Annual General Meeting: Friday, 18 November at 10:00am (AEDT)
Chairman & Managing Director Addresses**

Chairman's Address, Mr Simon Cheong:

Good morning ladies and gentlemen. My name is Simon Cheong, Non-Executive Chairman of AVJennings, and it is my pleasure to welcome you to our 2022 Annual General Meeting in the 90th year of AVJennings' proud history.

I begin by acknowledging that we are meeting here today on the land of the traditional custodians, The Gadigal People of the Eora Nation and I pay my respects to their Elders, past, present and emerging.

It has been two years since we have held an AGM in person and I'd like to express how pleased I am to be back in Australia and able to meet face to face with shareholders, staff, and management.

As there is a quorum present, I declare this meeting open. I appreciate that some shareholders may have to leave before the end of the meeting. I therefore formally open the poll on resolutions.

With me today are my fellow Board members:

- Mr Jerome Rowley, non-executive Deputy Chairman;
- Mr Bobby Chin, non-executive Director;
- Mr Bruce Hayman, non-executive Director;
- Mr Lai Teck Poh, non-executive Director;
- Mr Mak Lye Mun, non-executive Director;
- Ms Lisa Chung, AM, non-executive Director; and
- Mr Philip Kearns, AM, Managing Director and Chief Executive Officer

I am delighted to welcome Phil to his first AGM as CEO and Managing Director. Prior to his appointment on 10 January 2022, he was a Non-Executive Director of AVJennings for two years and has had a relationship with the Company going back over 15 years. With over 10 years' experience in investments and wealth management he led significant cultural change and was instrumental in building those businesses for success.

I am pleased to welcome Lisa Chung to her first in person AGM. I am also pleased to welcome Mr Mak Lye Mun to his first AVJennings AGM. Mr Mak was appointed as Non-Executive Director on 15 October 2021 and subsequently a Member of the Investments Committee. He is also a director of two Singapore-listed companies and an independent non-executive director of SC Global Developments Pte Ltd, AVJennings' majority shareholder. His extensive experience and financial expertise add to the Board's strong mix and depth of skills, knowledge, and experience.

AVJennings' Company Secretary and General Counsel, Mr Carl Thompson, and Mr Glenn Maris, Audit Partner, representing the Company's External Auditor Ernst & Young, are also here, together with other members of our senior management team and staff.

This morning I will provide a recap of our performance and the challenges we faced during the 2022 financial year.

Phil will then speak about our business model, the current state of affairs and the outlook for FY23.

There will be a forum for questions and responses following Phil's address and I will then proceed with the formal agenda as set out in the Notice of Meeting.

The 2022 financial year was another challenging year for the company, with the ongoing impact of the COVID-19 pandemic across the country and its disruption on our stakeholders, including employees, suppliers, and subcontractors. The relentless adverse weather events throughout the year also had a significant impact on our projects in New South Wales, Queensland, and Auckland (New Zealand). All these factors impacted on our ability to meet production targets and delayed settlements.

Despite the diversity of these challenges, the business remained profitable, increased gross margins, continued to pay fully franked dividends and maintained a strong financial position.

A summary of financial year 2022 included:

- Revenue of \$222.8 million;
- Profit before tax of \$ 17.9 million;
- Increased gross margins from 22.6% to 28.8%;
- Pre-sales of circa \$245 million, of which the majority are expected to settle in FY23;
- 1,501 lots acquired across greater Brisbane and Melbourne, providing a strong platform for coming financial years; and
- Strong enquiry levels and solid sales activity were maintained throughout FY22.

The lower than expected result was caused mainly by timing differences for revenue recognition and delayed settlements, however the strong financial position of the Company allowed the Board to declare a final dividend of 0.67 cents per share fully franked. Together with the interim dividend of 1.1 cents per share fully franked bringing the total dividend declared, in respect of FY22 to 1.77 cents per share fully franked. This represents a dividend yield of 6.4% on yesterday's share price, when grossed up for tax credits.

Even with rising interest rates and global inflation, we continue to see positive underlying dynamics that support our business.

The Board is cognisant of the significant gap between the recent share price and the Company's NTA per share. There is a range of factors that influence the share price. Virtually all peers in the residential development sector are trading at a discount to NTA. The Board is giving further consideration to capital management initiatives given the extent of the gap, however the Board particularly is of the view that the chief remedy is to focus on what we can control, return on equity. We are working to lift returns from the business so that earnings per share and ultimately dividends per share increase and drive higher return on equity. We believe this will lead to closing the gap on a long-term basis.

We have also taken steps to drive greater accountability in the business to improve performance by restructuring operations by state to better coordinate efficient delivery of land and housing, as well as recruitment of talent.

Consistent with our ambition to increase return on equity, we are planning to expand the volume of built form product on our land. The Board has taken the view that size and diversity matters. To support this strategic approach we are determined to continue to grow our land bank and pleasingly we have been active and busy enhancing and growing our portfolio. Phil will provide an update on acquisitions completed in the early part of the new financial year. We remain active with strong opportunities in the growth corridors of Sydney, Melbourne, Brisbane and in some regional areas of those states. While there remains an undersupply of affordable housing, we are confident our business model and positive industry dynamics will deliver benefits for all our stakeholders in the coming years.

To support the strategic expansion of our land bank, the Board is reviewing the whole of the Company's capital structure. This includes reviewing the optimal debt and equity settings as well as the terms to enable us to plan for production and sales growth.

And now that Australia and New Zealand have opened their borders and people are adjusting to living with COVID-19, I am optimistic about the future.

Throughout AVJennings' 90-year history we have been focused on developing affordable communities that reflect how people want to live. As customers seek more space and a sense of community, we believe that our traditional housing and focusing on what communities want will be a significant strength in the future.

The foundation of an individual or family's stability and security is their home. At AVJennings, we take pride in being part of an industry that contributes to meeting the most basic needs of our society.

Giving back to the community is something AVJennings is also proud of and gives us a sense of purpose. Shareholders are aware of our long-term commitment to the Steve Waugh Foundation, for which the Company, in conjunction with staff and partners, has raised more than \$1.2 million. We also supported the Humpty Dumpty Foundation this year and thanks to the fundraising efforts of our dedicated employees, we were able to fund the purchase of equipment for use in hospitals in Victoria and Queensland and we are overjoyed to know that one day this may save a child's life.

We're very focused on minimizing the environmental impact of our business. AVJennings is dedicated to its commitment to provide housing and communities to Australians and New Zealanders without compromising the needs of future generations and ensuring a balance of economic growth, environmental protection, and social well-being. We give assurance that all our communities are and will be built with conservation and environment standards in mind.

In his address, Phil will share some positive examples of recent progress AVJennings has made with renewable energy, water recycling and land conservation across current developments.

Our strong financial position, a business model and strategy based primarily on horizontal residential development, our brand's excellent reputation, our employees' commitment to our customers, and the return to pre-COVID-19 immigration levels all underpin a positive future for AVJennings' shareholders and customers.

Prior to handing over to Phil, I would like to acknowledge again the loss in June of Larry Mahaffy, the Company's respected Chief Financial Officer who sadly passed away after a long illness. We remain grateful for his ten years of dedicated service to the Company and pay our respects to his family.

Following an extensive executive search, we recently announced the appointment of Ms Shanna Souter as our new Chief Financial Officer. Shanna will join the Company in February 2023 and brings with her a track record of transformation, stakeholder management and building high performing teams. We welcome Shanna to AVJennings and look forward to working with her.

On a final note, and on behalf of the Board, I'd like to thank our management team for their strong leadership, all the staff for their outstanding efforts, commitment and dedication during these challenging times, our business partners, shareholders and customers for their unwavering dedication, trust, and support to AVJennings.

Thank you to my fellow Directors for your guidance and support throughout the year. I will now turn the floor over to our new CEO, Phil, to provide operational commentary and an update on our outlook for FY23.

CEO & MD Address, Mr Philip Kearns, AM:

Thankyou Simon.

Good morning ladies and gentlemen, and thank you for coming to our 2022 AGM.

This is the first time we've had the opportunity to meet in person since the COVID-19 pandemic started in 2020. And it's great to see everyone.

As you all know, this is my first AGM as the CEO & Managing Director of AVJennings and I am deeply honored and privileged to lead this iconic and successful company. AVJennings has been creating communities for 90 years, and the brand has long been valued and recognised as one of the most trusted in Australia.

The 2022 financial year presented us with many challenges. The ongoing impact of the COVID-19 pandemic, which caused supply chain and labour shortages, the war in Ukraine, global inflation, high interest rates, and unprecedented rain events, all had an impact on the residential development market, affecting the year's performance.

Even in difficult times, AVJennings remains committed to developing and selling affordable master-planned communities and we continue to expand our land bank.

As you heard from Simon, we at AVJennings are firm believers in sustainable development. As we deal with energy, water, biodiversity, climate, and waste issues, our communities are designed with strong environmental and social considerations. All these factors influence the master planning and house designs that we use in our communities. We continue to look for technology that can both protect the environment and enhance our communities. Angus Johnson in his newly appointed role as Head of Future & Sustainability is charged with this opportunity.

To cite a few examples, solar panels are now standard for AVJennings delivered housing at Rosella Rise in Warnervale (NSW) and have been included in the last 5 stages of development at Waterline Place in Williamstown (Vic). Solar panels will also be installed on all Harvest Square residences at Brunswick West in Melbourne, Victoria.

To reduce the use of potable water across our developments and house construction, rainwater tanks were installed at our Eyre Community at Penfield in SA, and Water Efficiency Labeling & Standards (WELS) rated appliances have been specified for installation at Harvest Square.

At our Evergreen, Spring Farm community in NSW, 8 hectares of land was dedicated for the preservation of critically endangered Cumberland Woodland and Elderslie Banksia Scrub Forest ecological communities.

As the new CEO, one of my main priorities was to define and clarify the strategic focus of our company. We aim to increase productivity and efficiency with our current resources over the next few years. As the market evolves through this interest rate cycle, we plan to execute more capital-efficient transactions, including acquisitions in regional areas, particularly in New South Wales.

Our dedication to increasing the quantity and proportion of built-form products on our land and in our communities is unwavering. Financially, we are concentrating on increasing Return on Equity (ROE) and Earnings per Share (EPS).

Land acquisition is as much an art form as it is a science and we know the importance of land acquisition to our business. To help mitigate market risks, we continue to diversify our portfolio.

During the FY22 year, the Company made strategic acquisitions in Clyde in Victoria and Ripley in Queensland. A total of 1,168 lots will be developed across 4 projects in Clyde which will be a strong growth area, and further diversifies the Company's land bank given the Company has no existing community developments within Victoria's south-east region. 333 lots were acquired in Ripley, Brisbane, a highly desirable location close to our Cadence project.

More recently the Company acquired some 1,146 lots of a zoned greenfield development located in the township of Beaudesert, some 70 km south of the Brisbane CBD. The land has been purchased on deferred payment terms and is forecast to commence in 2027 providing excellent continuity for AVJennings in this popular growth area off the back of our Riverton project located nearby at Jimboomba. The project is expected to benefit from employment

opportunities generated by the Inland Rail project and development of the nearby Bromelton State Development Area.

Additionally, we are close to finalising a transaction for a project totalling around 308 lots, again, in our target area. We expect to soon have around 14,000 lots under our control across Australia and New Zealand.

Our financial results last year were lower than we had originally planned. Profit before tax fell by more than 32.8% to \$17.9 million but gross margins increased to 28.8% from 22.6% the previous year as we benefited from increases in land prices across our geographically diverse portfolio.

COVID-19 presented numerous challenges to the entire world, and Australia was not the only country affected by unprecedented weather events. Our majestic project in Orewa, New Zealand, Ara Hills, was delayed by 85-days, causing New Zealand's proposed FY2022 revenue to slip into FY2023.

In the face of these challenges, our financial position remains strong with a \$300 million club facility with our partner banks, and our borrowings reduced to \$109.2 million. Our total assets now stand at \$729.5 million. Despite the drop in settlements and revenue, cash flow from operations remained strong at \$33.1 million.

While interest rate movements may cause a market slowdown, our capital management settings have been prudent, and provide us with flexibility and room to move when strategic opportunities come along.

Our 2023 financial year is well positioned, supported by 683 sale contracts on hand as we entered the new financial year, a considerable number of which are to settle through the year. Our growth strategy includes more built product, our financial position is strong as unsold stock levels are at record lows, and most importantly, we believe our industry fundamentals support a strong story for the residential development sector, with migration expected to increase and a housing shortage well documented nationally.

AVJennings remains one of Australia's most trusted brands. Our dedication and commitment to our customers, stakeholders, and the entire community will set the foundations for the future.

Before I conclude I would like to thank Simon and the Board for putting their faith in me and for their guidance and counsel throughout the year.

I also want to commend the hard work of the executive team who have been an immense help in my early days at AVJ. To the entire staff, including our contractors, suppliers and partners, thank you for your exceptional efforts during an incredibly trying year.

To our loyal customers and shareholders, thank you for your ongoing confidence and support. You are the future of AVJennings.

ENDS.