

14 October 2021

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 14 October 2021.

Yours faithfully,



**Carl Thompson**  
Company Secretary.

**AVJennings Limited: Annual General Meeting: Thursday, 14 October 2021  
at 3:30 pm (AEDT) / 12:30pm (SST)**

**Introduction and Chairman & Managing Director Addresses**

***Introduction: Mr Carl Thompson, Company Secretary***

Hello and welcome all, my name is Carl Thompson and I am the Company Secretary of AVJennings and will act as moderator for today's meeting.

AVJennings acknowledges the Traditional Custodians of country throughout Australia and New Zealand and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all First Nations and Maori Peoples today.

In keeping with our safety-first response to the COVID-19 pandemic and with the safety of our shareholders and staff in mind, we have decided to adopt an online approach to this year's AGM as we did last year.

The program for today is an address from Simon Cheong our Chairman on the past year, including its challenges and our successes. Thereafter, Peter Summers our CEO will speak on our business model, the current state of affairs and our outlook. There will be an opportunity for questions.

Please note that only shareholders and their proxies may ask questions. This will be followed by the formal part of the meeting with resolutions put to the meeting for consideration. There will be a further opportunity for comments and questions on each resolution as they are considered.

To assist shareholders, the online guide is available at the bottom of your screen which explains the process for registering, voting and asking a question. In order to ask a question, you need to click on the "Ask a Question" box and type in your question and submit it. You can ask follow-up questions should you wish.

This year, in addition to asking questions online during the meeting, we have introduced a new functionality to allow shareholders or their proxies to dial in and ask questions by voice, that is, to speak.

To utilise this teleconference facility, Holders must use their unique PIN provided to them by Link Market Services. If you don't have a phone PIN and would like to ask a question via the phone, please contact Link on 1800 990 363 now to get your PIN.

When you dial in online you will be asked to mute your online sound and listen to the meeting by phone. If you wish to ask a question, you will need to dial 'STAR 1' on your keypad that will indicate to the moderator you wish to ask a question. The teleconference moderator requires your name and will introduce you prompting you to ask your question by unmuting your line at the relevant time.

We will endeavour to answer all relevant questions from Holders during today's meeting. However, the Chairman reserves the right to rule questions not pertaining to the AGM out of order and to take questions on notice.

In order to ensure that all Holders have a reasonable opportunity to comment and ask questions, we request that Holders do not ask more than 2 questions at a time. The order of taking questions will be first from any Holders using the teleconference facility by voice; and thereafter from any Holders who have asked a question online in text format.

I will now ask Simon to commence proceedings.

***Chairman's Address: Mr Simon Cheong***

Thank you Carl.

Good afternoon ladies and gentlemen.

My name is Simon Cheong, non-executive Chairman of AVJennings and it is my pleasure to welcome you to our 2021 Annual General Meeting, in the 89th year of AVJennings' proud history.

There is a quorum present online so 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 and encourage shareholders to submit their written questions online now.

My fellow Board members attending online today are:

- 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 Tan Boon Leong, non-executive Director;
- Mr Philip Kearns AM, non-executive Director;
- Ms Lisa Chung AM, non-executive Director and
- Mr Peter Summers, Managing Director and Chief Executive Officer

I am delighted to welcome Lisa Chung to her first AVJennings AGM. Lisa was appointed on 1 June 2021 as a Non-Executive Director and Member of the Risk Management Committee. Lisa had a successful 30-year career in the legal profession and brings to the Company considerable board and senior level experience in commercial property, urban development and infrastructure sectors.

Mr Glenn Maris, Audit Partner from EY, the Company's Auditor is also online.

In a moment I will recap on the challenges we faced and the progress we made during FY21. I will then outline why AVJennings remains confident about the long-term outlook for the residential sector, and update you on the CEO succession plan.

Peter will then speak about our business model, the current state of affairs and the outlook for FY22.

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

Financial year 2021 continued to be dominated by the impact of the COVID-19 pandemic. From the outset, safety remained the number one priority for AVJennings' Board and Management. This not only relates to the safety of our staff, customers, suppliers and the community, but also the economic safety of the Company. Few people or companies were immune to the threats posed by the pandemic. However, we were also aware that the Company had to remain open and operational to meet the important needs of our valued customers who continued to engage and purchase.

When we entered financial year 2021, our presales provided us some financial certainty as well as motivation to ensure our customers' dreams were met. Beyond that, there is no doubt the industry faced short term challenges, not because of the lack of demand, but because of the risk that prospective customers would defer decisions to purchase a home during a pandemic. Just as JobKeeper enabled companies to sustain their business and keep people employed, HomeBuilder acted as a stimulus to encourage people to continue to transact.

Improved profitability and balance sheet strength, and strong contract signings achieved, underpinned a quality set of financial results. Despite short term lockdown challenges, the Board is optimistic that a more normal future can be achieved as vaccination programs rollout, and declared a final dividend of 1.8 cents per share fully franked. This brought total dividends declared, fully franked, in respect of financial year 2021 to 2.5 cents per share, compared to a total 1.2 cents per share for financial year 2020.

Other highlights from the stronger 2021 financial results included:

- Growth in settlements of 9.4% to 905 lots;
- Revenue growth of 18.6% to \$311.1 million;
- NPAT growth of 107% to \$18.7 million; and
- 37% growth in contracts signed providing a solid platform for future earnings.

This was an extremely positive result of which the Board and management is justifiably proud. It saw significant increases in revenue, PBT, dividends and contract signings which gave a good base for FY2022. The Total Shareholder Return was also significantly higher in FY21 at 37%, compared with a negative return in FY20.

We entered financial year 2021 with a strong balance sheet and our focus on protecting that strength sees us very well placed for future growth. Our landbank at 30 June comprised 12,180 lots inclusive of land under option, a slight increase from 12,134 lots the previous year. Competition for sites is considerable but we are confident we will be able to add new projects to our portfolio. Peter will provide an update in his address to significant landbank changes.

We believe our traditional housing and community focus will prove a significant strength moving forward as customers look for more space and a community feeling. The shift to greater workplace flexibility and working from home will also see a positive change in lifestyle preferences suited to our markets.

Looking ahead, while the global pandemic remains an ongoing challenge, the world is moving towards a more positive environment as countries are better placed to tackle the coronavirus and vaccination programs are rolled out. The continuing strength of the residential market since the end of initiatives such as JobKeeper and HomeBuilder is encouraging and consistent with our previously stated belief that underlying fundamentals for residential property remain strong.

Last month the Company announced succession planning in relation to the CEO role. A search firm was engaged to identify and review candidates and I am pleased to advise that we are close to finalising an appointment. We expect to be in a position to announce the successful candidate in due course.

Your Company's long-term fundamentals remain positive. Our strong brand awareness; staff dedication to customers despite dealing with the personal and professional stresses imposed by the pandemic; our sound financial position; business model and strategy of mainly horizontal residential

development, gives the Board and myself confidence in our Company and our long-term future and prosperity for our shareholders and customers.

At AVJennings we all recognise that providing housing is a basic necessity. It is a fundamental right for everyone to have a home and we are proud to be part of an industry which helps to meet this need.

In contributing to the provision of this need we recognise that there are risks of environmental impact through our residential development activities and strive to be an environmentally responsible organisation and minimise impact where possible, whilst balancing the need to provide housing for Australians and New Zealanders. I am pleased AVJennings has provided its first Sustainability Report this year, noting all our communities are designed with strong environmental considerations.

Finally, a sincere thank you to our management for their strong leadership, all the staff for their commitment and focus as they confronted another year of the pandemic's challenges, our business partners, shareholders and customers for their continued invaluable commitment and support to AVJennings as it heads into its 90th year.

Thank you to my fellow Directors for their guidance and support. Further to this I want to personally thank Tan Boon Leong who is retiring from the Board at the conclusion of the AGM. Tan Boon Leong has been a valued Board contributor since being appointed in June 2017 as a representative of AVJennings largest shareholder, SC Global Developments.

On behalf of the Board, I want to thank Peter for his demonstrated leadership, integrity and outstanding contributions to the Company over almost 37 years.

Since taking on the CEO role in early 2009, Peter has led the Company through the impacts from the Global Financial Crisis, oversaw the sale of the Company's loss-making contract housing division and most recently demonstrated exemplary efforts to steer the Company through the COVID-19 pandemic. He was instrumental in driving change as we have looked to build on our core strengths of land and integrated housing.

Throughout his time with the Company, Peter was committed to people and culture and he leaves the Company well-primed for the future and with the best wishes of the Board to himself and family.

I will now ask Peter to provide commentary on our business model and an update on our outlook for FY22.

***Managing Director's Address: Mr Peter Summers:***

Thanks Simon and can I add my welcome to all.

Residential property involves a constant balance between the short term and the long term.

Whilst not an exact science, especially in terms of timing, these balances and contrasts normally play out as cycles with some predictability. They are supported by underlying indicators which, with experience, allows the Company to navigate its way forward, minimising risk and maximising opportunities as best we can.

The last 18 months have been different in many ways. Whilst always a factor, the very short term has been an area of much greater focus, particularly for the Board and Senior Management. Circumstances changed rapidly and the usual economic drivers behind very short term business decisions have often been a lower priority than drivers based on health, safety and government rules.

Risk certainly changed. Compliance became more complicated. At times we could be operating under a dozen different rules across various regions as we continued to meet our customers' expectations. All this required a great amount of effort, courage, and trust.

However, unless you believed there was no path out of, and beyond, the pandemic, the need to balance all of this with a longer mindset remained.

I am so proud of the way we have navigated our way through FY2021, both managing the short term and balancing the risks with wider timeframes, including the full 2021 financial year.

The early stages of the pandemic saw the Company initially wind back production levels, with a focus on projects where pre-sales existed, so we could meet the expectations and dreams of our customers. Once the first lockdowns eased we quickly and efficiently increased our production levels. At 30 June, 2021 we had 1,537 lots under development. This scaling down and then up of our production was aided by our horizontal business model.

We prioritised maintaining our employee base. This was matched in commitment by all employees and Directors. These actions, along with JobKeeper, enabled the Company to take extra risk in terms of employee costs moving into, and through, FY21.

These two actions, investing in production, and our staff in a fair, partnering style, were key drivers which enabled the Company to deliver a strong result for the year.

In relation to the medium to longer term, the year saw many accomplishments which will be important for future operations and results. These included having commenced development at Rosella Rise, Warnervale on the Central Coast of NSW and in Victoria, our Aspect project at Mernda in Melbourne is also underway. Plans and preliminaries for the newest and largest apartment building at Waterline Place in Williamstown, Victoria are progressing well, as is the progress in relation to obtaining necessary approvals for Rocksberg, Caboolture in Queensland, and Calderwood, in New South Wales.

Our balance sheet strength continues. Gearing at 20.1% remains within our target range of net debt to assets of 15 – 35%, which is a significant decrease on the financial year 2020 level at 28.1%.

As FY21 drew to a close and I took a moment or two to look back on the year that had just ended, it was hard to not be astounded about how well we had got through the challenges and how well placed we are for the future.

Looking to the future, I mentioned earlier that cycles are normal and usually signals about market direction are clear from key lead indicators.

The COVID-19 environment has provided some unique and important aspects and challenges. The disruption factor of COVID-19 issues and impacts needed to be managed but they also need to be considered more deeply to ensure we don't under or over-estimate future directions.

An example of a specific aspect of the 2020/21 COVID-19 environment was the Federal Government HomeBuilder scheme which no doubt helped maintain revenue and contract signing levels during the challenging times.

However, activity levels, including contract signings, did not stop when the grant was first reduced at 31 December, 2020, nor when it completely ceased at 31 March, 2021. As the year progressed, it was the recovering economy and residential market fundamentals that came to the fore. And although

recent and snap lockdowns remind us of the ongoing uncertainty and need to remain alert and flexible, we have seen property markets remain strong.

When you balance out some of the distortion factors, average things out, and look at key indicators that have provided reliable guides to cycles over time, I am confident two things remain.

Firstly, existing underlying demand is strong and will continue to provide strong market conditions for at least some time yet.

Secondly, supply remains limited in many areas, further adding to strong market conditions. You will recall that prior to the pandemic, we and the wider industry were talking about the looming problem of a lack of available land in Sydney. COVID-19 hasn't changed this fundamental problem.

There are some likely ongoing changes from the pandemic which will be positive. Greater levels of working from home and home schooling, are making people look for more space. A sense of community has been rediscovered. Both of these changes are favourably related to our products.

Therefore, we remain confident about the short term and FY22 in particular. As is usual, the timing of revenues will see a heavy bias towards the second half of FY22. This is even more the case this year, as lockdowns in the first half of the financial year have limited short term production capacity.

In respect of current trading, the September quarter for FY22 was remarkable given the challenges posed by prolonged lockdowns in Sydney and Melbourne. Contracts signed were 235 which is a modest improvement on the 222 contracts signed during the September quarter in FY21. Land sales in all our markets remain healthy reflecting the underlying strength of the residential market.

But what about beyond FY22?

Going forward, the impact of border closures will bite at some stage in terms of new demand. There is no way around that and my sense is this will be most felt in FY23. However, it might also be mitigated by the increased levels of investment in social housing. Also, I suspect the time between immigrants arriving and when they settle on permanent housing will be shorter than usual, with people having used the time during border closures to research and plan.

Eventually borders will re-open and migration levels are likely to be strong when they do. The Company remains extremely confident in the long term prospects for residential property.

For some time, the Company has talked about growth. It is important to understand the most basic aspect of why we believe in this strategy - efficiency. We have a strong infrastructure across a geographically diverse footprint which can handle greater volume and deliver more outcomes. Growth was certainly a focus at the start of FY20. The global pandemic meant we placed these plans on hold for a period but as we entered FY22, we were again actively pursuing growth.

To expand on this, our plans can be divided into three categories.

A. Expanding the scale of our existing operations.

Like many aspects of residential property, acquisitions take time. On the back of some hard work, I am pleased to announce that we have reached agreement in relation to two acquisitions, one in Melbourne's south-east and one in Ripley Valley, Queensland, which will yield over a 1,000 lots. Further details will be provided once legal documents are finalised.

The 2021 financial year also saw an increase in the amount of housing constructed in our projects. Currently, the scale of housing needs to carefully balance our desire to increase built form numbers against the current increases in the cost for trades and materials, and delays caused by availability issues.

#### B. Expanding our reach into new markets such as regional areas

For some time, State and Territory Governments have been promoting urban growth plans which have had, as a component, an aim to slow down growth of the outer boundaries of major capital cities.

Added to this, we have seen a more rapid growth in regional areas as a result of COVID-19. Jobs and infrastructure, in particular infrastructure related to providing reasonable connectivity to major capital cities, are critical to whether this is a permanent shift. The flexibility of working remotely has already changed the jobs aspect. Hopefully, infrastructure such as fast rail, isn't far behind.

#### C. Expanding the types of products and services we provide.

One area of growth we are targeting is to develop more fee-for-service income. This will come from establishing structures and relationships that allow us to not only invest in projects, but manage projects, where the investment may come partially or mainly from third parties.

Of course, strategy without the ability to deliver is of little value.

The absolute starting point for this is our current balance sheet capacity and strength. We are certainly well placed to focus on growth.

Deal structure will also be critical. We need to continue to ensure part of our growth is enabled through smart buying, using various structures and terms. A great example of this is our Caboolture option agreement which will see a very large scale project delivered on a reasonably capital-light basis.

And crucially, growth will be based on relationships. The AVJennings brand, as reflected in its people, is about trust and reliability. This opens doors to opportunities and deal structures which create longer term value for land-owners, governments and AVJennings.

I would like to stress that growth isn't going to see the Company adopt a heightened risk profile in any area, especially financial stability. It will be measured, and the initial plans involve a 3 to 5 year timeframe.

I would now like to make some comments on the industry in which we operate.

My time at the AVJennings group has enabled me to be involved with great people, in a great Company and in an industry that means so much to so many people. Housing Matters, Community Matters. Great people, great purpose. That is a privilege.

I have been involved in residential property across 5 decades. In many ways, the issues that existed at the start exist today.

We have always talked about a shortage of land, something that has often taken some explaining to people who have looked out of a plane window and seen nothing but great expanses of land.

Affordability has been a constant challenge. At times, this related more to the impact of interest rates; today it relates more to the absolute cost of housing.

Infrastructure continues to be delivered slower than is required for well-planned cities but has improved.

This industry directly employs huge numbers of people and has a massive positive impact on the Australian and New Zealand economies. The dedication of the companies and people involved to provide better outcomes for so many average Australians and New Zealanders is fantastic.

Residential property, both in terms of housing and developments, has continued to improve with time and we all strive for continued improvement. The industry takes its responsibilities seriously.

The one negative I have reflected on is the lack of on-going commitment to apprentices. That is a shame as it was such an important part of the industry and such a great pathway for young people.

I am proud to have been able to lead one of the iconic brands in this industry. You don't only work for AVJennings, you feel you work for AVJennings. Reminders of its almost 90 year legacy are everywhere. I have many friends and family who have lived in AVJennings housing and in AVJennings projects. Wherever you travel across Australia you are almost certain to meet other such people.

Government continues to play such a critical role. In some areas I've seen great improvements in my time. Governments and their agencies have a greater sophistication in relation to housing policies and I do believe they are committed to achieving better outcomes.

Last year, in my corresponding speech, I applauded governments for their increased focus on social housing, much of which was driven by the spotlight the pandemic has thrown on this area. In the last year many governments have turned this into positive actions and outcomes and they should be commended.

Our joint venture with the Victorian Government in Brunswick West, Melbourne, partnering with community housing provider, Women's Housing Limited, will see vital, new high quality social housing available to those in need. Our most recent apartment offering, Empress, at Waterline Place, Williamstown in Melbourne, saw a number of apartments specifically designed and constructed for not for profit housing provider, Summer Housing.

All our customers are special, but I can definitely see how these two projects provide extra pride in our people.

What has been, and continues to be, of considerable concern has been the huge impact on affordability caused by massive increases in taxes and charges. My time has seen GST imposed on new housing (but not existing housing). Infrastructure and a range of other charges were introduced and continue to rise. Worse, they are not always spent on the timely provision of the infrastructure and other outcomes they are meant to deliver. New and rising taxes has been a constant concern. Their impact on affordability has been massive and the impost on new versus existing residential housing is just as massively unbalanced.

That stamp duty still exists 21 years after the introduction of GST is just extraordinary. A tax which punishes people for having growing families, for seeking new employment opportunities in different locations, requires older people to stay in their larger family homes longer, trying to manage their upkeep - yes, it is a punitive tax that makes no sense to me.

Now the industry, and ultimately ordinary Australians, face even more new taxes and rises. Red tape and inefficiencies are still too great. Across the States, Territories and even within these, little is common. Taxes are different, both in types, levels and calculation methodology. Planning and approvals processes are different. Building codes vary considerably.

Hopefully, as we make our way out of the pandemic, time will be taken to address some of these structural issues. It is a huge opportunity.

And despite the ongoing challenges I can't help but be extremely optimistic for the Company's future.

To Simon and the Board, I thank you for your guidance during the past year and to the Senior Executive Team, thanks for being brave enough to lead in what might be the most challenging time of your career. To all AVJennings staff – you are a brilliant group, thanks for an amazing year.

To you, my fellow shareholders, I will even miss AGMs for I am forever thankful for those who are willing to invest in this absolutely vital industry.

Actually, that isn't entirely true. I am thankful for those who are willing to invest in this absolutely vital industry. But I won't miss AGMs!

Most importantly, I want to conclude with an acknowledgement to the thousands of people I have had the pleasure to have worked with at the AVJennings group and to have met along what has been for me a very special journey.

Thank you.

ENDS.