

6 May 2024

AVJennings' Q3 FY24 Business Update

Q3 FY24 Highlights:

- Lead indicators remain strong.
 - Contract signings for the quarter increased by 31% to 134⁽¹⁾ lots on the PCP; year to date up 59%.
 - YTD value of contract signings \$192 million, up 72% on PCP.
 - Customer enquiries up 15% on PCP.
- Completion and commissioning of the Pro9 Australian manufacturing facility is on track for Q4 FY24 with first walls to be produced in June 2024.
- Expansion of AVJ's debt facility.
 - 'Club' funding facility increased by \$30 million, to \$330 million, provides further financial capacity and support for the Company's growth initiatives.

AVJennings Limited ('AVJ', 'Company') is pleased to provide an update on the Company's business performance for the third quarter of FY24 (Q3 FY24).

SALES AND SETTLEMENTS UPDATE

During Q3 FY24, 68 lots were settled at a value of \$36.3 million. While this represents a 28% decline in settlement volumes over the Prior Corresponding Period (PCP), the value of settlements grew by 10% due to the product mix of settlements. A settlement mix strongly skewed to a higher proportion of built-form housing, relative to land, drove a 54% increase in the average settlement value with built-form settlements at Arcadian Hills, Cobbitty and Rosella Rise, Warnervale in NSW, Eyre at Penfield in South Australia, and Waterline Place in Williamstown, Victoria the strongest contributors.

FY24 year-to-date settlements have also declined by 34% to 338 lots on the PCP. The PCP witnessed high settlement numbers in Q1 FY23 attributed to the delivery of the pipeline of sales from FY22. As previously reported, we continue to expect a strong Q4 skew to our FY24 settlement profile, including settlements at the Merchant apartments at Waterline which are on track to commence mid-late June.

Encouragingly, the growth in contract signings recorded this year, and discussed below, bodes well for future settlements.

In the face of persistent challenging market conditions, including rising labour costs and constricted trade availability, the Company recorded contract signings of \$65 million (134⁽¹⁾ lots) in Q3 FY24, showing a robust 117% growth in sales value over the PCP (Q3 FY23: \$30 million (102 lots)). Increases in sales were observed across all product types, with notable contributions from housing sales at Eyre (Penfield, SA), Arcadian Hills (Cobbitty, NSW) and Cadence (Ripley, QLD) and apartment sales at Waterline Place in Williamstown, Victoria. This performance underscores the consistent demand for our properties despite the tough trading conditions.

Year-to-date contract signings for FY24 reached 428 lots. The associated sales value of \$192 million is up 72% over the PCP.

Following recent interest rate stabilisation, customer enquiry level continues to show improvement, with a 15% increase over the PCP, with FY24 enquiries year to date up 22% over the PCP.

(1) Q3 FY24 includes a superlot with 20 lot equivalents.

NO LAND ACQUISITIONS

The pipeline of lots under control is now 13,838, due to the settlement of 69 lots and the absence of new acquisitions during the period.

PRO9 JV UPDATE

Construction and commissioning of the Pro9 Australian manufacturing facility in the Central Coast, NSW has made great progress, with all machines now on site and positioning it for commencement of production in Q4 FY24. Production testing is scheduled for May 2024.

The establishment of the Australian facility is anticipated to expedite the delivery of AVJ's built-form housing and result in significant improvements in the quality and energy efficiency of homes with Pro9 walls across the country.

The Pro9 walls are a key feature of the AVJennings' Stellar Collection homes which achieve a minimum 8-star efficiency rating. To date, 18 Stellar Collection homes are completed or under construction. In addition, there are more than 50 in the pipeline.

EXTENDED BANKING FACILITY

Following supportive discussions with our Club facility lenders to modernise the Company's funding facility, the Company has successfully secured a \$30 million increase to its 'Club' facility. The 'Club' facility now has a limit of \$330 million. This facility extension provides AVJennings with further financial capacity and support for the Company's growth initiatives. We continue to have fruitful discussions with our club bankers as part of this modernisation process.

OUTLOOK AND CEO COMMENTS

Commenting on the quarterly update, AVJennings' CEO and MD Phil Kearns, AO, said, "I am pleased to see another quarter of positive results, underscoring our resilience and determination in navigating through persistent challenging market conditions.

Our extended debt facility not only provides us with the financial capacity to weather market challenges but also supports our strategic objective of modernising our business operations. Furthermore, I am thrilled to witness our partnership with Pro9 Global begin to deliver locally manufactured, innovative housing solutions to even more communities across Australia."

ENDS.

This announcement was authorised for release to the market by the Board of Directors of AVJennings Limited.

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