

23 November 2023

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

Dear Sir,

AVJENNINGS LIMITED ANNUAL GENERAL MEETING – 23 NOVEMBER 2023

Please find attached the Chairman's and Managing Director's addresses made at the Annual General Meeting of AVJennings Limited on 23 November 2023. The presentation slides are also attached.

Yours faithfully,



Carl Thompson
Company Secretary.

**Annual General Meeting
23 November 2023**

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 2023 Annual General Meeting in the 91st year of AVJennings' proud history.

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

Thank you for joining us here in Adelaide. This is the first Annual General Meeting we have held in Adelaide, and it is truly a pleasure to be here. The Board hasn't met in Adelaide for many years and when we set the Board Timetable at the beginning of this year the Board decided to hold both our November Board meeting and this AGM here to both show our commitment and reinforce our dedication to the Adelaide residential market.

To ensure non-Adelaide-based shareholders were not disadvantaged, we have made the necessary arrangements for individuals to dial in remotely, ensuring that they can hear the meeting and have the opportunity to ask questions.

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 Ms. Shanna Souter to her first AGM as the new Chief Financial Officer. Ms Souter joined the Company in February 2023, she has over 20 years' experience with over 14 of those in the property industry holding senior management roles. Ms Souter's outstanding track record aligns seamlessly with the Company's ambitious goals and strategic orientation.

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 is Glenn's last audit as he rotates out of this position at the end of the AGM. Thank-you Glenn, for all your help over the last several years.

This morning I will provide a recap of our performance and the challenges brought by the 2023 financial year.

Phil will then speak about our business model, the current state of affairs and the outlook for FY24.

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

Financial year 2023 was marked by challenging market conditions. The tail end of the La Nina weather pattern brought severe wet weather conditions to south eastern Australia, cyclone Gabrielle brought once in 200-year floods to Auckland in February 2023. Continuing global inflation contributed to a significant increase of wages from 8.5% to 14.5% in the construction industry and the lowest savings-to-income ratio in over a decade.

Furthermore there have been rapid rises in interest rates, with 13 rate rises since May 2022. All these challenges have weighed heavily on buyer behavior and dampened demand overall. Particularly hard hit has been the first home buyer (FHB) segment, which has experienced a 35% reduction in FHB sales in early FY24 compared with FY23.

In the face of these headwinds, I am proud to share that AVJennings has both endured and adapted to meet these challenges.

The Company achieved strong revenue and net profit growth while simultaneously improving our gross margins. During the year, we declared an interim dividend of 1.1 cents but opted to withhold a final dividend, taking into consideration the current trading conditions and the short-term challenges and uncertainties in the market. The buyback commenced in late FY23 was also suspended in response. The Company continues to be prudent with the deployment of capital.

A summary of the strong financial year 2023 results included:

- Revenue growth of 23% to \$274m
- Gross Margin of 31.7%, up 2.9 percentage points
- Profit Before Tax of \$31m, up 72%
- Contract signings of \$155m, down 49% from FY22 due to challenging conditions for buyers

Our company maintains a robust and well-diversified pipeline that will serve as the foundation for our future growth with 14,094 lots under control, around 3,000 of which are under option. In early 2022, we engaged in some strategic restocking in SE Queensland and NSW. However, we have since scaled back our acquisition activities and there have been no acquisitions during calendar 2023. This measured approach aligns with our priority of prudent capital management.

At AVJennings, we have always recognised the pivotal role of sustainable practices and initiatives in the housing industry. We have recently entered into a Joint Venture with Pro9 Global (Pro9) to manufacture their highly durable and energy-efficient Pro9 walling systems right here in Australia. This partnership follows our successful use of the Pro9 product and this strategic partnership underscores our dedication to more than just constructing houses. We are committed to building thriving communities that contribute to a sustainable future. The use of prefabricated walls streamlines the construction process, reducing time and enhancing the overall quality of the homebuilding efforts. The Pro9 walling system also enhances the energy efficiency of our homes, making them more environmentally responsible and less costly for households to run. This JV also has the potential to redefine the growth and mix of the Company's earnings.

We are strategically committed to increasing the volume of AVJennings built-form housing solutions in our communities in response to increased demand for built-form product as customer preferences shift. Our leading Stellar Collection homes showcase the overall quality of our built form product utilising the latest in sustainable building practices, including the Pro9 walling system.

Our strategic commitment to invest in more built-form product underpinned last month's \$30 million capital raise. This will enable us to leverage the growing demand for completed built-form housing which has become manifest over the last 12 months. The remaining funds will be allocated to upgrading our financial and operating systems to foster better business efficiency. The Board will continue to refine our strategy and as refinements are made, we will inform the market accordingly.

We believe that 'Community Matters,' and AVJennings takes great pride in our efforts to support and uplift our communities. We continue our long-term commitment to the Steve Waugh Foundation and we are now in our second year of supporting the Humpty Dumpty Foundation. Our dedication to our communities extends through our Community Grants program, we consistently offer assistance to various local charitable organisations in the regions where AVJennings has a presence.

In the face of the challenges brought by increasing interest rates and inflationary pressures, our optimism for the future of our business is unwavering. Our confidence is firmly grounded in the enduring demand for affordable housing, as indicated by the National Housing Finance and Investment Corporation's projection of a housing shortfall of 175,000 homes by 2027. The high levels of immigration and overall growth in population undoubtedly present a significant opportunity for AVJennings.

In closing, and speaking on behalf of the Board, we extend our sincere gratitude to our exceptional management team for their remarkable leadership and dedication. Thank you to all our staff for their hard work, commitment, and significant contribution this year.

We also extend our sincere thanks to our business partners, shareholders, and valued customers for their enduring trust and unwavering support to AVJennings. Your partnership and faith in our mission have been instrumental in our success.

To my fellow Directors, I want to express my profound gratitude for your invaluable guidance and unwavering support throughout the year. I will now hand over the stage to our CEO, Phil, who will share operational insights and provide an outlook for FY24.

CEO & MD Address, Mr Philip Kearns, AM:

Thank you, Simon.

Good morning ladies and gentlemen. What a pleasure it is to be here in Adelaide. This is our first AGM held in this lovely city.

Today, my update will focus on our current trading status and I will also make some remarks regarding the capital raise, given the shareholder feedback we have received.

As the Chairman said, the 2023 financial year was marked by challenging market conditions – 13 interest rate hikes in rapid succession, unpredictable weather patterns and continuing inflationary issues. These factors along with ongoing trade and material shortages, were felt across the industry, and impacted our sales and settlements.

Notwithstanding those challenges, as Simon said, the Company delivered strong growth in revenue and net profit while maintaining a prudent approach to the deployment of capital.

In terms of FY24 performance and activity, enquiry levels are in line with the long-term average across all regions. While sales remain relatively soft, we saw improving sales off the back of interest rate stabilisation prior to this month's rate rise in most markets. The exceptions to this are NSW and NZ currently. NZ is beginning to show early signs of improvement off an extended period of subdued sales while NSW continues to be sluggish. Sales in NSW have been harder to come by despite having titled stock available which has been traditionally easier to move. This reflects affordability challenges playing out in the Sydney market and is something we are alert to notwithstanding the growing housing shortage in the same market. We continue to actively manage risks and be measured in our deployment of capital in response to the needs and opportunities in all markets.

Our Victorian projects achieved nearly 100 sales in the first four months of FY24 thanks to strong sales at the Merchant apartments in Williamstown and continued solid interest in communities at Lyndarum North and Aspect at Mernda. We have also been busy settling our first lots at our newest project at Clyde in Melbourne's outer south-eastern growth corridor.

Sales at our Eyre project here in Penfield have been stronger than forecast with the project being a solid contributor for the company in the post pandemic era.

So far in FY24 there has been a notable change in our customer mix compared to the prior year. We have seen a material increase in investor sales, primarily off the back of a successful sales campaign at the Merchant apartments within Waterline Place resulting in 20 local investor sales. In contrast, first homebuyers have declined significantly due to the impact of prevailing financial conditions.

We are also beginning to see a shift in our product mix with a greater skew towards built-form settlements in line with our strategy. Built-form settlements accounted for 32% of settlements through October as compared to 16% in the prior period.

Settlements thus far in FY24 (112 vs 189 YTD FY23) have been slow compared to the same period last year. This is off the back of a period of extended subdued sales through FY23 as well as the carryover of settlements due to weather delays from late FY22 into early FY23.

As previously communicated, our expectation for FY24 is for a settlement profile skewed to 2H24 of greater than 50% across both revenue and lots.

While we saw a near immediate impact on sales off the back of the November rate rise, this is not inconsistent with previous periods of interest rate rises and expect to see a recovery in sales once the market regains confidence about the risk of future rate rises. Prior to the most recent rate rise, we had seen demand returning to the market. Since July, contract signings have improved markedly as compared to the same period last year.

As previously stated by the Chairman, the recent \$30 million capital raise has strategically positioned the Company to leverage the growing demand for more built-form housing options and deliver positive returns for investors.

I acknowledge some shareholder feedback which expressed disappointment on its discounted pricing, especially given the Company's share price which trades at a substantial discount to our tangible asset backing. I can assure shareholders we are determined to further improve the company's return on equity in the coming years through working the business harder and more efficiently as a means to close the share price discount to NTA.

For a Company with such a rich 91-year heritage and historical culture of innovation I am strongly committed to growing AVJennings to be a far more efficient, effective and successful organization.

Housing demand in Australia is rapidly rising because of a higher influx of migrants. Overseas net migration accounted for 81% of population growth and added 500,000 people to the country in the past year to June 2023. Immigration is affecting the already tight rental market, with vacancy rates in Australian capital cities ranging from just 0.7% to 1.1%. However, its influence on housing sales is, so far, comparatively limited given the lead time for immigrants to purchase a home. This is expected to change in the coming two years as migrants move through the purchase cycle, likely locating to the growth areas of Australia's capital cities – predominantly Sydney and Melbourne.

While forecasts differ, the estimated net migration for 2024 is around 500,000, with a 64% increase in applications this year. Even if the number is not realized, the growth in immigration is positive for the industry, overall, in the medium term.

The government's pledge to build 1.2 million homes over five years is an ambitious commitment given the ongoing supply chain blockages and labour shortages. I am hopeful this pledge contributes to improved outcomes for potential home buyers, giving them greater

choice and opportunity to own a home. While I have reservations about the ability to deliver that many homes over five years, I would prefer an ambitious goal with a shortfall to achieving rather than a less meaningful target and I hope that our Stellar Collection in partnership with Pro9 is part of that ambitious target.

The lease for the Pro9 production factory at Tuggerah in NSW has been signed and the improvement works have commenced to facilitate the walling manufacturing process. Equipment to be installed in the Factory is expected to be shipped in December this year, with installation planned for January 2024. The first roll-out of finished product is expected to occur around April 2024.

As market conditions are expected to improve with interest rates flattening, AVJennings is well positioned to leverage the increasing demand for more affordable housing options. Our strategic approach and proactive measures will undoubtedly strengthen our position in the evolving market landscape.

To Simon and the Board, I thank you for your guidance throughout the year.

I also want to acknowledge the hard work of the executive team and all the AVJennings staff - including our contractors, suppliers and partners, thank you for your dedication and unwavering commitment.

To our customers and shareholders, I, on behalf of AVJennings, would like to thank you for your continued confidence and support. Your loyalty is deeply appreciated.

ENDS

AVJennings Limited Annual General Meeting

23 November 2023

Welcome and introduction



Mr Simon Cheong

Chairman and Non-Executive Director

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.

Chairman's Address

FY23 – Delivering strong results in a challenging year

31.7%

Gross Margin

↑ 3 percentage points

\$30.8m

Profit before tax

↑ 72% PCP

732

Lots settled

↑ 20% PCP



Buyers interest in Turnkey Homes

\$274m

Revenue

↑ 23% PCP

5.2c

EPS

↑ 63% PCP

\$582m

NFE

↑ 13% PCP

14,094

Lots in pipeline

↑ 11% PCP

\$155m

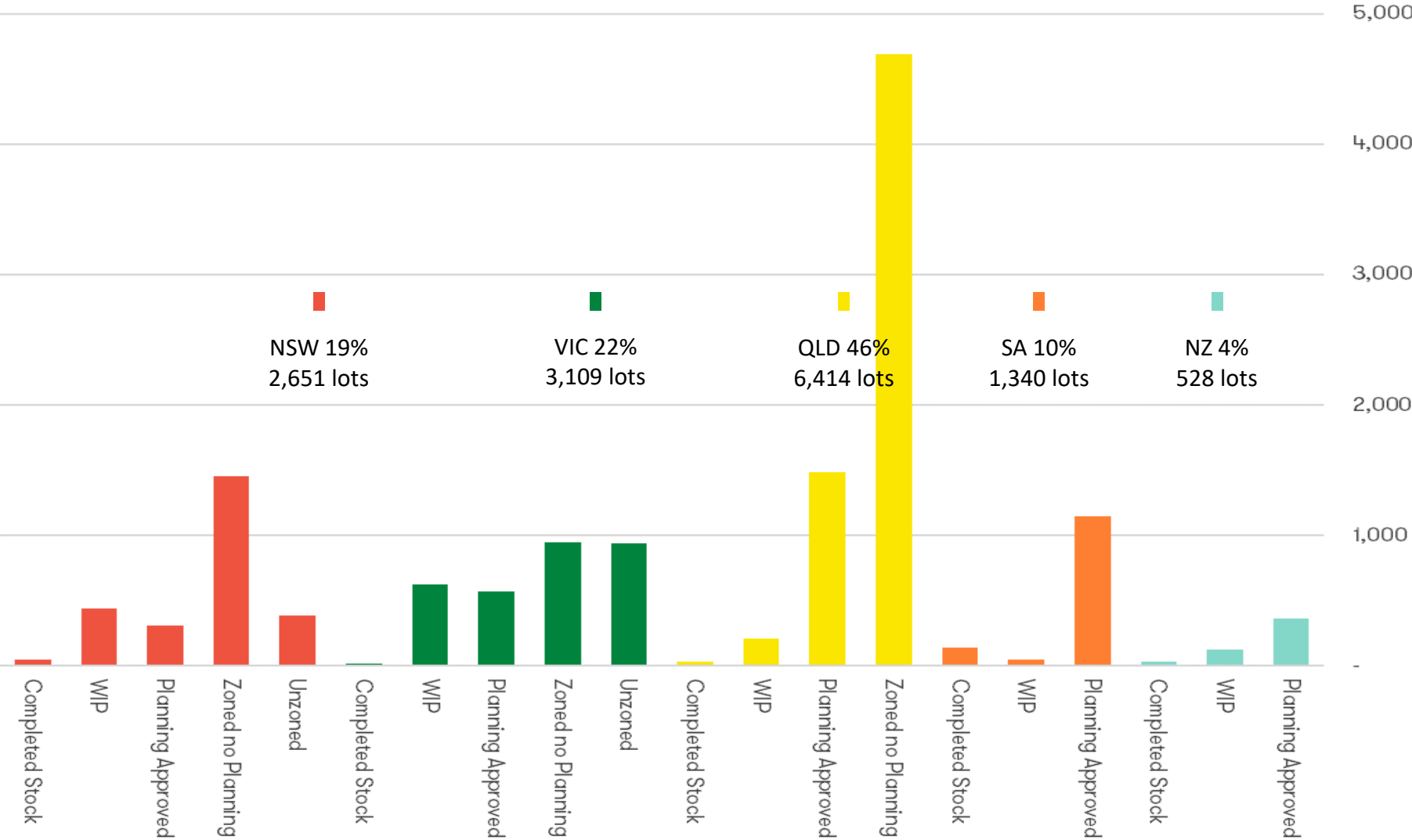
Contract signings

↓ 49% PCP



Stellar Collection (Pro9), sets the benchmark for sustainability

Strategic management of the 14,094 pipeline lots



Note: WA - 0%, 52 lots under project management

'Turnkey' offering enhanced by AVJennings' Stellar Collection

AVJennings' Stellar Collection provides time saving to achieve lock-up stage.

JV with Pro9 to establish the Stellar Collection offering.

- Premium offering designed to achieve minimum 8-star energy efficiency rating vs. current minimum standard of 6-stars – potentially reducing energy costs by ~50%¹.
- Homes built using innovative Pro9 walling system improves energy rating, durability, safety (fire resistance) and comfort.



Customers of a Stellar home at Evergreen, Spring Farm, NSW

Potential to redefine AVJennings earning and growth profile.

- Australian-based (NSW) facility to manufacture Pro9 walling system.
- Facility on track to be operational during FY24.
- Potential to produce external walls for up to 1,000 homes annually on a one shift basis.



Construction of home with Pro9 walling system

AVJennings 'Turnkey' offering increasingly in demand

One contract, one deposit, one settlement

- Our competitive advantage is building AVJennings housing product within AVJennings developments
- This provides flexibility to respond within established pipeline and capability
- Clear shift recently in customer demand towards 'Turnkey' housing
- Sales and enquiry levels for built-form housing remain in line with the long-term average
- Built-form housing cancellation levels remain very low



A turnkey home at Cadence, Ripley, Queensland.

Creating and supporting our communities

Social

- Our financial contributions and support for community organisations has doubled in the past 3 years.
- Second year supporting the Humpty Dumpty Foundation to buy life-saving medical equipment in our communities.
- Inaugural partner with the Steve Waugh Foundation with \$1.2m contributed to date.
- Community grants awarded to community organizations including Defenders for Hope, Jimboomba Cricket Club, and Lalor Landcare.
- Delivering community events to help build connections.



Governance

- Achieved employee engagement score of 4.07 out of 5, with 90% of employees reporting they are proud to work for AVJ.
- Produced our 3rd Modern Slavery Statement with buy-in and compliance from suppliers.
- Improved gender diversity - Improved gender diversity - 40% of KMP and 35% of senior management are female.
- Dedicated executive coaching for female leaders in the business fosters talent development and retention.

CEO Address



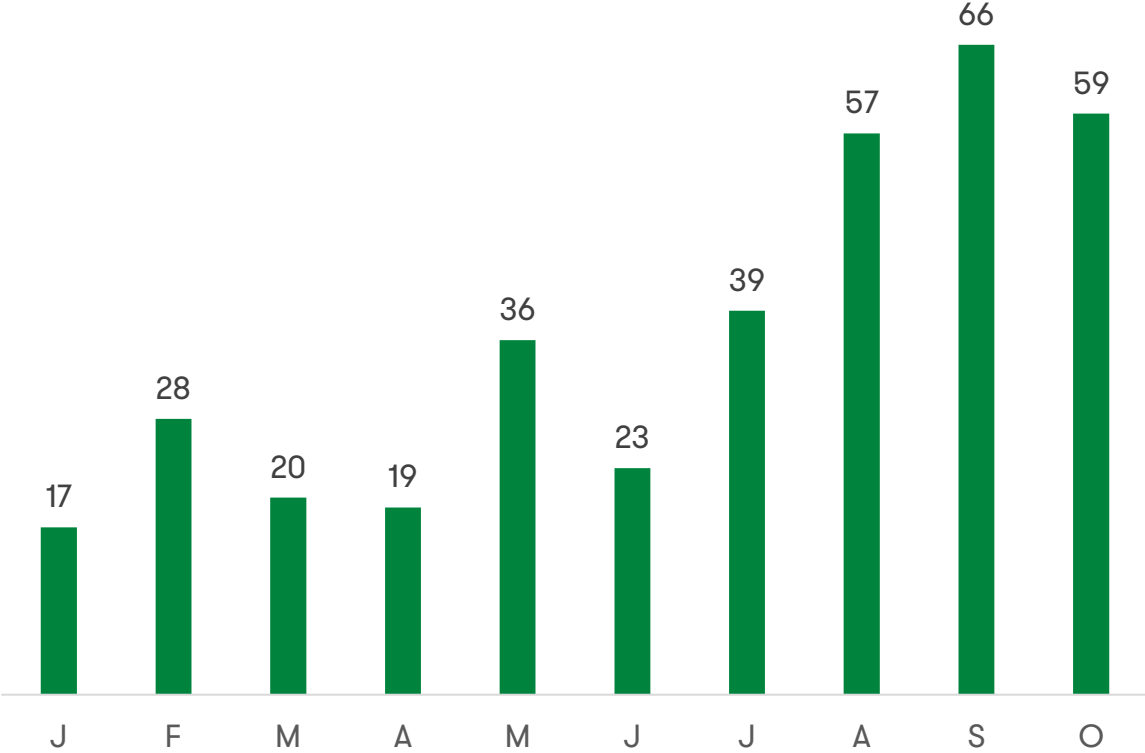
Mr Philip Kearns AM
Managing Director and CEO

FY24 Sales growth is in line with our expectations

- Market conditions have begun to improve following recent interest rate stabilisation but are expected to remain subdued until top of the interest rate cycle is reached during CY24.
- For the months July to October, in FY24, contract signings are 84% higher than for the same period in FY23.
- Growth in sales primarily driven by strong sales across Victoria and SA; NSW and NZ remain sluggish.
- At the end of October 2023 there were presales of 434 lots valued at \$192m.

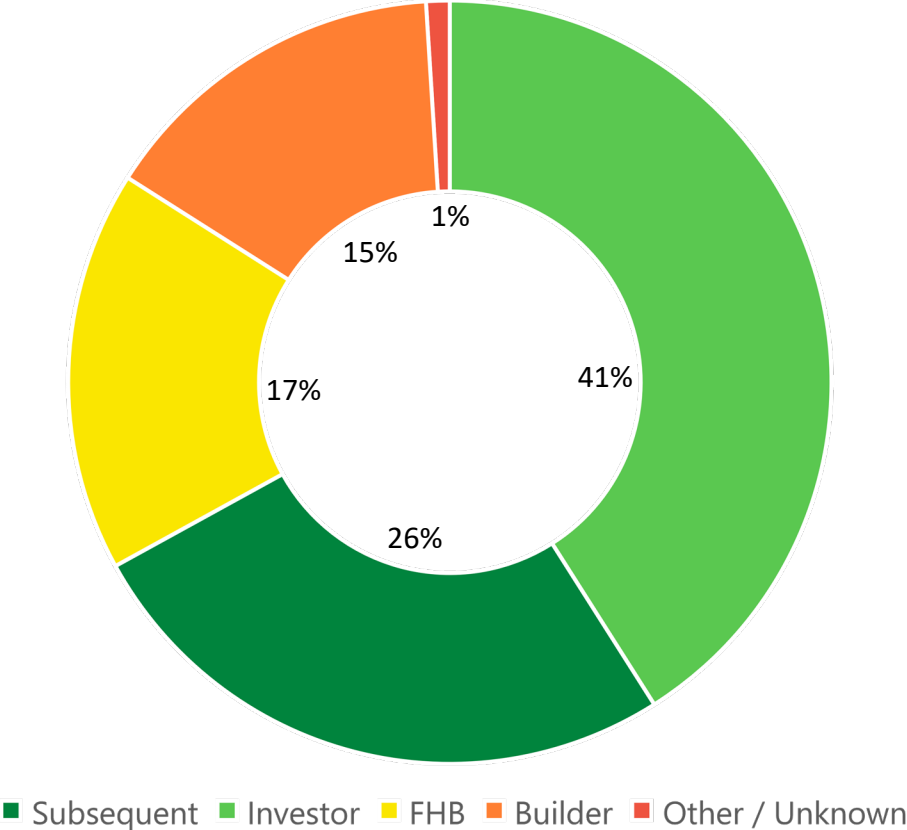


Monthly trend for contract signings (sales) CY2023



Change in customer mix reflects challenging market conditions

FY24 YTD CUSTOMER MIX (% OF SALES)



- There has been a notable shift in our customer mix compared to FY23.
- Investor sales have increased to 41% following a successful sales campaign at Waterline Place, resulting in 20 local investor sales at Merchant Apartments.
- In contrast, first homebuyers have declined significantly due to prevailing financial constraints.
- Subsequent home buyers continue to be a strong purchaser group.

FY24 Settlements (revenue) profile strongly skewed to the second half

- Built-form product settled accounted for 32% of settlements to date in FY24 compared to 16% in the prior year
- Settlements through end of October are lower than the prior period (112 YTD FY24 v 189 YTD FY23) driven by slow FY23 sales and weather impacts in FY22 shifting settlements to early FY23
- FY24 settlement profile is strongly skewed to H2



Artist's Impression of the Merchant building looking west on Waterline Place, Williamstown, Vic. Merchant is anticipated to settle during mid 2024.

Uses of proceeds from the recently completed equity raise

Sources (\$m)	
Equity raising	\$30.4
Total	\$30.4

Uses (\$m)	
Built-form on AVJ lots	\$22.0
Upgrade of financial and operating systems	\$2.0
Working Capital	\$5.4
Equity Raising costs	\$1.0
Total	\$30.4

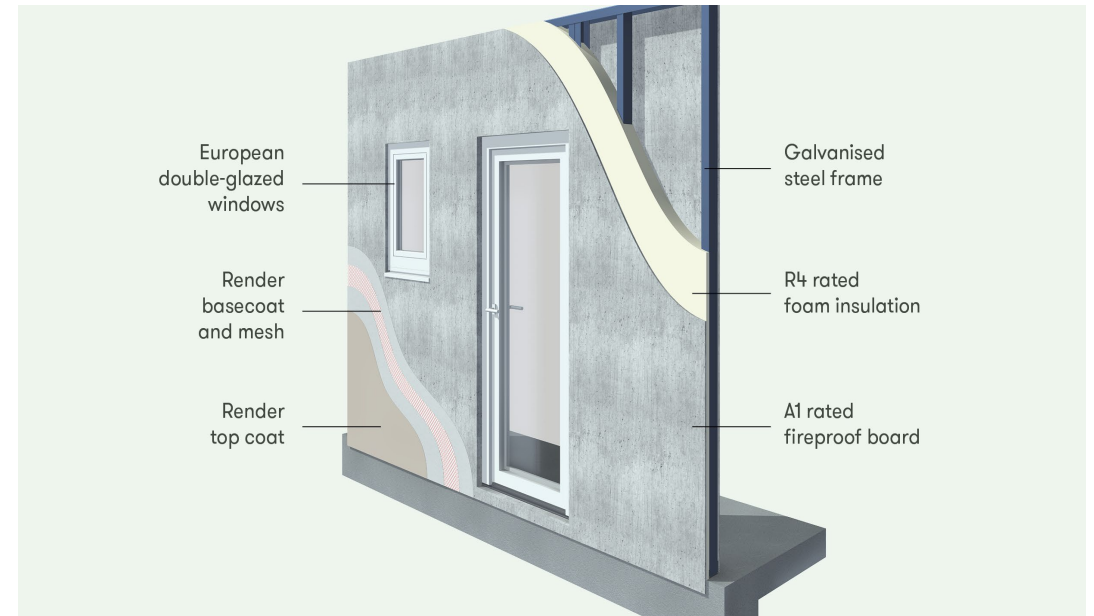
Use of proceeds

- To accelerate building AVJennings' housing product within AVJennings developments to meet the increase in demand and shift in customer preferences to built-form housing
- Upgrade of financial and operating systems to support greater business efficiency
- General Working Capital

AVJennings invests in prefabricated solutions – Pro9 JV update

Benefits for AVJennings

- Considerable time saving to achieve lock-up stage.
- Significant improvements in the energy efficiency of homes in advance of regulated changes.
- Increased certainty of materials delivery.
- Higher quality, more durable, fire-resistant product.
- Potential to redefine AVJennings' earnings and growth profile.
- Reduced material waste on site.



Pro9 Walling System

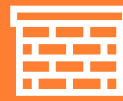
Developing communities for a sustainable future

AVJennings has been building the great Australian dream since 1932



Flexible Product Offering

- Land
- Built-form Housing
- Low/Mid-rise Apartments



Modernising Our Foundations

- Systems
- Capital
- People



Building Annuity Income

- Pro9
- Development Services
- Land Lease



Improve return on equity (ROE)



Disciplined capital management

Thank you