

4 November 2024

AVJennings Q1 FY25 Business Update

Highlights

- 29% increase in settlements to \$50.4m (against PCP)
- Enquiries in-line with Q4 FY24 and the PCP
- 93 unconditional retail contracts were signed, below 162 from the PCP and Q4 FY24
- No new land acquisitions
- Board refresh underway
- Good progress with Pro9 JV
 - First locally manufactured walls
 - Home erected at Rosella Rise in one day
 - Growing pipeline of AVJennings homes to be built with Pro9 walls
 - Sustained and growing industry and government interest in the technology

AVJennings Limited (ASX: AVJ) (“AVJennings” or “the Company”) is pleased to provide a business update covering recent business activities impacting on the September quarter of FY25 (Q1 FY25).

Settlements

During Q1 FY25, 122 lots were settled at a value of \$50.4 million, an increase of 29% on the Prior Corresponding Period (PCP, Q1 FY24). For the same period, settlement volumes were up 82%. Notably, the settlement mix compared to the PCP was more heavily weighted towards land, resulting in lower average revenue per lot settled. Key settlement contributors during the period were Merchant at Waterline Place (VIC), Deebing Springs (QLD) and Evergreen at Spring Farm (NSW).

Enquiries

Total enquiry levels for Q1 FY25 were stable against the PCP and Q4 FY24 following a sustained period of interest rate stability. Compared to Q4 FY24, enquiries were more skewed towards apartments and land over built-form housing. This skew was driven by interest in the recently completed apartments at Merchant at Waterline and Harvest Square, both in Victoria, as well as limited housing stock available for sale. As more built-form housing is brought to market, the skew is expected to rebalance towards both land and housing.

Enquiry levels in SA are significantly up on Q4 FY24, while VIC and QLD are stable. NSW enquiries were slightly down on Q4 FY24 due to reduced housing stock available for sale.

Contracts Signed

During Q1 FY25, 93 unconditional contracts were signed, representing a contract value of \$34.5 million. While this is a solid result given varied market conditions across Australia and New Zealand and limited completed built-form housing available for sale, it is below both Q4 FY24 (402 contracts, 162 retail) and the PCP (162 contracts). Notable contributors to the Q1 FY25 contracts signed were St Clair (SA), Lyndarum North (VIC) and Aspect (VIC).

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Portfolio Update - WIP

The number of work-in-progress (WIP) lots under development decreased from 1,062 in June 2024 to 981 by the end of September 2024. During the period, 125 lots commenced production with the overall reduction primarily reflecting stock completed or sold during the period. We are actively seeking to increase lots in production in response to continued signs of overall market conditions improving, although this is hampered by continuing delays in obtaining necessary approvals from regulatory bodies.

Disciplined Capital Management

No new land acquisitions were made during the quarter. As a result, total lots under control decreased to 9,707 reflecting settlements in the quarter. Capital allocation continues to be skewed towards stronger performing markets with more restrained deployment in those markets in the very early stages of recovery.

The Company maintains a healthy and flexible financial position with adequate headroom available in its financing facility. AVJennings is well progressed with the final tranche of debt modernisation, with completion expected during Q2 FY25.

AVJennings is actively pursuing capital partnering opportunities to fund potential future acquisition and development opportunities.

Board Refresh Underway

The Board is committed to implementing its refresh program which will see a staggered departure of some long-tenured directors. The interview process has been underway for some time, with numerous potential candidates having been interviewed so far. An update on the progress of the Board refresh will be provided at the Company's Annual General Meeting.

Milestone Achievements for the Pro9 JV

The first locally manufactured Pro9 walls were produced at the new facility on the NSW Central Coast in September 2024. These walls have since been delivered and erected in one day at AVJennings' Rosella Rise community in NSW. Notably, this house at Rosella Rise is the seventh in AVJennings' Renee series, which supports the Steve Waugh Foundation.

A further 14 homes across the Riverton and Deebing Springs communities in QLD are scheduled for construction with Pro9 walls in the next few months. There are over 70 AVJennings homes featuring Pro9 walls in the pipeline. We continue to see benefits to construction programs when the Pro9 walling system is utilised and remain focused on unlocking further efficiencies.

There is sustained and growing industry and government interest in the Pro9 walling system technology given it has the potential to assist in addressing Australia's housing shortage and climate change goals.

Market Observations and CEO Comment

The Company continues to view Southeast Queensland and South Australia as the strongest markets in the near term. New South Wales continues to show signs of a recovery, while expectations are for a slower recovery in Victoria with only very early signs recently seen. In New Zealand, early signs of improving market sentiment are being seen following recent cuts totaling 75 basis points to cash rates by the RBNZ.

In line with previous commentary, we continue to expect a significant settlement skew to the latter part of the second half of FY25.

AVJennings CEO & MD Mr. Phil Kearns, AM, said: “We are making good progress with our objective of modernising and transitioning the business through disciplined capital management, optimising our project pipeline, focusing on strong markets and leveraging our Pro9 walling system. This approach, alongside our active pursuit of capital partnering opportunities, positions us well to drive future growth and enhance shareholder value.”

Ends.

This announcement has been approved and authorised for release to the ASX by the Board of Directors of AVJennings Limited.

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