

AVJennings 1H FY24 Financial Results

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

26 February 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.

1H FY24 Snapshot

\$120m

Revenue

-14% on PCP

26%

Gross Margin

-9pp on PCP

294

Contract Signings

+75% on PCP

\$159m

Presales

+34% on PCP

Profit Before Tax

\$4.2m

-81% on PCP

WIP Lots

1,299

Lots under Control

13,905

Settlements

270

-35% on PCP

Sales Conversions

+38%

on PCP

Enquiries

+26%

on PCP

Acquisitions

0

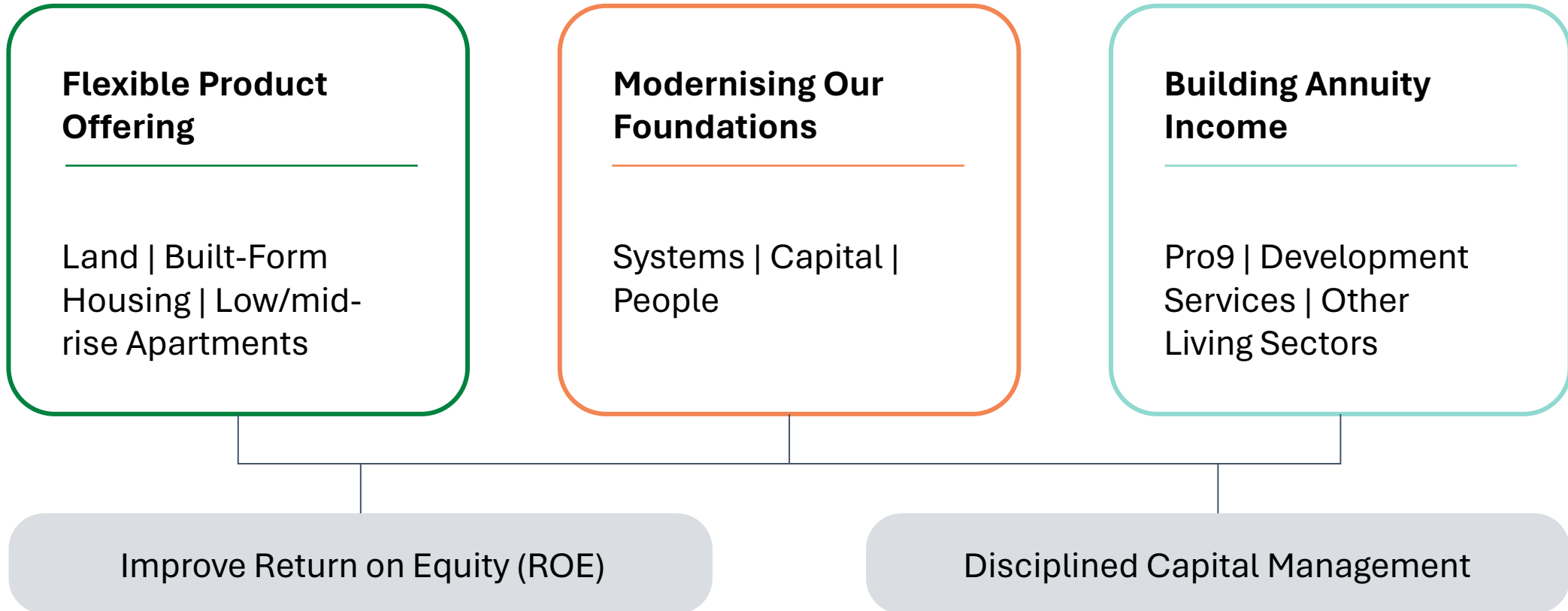
1H FY24 Financial results

| | 1H FY24 | 1H FY23 | Change ¹ | |
|-------------------------------|---------|---------|---------------------|---|
| Revenue (\$m) | 120.4 | 140.4 | (14.2)% | → Settlement volumes 35% lower but more value contributed from built-form product (58% of revenue, 29% in the PCP). |
| Gross Margin (\$m) | 31.1 | 49.1 | (36.7)% | |
| Gross Margin (%) | 26% | 35% | (9)pp | → Gross margin impacted by cost pressures, particularly in Victoria, and the structure of our Brunswick project. |
| Profit Before Tax (PBT) (\$m) | 4.2 | 21.8 | (80.7)% | → Significant 2H skew for settlements and earnings for FY24. |
| Earnings Per Share (cents) | 0.61 | 3.74 | (83.7)% | |
| Dividends (cents per share) | - | 1.1 | (100.0)% | → Prudent capital management with a focus on capital conservation given ongoing market uncertainty. |
| NTA (\$ per share) | 0.82 | 1.04 | (21.2)% | → Share count increased following equity raise to fund increased investment in built-form product and strengthen the balance sheet. |

AVJennings Strategy Update

We are executing against our strategy

Developing communities for a sustainable future.



Modernising our foundations



Systems

The first phase of upgrading our financial and operating systems is well progressed.



Capital

Modernisation of our capital structure is progressing post equity raise and dialogue with our lenders.

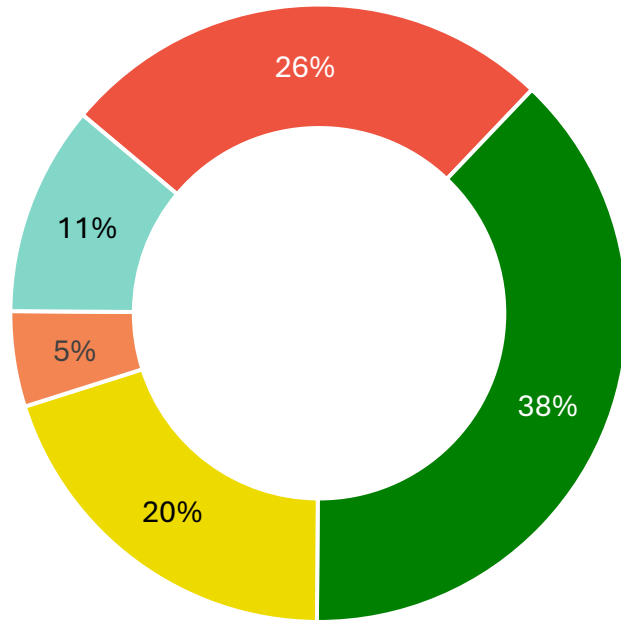


People

Initiatives focused on people, leadership and organisational values to deliver AVJ's strategy.

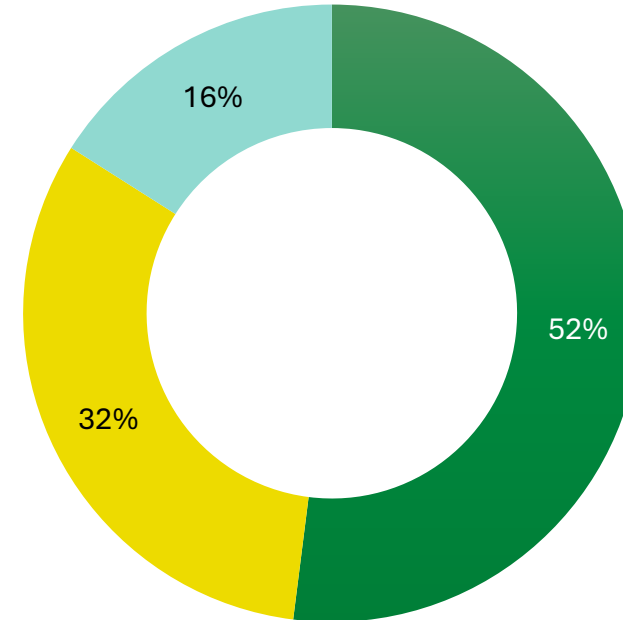
Net Funds Employed (NFE) allocation remains diverse

1H FY24 NFE % by Region



■ NSW ■ VIC ■ QLD ■ SA ■ NZ

1H FY24 NFE % by Product



■ Land ■ Housing ■ Apartments

Pro9 Investment enabling a range of benefits

- Considerable time savings to achieve lock-up stage enhances capital recycling.
- Significantly reduced onsite trade visits reducing safety risks and community traffic.
- Significant improvements in the energy efficiency of homes in advance of regulated National Construction Code (NCC) changes.
- Increased certainty of program delivery.
- Enhanced sustainability positioning in the market.
- Pro9 JV has the potential to redefine AVJennings' earnings and growth profile in the future.



Pro9 Update: our investment in prefabricated solutions

Establishing an Australian factory

- Equipment is onsite and ready for assembly.
- Production testing scheduled for April 2024 with production by mid-CY2024.

Expanding AVJennings' Stellar Collection homes featuring Pro9 walling technology

- 18 Stellar Collection homes completed or under construction.
- A further 36 in the pipeline.

Demonstrated ability to erect external walls for a single storey home in one day

Stakeholder feedback

- Extensive interest from industry participants, potential partners and customers including Government.
- Broader potential to assist in housing shortage and affordability challenges.

Pro9 walling being installed for a Stellar Collection home at Riverton, Jimboomba



Construction of home with Pro9 walling system

Stellar collection delivers on sustainability

- AVJennings' Stellar Collection homes are a premium offering with a minimum 8-star energy efficiency rating, in excess of the new minimum standard of 7 stars[^].
- Includes Pro9 walling system, double-glazed windows, quality fixtures and fittings.
- The homes can deliver up to a ~50%* savings in heating and cooling costs.
- Higher quality, more durable, fire-resistant product.



11 [^] Minimum 7-star standard per National Construction Code (NCC)
*based on average cost difference between an 8.0 and 6.0 NatHERS rated home

Diverse active pipeline of 6,608 lots to drive growth



Arcadian Hills
Cobbitty, New South Wales
33 remaining IH lots



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



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



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



Prosper
Kogarah, New South Wales
56 remaining APT lots



Ara Hills
Orewa, New Zealand
508 remaining L lots



Waterline Place
Williamstown, Victoria
184 remaining IH & APT lots



Aspect
Mernda, Victoria
150 remaining L & IH lots



Somerford
Clyde North, Victoria
188 remaining L & IH lots



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



Lyndarum North
Wollert, Victoria
1,386 remaining L & IH lots



St Clair
St Clair, South Australia
124 remaining L lots



Eyre
Eyre, South Australia
1,200 remaining L & IH lots



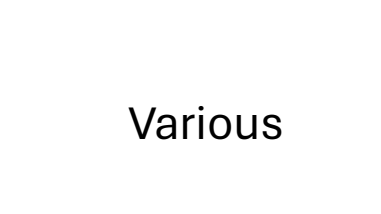
Cadence
Ripley, Queensland
430 remaining L & IH lots



Deebing Springs
Deebing Heights, Queensland
205 remaining L lots



Riverton
Jimboomba, Queensland
901 remaining L & IH lots



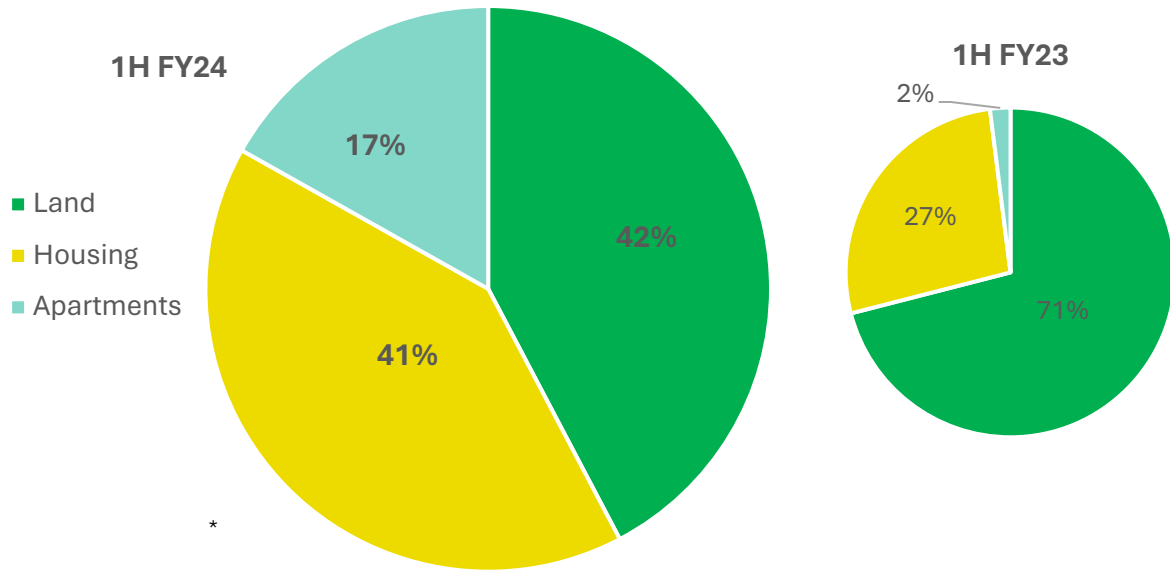
Various

Other
259 L, IH and APT lots

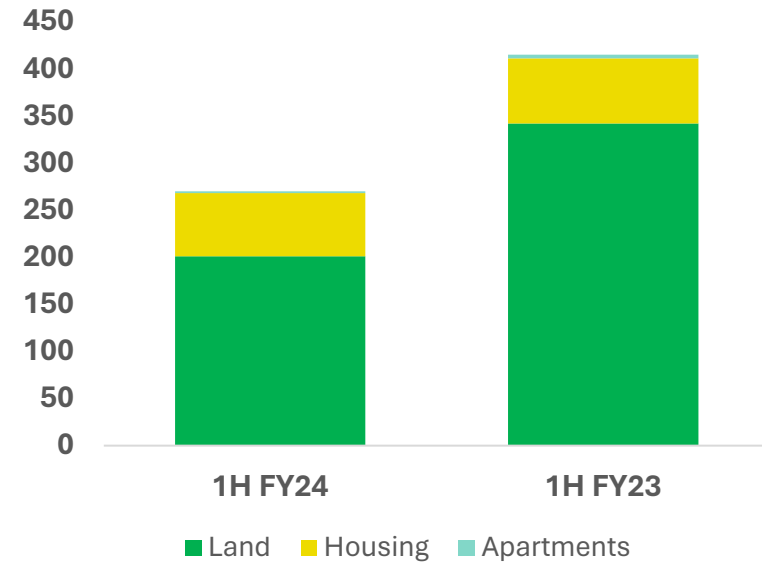
1H FY24 Financial Insights

Increasing revenue diversification consistent with our strategy

Revenue by Segment (%)



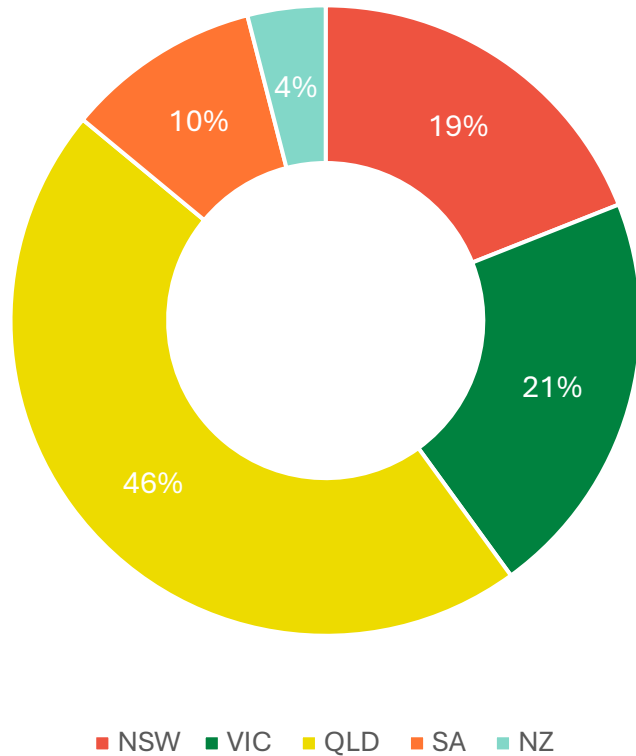
Settlements by Product (lots)



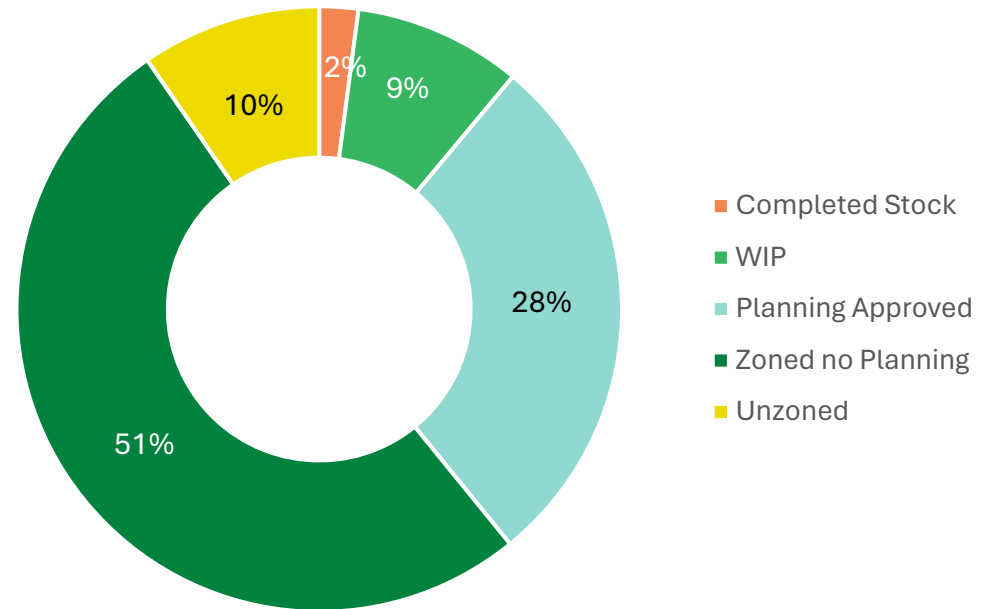
*Apartment revenue generated from Harvest Square, Brunswick. Revenue relates to public housing lots within the project, noting there are no settlements associated with these as AVJ is developing on behalf of the Victorian government while revenue is generated via progress billings.

Efficient and strategic management of ~14K pipeline lots

Lot Allocation by Region



Lot Allocation by Development Phase



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

Stronger balance sheet provides increased financial flexibility

| \$m | December 2023 | June 2023 ¹ | Change ² |
|--------------------------------|---------------|------------------------|---------------------|
| Current Assets | | | |
| Cash and cash equivalents | 7.6 | 13.0 | (5.4) |
| Receivables | 11.2 | 27.4 | (16.2) |
| Inventories | 249.6 | 218.7 | 30.9 |
| Total Current Assets | 282.9 | 264.7 | 18.2 |
| Non-Current Assets | | | |
| Inventories | 629.4 | 588.2 | 41.2 |
| Total Non-Current Assets | 646.8 | 609.3 | 37.5 |
| Total Assets | 929.7 | 874.0 | 55.7 |
| Current Liabilities | | | |
| Payables | 81.3 | 133.4 | (52.1) |
| Total Current Liabilities | 93.2 | 144.3 | (51.1) |
| Non-Current Liabilities | | | |
| Payables | 105.5 | 107.5 | (2.0) |
| Borrowings | 246.4 | 171.3 | 75.1 |
| Total Non-Current Liabilities | 377.2 | 303.7 | 73.5 |
| Total Liabilities | 470.4 | 448.1 | 22.3 |
| Net Assets | 459.3 | 426.0 | 33.3 |

Growth in inventories driven by increased production activities, including construction of apartment projects and investment in early stage land projects.

Reduced payables following land payments for Beaudesert (QLD) and Clyde (VIC).

Higher borrowings to finance increased production and land payments

Cash flow supports strategic investment in built-form product

| \$m | 1H FY24 | 1H FY23 | Change |
|---|----------------|---------------|---------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | 145.9 | 137.2 | 8.7 |
| Payments for committed acquisitions | (57.5) | (36.1) | (21.4) |
| Payments for development expenditures | (116.8) | (91.2) | (25.6) |
| Payments to other suppliers and employees | (66.2) | (42.1) | (24.1) |
| Net Cash used in Operating Activities | (109.6) | (40.3) | (69.3) |
| Net Cash from/(used) in Investing Activities | 0.3 | (0.2) | 0.5 |
| Cash Flows from Financing Activities | | | |
| Proceeds from borrowings | 132.1 | 95.2 | 36.9 |
| Repayment of borrowings | (57.1) | (40.3) | (16.8) |
| Net proceeds from issue of shares | 29.6 | - | 29.6 |
| Net Cash from Financing Activities | 104.0 | 51.3 | 52.7 |
| Net (Decrease)/Increase in Cash Held | (5.4) | 10.8 | (16.2) |

Payments to support increased production activities

Higher borrowings to finance increased production, land payments and operations.

Equity raise completed in November 2023

Disciplined approach to capital management

- No HY dividend declared in response to softer financial results – to be reviewed in line with greater market outlook certainty and improved profitability.
- \$30m equity raise completed in November to support investment in built-form housing.
- Share buyback and Dividend Reinvestment Plan remain suspended.
- No new acquisitions in 1H FY24.
- Flexibility to adjust production in response to market demand with a 19% yoy reduction in lots under development.
- Proactive review of capital structure with lender support.
- Gearing has increased and is around the mid-point of the target range (15-35%).

Key capital metrics

| | Dec 2023 | Jun 2023 | Change ⁴ |
|--|----------|----------|---------------------|
| Cash at Bank (\$m) | 7.6 | 13.0 | (5.4) |
| Bank Loans (\$m) | 246 | 171 | 75 |
| Weighted Average Cost of Debt ^{1 2} | 7.6% | 7.5% | (0.1pp) |
| Debt Maturity | Sep 2025 | Sep 2024 | - |
| Gearing ³ | 25.7% | 18.1% | 7.6pp |
| 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

Outlook

Demand for 'Turnkey' offerings remains strong

Turn the key, walk in and start enjoying your new home.



Move-In ready.

Turn the key, walk in,
unpack and relax.



No surprises.

Fixed price.



No progress payments.

Sign one fixed-price contract
and pay at the end.



You get more.

Finishing touches included.



Great locations.

Carefully planned community in
a great location.

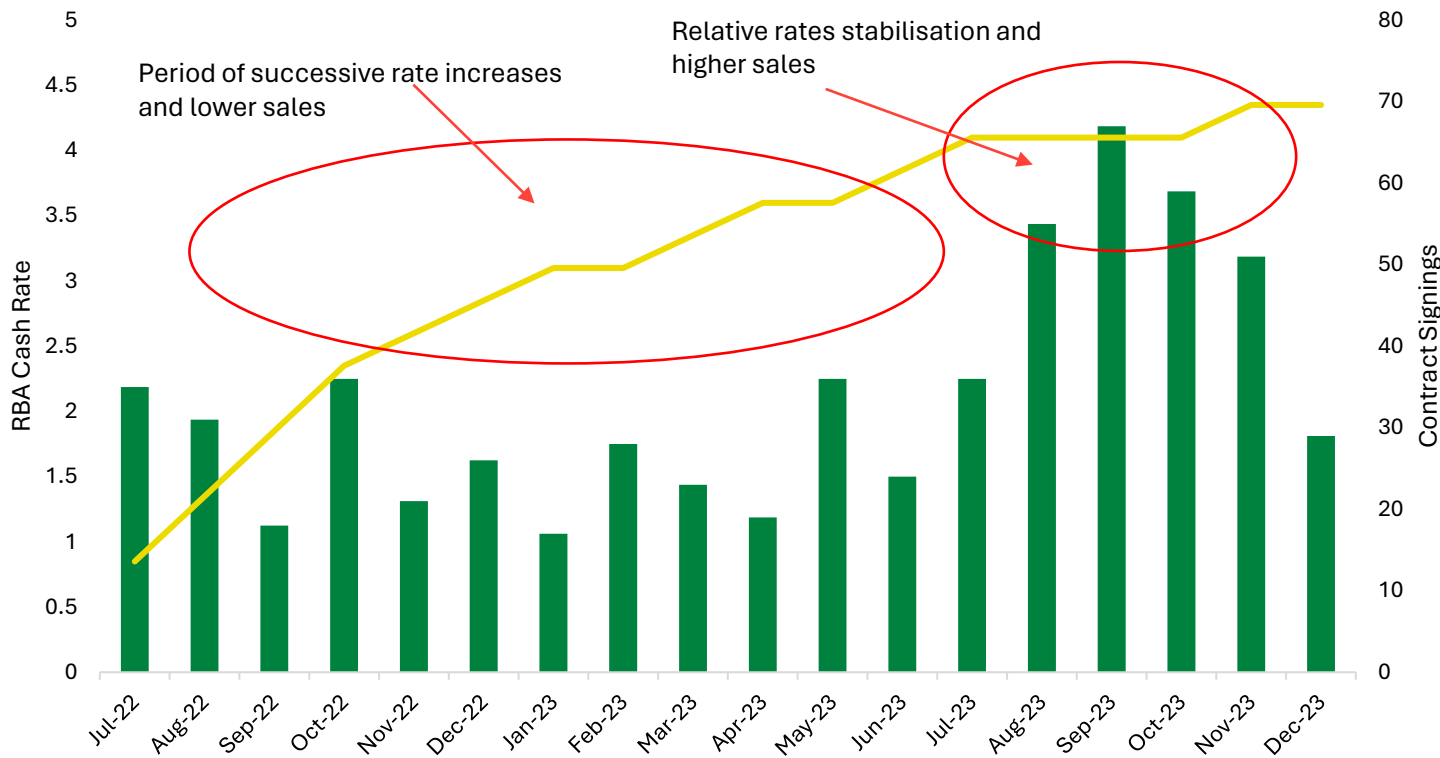


Peace of mind.

Trusted, reputable
brand.

Lead market and economic indicators, on balance, have improved

Monthly Contract Signings and RBA Cash Rate

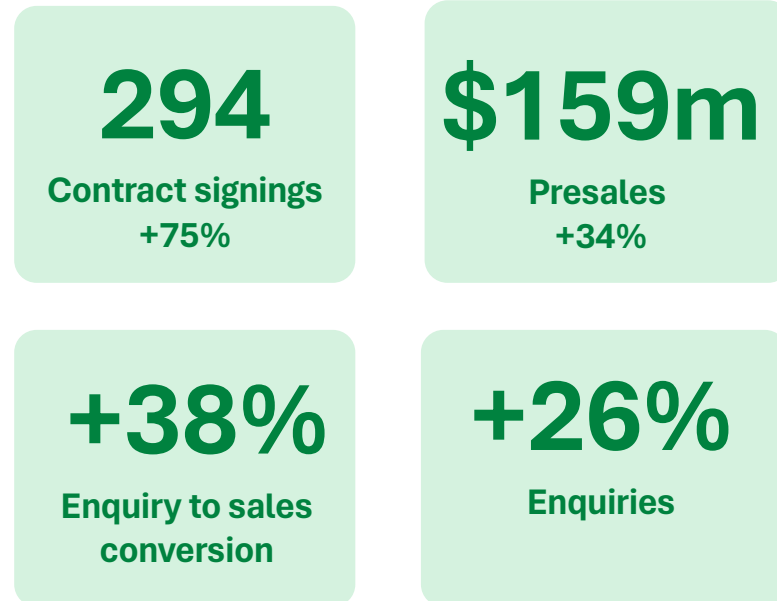


- Forecast population growth to range between 1.2% and 1.7%¹ p.a. to 2032.
- Migrant arrivals increased 73%² to 737,000 from a year ago although driven by students, rather than skilled labour.
- Australia’s labour market remains tight, with low, but rising, unemployment.
- National rental vacancy rates fell to a record low of 1.1%³.
- Australian Government has set an ambitious target for 1m⁴ new homes in 5 years.
- Interest rate outlook has stabilised.
- Raw materials pricing and availability risk is abating.
- Labour availability and pricing is a key focus across the industry.
- Purchaser cancellation rates have declined.

Outlook- AVJennings FY24



- FY24 PBT will be down on FY23 due to extended impact of interest rate cycle through FY23 and 1H FY24.
- Significant Q4 FY24 settlements and earnings skew.
- Merchant apartments at Waterline Place expected to commence settlement in late FY24.
- The Company is maintaining a prudent approach to capital management with no new acquisitions forecast in 2H FY24 and prudent deployment of capital to existing projects.
- Dividend position to be revisited at end of FY24.
- The Company looks forward to providing a Q3 trading update during April 2024 and remains focused on executing its strategy.

Lead Indicators: 1H FY24 versus PCP



Appendices

AVJennings Pipeline

-  Pre-delivery phase
-  Delivery / Settlement phase

| | | Remaining Lots (#) | Product Type | Structure | FY24 | FY25 | FY26 | FY27 | FY28+ |
|-------------------|--|--------------------|--------------|-----------|------|------|------|------|-------|
| New South Wales | Argyle, Elderstie | 92 | L,IH | 100% AVJ | | | | | |
| | Evergreen, Spring Farm (East Village) | 348 | L,IH | 100% AVJ | | | | | |
| | Evergreen, Spring Farm (South Village) | 7 | IH | 100% AVJ | | | | | |
| | Arcadian Hills, Cobbitty | 33 | IH | 100% AVJ | | | | | |
| | Rosella Rise, Warnervale | 457 | L,IH | PDA | | | | | |
| | Prosper, Kogarah | 56 | APT | 100% AVJ | | | | | |
| | Huntley | 194 | L,IH | 100% AVJ | | | | | |
| | Calderwood | 390 | L | 100% AVJ | | | | | |
| | Mundamia | 308 | L | PDA | | | | | |
| | Macarthur | 817 | APT | 100% AVJ | | | | | |
| Queensland | Glenrowan, Mackay ¹ | 177 | L | 100% AVJ | | | | | |
| | Arbor, Rochedale | 5 | IH | 100% AVJ | | | | | |
| | Riverton, Jimboomba | 901 | L,IH | 100% AVJ | | | | | |
| | Deebling Springs, Deebling Heights | 205 | L,IH | 100% AVJ | | | | | |
| | Cadence, Ripley | 97 | L,IH | 100% AVJ | | | | | |
| | Cadence 2, Ripley | 333 | L,IH | PDA | | | | | |
| | Rocksberg, Caboolture | 3,500 | L | PDA | | | | | |
| | Kerry Rd, Beaudesert | 1,146 | L | 100% AVJ | | | | | |
| New Zealand | Ara Hills, Orewa | 508 | L | 100% AVJ | | | | | |
| Victoria | Lyndarum, Wollert | 9 | L,IH | 100% AVJ | | | | | |
| | Lyndarum North, Wollert JV | 1,386 | L,IH | JV | | | | | |
| | Aspect, Mernda | 150 | L,IH | 100% AVJ | | | | | |
| | Harvest Square, Brunswick West | 87 | IH, APT | PDA | | | | | |
| | Waterline Place, Williamstown | 184 | IH, APT | 100% AVJ | | | | | |
| | Clyde | 942 | L | 100% AVJ | | | | | |
| | Somerford, Clyde North | 188 | L,IH | 100% AVJ | | | | | |
| South Australia | St Clair* | 124 | L | 100% AVJ | | | | | |
| | Eyre, Penfield | 1,200 | L,IH | PDA | | | | | |
| Western Australia | Various | 55 | IH | Others | | | | | |
| Other | Various | 6 | L,IH | | | | | | |

New South Wales Portfolio (2,707 lots)

Rosella Rise, Warnervale

House construction and sales continue for our registered stages.

Arcadian Hills, Cobbitty

Final project stage completed and being sold.

Argyle, Elderslie

Civil works completed on our next townhouse site with the first two-storey terrace houses now under construction to be brought to market mid-year.

Prosper, Kogarah

Apartment construction is progressing with sales launch later in CY24.

Evergreen, Spring Farm

Two stages of East Village civil works are underway with the first five homes already under construction. Our last seven homes in South Village are under construction, two of which are Pro9/Stellar Collection homes.



Queensland Portfolio (6,364 lots)

Riverton, Jimboomba

Delivered two new community parks with the next stage of 68 lots nearing completion.

Cadence, Ripley

32 homes under construction including the first terrace homes (7).

Arbor, Rochedale

Settled the second stage of townhomes, growing the community from 21 to 33.

Deebing Springs, Deebing Heights

The first stage of development is nearing completion including 44 residential lots, a childcare and a shopping centre site.



South Australia Portfolio (1,325 lots)

Eyre, Penfield

No completed unsold land or housing stock available with planning approval granted for the next six stages.

St Clair, St Clair

Civil construction works are complete with only medium density allotments for third party developers/builders remaining.

Murray Bridge / Goolwa North

Both projects anticipated to be completed during FY24.



Victoria Portfolio (2,946 lots)

Waterline Place, Williamstown

The last apartment building at Williamstown will complete construction in mid-2024. Sales have progressed well with over 70% of the building currently presold.

Somerford, Clyde North

The first stage 65 lots was completed in October 2023 with land sales currently underway.

Harvest Square, Brunswick West

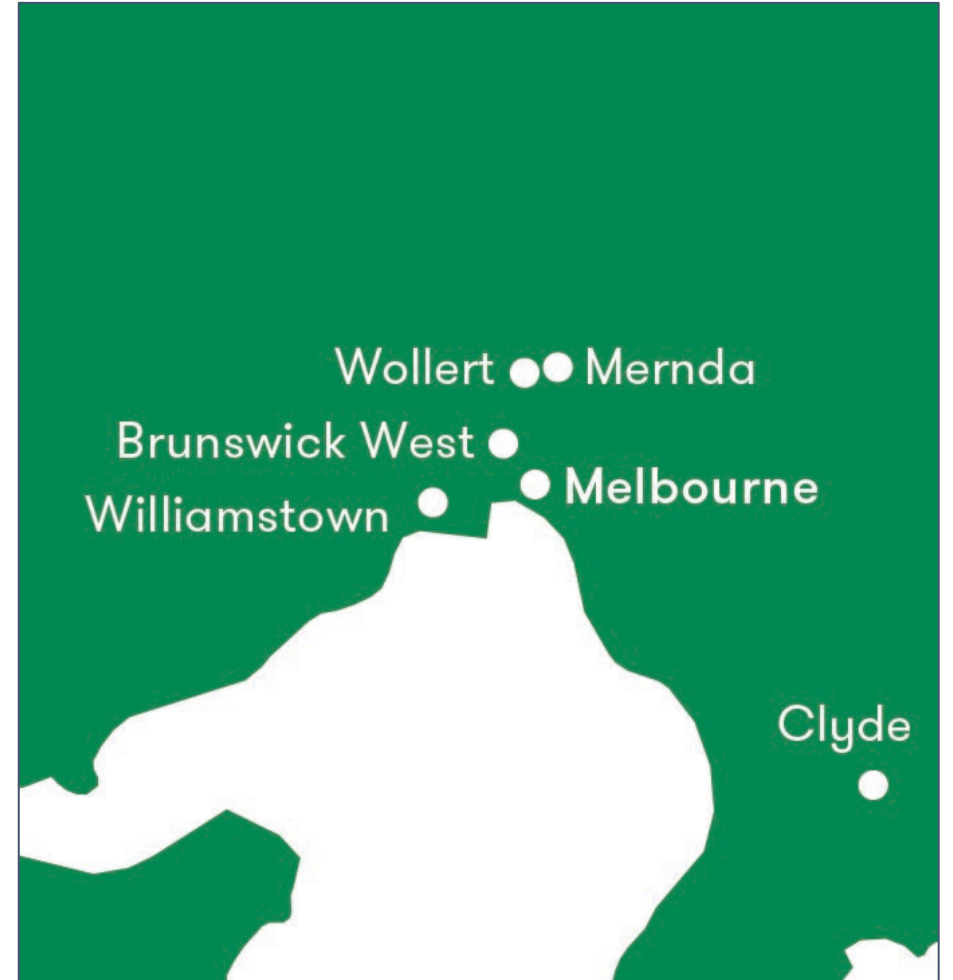
Apartment buildings on track to welcome first social housing residents in mid-2024 with the apartments and townhomes available for sale to follow.

Lyndarum North, Wollert

The next stage of 79 lots was completed with over 100 additional lots to be completed by mid-2024.

Aspect, Mernda

The next stage of 65 lots was completed with the first AVJennings homes in the community recently completed. Our display homes will open to the public shortly.



New Zealand Portfolio (508 lots)

Ara Hills, Orewa

A plan change has been submitted, seeking an increase in project density.

Civil works are progressing for the next stages of 136 lots with the first stage anticipated to reach completion in April 2024.



Thank you.

AVJennings®

**Your community
developer.**