

First Half FY22 Financial Results

Thursday, 17 February 2022



AVJennings®

Housing Matters. Community Matters.

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.

AVJennings develops affordable communities for the way people want to live today.

- We develop and sell affordable, master-planned communities in sought after locations. This includes selling developed land lots to others and our own integrated dwellings on a “turn-key” basis.



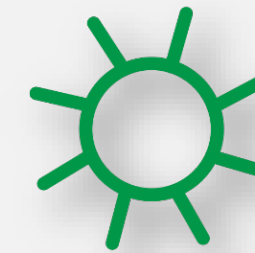
Our communities are designed with strong environmental and social considerations.



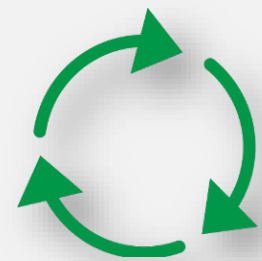
Emphasis on
Recreational Areas



Protecting
Biodiversity



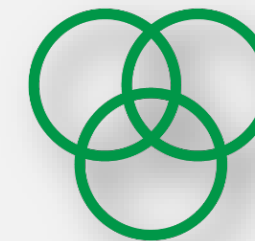
Alternative
Energy



Waste Management
and Recycling



Water
Management



Efficient
Design



Cultural Heritage
Management

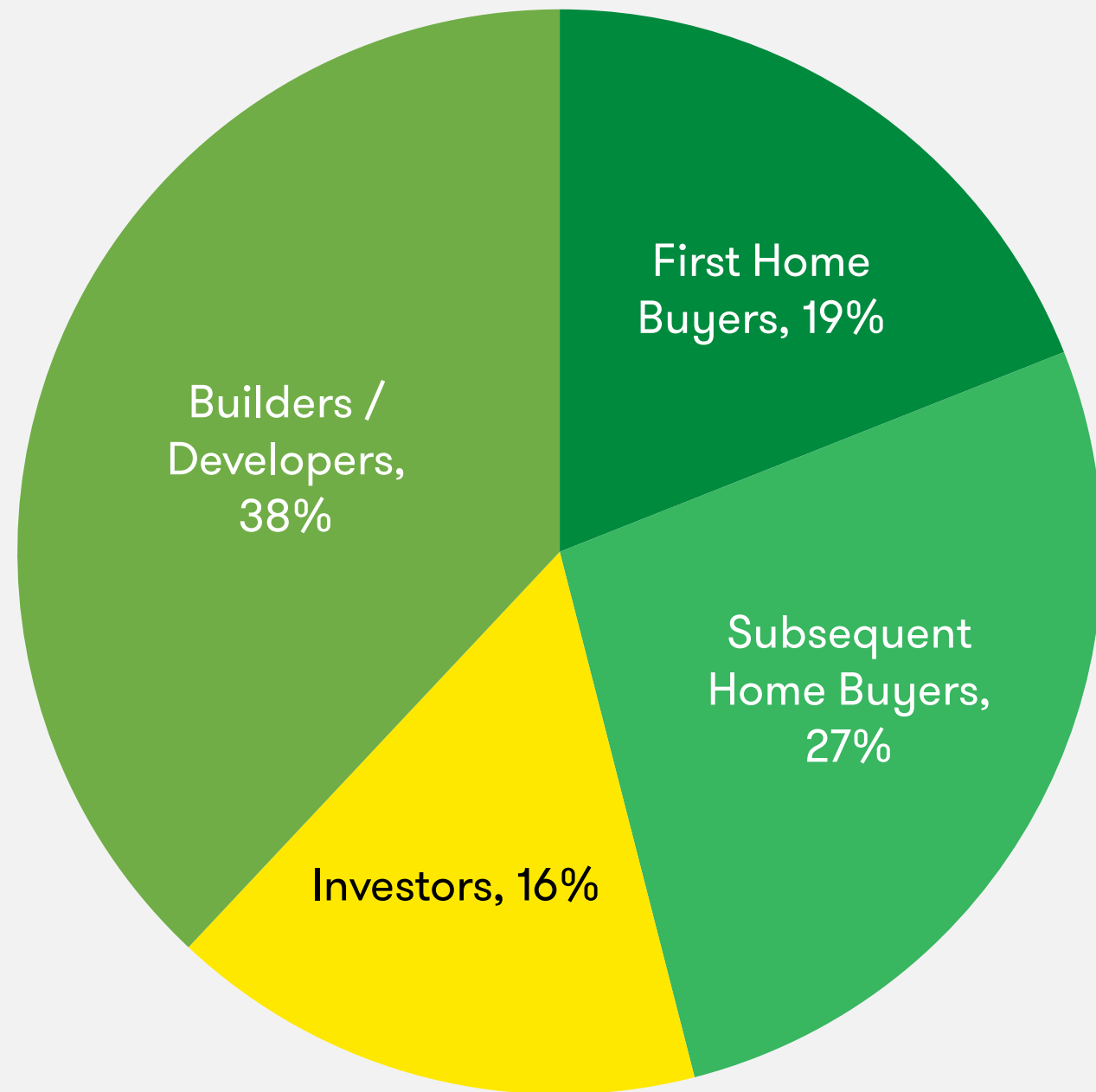


Climate
Resilience

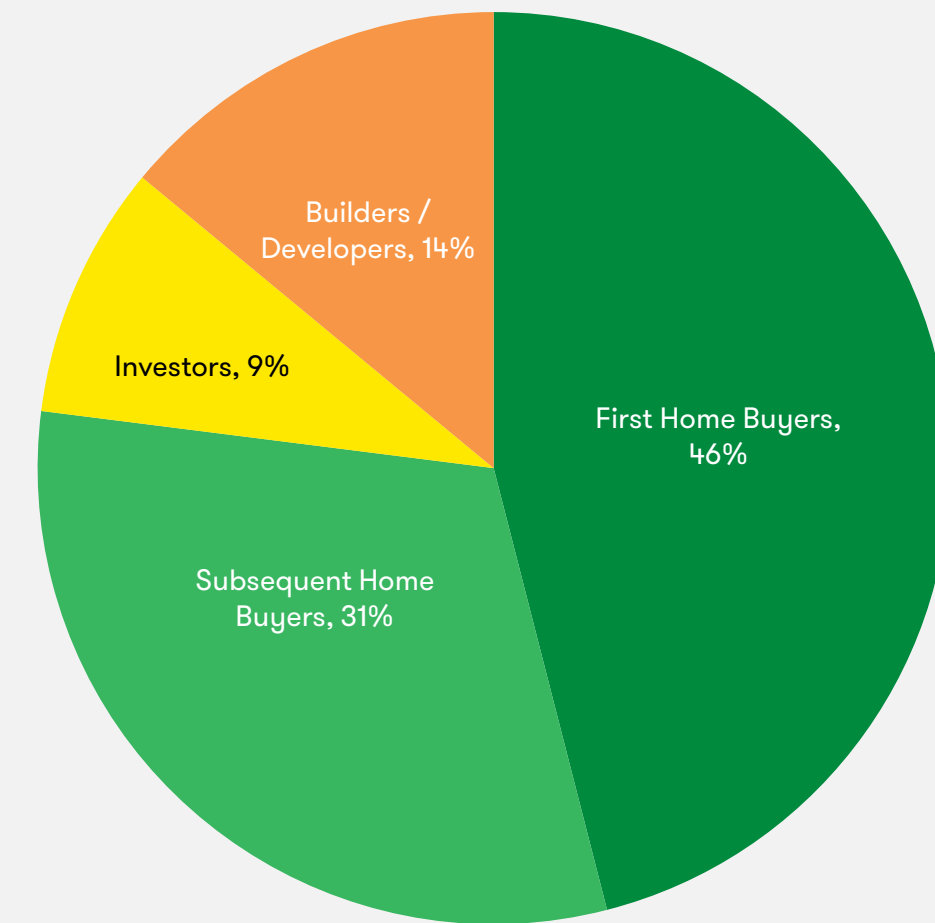
Our customer focus is the traditional residential market.

AVJennings customer segmentation based on lots settled

H1 FY22
customer segmentation

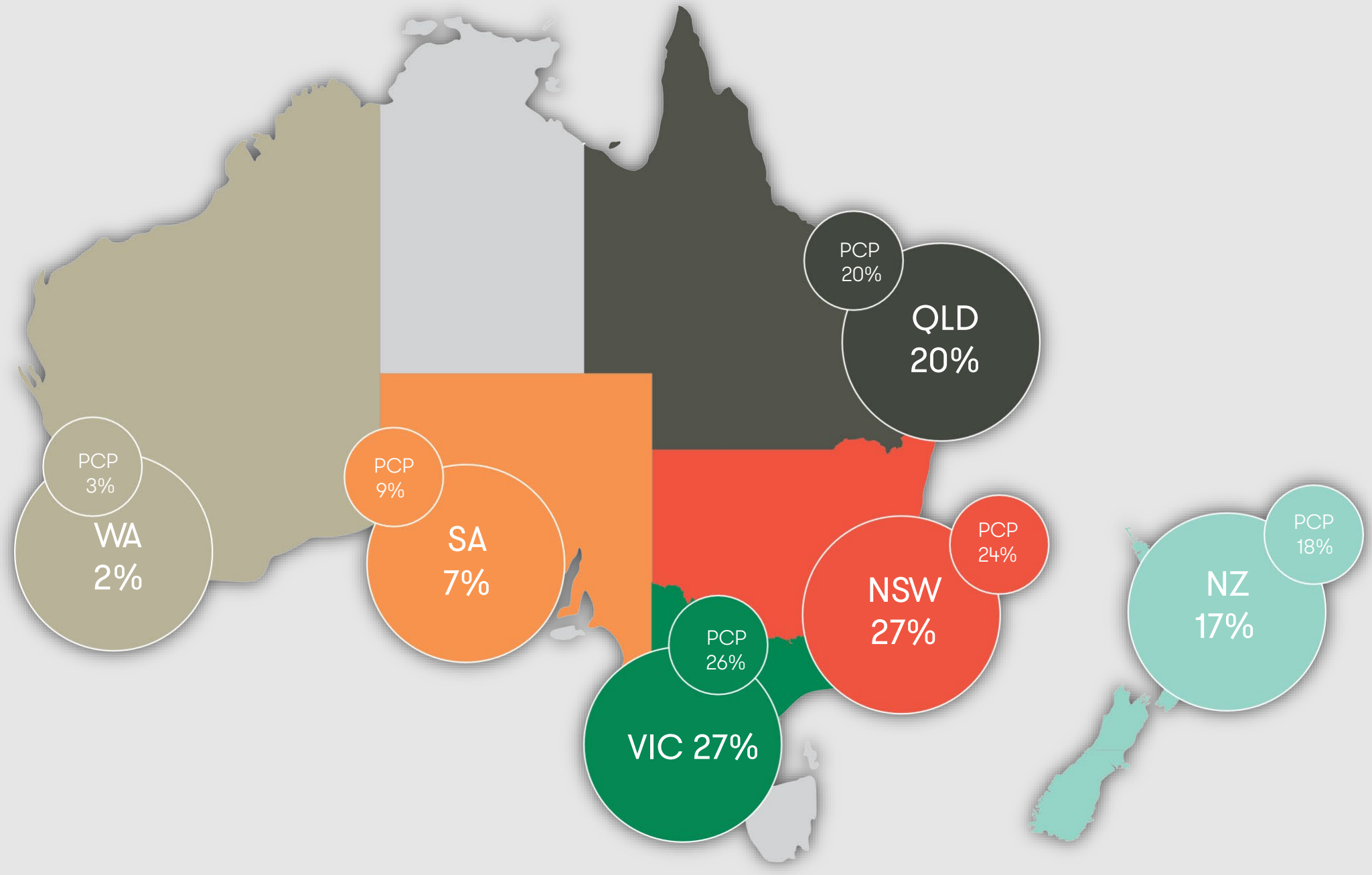


H1 FY21
customer segmentation



We maintain a large and geographically diverse portfolio in Australia & New Zealand.

Diverse geographic allocation of funds employed helps mitigate market risk



Portfolio dynamics

- Total NFE \$513 million
- 12.1k lots in the portfolio
- Largest by lot size is Caboolture in SEQ – 3.5k lots under option

PCP = Prior corresponding period (H1 FY21). Percentages are regional splits of total company NFE.

Responding to our customers changing needs.

Suddenly in early 2020, the home became not only the office but the universal activity centre for our lives - the school, the gym, the movie theatre, the restaurant, etc.

Our customer research and focus provided us with insights into the way we lived and adapted our homes as a result of the pandemic.

The outcome of this research was a COVID-19 responsive design prototype constructed at AVJennings' Evergreen, Spring Farm community. The features of this innovative prototype include:

- Parcel letterbox
- Remote garage door opening App
- Keyless entry & entry light sensor
- Sanitisation station near entry with touchless tap & lighting
- Multi-purpose room with increased acoustic performance and wall strengthening, and
- IT/Home Admin nook

AVJennings has been at the forefront of affordable residential community living for 90 years recognizing the different needs of customers and individual markets.





Lyndarum North,
Wollert, VIC

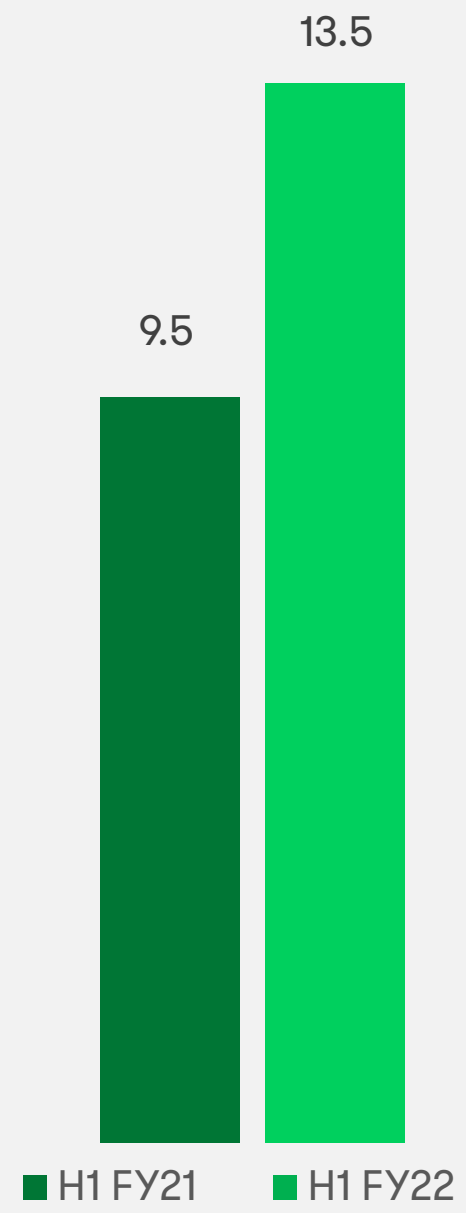
Stronger headline numbers reflect sustained demand and continued increase in activity.

	H1 FY22	H1 FY21	Change
Total revenue (\$M)	\$116.9	\$114.6	2.0% ↑
Statutory profit before tax (\$M)	\$10.6	\$9.5	11.6% ↑
Statutory profit after tax (\$M) *	\$8.1	\$5.5	47.2% ↑
Gross margins	28.7%	24.3%	4.4pp ↑
Net tangible assets (NTA) (\$M)	\$407.4	\$396.4	2.8% ↑
NTA per share	\$1.00	\$0.98	2.8% ↑
EPS (cents per share)	2.0	1.4	47.1% ↑
Dividend fully franked (cents per share)	1.1	0.7	57.1% ↑

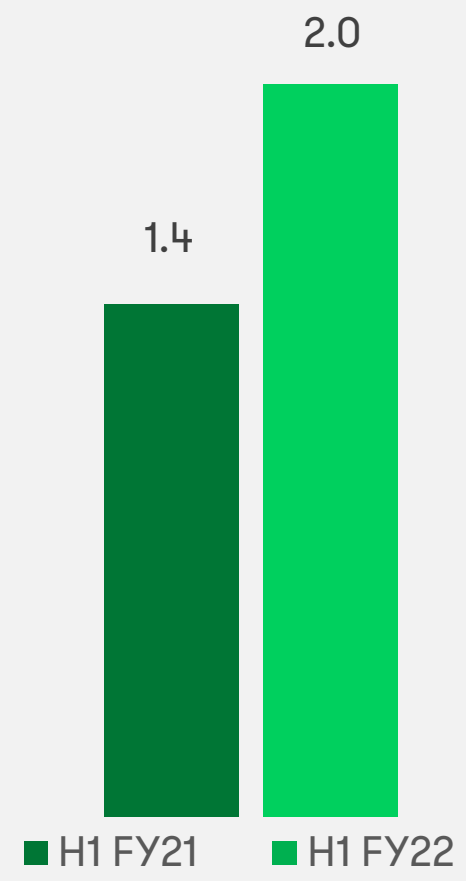
* The effective tax rate in H1 FY22 was only 23% c.f. 42% in H1 FY21 due to tax effect accounting relating to the treatment of our share of profit from an equity accounted JV and share-based payment reversal.

Earnings and Dividend growth.

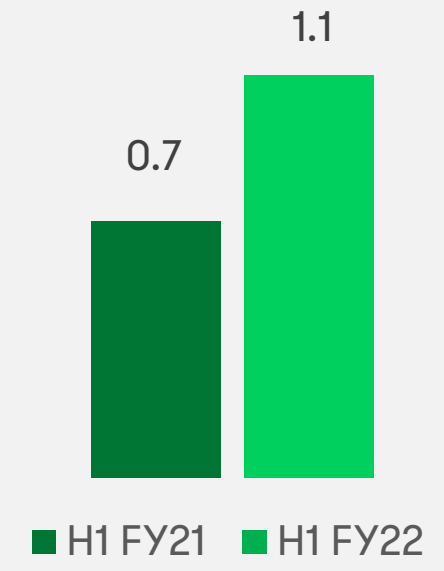
Underlying PBT* (\$M) +43%



EPS +47%
(cents per share)



Dividend +57%
(cents per share)

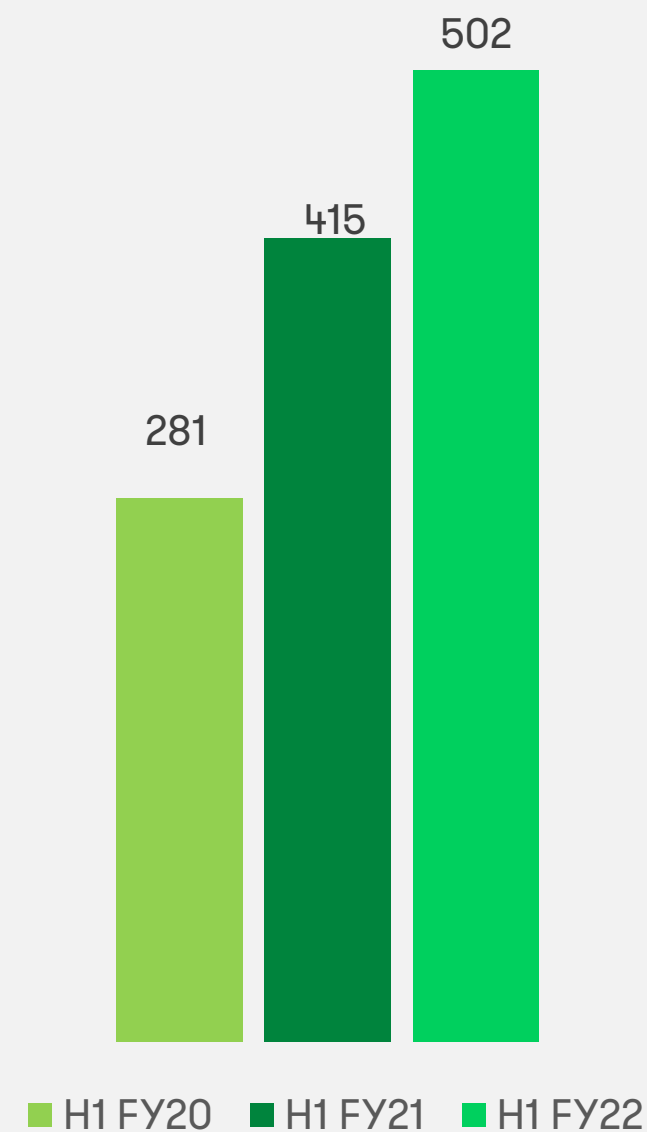


- A quality first half result, coupled with the strong level of presales carried over balance date and the positive outlook for the second half, led Directors to declare a fully franked interim cash dividend of 1.1 cents per share.

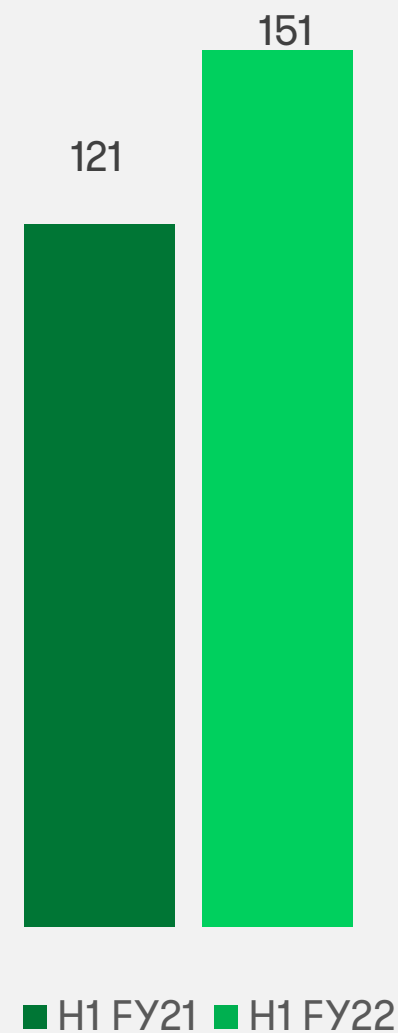
* Excludes one-off severance and entitlements payable to the previous CEO

Our lead indicators are all positive and supportive of short-term earnings.

Contract signings (lots)
+21% (1H FY22 from 1H FY21)



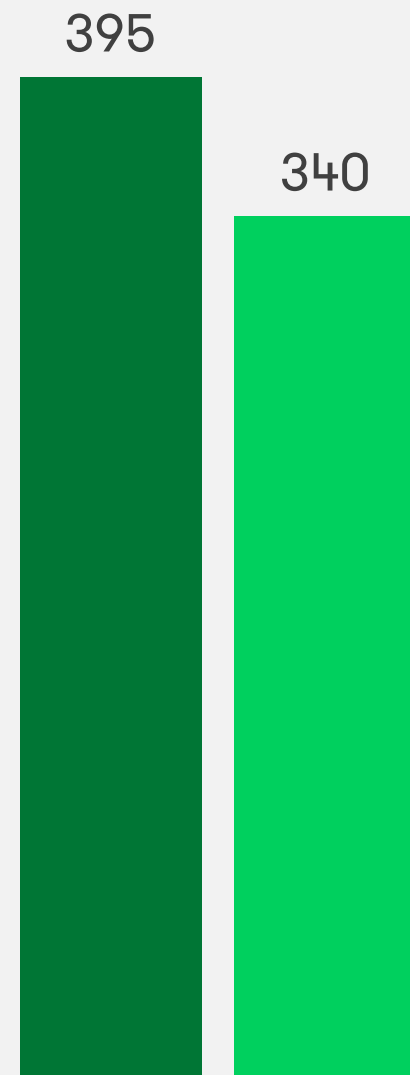
Value of presales carried forward and expected to be revenue recognised next half (\$m)
+25%



- Contract signings growth is a positive indicator for future revenue growth.
- 586 presold lots were carried over first half balance date, 452 of which (having a contract value of \$151M) are expected to settle or be revenue-recognised in the second half of the current financial year (31 December 2020: 331 lots/ \$121M).
- A further 46 lots have been contract signed since balance date (to 31 January 2022), collectively supporting second half result.

Revenue up due to change in product mix.

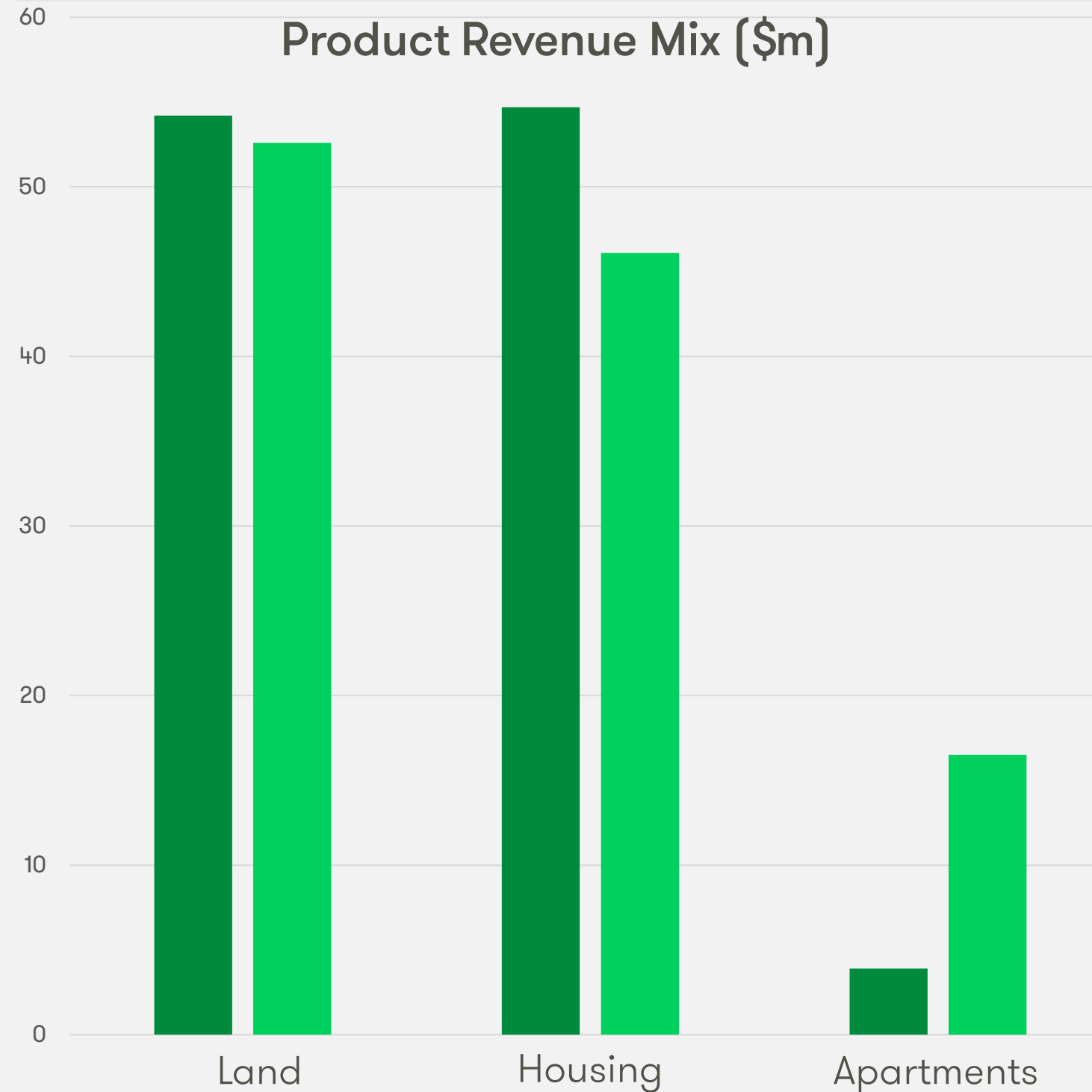
Settlements (lots)



Revenue (\$m)



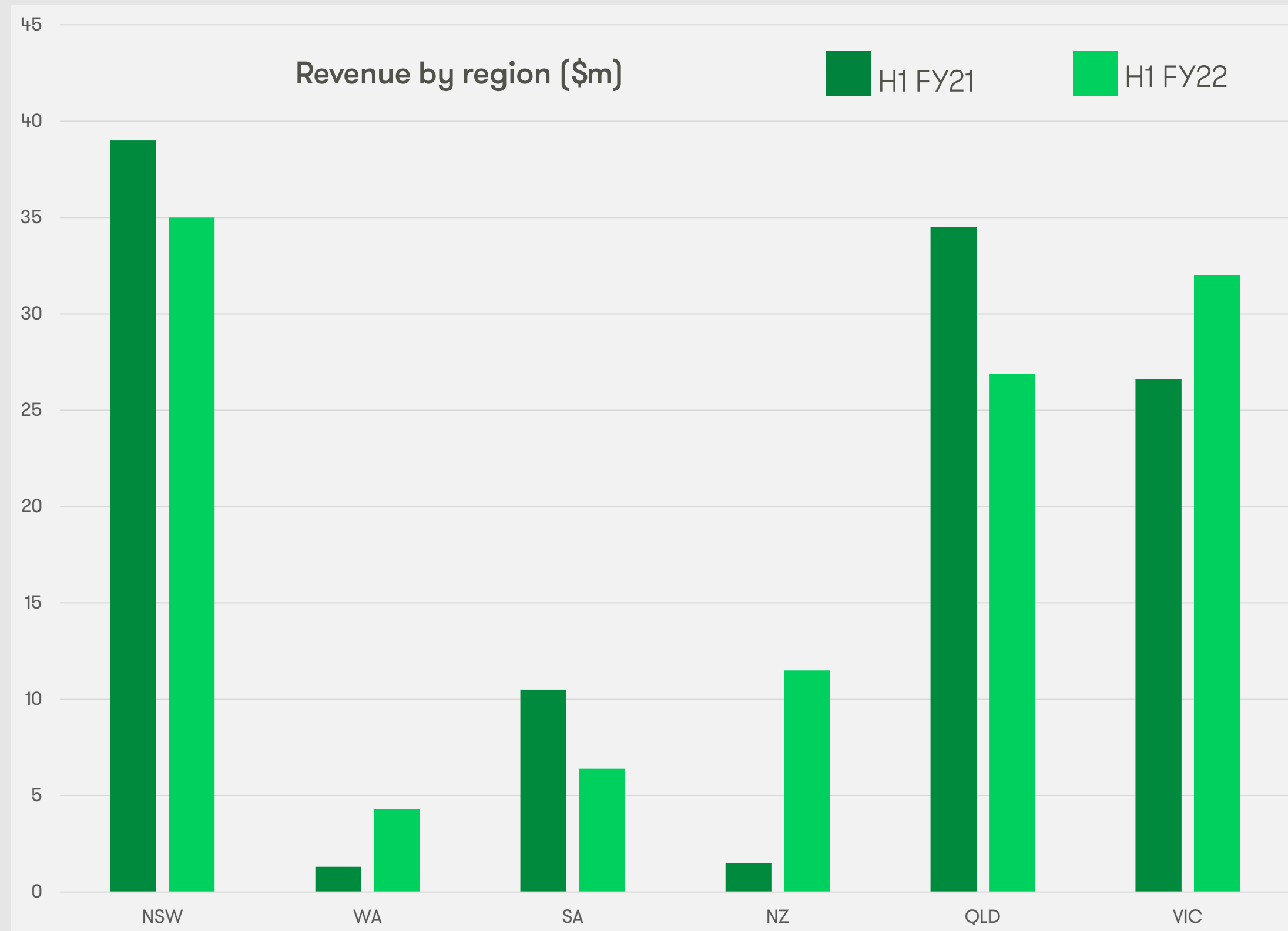
Product Revenue Mix (\$m)



- In line with our expectations settlement volumes were lower, average contract value was higher and revenue rose by 2% to \$116.9M (31 December 2020: \$114.6M).
- The period saw more apartment settlements than H1 FY21 with settlements from the Empress building at Waterline Place in Williamstown, Melbourne, Victoria and the Indigo and Viridian buildings in Subiaco, WA.
- Furthermore, the decline in settlement volumes reflects timing relative to balance date only as WIP is up (see Page 18).

■ H1 FY21 ■ H1 FY22

Revenue by region.



- Revenue in Victoria and WA has increased due to apartment settlements (Empress at Waterline Place in Victoria and some legacy stock in the Indigo and Viridian buildings in Subiaco, WA).
- Declines in NSW, SA and QLD reflect settlement timing relative to balance date rather than reduction in activity.

Balance Sheet – Financial position strengthened.

\$ Millions	December 2021	June 2021
CURRENT ASSETS		
Cash and cash equivalents	5.7	13.1
Receivables	24.4	46.0
Inventories	168.0	152.2
Total Current Assets	202.1	215.1
NON-CURRENT ASSETS		
Inventories	441.4	388.7
Total Non-Current Assets	458.6	410.2
TOTAL ASSETS	660.7	625.3
CURRENT LIABILITIES		
Payables	48.0	32.3
Total Current Liabilities	56.7	41.9
NON-CURRENT LIABILITIES		
Payables	66.2	15.5
Borrowings	108.1	138.5
Total Non-Current Liabilities	193.8	174.3
TOTAL LIABILITIES	250.5	216.2
NET ASSETS	410.2	409.1

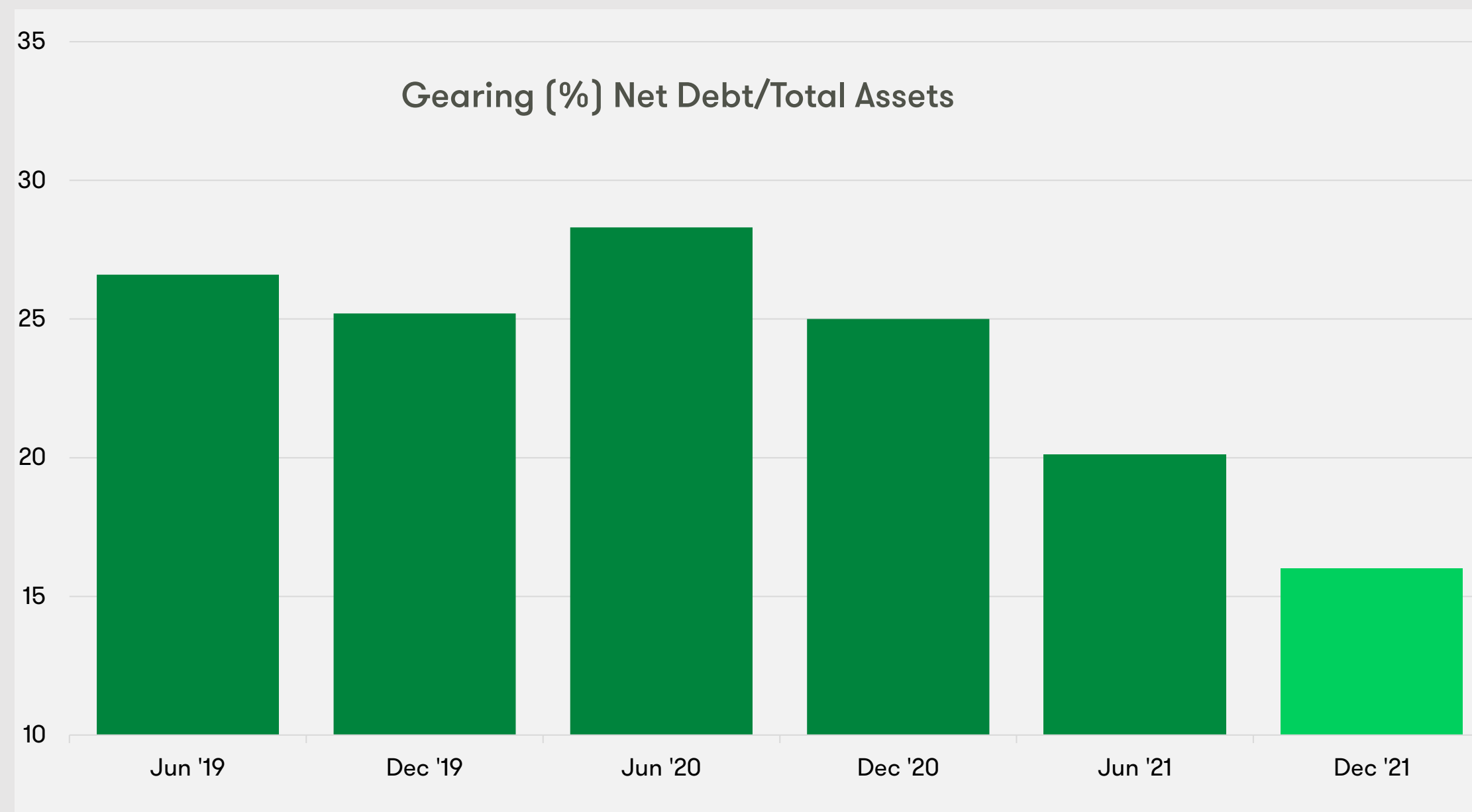
- Financial position strengthened by net higher influx of cash from operations.
- Club facility approved for increase to \$300M and termination date extended to 30/09/2024.

Cash Flow Statement: increased net cash from operations.

\$ Millions	H1 FY22	H1 FY21
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	149.4	145.4
Payments to suppliers, land vendors and employees	(111.2)	(120.1)
Net cash from operating activities	31.2	17.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash (used in) / from investing activities	(0.1)	0.2
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	41.2	40.2
Repayment of borrowings	(71.7)	(53.3)
Net cash used in financing activities	(38.5)	(13.9)
NET (DECREASE)/INCREASE IN CASH HELD	(7.4)	3.7

- Net Cash from Operations rose strongly, due to a combination of good settlements and cyclically low development and acquisition expenditure (relatively more lots at an earlier stage of development), lowering gearing to the bottom of our preferred range.

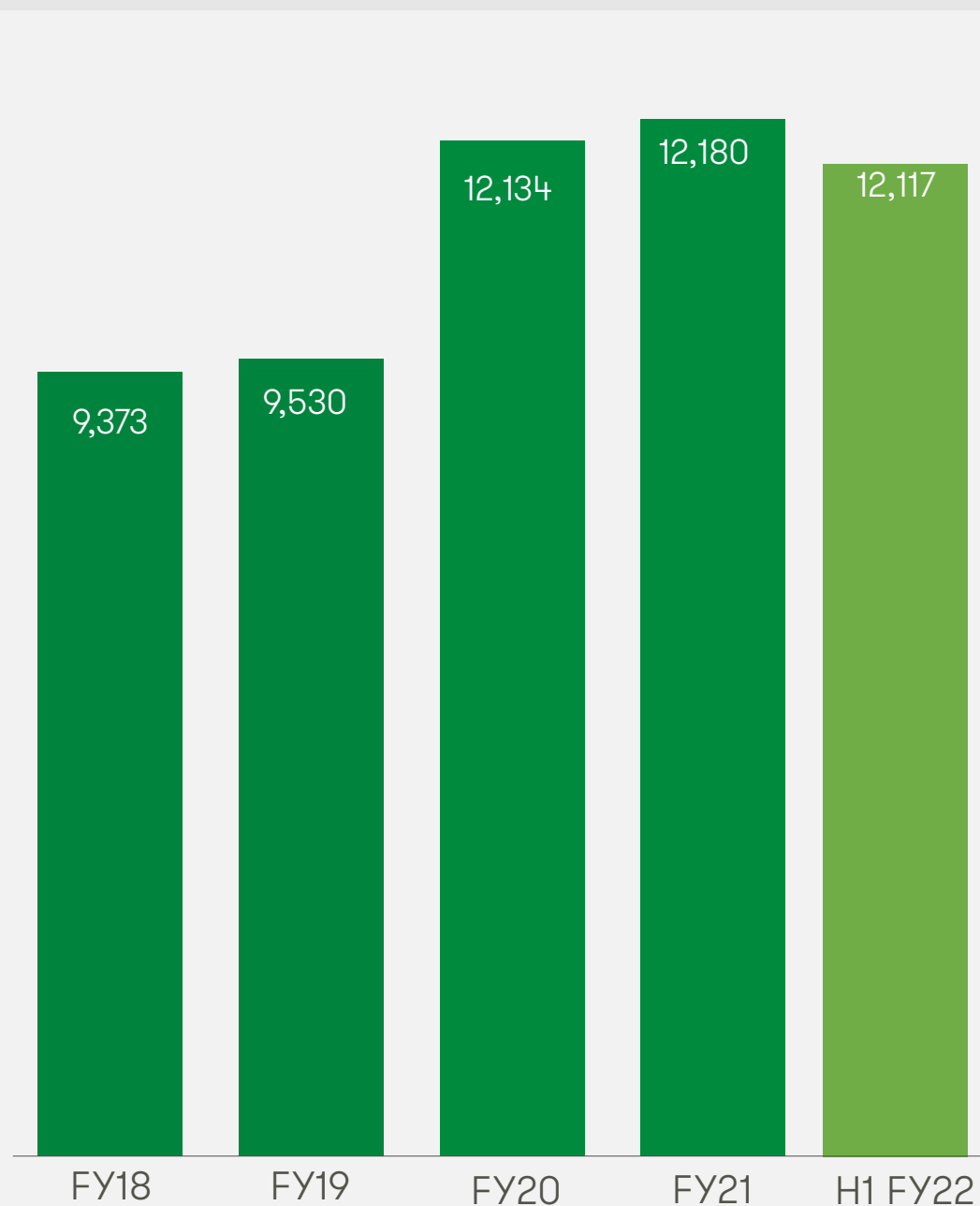
We have funding capacity for our growth ambitions: gearing is at the lower end of our target range.



- Target range is 15% to 35% net debt to total assets.
- The reduction in gearing reflects the strong settlements received in the period relative to investment in acquisitions and WIP.
- There is scope to fund increased investment in WIP and a programme of future acquisitions in line with the Company's significant growth ambitions.

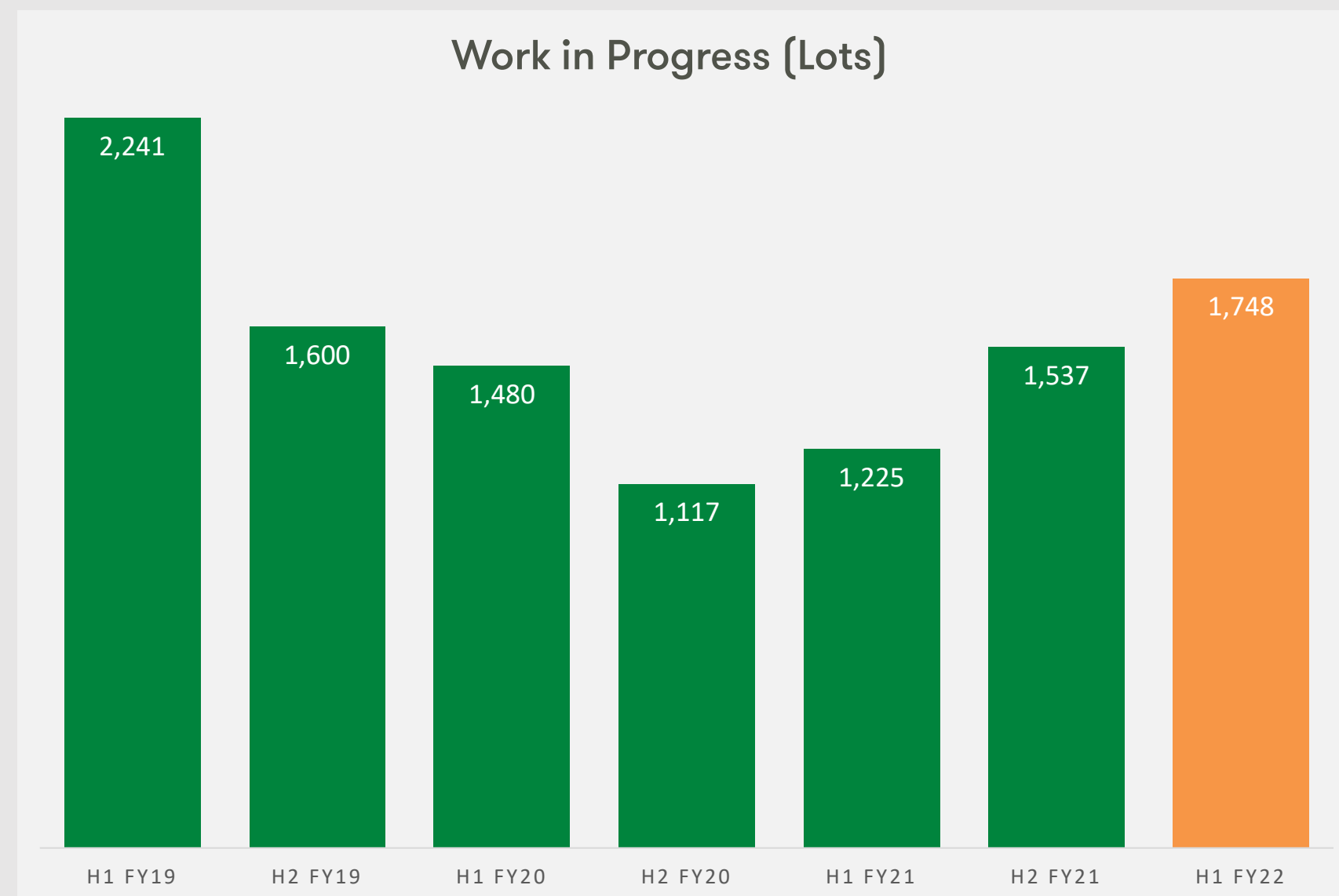
Effective land acquisition strategy through the cycle.

Total lots - AVJennings



- Total inventory including controlled land under option (3,500 lot equivalents in Caboolture, Queensland and 390 lot equivalents at Calderwood, NSW) stands at 12,117 lots (30 June 2021: 12,180 lots). This includes the 663 lot equivalents acquired in Clyde South, in the south-east of Melbourne.
- Based on the number of acquisitions currently under consideration, we are confident our land holdings number will increase by the end of FY22.

Work in progress increased in response to demand and supports higher settlements anticipated in H2 FY22.



- Work in Progress stood at 1,748 lots, well up on the prior two balance dates as the Company worked to recover ground lost in the earliest phase of the pandemic.
- We expect to complete around 715 of these lots in the second half of FY22 (comprises land-only lots, integrated houses, and apartments). This increase in work-in-progress is expected to result in higher completions/settlements during the second half.
- The number of detached houses and townhouses under construction was stable at 189 dwellings (31 December 2020: 186 dwellings), with 68 dwellings started during the half (31 December 2020: 75 dwellings).

Customer feedback.

"I feel AVJennings were professional, experienced and helpful, and no improvement necessary."

Home buyer, Evergreen, NSW.

"The team at AVJennings went above and beyond to ensure our property was completed on time. The team ensured everything was completed and prioritised our house to be completed"

Home buyer, Arcadian Grove, NSW.

"It was a marvellous experience. It was our first home buying and we never had any sort of problems. It was indeed a new experience for us. Thank you AVJennings."

Land buyer, Lyndarum North, Vic.

"Trusted. Experienced. Reliable."

Land buyer, Riverton, Qld.

"We are at very early stages of our relationship with AVJennings and are very satisfied so far."

Land buyer, Riverhaven, SA.

"We're very satisfied with everything."

Home buyer, Waterline Place, Vic.

"I am absolutely happy with Anise in all aspects, especially with environmentally friendly construction designs."

First home buyer, Anise, Qld.





Community partners.

- Alongside our firm belief that Housing Matters, Community Matters, we are actively involved in supporting and championing communities – it is at the core of everything we do.
- We contribute to the broader community through our long-standing partnerships, and aligning ourselves with company ambassadors, Steve Waugh, AO and Laura Geitz who hold the same values we do.
- Supporting women's sport through the Queensland Firebirds in Super Netball and the St. Kilda Football Club's AFLW team is important to us as we are firm believers that females are deserved of equal opportunity and act as strong role models to our people and communities.



Our people.

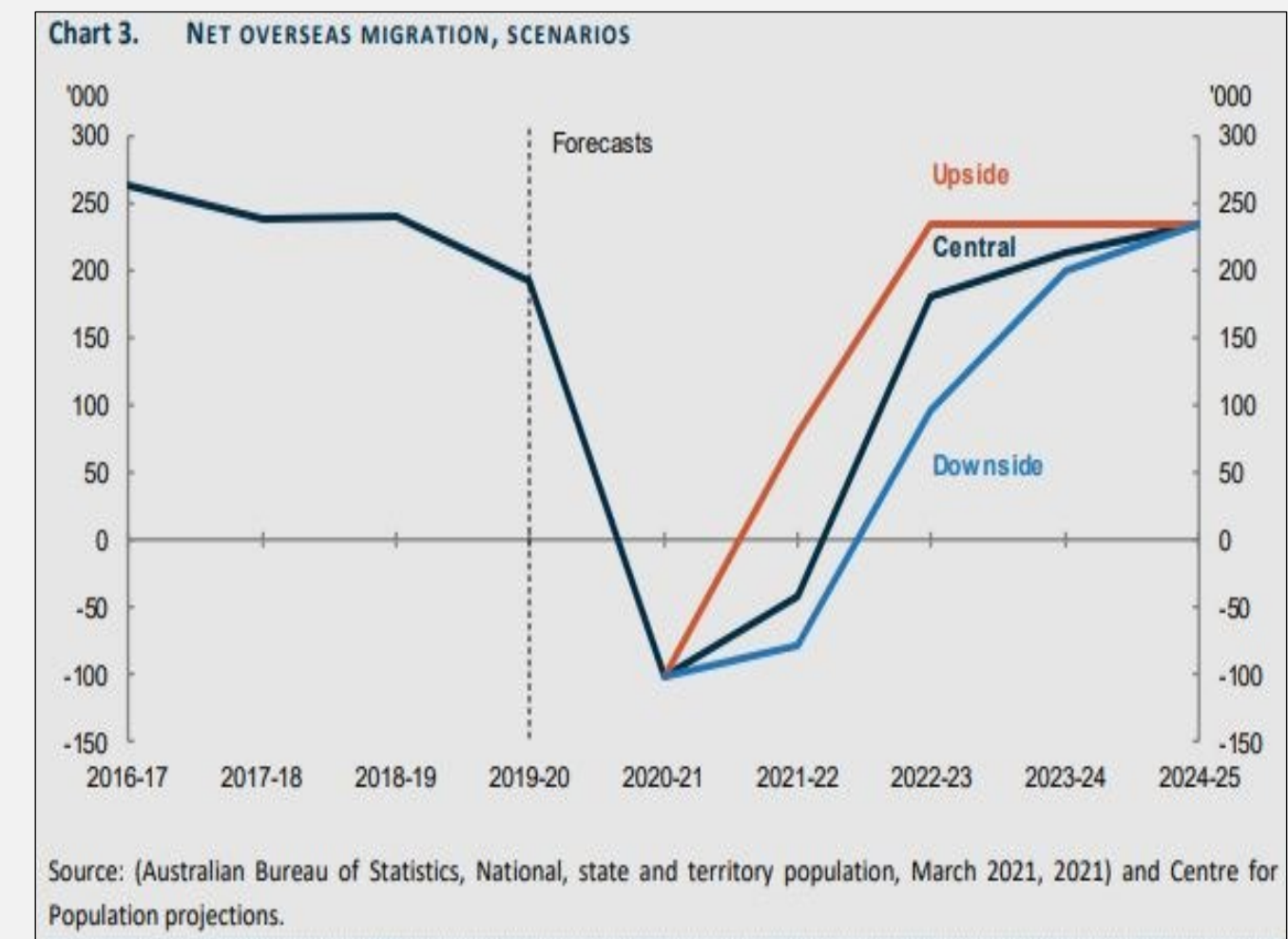
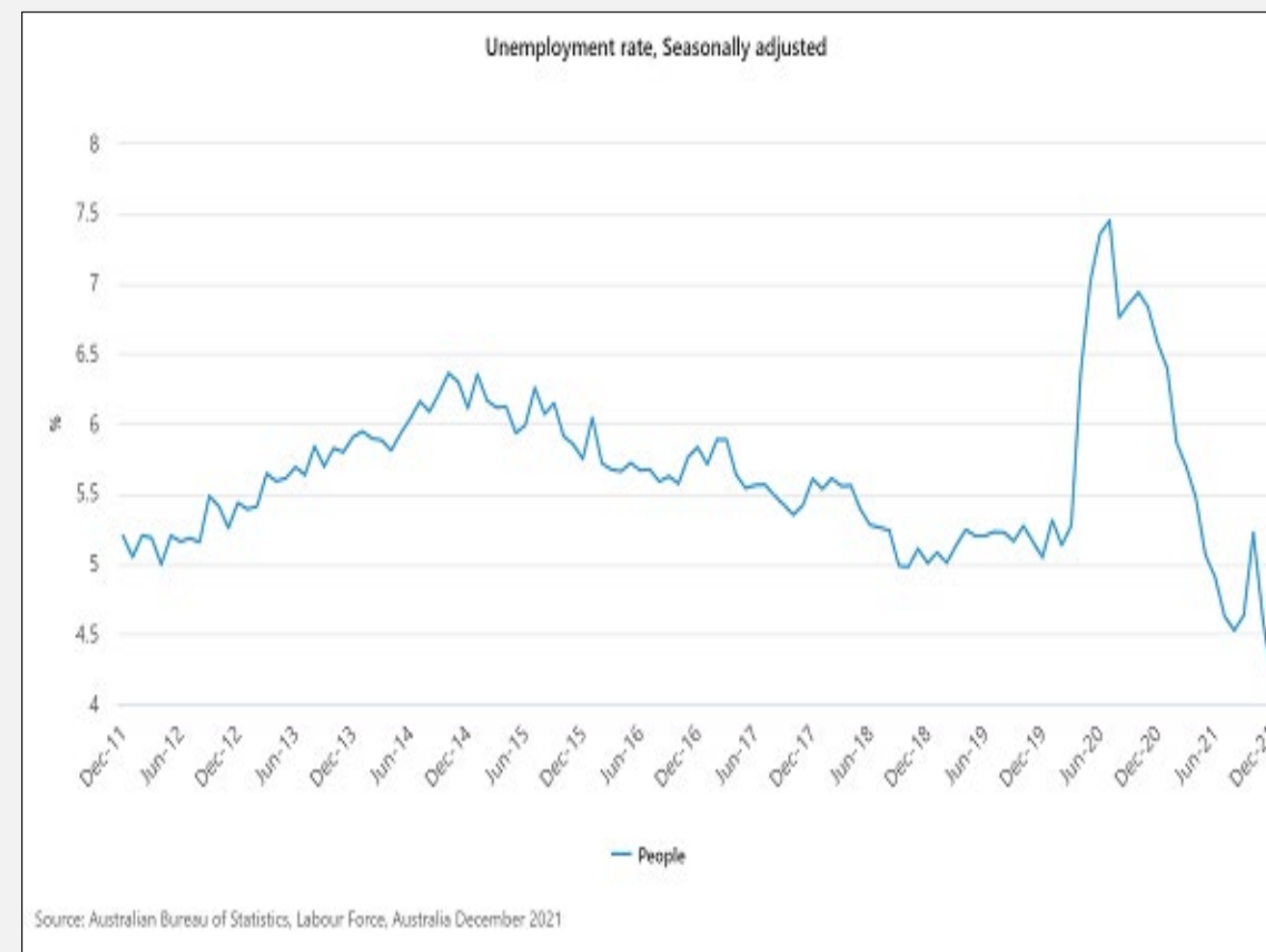
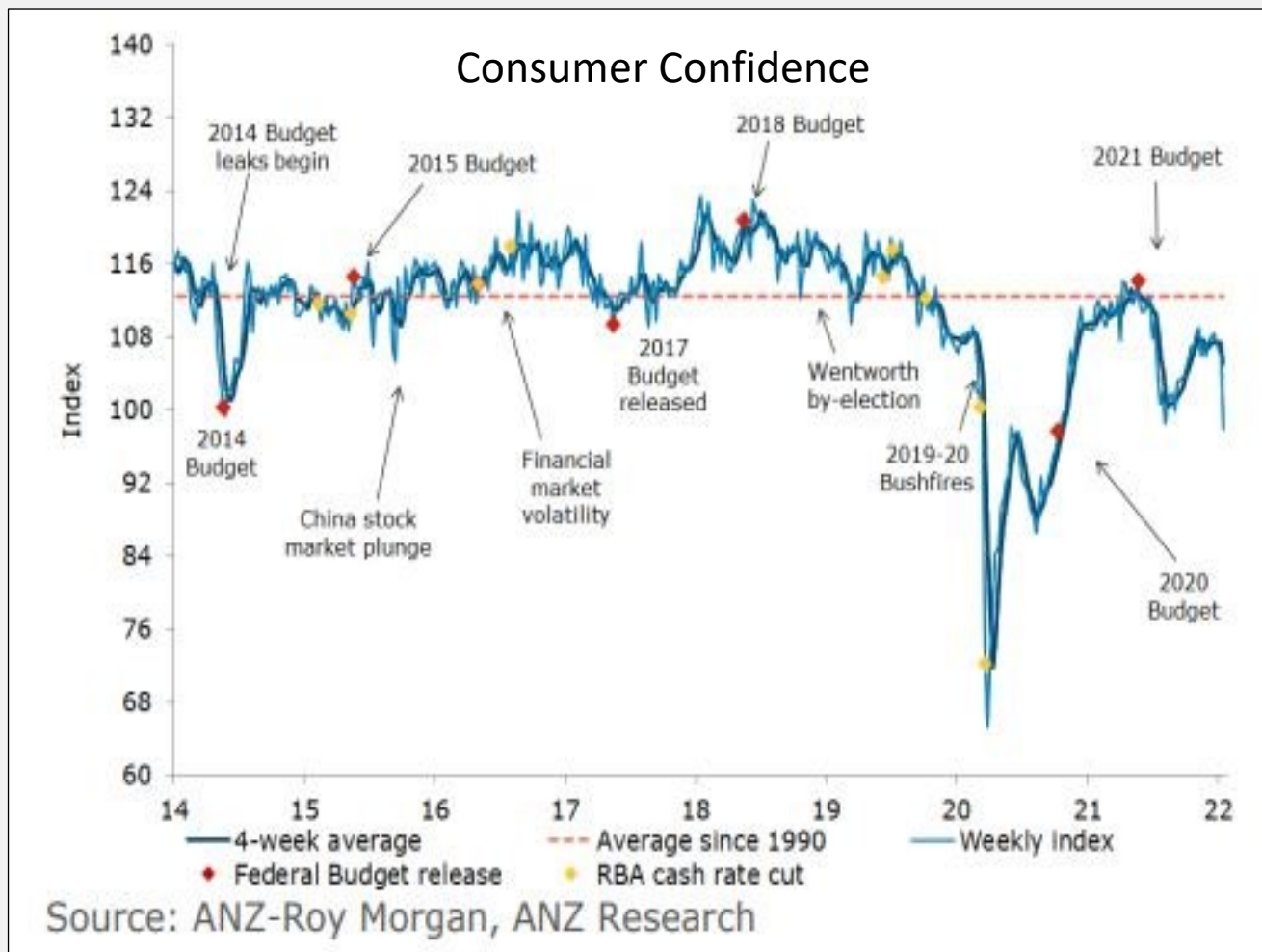
- Culture and values driven.
- The epitome of the community spirit.
- Giving to the community not only in fundraising initiatives but also volunteering their time.
- Motivated and working hard to create great places to live.



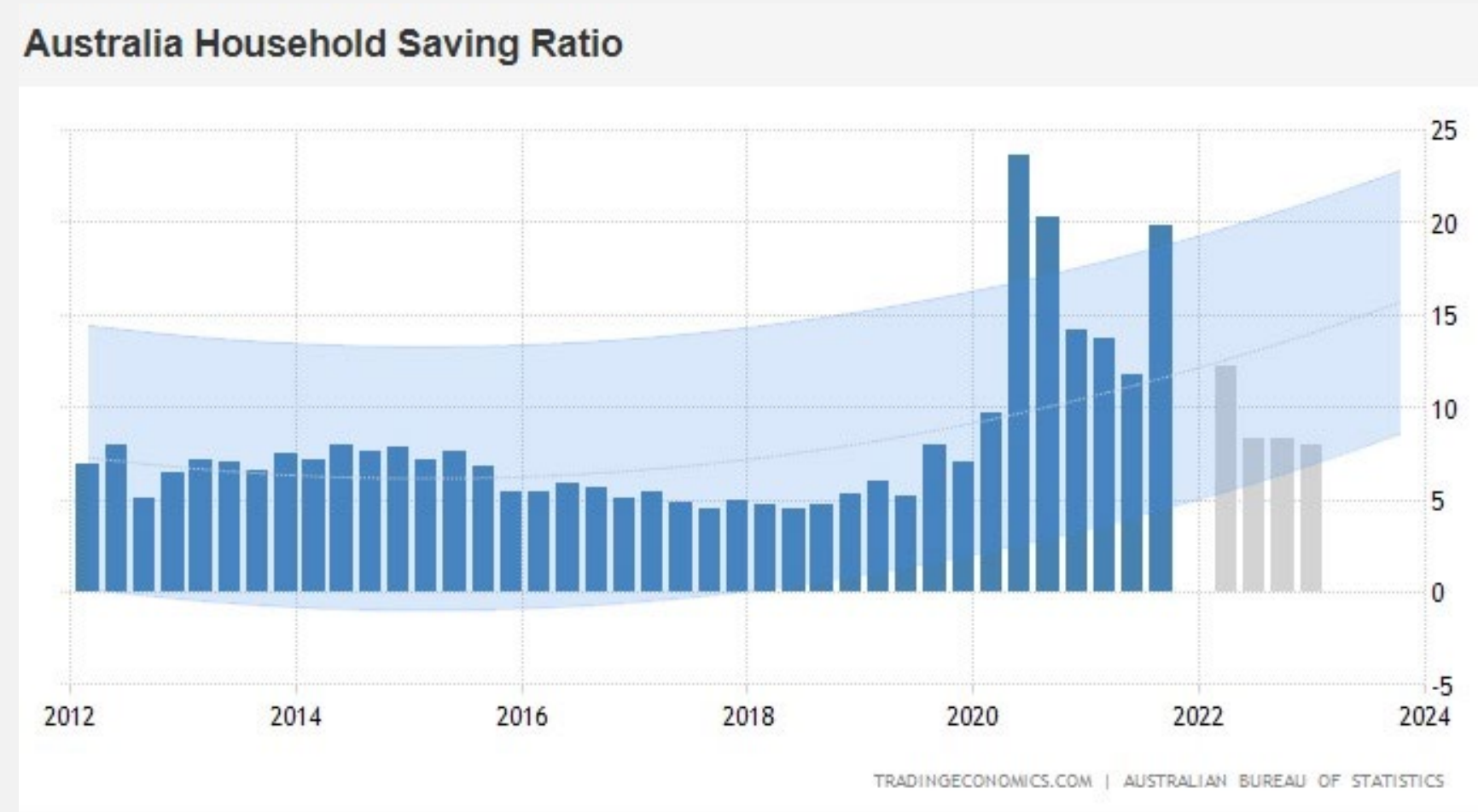
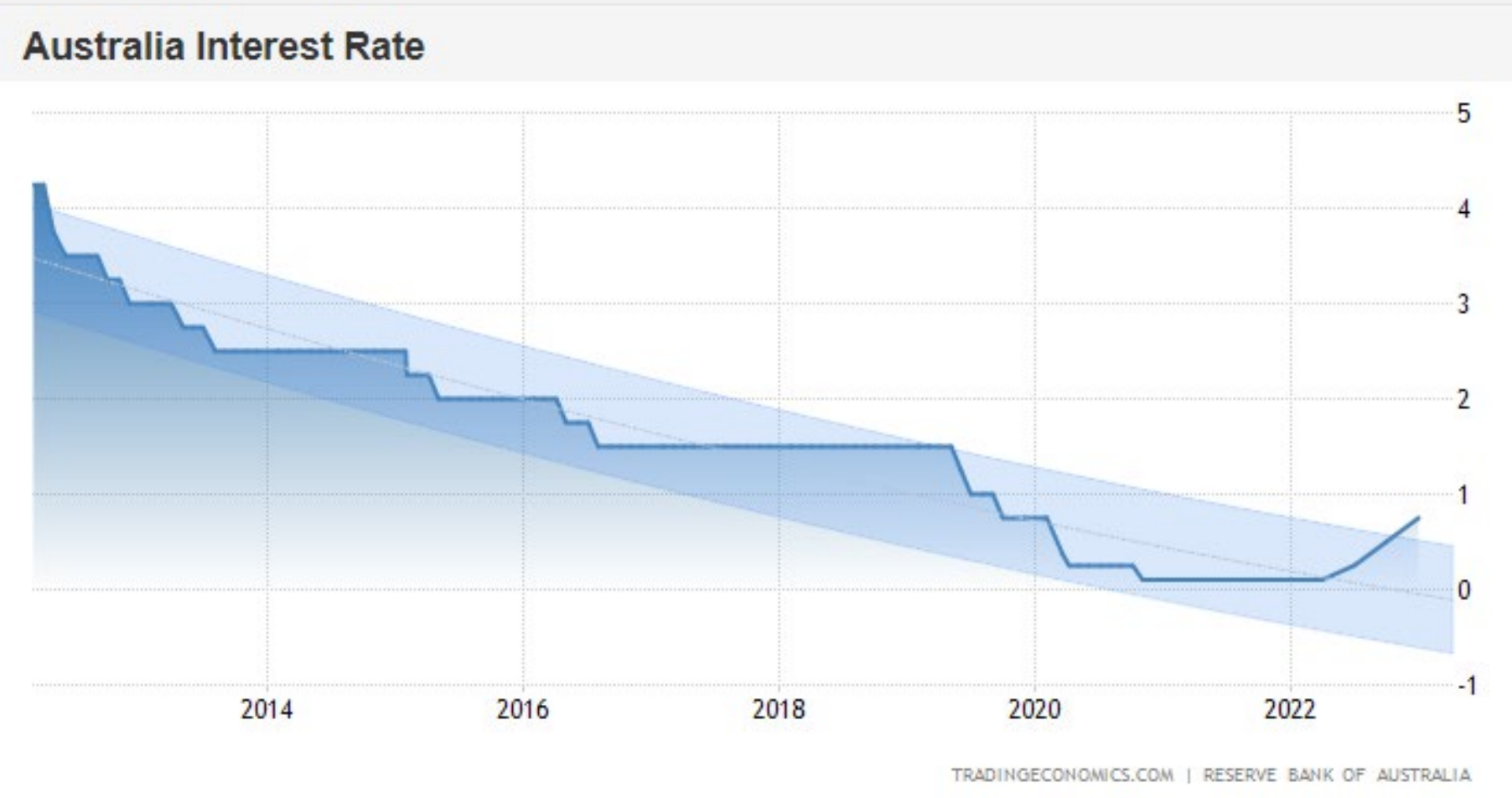
Market Conditions and Outlook.



Economic conditions remain supportive, especially when migration resumes.



Savings levels are likely to absorb moderate rate rises.



Note: this is the RBA cash rate and includes 2022 forecast movements.

Sales momentum has continued in to FY22.



AVJennings outlook.

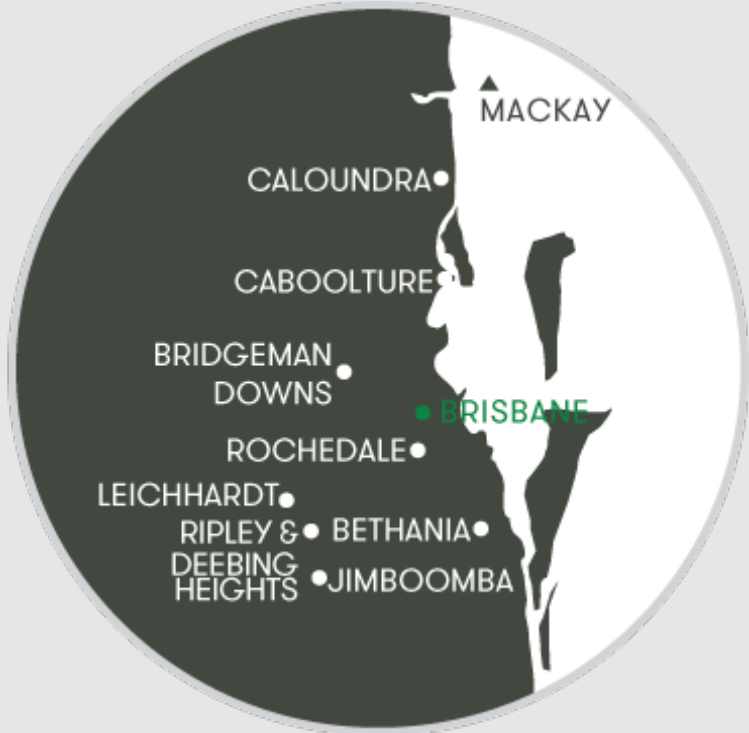
- Activity is anticipated to be well-spread across the business, with the Spring Farm and Cobbitty communities in south-western Sydney; 'Riverton' in Jimboomba and 'Cadence' in Brisbane; 'Lyndarum North' and 'Waterline Place' in Melbourne, as well as Ara Hills in Auckland all expected to contribute meaningfully to second half performance. Pleasingly, substantial revenue is also expected to flow from new projects 'Rosella Rise' in Warnervale New South Wales and 'Aspect' in Mernda Melbourne.
- AVJennings has a strong balance sheet, with moderate gearing and good liquidity that will enable it to continue to expand its acquisition, land development and building activities in major existing markets.
- Depending upon how the pandemic evolves, the Company believes that demand in its major eastern Australian markets and in Auckland, New Zealand will remain firm over the next 12-24 months, as we adjust to living with Covid and net migration gathers pace with borders gradually reopening (and remaining open).

Appendices.



Sky terrace, Empress Building at Waterline Place

Queensland business overview.



NFE	\$106m
Total Lots	5,192 (incl. Caboolture)
H1 FY22 Revenue	\$26m

- The Queensland business focused on delivery of sold-out stages and projects. This will see the trade out of Anise (Bridgeman Downs) , Parkside (Bethania) and Creekwood (Caloundra) in FY22 as well as the final close on Leichhardt.
- Riverton (Jimboomba) and Cadence (Ripley) developments are in full production mode with both projects contributing to the HY22 result. Each of the projects have a mix of land and housing options which are currently being delivered. These projects will underpin the QLD region results over the coming financial years.
- Planning work on the Caboolture project continues with ongoing negotiations with the Queensland Government, Council and Service Authorities on key infrastructure items.

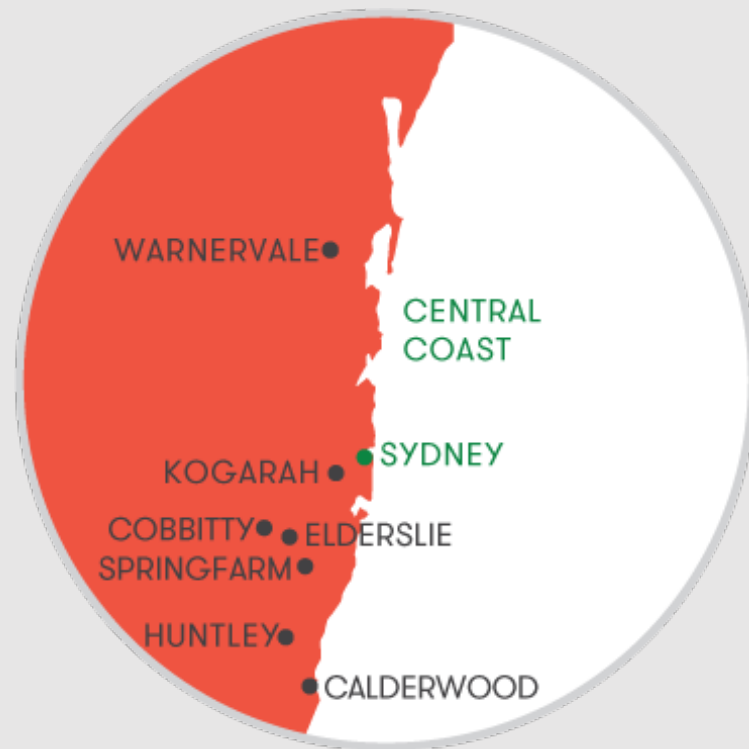
Cadence Sales Office, Ripley, QLD



Interior, The Renee 6 Riverton, Jimboomba



New South Wales business overview.



NFE	\$143m
Total Lots	1,792
H1 FY22 Revenue	\$35.0m

- Rosella Rise at Warnervale on the Central Coast is a hive of activity. The sales office and display homes will open in Q3 FY22 and we have 2 stages under development at present which will title in FY23. Future stages are scheduled to commence in FY22.
- At Evergreen (Spring Farm) and Arcadian Hills (Cobbitty) projects where there is a mix of built form and land development, we have seen strong demand continue through H1 FY22 and expect this to continue through FY22.
 - At Evergreen we will be releasing land in Stage 8 in Q3 FY22 and will see Development Housing construction volumes to continue to increase.



Victoria business overview.



NFE	\$144m
Total Lots	2,962
H1 FY22 Revenue	\$33.6m

- At Lyndarum North (Wollert) demand remains strong from customers seeking to move into this master planned community to enjoy the high-quality parks and diversity of housing choices with 5 stages currently under construction. The first childcare center is due to open in Q3 FY22 on site.
- At Aspect (Mernda) sales and construction on this 230 lot development has commenced with the works having started in Q2 FY22 and our first stage is on the market.
- At Harvest Square (Brunswick West) our public housing renewal project will see construction commencement in FY22 and the release of the project to market in FY22. Remediation works on the site are now complete.
- The award-winning Waterline Place at Williamstown has the Piper Town Houses currently under construction. Works will commence on the Firefly townhouses in Q3 FY22.



New Zealand business overview.

Ara Hills,
Orewa, NZ



NFE	\$88m
Total Lots	585
H1 FY22 Revenue	\$11.5m

- At Ara Hills in Orewa, north of Auckland, Stage 3a is under construction and stage 2 will commence in Q3 FY22. There is strong demand for land at Ara hills with stage 3a effectively sold out.
- With housing construction well underway in stage 1 we look forward to welcoming the first residents to Ara Hills in FY22. The first section of the extensive open space network has been completed and is open for the public to enjoy.



South Australia business overview.



NFE	\$40m
Total Lots	1,461
H1 FY22 Revenue	\$6.4m

- Eyre residential community remains very popular with recent releases of both land and built form selling out. In FY22 we have increased the volume of AVJennings built housing and have increased the land development program to meet market demand. Stages 12,13 & 14 will all commence construction in FY22.
- At St Clair, town home construction continues on the sold-out Piper townhomes. Design and planning on future releases is underway.
- Returning capital from older projects continues with a focus at Pathways (Murray Bridge) and Riverhaven (Goolwa North), with the final stages of each project under construction. We have seen strong customer and builder support for our Riverhaven project.

St Clair,
St Clair, SA



Detailed Project Pipeline by State



Pre-delivery phase Development phase

Excludes 4 remnant lots