

FY20 Results Presentation.

20 August 2020.

Arcadian Hills,
Cobbitty, NSW


AVJennings®

Hobsonville Point has been a great contributor to the 2020 results.



We're making good progress at Jimboomba.

Artist Impression





Housing matters. Community matters.

St Clair,
St Clair, SA



Safety was and remains the business priority.

This is a health crisis and we proactively implemented appropriate measures to safeguard the well-being of our employees, suppliers, customers and the wider community.

Contactless check-in at our Sales Centres and Project Sites.

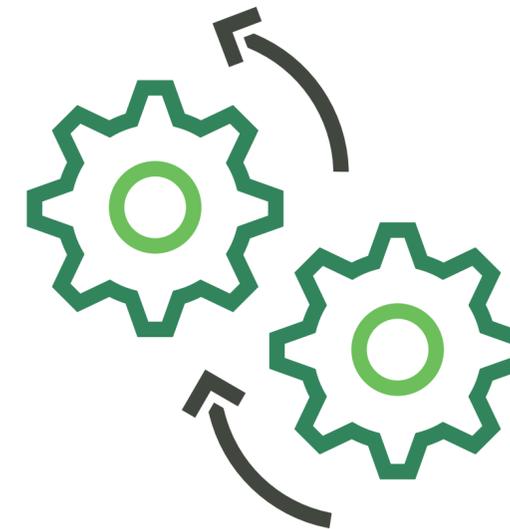


Work from home (WFH) for office employees and engagement with customers undertaken by pre-arranged appointment only.



⌈ We immediately adjusted our commercial settings in response to COVID-19 restrictions.

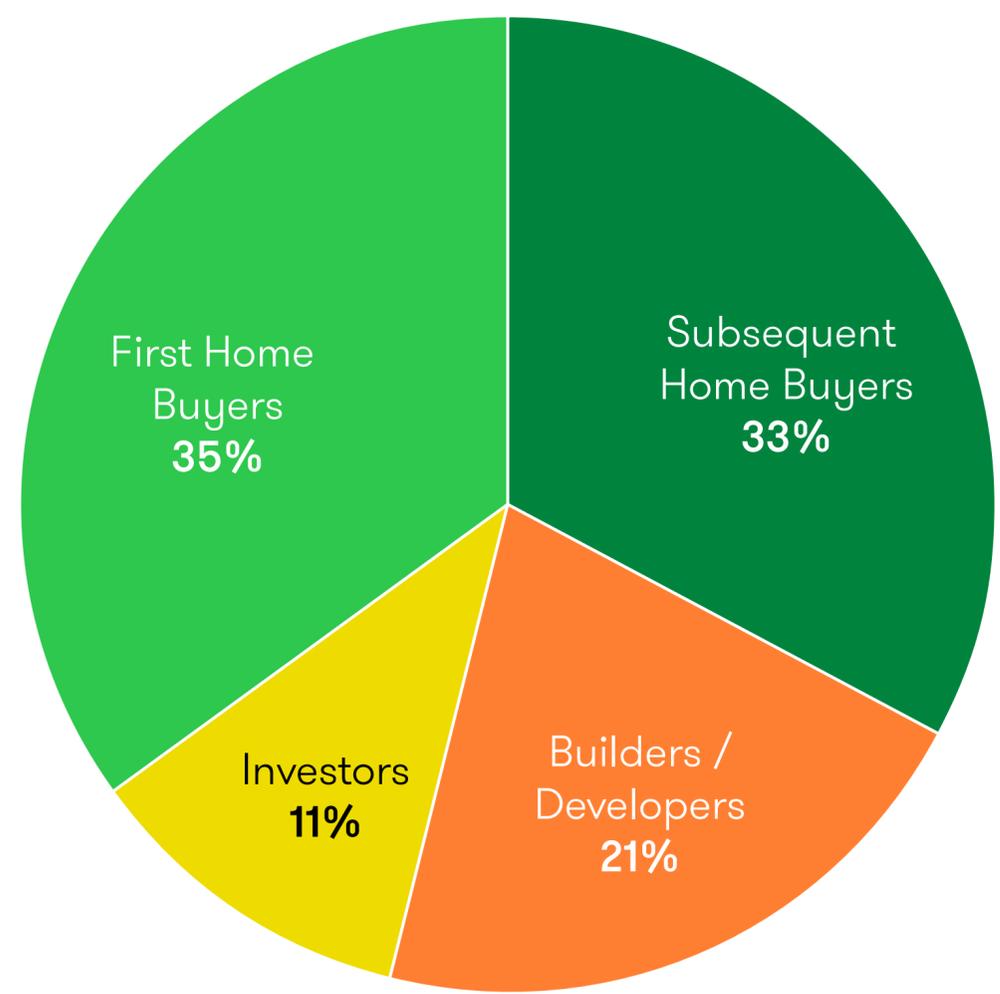
- In March 2020 we deliberately took a very cautious and conservative view.
- Heightened focus on cash management and working capital efficiency.
- Management prioritised workflows tied to pre-sales FY20 settlements, reduced operating costs and overheads.
- We received 'JobKeeper' support and our workforce agreed to initiatives that helped improve cash and profit outcomes.
- Mainly horizontal nature of the Company's operations enabled us to quickly review and adjust the level of site activity.
- We also had a position of relative financial strength and stability coming into the COVID-19 crisis. Our gearing level remains moderate.



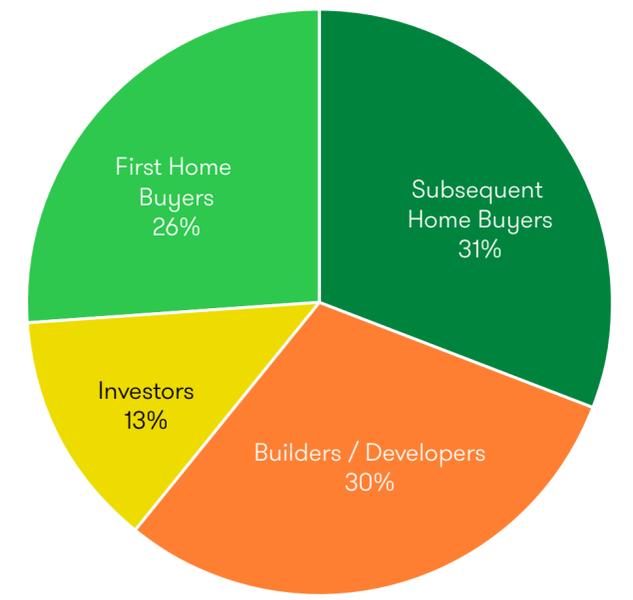
And we continue to be focused on a domestic customer base.

AVJennings customer segmentation.

FY20 customer segmentation.



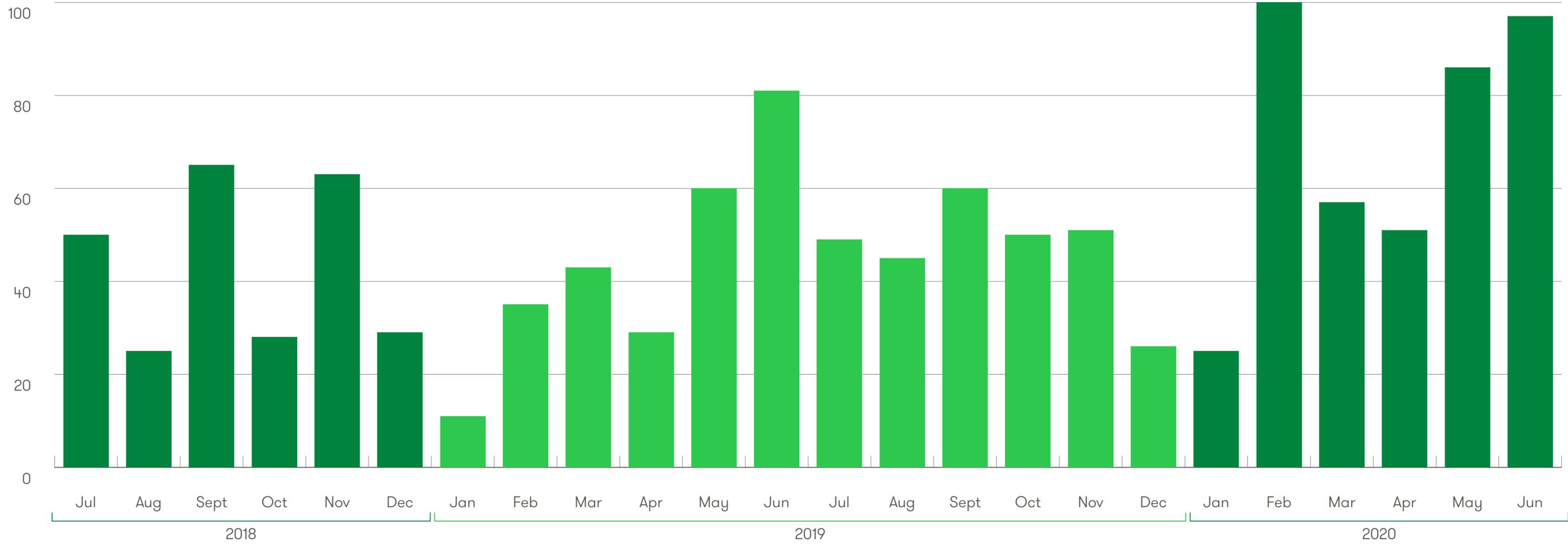
FY19 customer segmentation.



Zero foreign buyers.

Resilient sales volumes during COVID-19 restrictions.

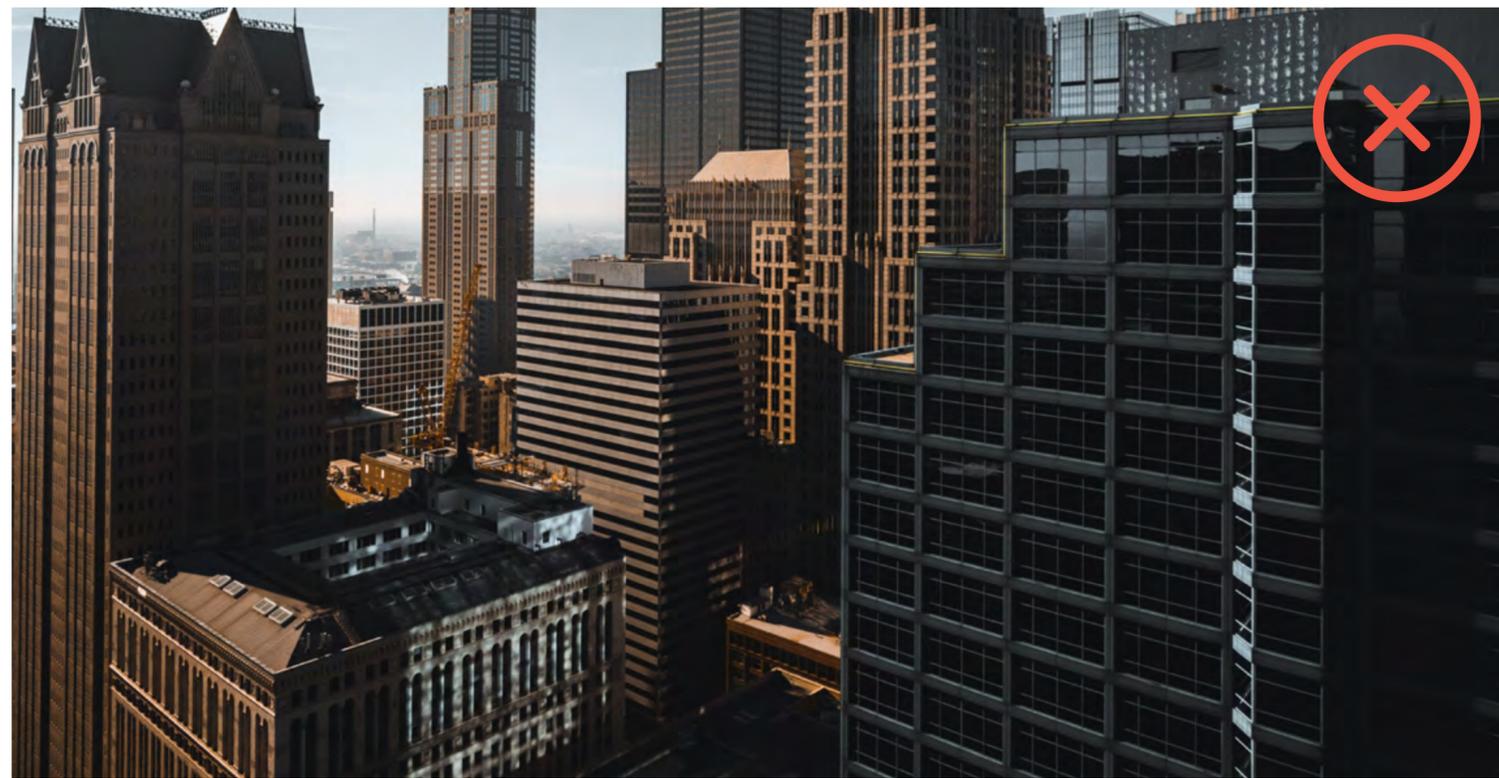
Contract Signings July 2018 - June 2020



What we do.



- We acquire an interest in land.
- Develop and sub-divide it.
- Then sell a mix of land and AVJennings built homes on our land.



- We don't do inner city high-rise or contract building.

New Projects in our Portfolio.

Harvest Square, Brunswick West, VIC



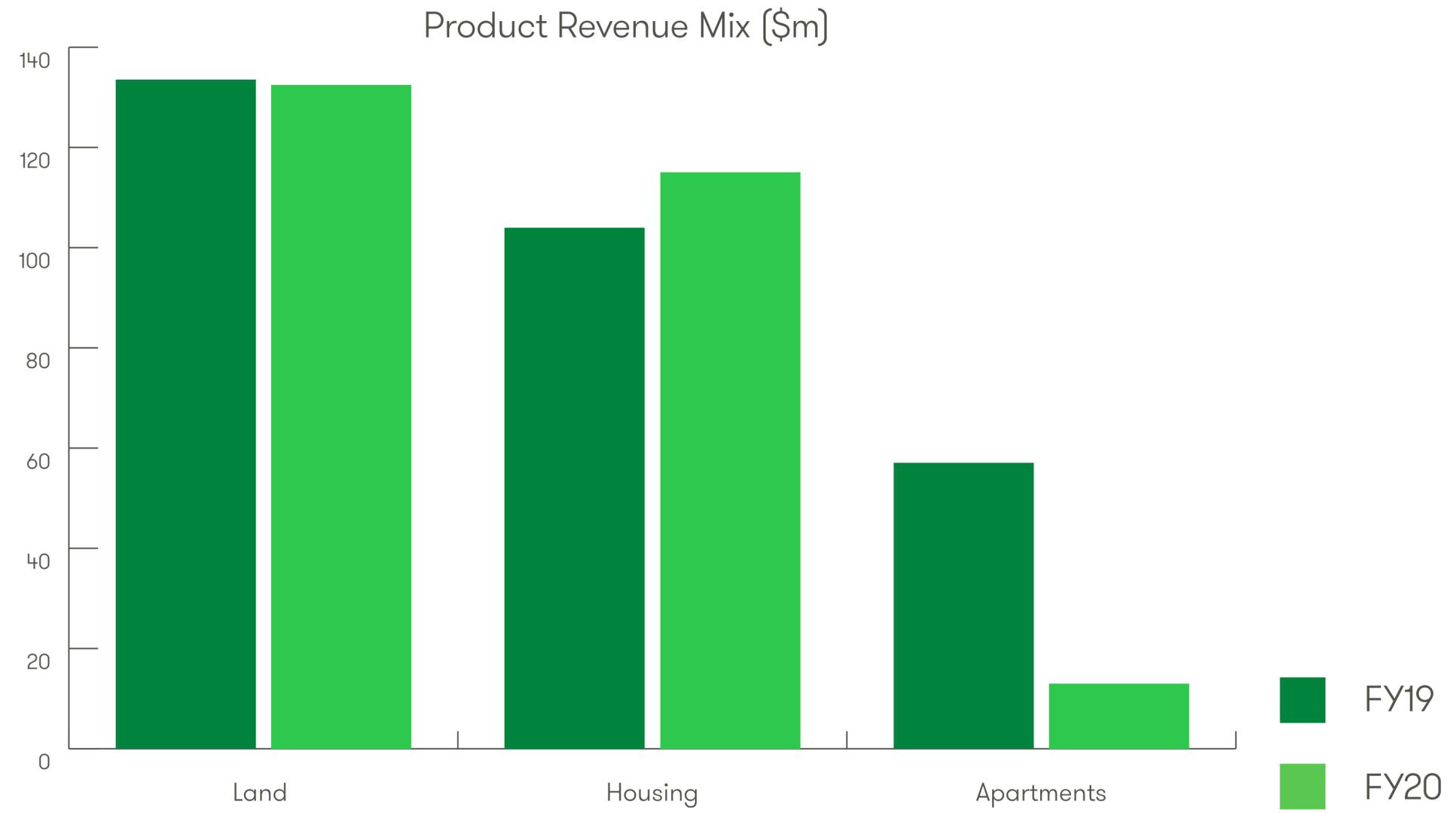
Aspect at Mernda, VIC



Results summary – headline numbers.

	FY20	FY19	% change
Total revenue	\$262.4m	\$296.5m	(11.5%)
Statutory profit before tax	\$13.2m	\$23.8m	(44.8%)
Statutory profit after tax	\$9.0m	\$16.4m	(45.0%)
Gross margins	22.8%	24.5%	(1.7pp)
Net tangible assets (NTA)	\$390.3m	\$393.5m	(0.8%)
NTA per share	\$0.96	\$0.97	(0.9%)
EPS (cents per share)	2.23	4.09	(45.5%)
Dividend fully franked (cents per share)	1.2	2.5	(52%)

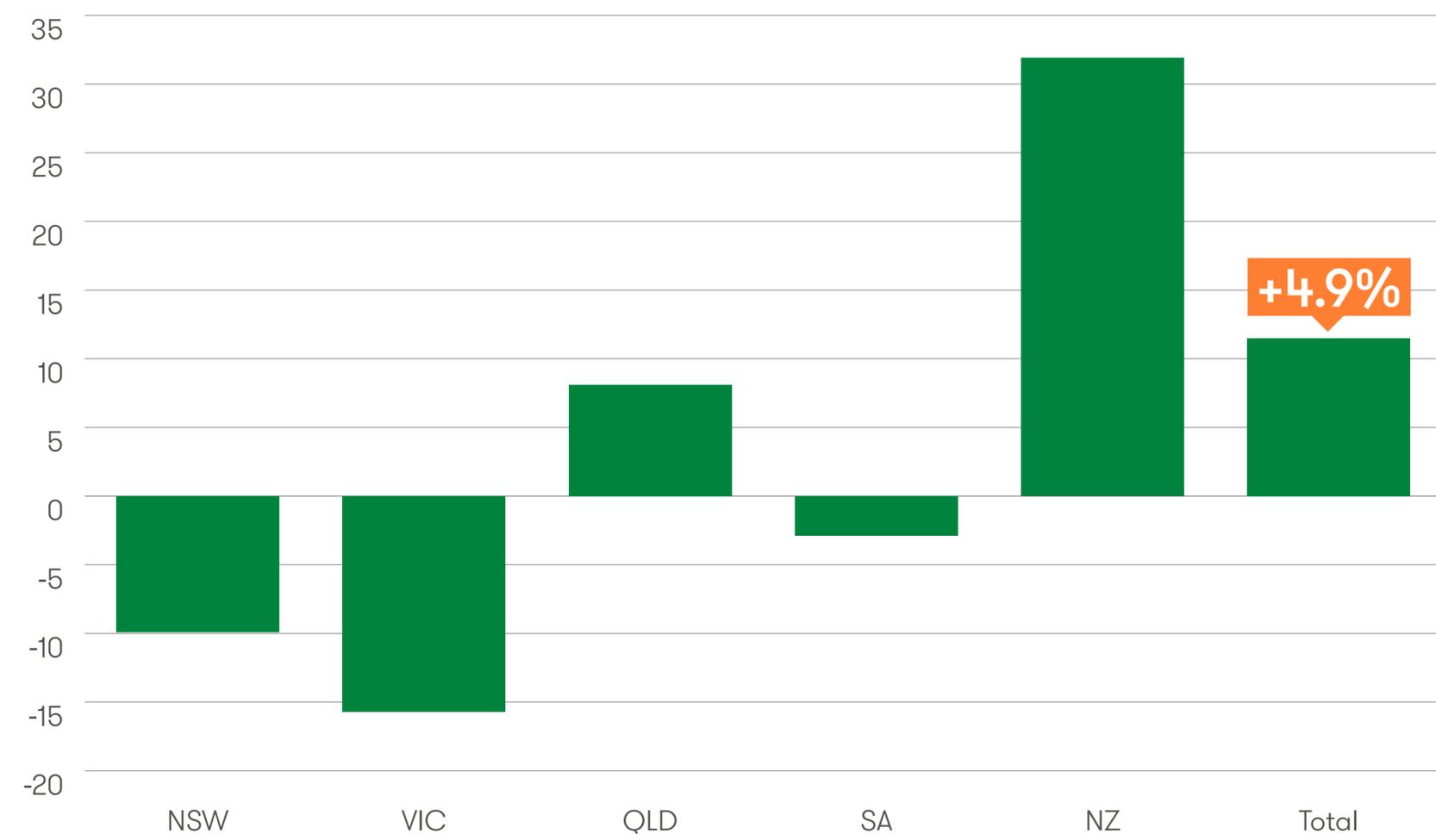
Total revenue decline driven by lower settlements of GEM apartments at Waterline Place.



- Revenue \$262.4m down 11.5%.
- Lots settled 827 down 14.7%.
- H2 FY20 settlements held up well (261 completed) with moderate extensions required in some cases.
- The contract rescission rate increased but the value and number of affected contracts remains low as a proportion of turnover and lots settled during the period.
- Apartment revenue was lower due to fewer settlements of GEM apartments at Waterline Place.

Stronger QLD and NZ driving revenue growth in land and traditional housing.

YoY Growth – Land and Traditional Housing Revenue (\$m)



- Overall a good result with growth of 4.9% reflecting improving market conditions, operational changes in QLD and timing of revenue recognition in NZ.
- NSW and VIC showed signs of recovery in early FY20 before subdued Nov to Jan period due mainly to reduced customer engagement as people stayed home (bushfires & air quality, especially in NSW).
- QLD improved from initiatives implemented in FY19, first settlements from Riverton (at Jimboomba) and strong results from Abor (Rochedale).
- NZ grew as expected due to revenue arising from the last stage of our Hobsonville Point, Auckland project.

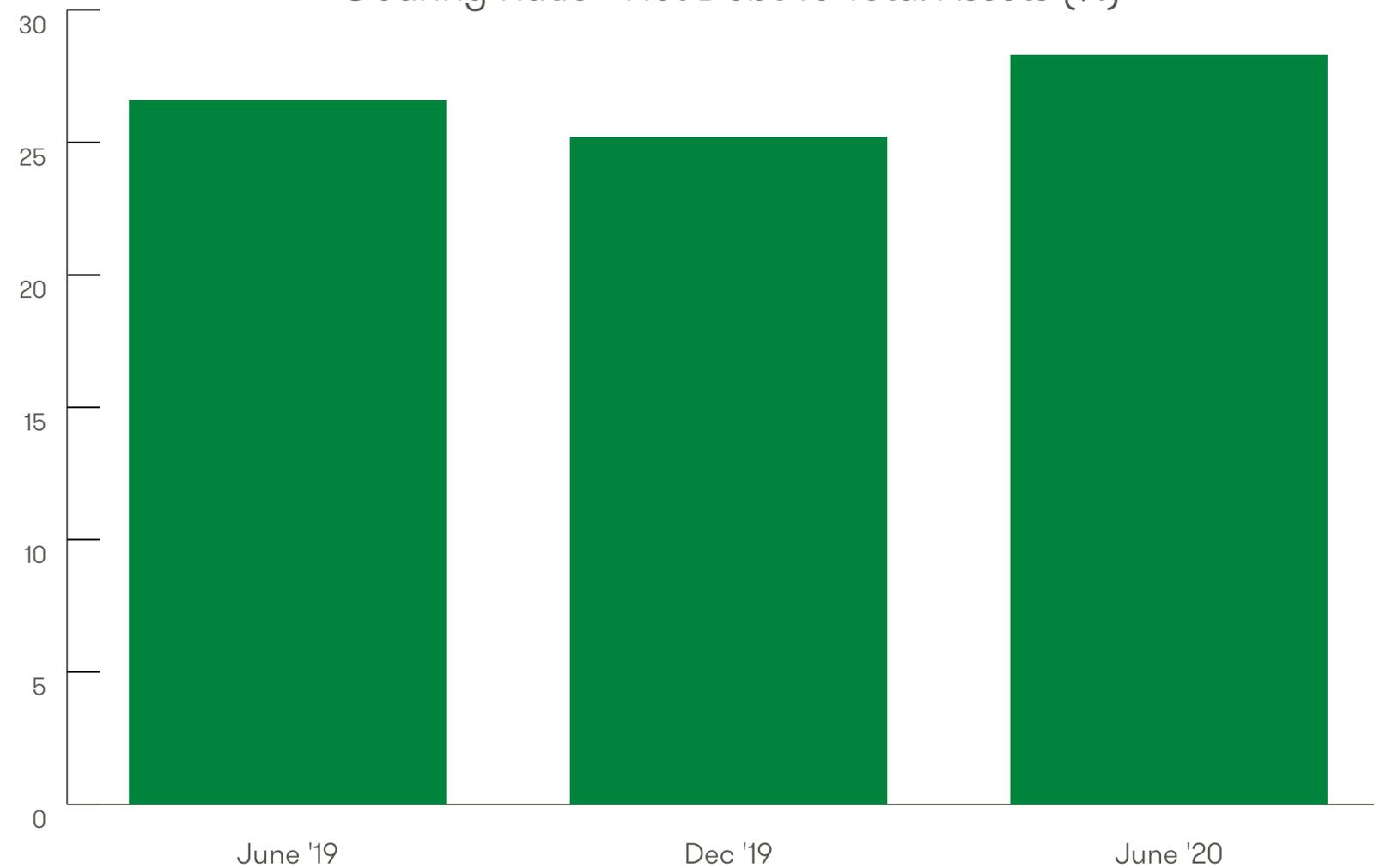
Strong Balance Sheet provides capacity for growth.

\$Millions	June 2020	June 2019
CURRENT ASSETS		
Cash and cash equivalents	5.7	18.2
Receivables	23.0	15.1
Inventories	185.4	194.7
Total Current Assets	219.5	230.4
NON-CURRENT ASSETS		
Inventories	402.0	430.3
Total Non-Current Assets	435.7	454.8
TOTAL ASSETS	655.2	685.2
CURRENT LIABILITIES		
Payables	16.5	41.2
Total Current Liabilities	24.3	51.5
NON-CURRENT LIABILITIES		
Borrowings	190.1	199.8
Total Non-Current Liabilities	237.7	237.4
TOTAL LIABILITIES	262.0	288.9
NET ASSETS	393.1	396.3



Moderate gearing level maintained and improved working capital efficiency.

Gearing Ratio - Net Debt To Total Assets (%)



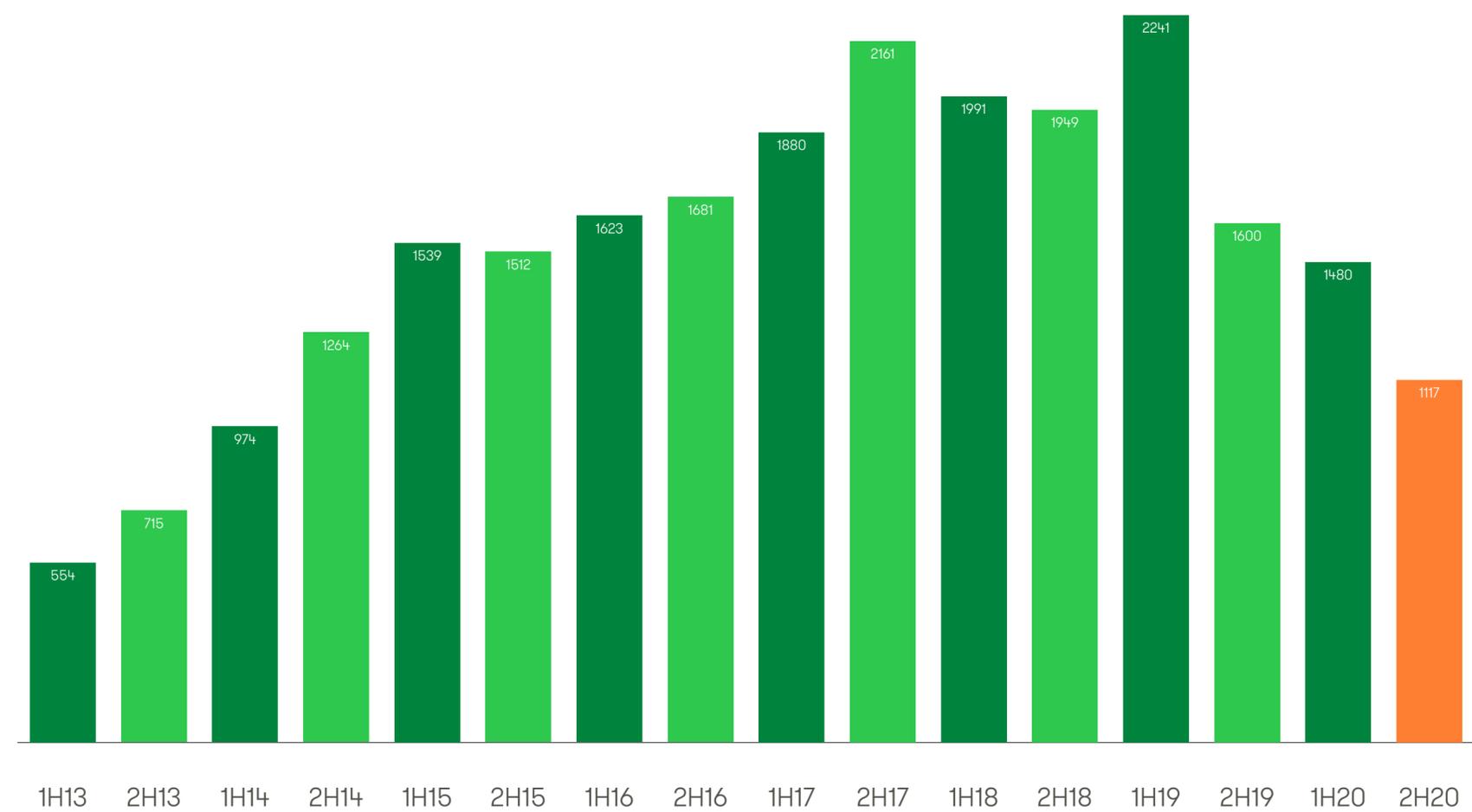
Improved Working Capital Efficiency

Ratio of Current Assets to Current Liabilities

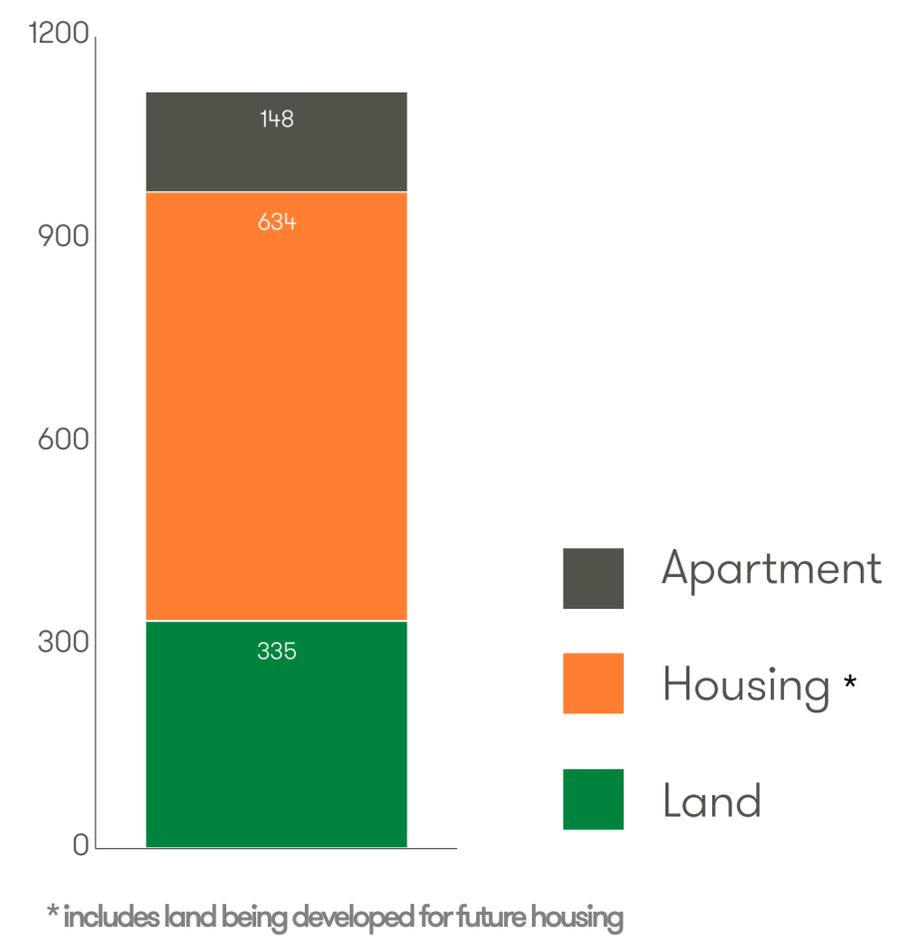
June 2019	4.5x
June 2020	9.0x

WIP levels intentionally reduced in response to COVID-19.

Work in Progress (Lots)

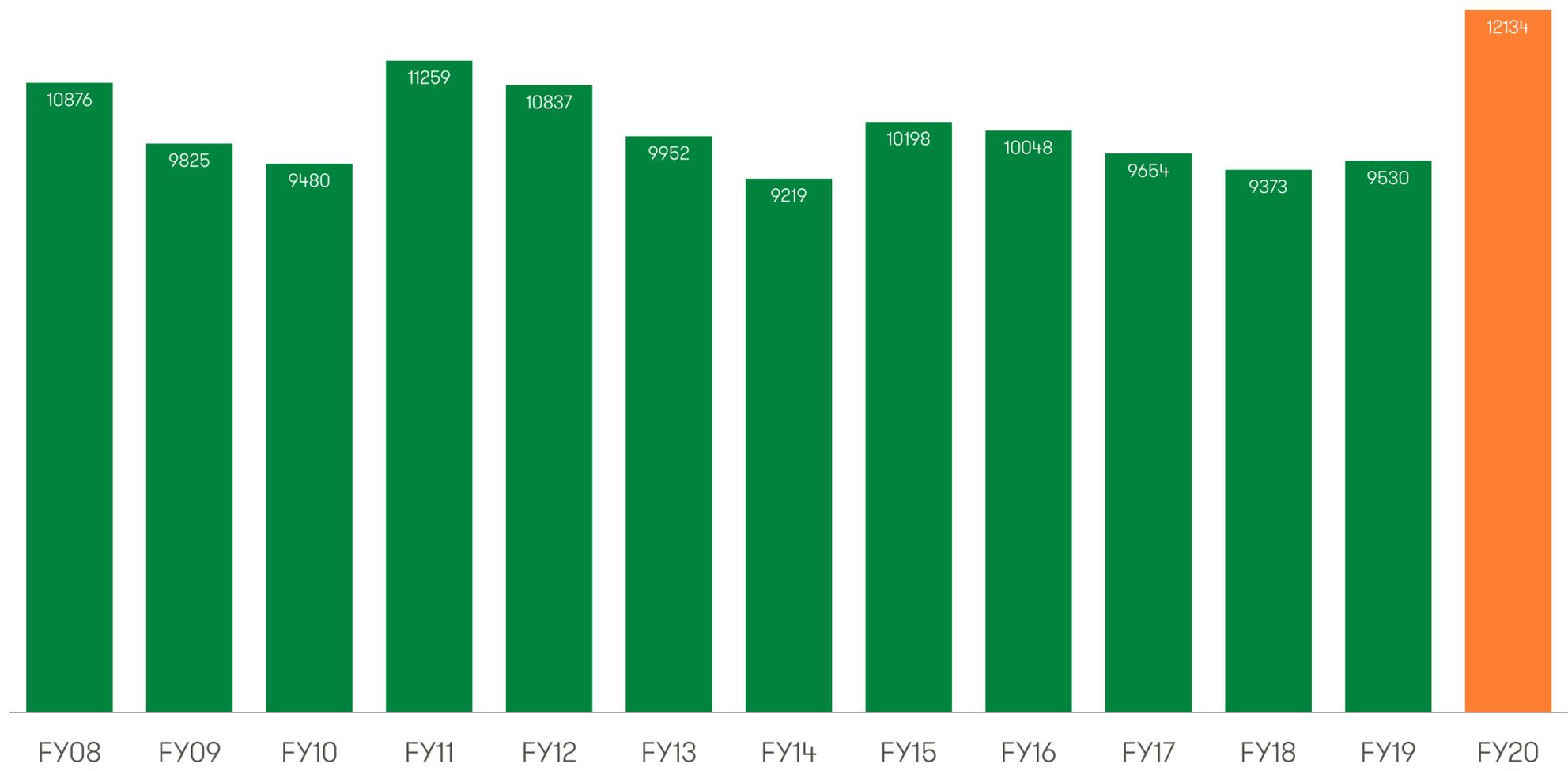


Work in Progress (Product)



Effective land acquisition strategy through the cycle.

Total lots controlled by AVJennings



FY20 includes:

- The Caboolture option agreement providing ~3.5k lots.
- Excluding this controlled land inventory of approximately 8.6k lots was down moderately on FY19 as settlements outweighed new acquisitions, which were suspended due to the pandemic.
- The quality and effectiveness of our acquisition strategy is highlighted by the low value of impairments (\$1.6M in current year). These are for historic regional purchases and unrelated to COVID-19.

FY20 Results – Cash Flow Statement.

\$Millions	FY20	FY19
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	275.9	355.9
Payments to suppliers, land vendors and employees	(247.1)	(371.3)
Net cash from / (used in) operating activities	10.0	(45.8)
CASH FLOWS FROM INVESTING ACTIVITIES		
Joint Venture related activities	0.0	3.2
Net cash from investing activities	0.8	3.7
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	85.5	162.1
Repayment of borrowings	(95.7)	(101.0)
Net cash (used in) / from financing activities	(23.3)	51.8
NET (DECREASE)/INCREASE IN CASH HELD	(12.5)	9.7

⇒ **Includes land payments:**

- FY20 \$21 million
- FY19 \$109.5 million

Settlements (cash receipts) exceeded payments to suppliers, land vendors and employees in FY20 following the deliberate suspension of land acquisitions and cost management initiatives in response to COVID-19 impacts

Note: only significant line items are shown in this table

The residential market and our business has performed better than we expected.

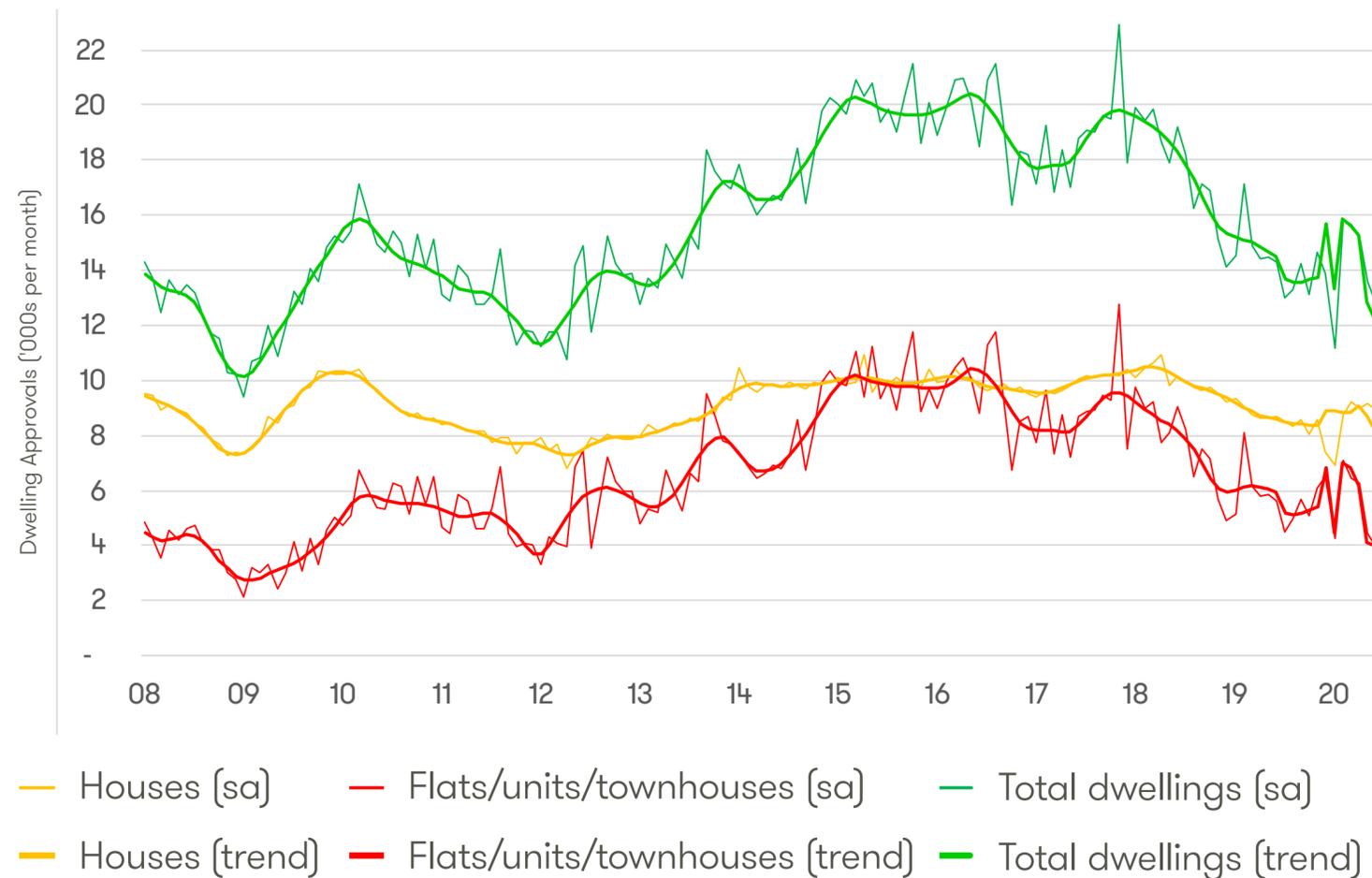
- Underlying demand was strong pre-COVID.
- Our sales were surprisingly resilient through March and April and this has continued since.
 - 385 contracts on hand as of 30 June plus 76 sales in July.
- Deferral rates have been low.
- Our acquisitions strategy has been vindicated during these challenging times – values have stood up well under NRV tests with no impairments on master-planned capital city projects purchased through the cycle.
- Our strategy of maintaining a geographically diverse portfolio of projects has helped cushion the business from some impacts.
- Late in FY20 HomeBuilder provided liquidity and confidence in the retail and B2B segments for land sales.



Fundamentals for the residential sector.

-  **Interest rates**
-  **Affordability**
-  **Underlying demand**
-  **Population growth**
-  **Economic recovery and the importance of Government stimulus**
-  **Employment**

Supply has contracted but underlying demand is growing



Source : The Australian Bureau of Statistics.
sa = seasonally adjusted

Projects driving future growth.

Empress at Waterline Place, VIC



Ara Hills, NZ



Projects driving future growth.

Kogarah, NSW

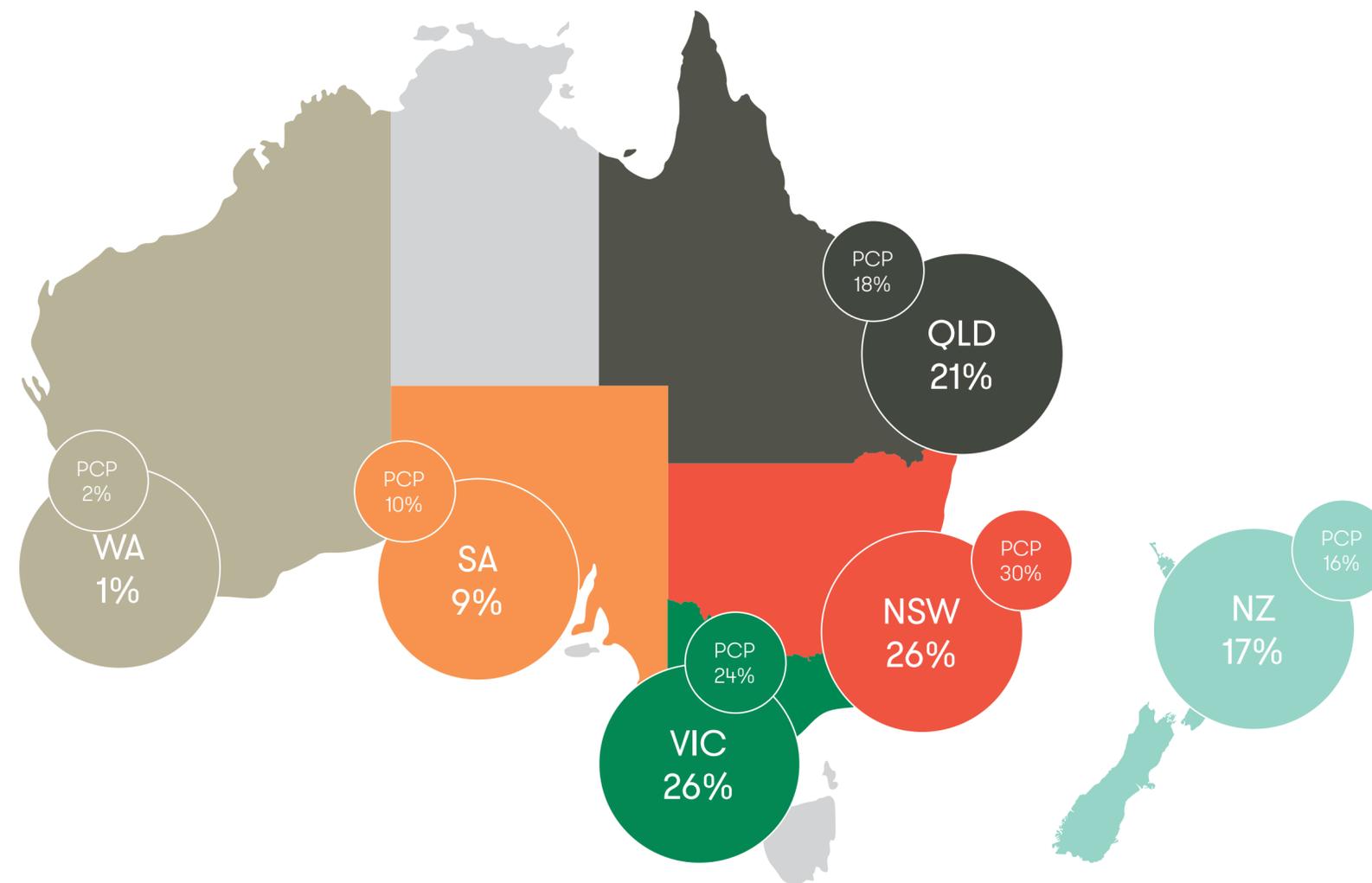
Huntley, NSW

Warnervale, NSW



Our strategy of maintaining a geographically diverse portfolio of projects mitigates market concentration risk.

Allocation of net funds employed



PCP = Prior corresponding period (FY19)

Community and trust.

Both community and trust matter hugely to us. So, we are thrilled to be recognised as one of the most Trusted Brands in Australia - for the second year in a row - in the 2020 Reader's Digest Trusted Brand Awards.



AVJennings FY21 outlook.

- FY21 will continue to be challenging and unpredictable due to COVID-19 impacts...but it will also provide opportunities.
- The stimulus provided by HomeBuilder, together with existing pre-sales, particularly at Waterline Place and Ara Hills provide a solid base for FY21.
- The timing of pre-sales and other factors, including allowing for the economy to start some type of recovery, will see a heavy bias in our results towards the second half.
- Longer term, we remain confident in the residential markets in Australia and NZ. Housing remains a fundamental need for us all. The need for community is likely to strengthen traditional housing markets – the markets we operate in.



Appendices.



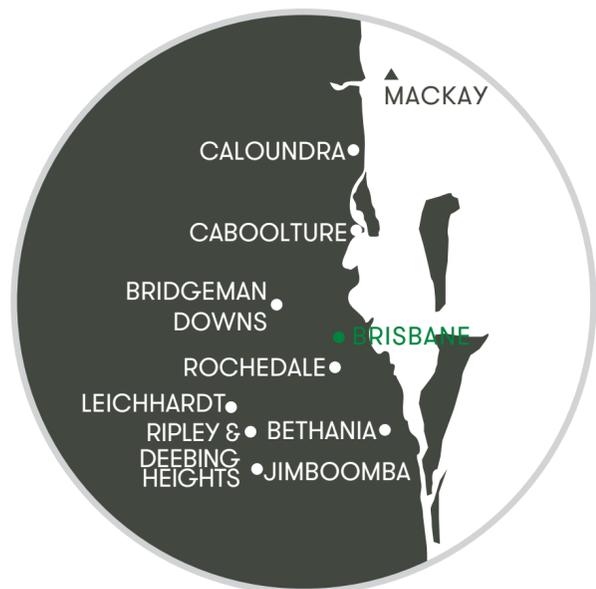
Lynderum North,
Wollert, VIC



Regions.



Queensland business overview.



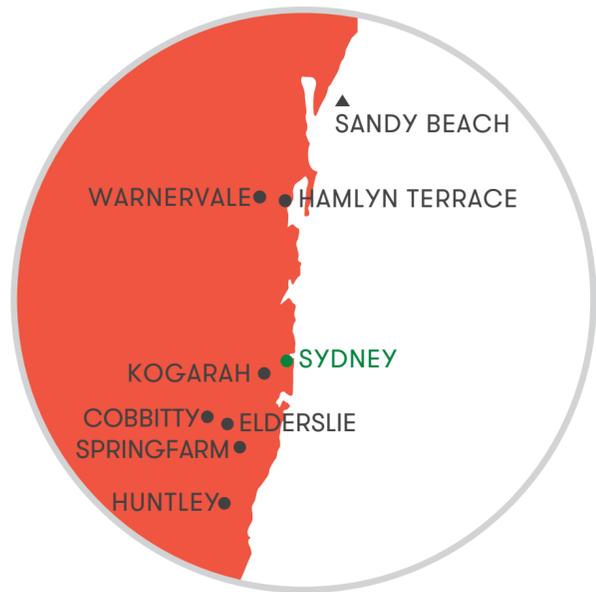
NFE	\$124.1m
Total Lots	5,554 inc Caboolture
FY20 Revenue	\$40.1m

- We achieved first settlements out of the Jimboomba project with stage 1 - 86 lots titling.
- Construction continued on Ripley and Ansie stage 2 townhomes were completed.

Anise,
Bridgeman Downs, QLD



New South Wales business overview.



NFE	\$150.1m
Total Lots	1,640
FY20 Revenue	\$113.9m

- Seacrest (Sandy Beach) traded out its last lot.
- Good margins were realised at Evergreen (Spring Farm), Argyle (Elderslie), Magnolia (Hamlyn Terrace), Seacrest (Sandy Beach) and Arcadian Hills and Arcadian Grove (Cobbitty).
- Rosella Rise at Warnervale made significant progress through the planning during the second half with a DA for the development issued on the 6th July.

Magnolia, Hamlyn Terrace, NSW



Victoria business overview.



NFE	\$151.3m
Total Lots	2,441 inc Mernda
FY20 Revenue	\$59.1m

- At Lyndarum North stages 8 - 9 completed and settlements were in H2. Built form construction on town house development underway.
- At Waterline Place the GEM apartments continued to settle through FY20, Seymour Town homes completed first settlements, Empress Apartments construction reached topping out stage and Bower town home construction is underway.
- Brunswick West & Mernda sites design for planning approval lodgement commenced.

Waterline Place,
Williamstown, VIC



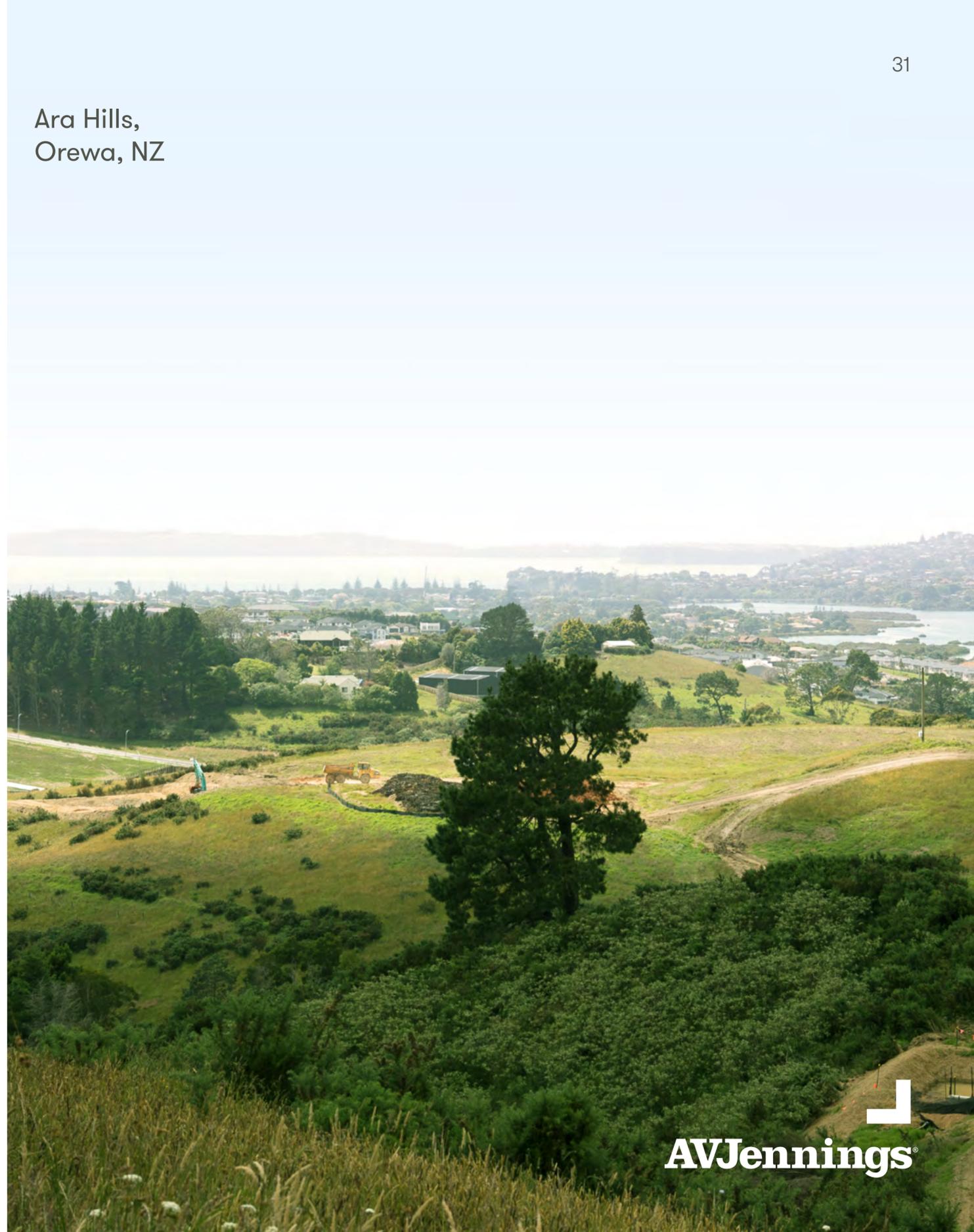
New Zealand business overview.



NFE	\$100.2m
Total Lots	639
FY20 Revenue	\$33.1m

- Development work has completed for the Buckley B stage at Hobsonville Point, Auckland, for which \$26.9 million of revenue was recognised in the result. 10 built form homes constructed at Hobsonville Point were also sold and settled.
- We significantly advanced construction on Stage 1 of Ara Hills project at Orewa, north of Auckland. Development is progressing well with bulk earthworks completed, road and drainage works underway, the builder and retail sales are continuing.

Ara Hills,
Orewa, NZ



South Australia business overview.



NFE	\$55.7m
Total Lots	1,666
FY20 Revenue	\$16.2m

- We continue to prioritise the rationalisation of funds invested in the South Australian business with a further reduction in NFE achieved over the second half.
- We continue to revise cost structures, operational methods and product to improve both sales and efficiency. There were 56 settlements in the second half.

St Clair,
St Clair, SA



Detailed project pipeline by region.

Communities	Remaining# of Lots	Pre	FY21	FY22	FY23	FY24
New South Wales	Argyle, Elderslie	119				
	Magnolia, Hamlyn Terrace	10				
	Evergreen, Spring Farm (South)	61				
	Evergreen, Spring Farm (East Village)	444				
	Arcadian Hills, Cobbitty Stages 1 - 8	138				
	Arcadian Grove, Cobbitty	44				
	Warnervale	526				
	Evergreen, Spring Farm	43				
	Kogarah (apartment project)	56				
	Huntley	196				
Queensland	Creekwood, Caloundra	35				
	Glenrowan, Mackay	177				
	Essington Rise, Leichardt	5				
	Parkside, Bethania	42				
	Anise, Bridgeman Downs	46				
	Arbor, Rochedale 2	55				
	Riverton, Jimboomba	1,175				
	Deebing Springs, Deebing Heights	205				
	Arbor, Rochedale 1	20				
	Cadence, Ripley	294				
N.Z.	Buckley B, Hobsonville Point	2				
	Ara Hills, Hall Farm	637				
Victoria	Lyndarum, Wollert	95				
	Lyndarum North, Wollert JV	1,732				
	Harvest Square, Brunswick	87				
	Waterline Place, Williamstown	296				
S.A.	Pathways, Murray Bridge	40				
	River Breeze, Goolwa North	83				
	St Clair	205				
W.A.	Eyre at Penfield	1,328				
	Indigo China Green, Subiaco Fine China Precinct	77				
	Viridian China Green, Subiaco Fine China Precinct	11				
	The Heights Kardinya	78				
	Parkview, Ferndale	28				

Pre-delivery phase

Development phase

Project pipeline as at 30 June 2020.

「Your
community
developer.