

# Half year FY21 results.

25 February 2021.



Waterline Place,  
Williamstown, VIC

Artist Impression

  
AVJennings®

# Housing matters. Community matters.



Riverton,  
Jimboomba, QLD

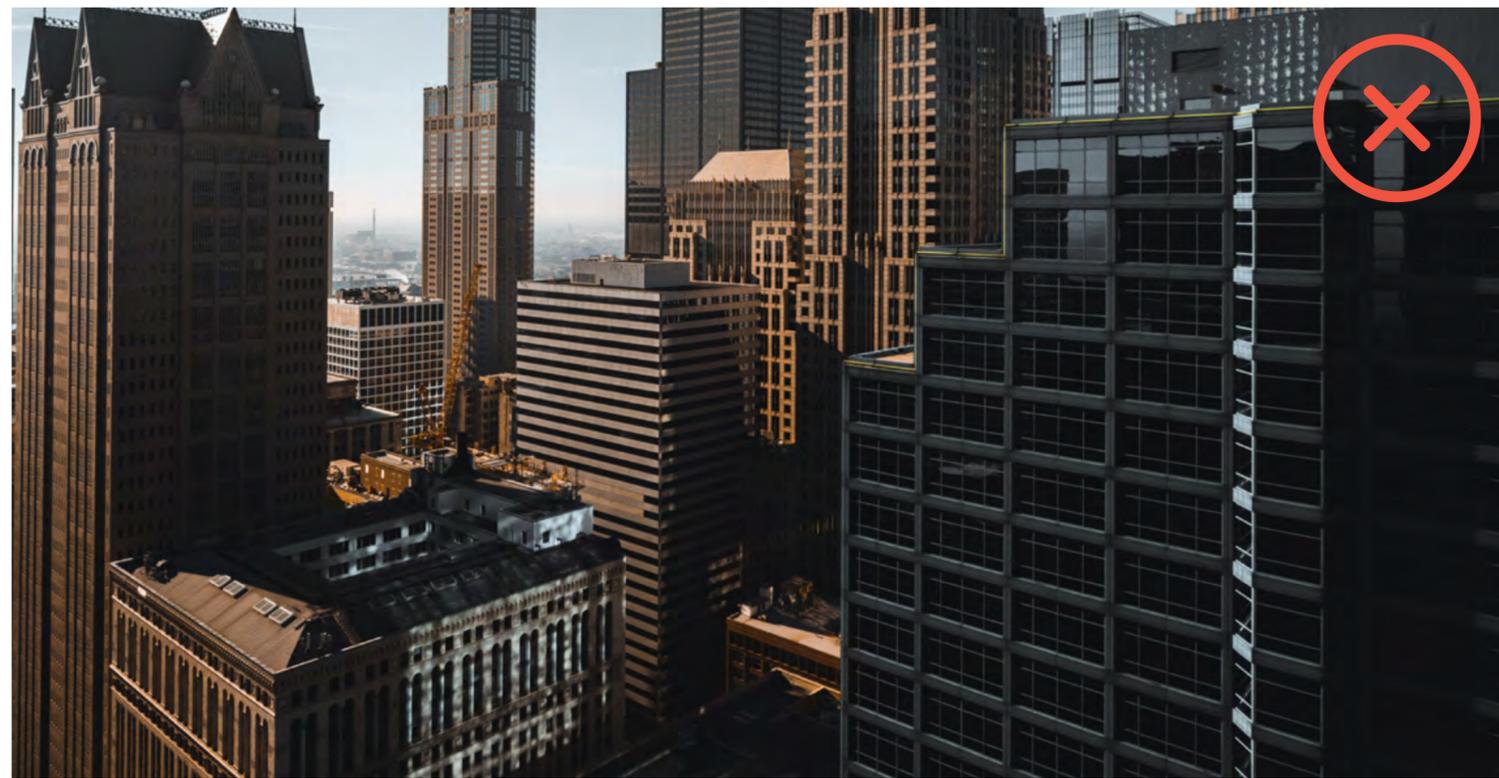
Artist Impression



# What we do.



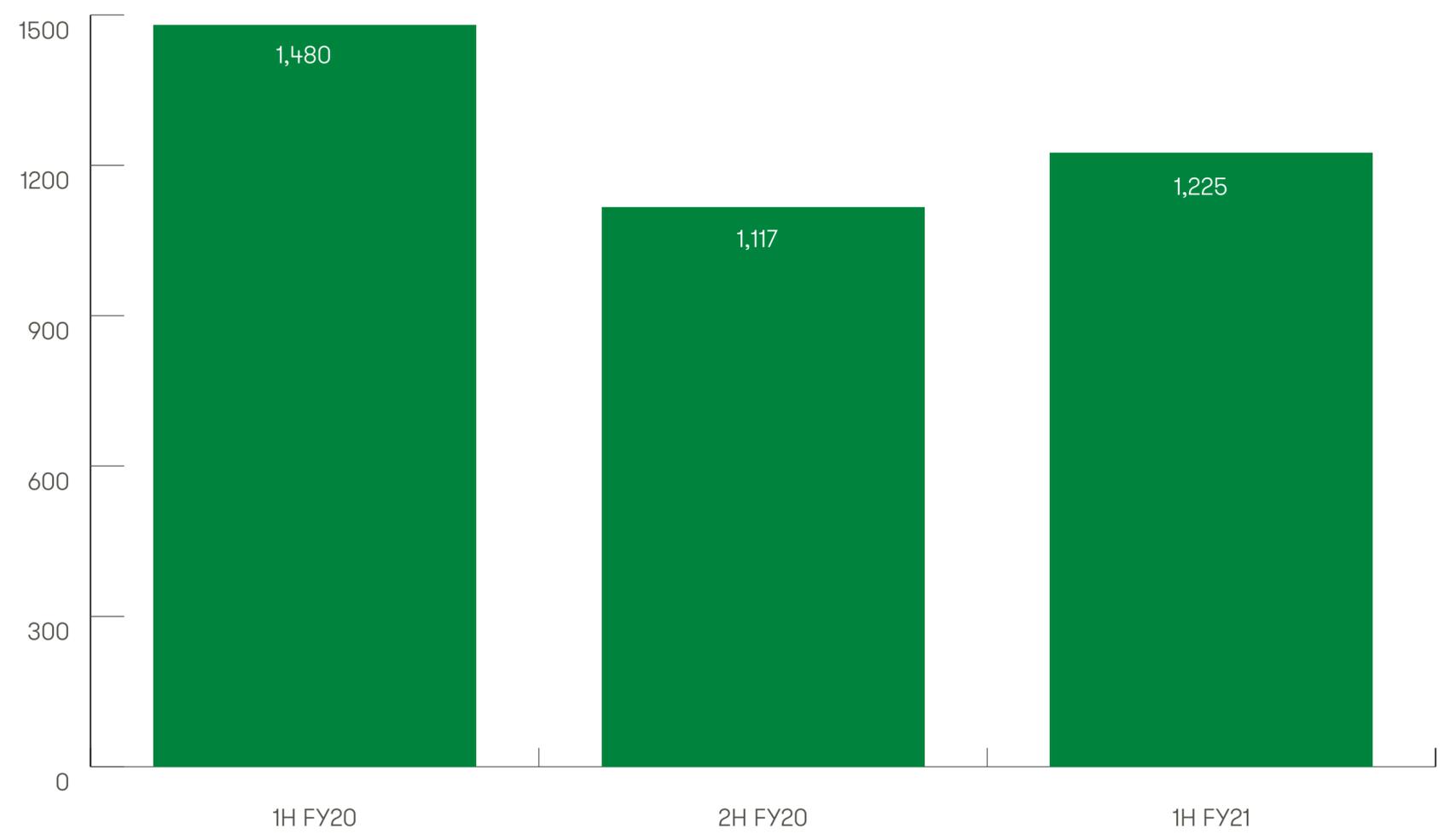
- We acquire an interest in land.
- Develop and sub-divide it.
- Then sell a mix of land and AVJennings built homes on our land.



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

# We moderated production levels during 2020 in response to the uncertainty brought on by COVID-19.

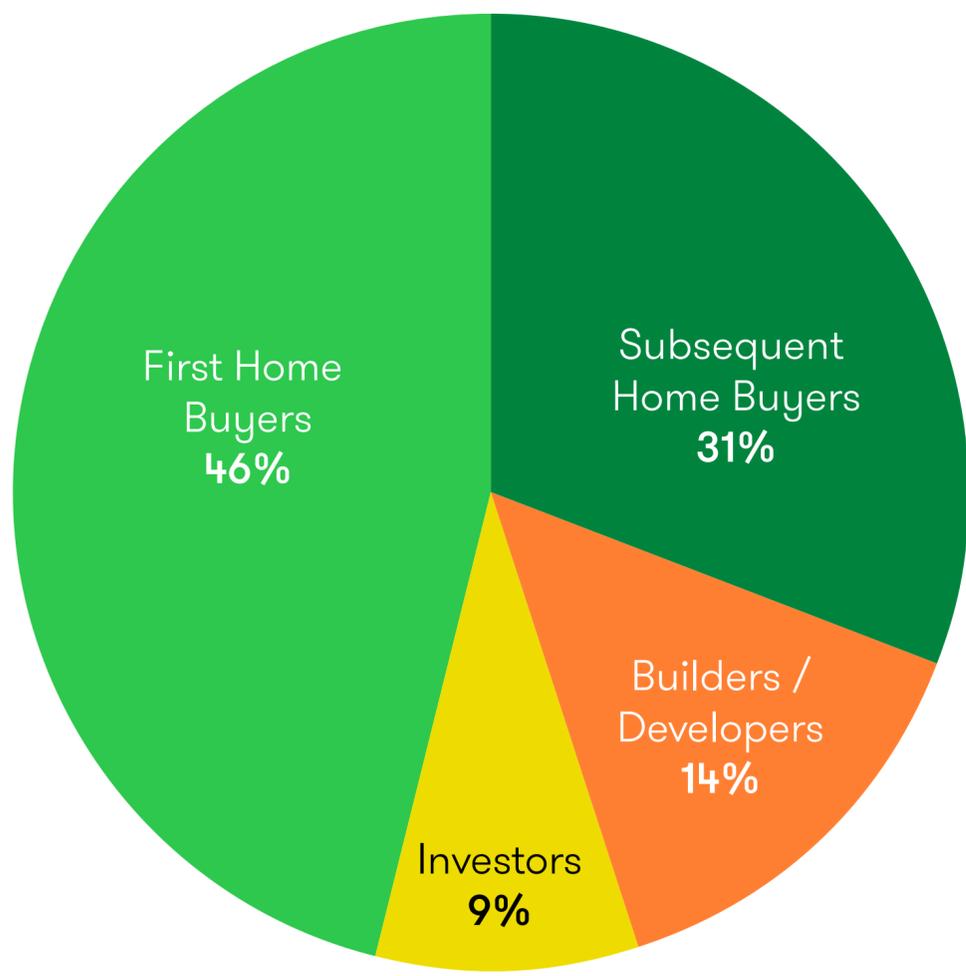
Work in Progress (Lots)



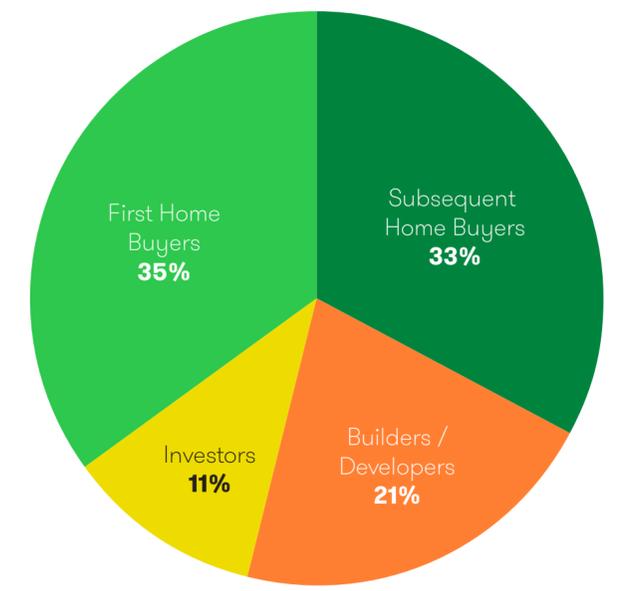
- Focus shifted to completing existing WIP and unsold completed inventory.

# Our customers are mainly owner occupiers – our focus is the traditional residential market.

1H FY21 customer segmentation.



FY20 customer segmentation.

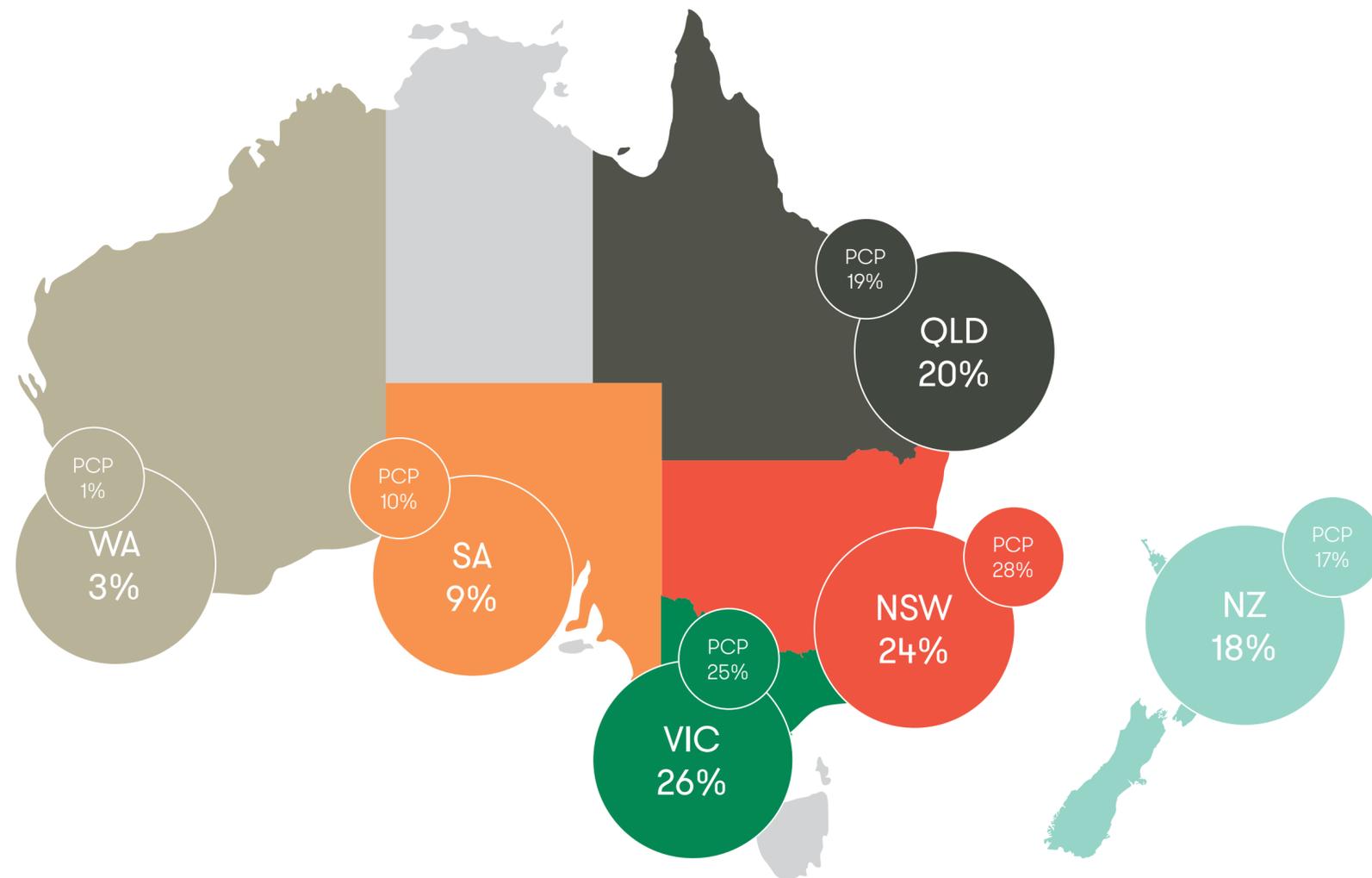


Zero foreign buyers.

AVJennings customer segmentation.

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

Diverse geographic allocation of funds employed helps mitigate market risk.



PCP = Prior corresponding period (1H FY20)

## Portfolio dynamics

- Total NFE \$567 million
- 12.7k lots in the portfolio
- Largest by lot size is Caboolture in SEQ – 3.5k lots under option
- Strong focus on horizontal development

# Review of 1H FY21.



St Clair,  
St Clair, SA

Artist Impression

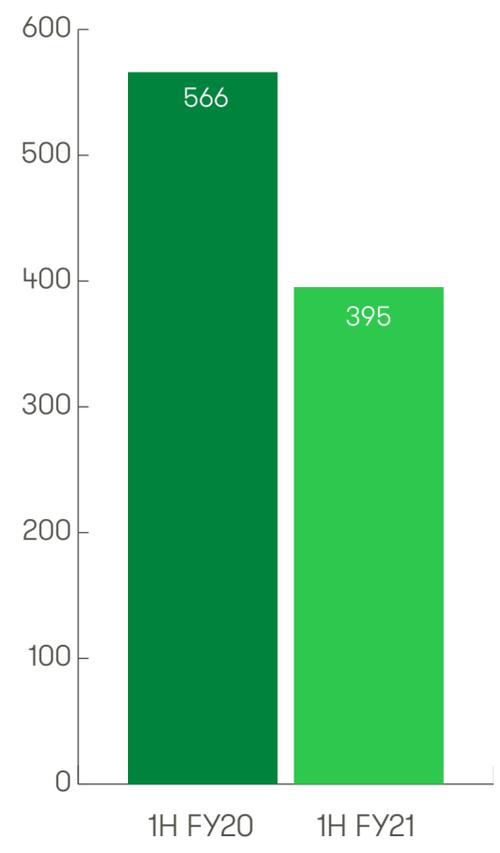


# Headline numbers.

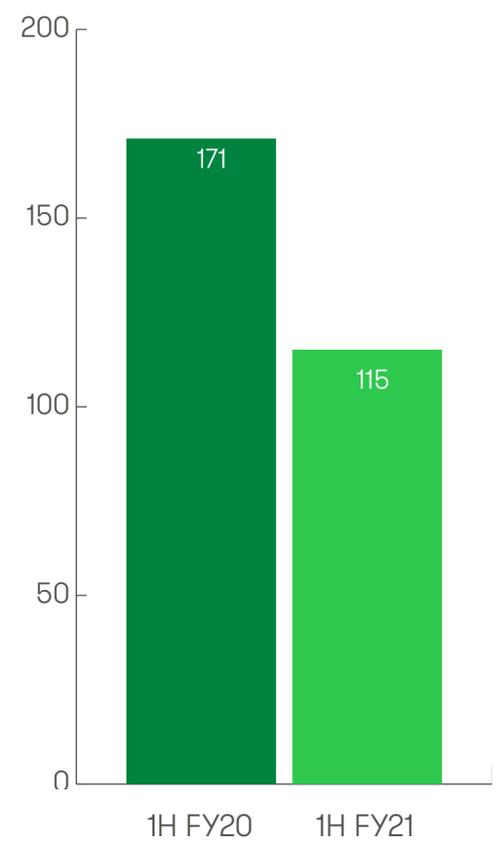
	1H FY21	1H FY20	Change
Total revenue	<b>\$114.6m</b>	\$171.4m	(33.2%)
Statutory profit before tax	<b>\$9.5m</b>	\$12.6m	(24.9%)
Statutory profit after tax	<b>\$5.5m</b>	\$8.9m	(37.7%)
Gross margins	<b>24.3%</b>	22.2%	+2.1pp
Net tangible assets (NTA)	<b>\$396.4m</b>	\$396.2m	0.1%
NTA per share	<b>\$0.98</b>	\$0.98	0.1%
EPS (cents per share)	<b>1.4</b>	2.2	(37.9%)
Dividend fully franked (cents per share)	<b>0.7</b>	1.2	(41.7%)

# Results summary.

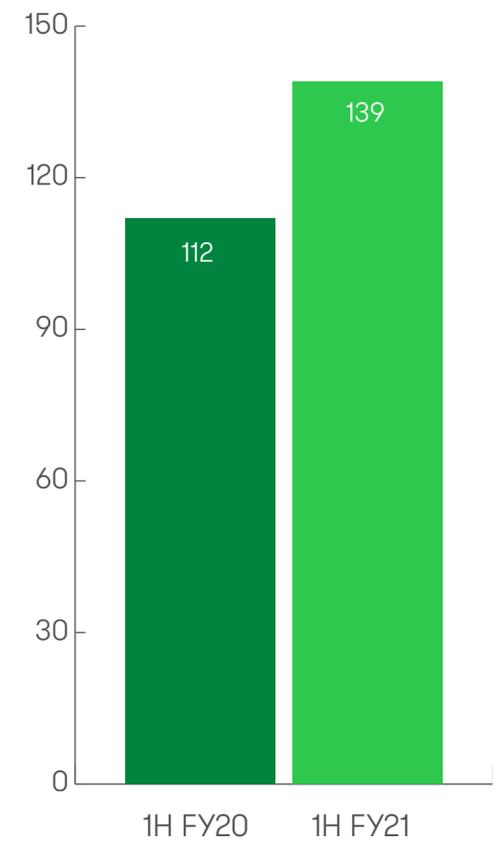
Settlements (Lots)



Revenue (\$m)



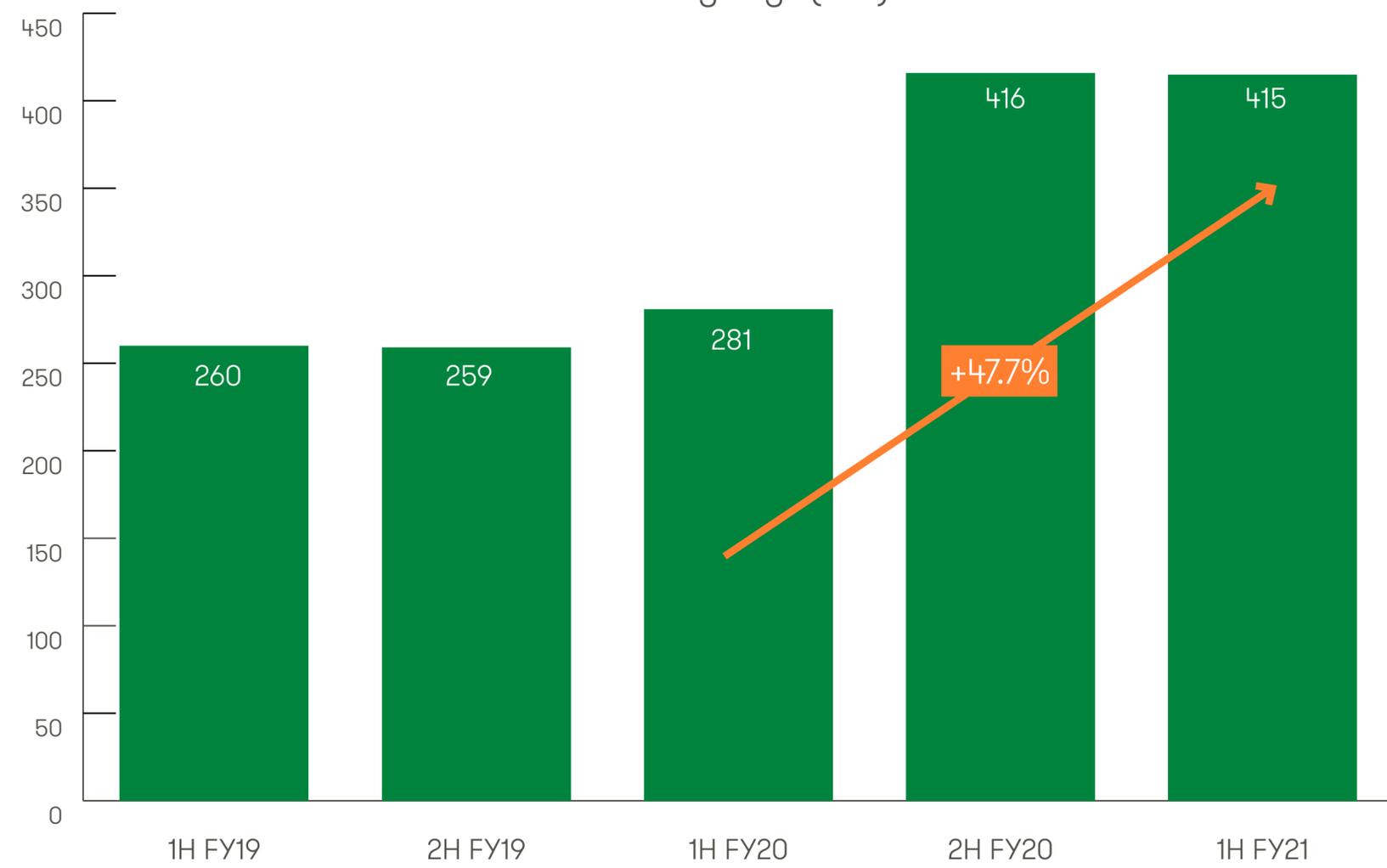
Contracts signings (\$m)



Contract signings growth exceeds revenue growth for 1H FY21, reversal of FY20 position - this is a positive indicator for future revenue growth.

# 48% growth in contracts signed provides solid platform for future earnings.

Contract Signings (Lots)



- 408 pre-sales carried over at 31 December 2020.
- 331 contracts signed at 31 December 2020 with a pre-sale value of \$121 million are expected to settle before 30th June 2021.

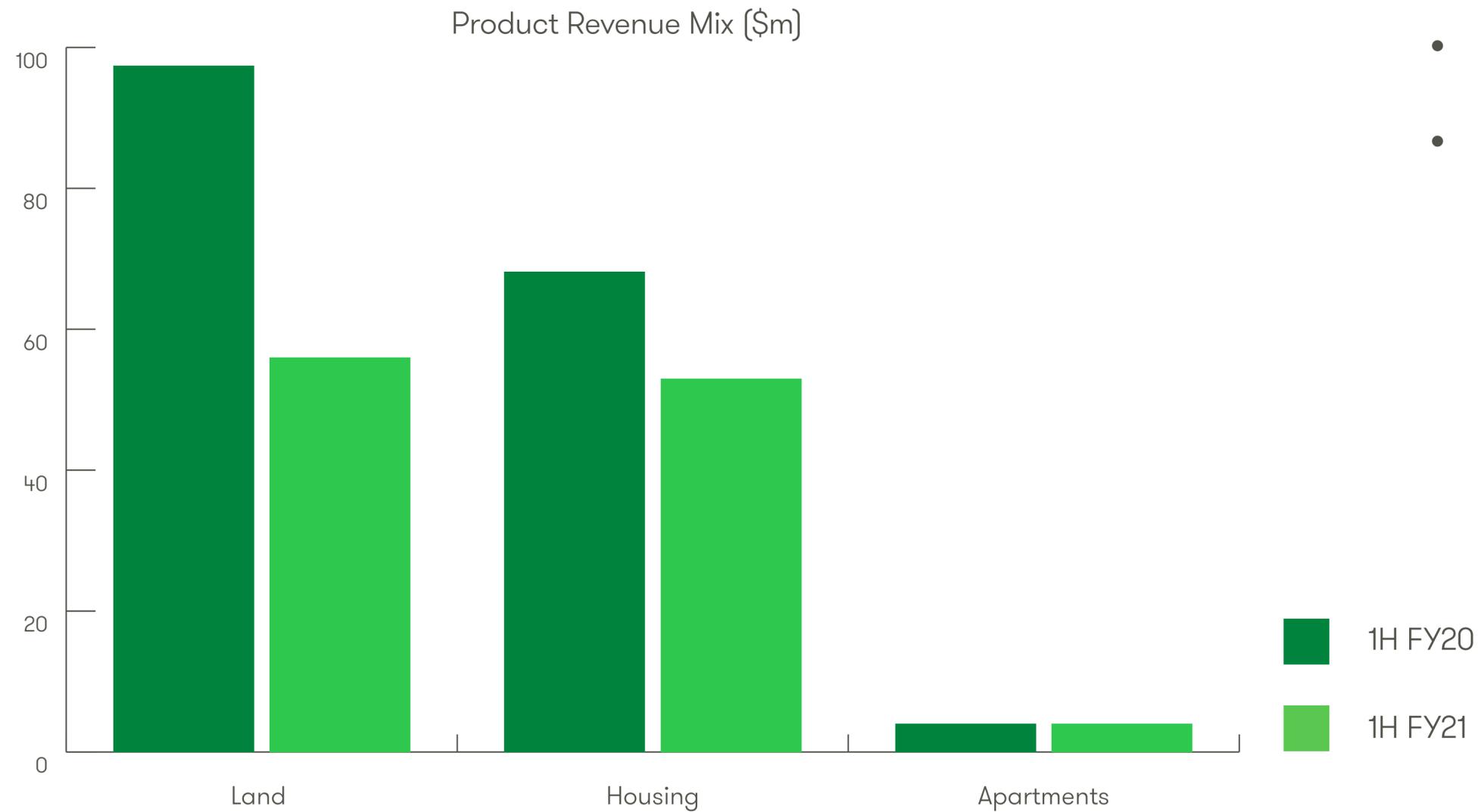
# Revenue by region.

Revenue by region (\$m)



- Total settlements down 30% to 395 lots.
- Results heavily impacted by the timing of completed projects and revenue recognition in NSW and NZ.

# Product revenue mix.



- Apartment revenue mainly 2H FY21 (Waterline Place).
- Land revenue linked to timing of projects in NSW and NZ.

# Balance Sheet.

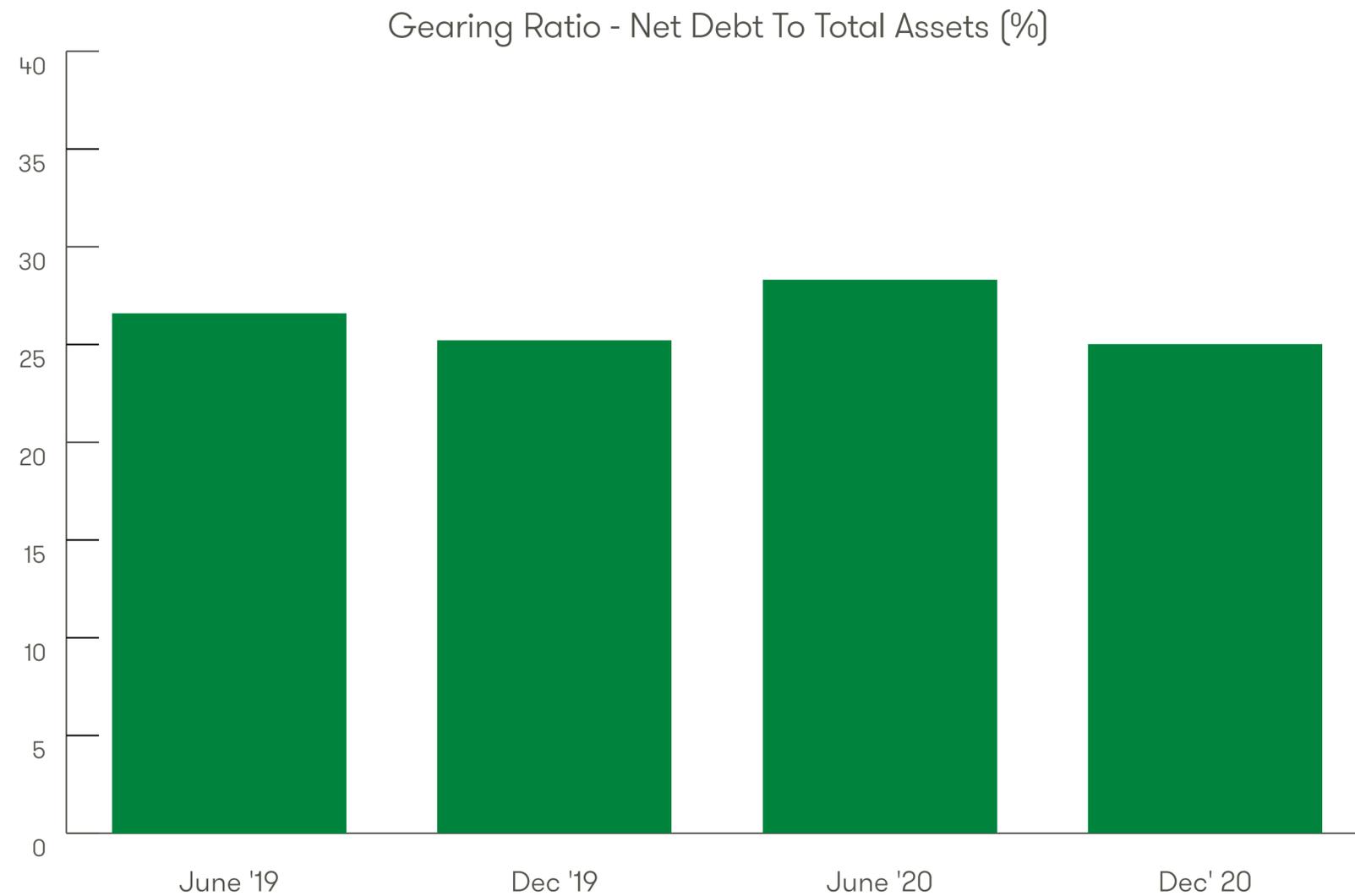
\$Millions	December 2020	June 2020
CURRENT ASSETS		
Cash and cash equivalents	9.4	5.7
Receivables	7.0	23.0
Inventories	208.2	185.4
Total Current Assets	231.1	219.5
NON-CURRENT ASSETS		
Inventories	416.9	402.0
Total Non-Current Assets	448.2	435.7
TOTAL ASSETS	679.3	655.2
CURRENT LIABILITIES		
Payables	53.5	16.5
Borrowings	30.0	-
Total Current Liabilities	90.7	24.4
NON-CURRENT LIABILITIES		
Borrowings	147.0	190.1
Total Non-Current Liabilities	189.3	237.7
TOTAL LIABILITIES	280.0	262.1
NET ASSETS	399.3	393.1



# Cash Flow Statement.

\$Millions	1H FY21	1H FY20
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	145.4	173.0
Payments to suppliers, land vendors and employees	(120.1)	(134.8)
Net cash from operating activities	17.4	25.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from investing activities	0.2	0.1
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	40.2	36.7
Repayment of borrowings	(53.3)	(57.0)
Net cash used in financing activities	(13.9)	(27.6)
NET INCREASE/(DECREASE) IN CASH HELD	3.7	(2.5)

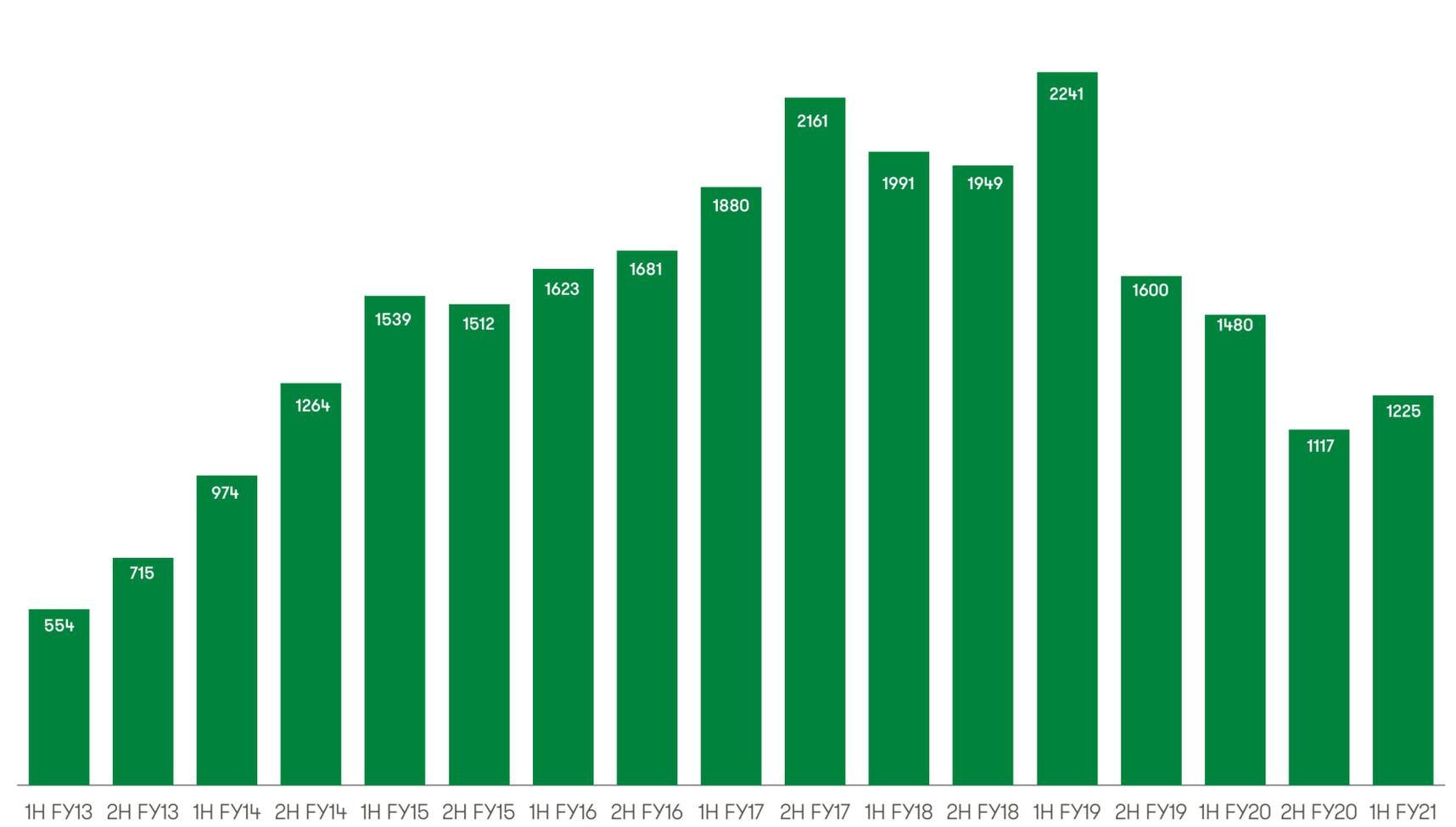
# Gearing is in the middle of our target range, providing capacity to fund growth.



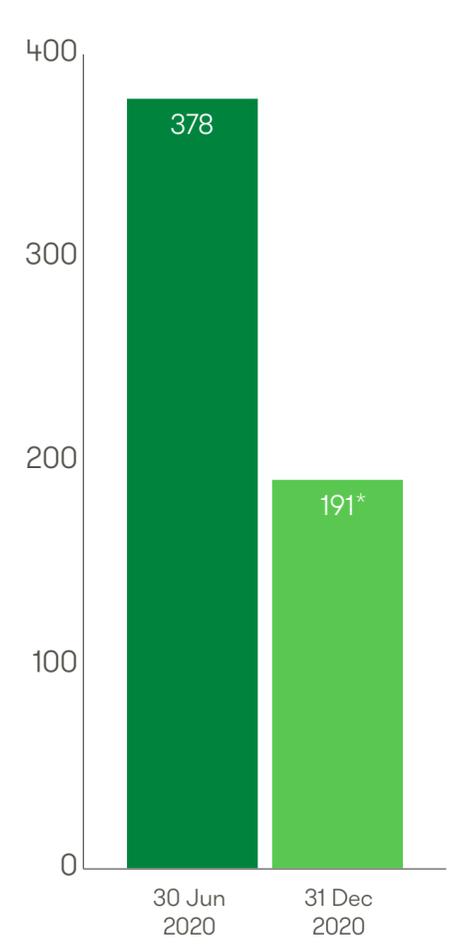
- Target range is 15% to 35% net debt to total assets.

# Work in progress and completed unsettled inventory.

Work in Progress (Lots)



Completed unsettled inventory (Lots)

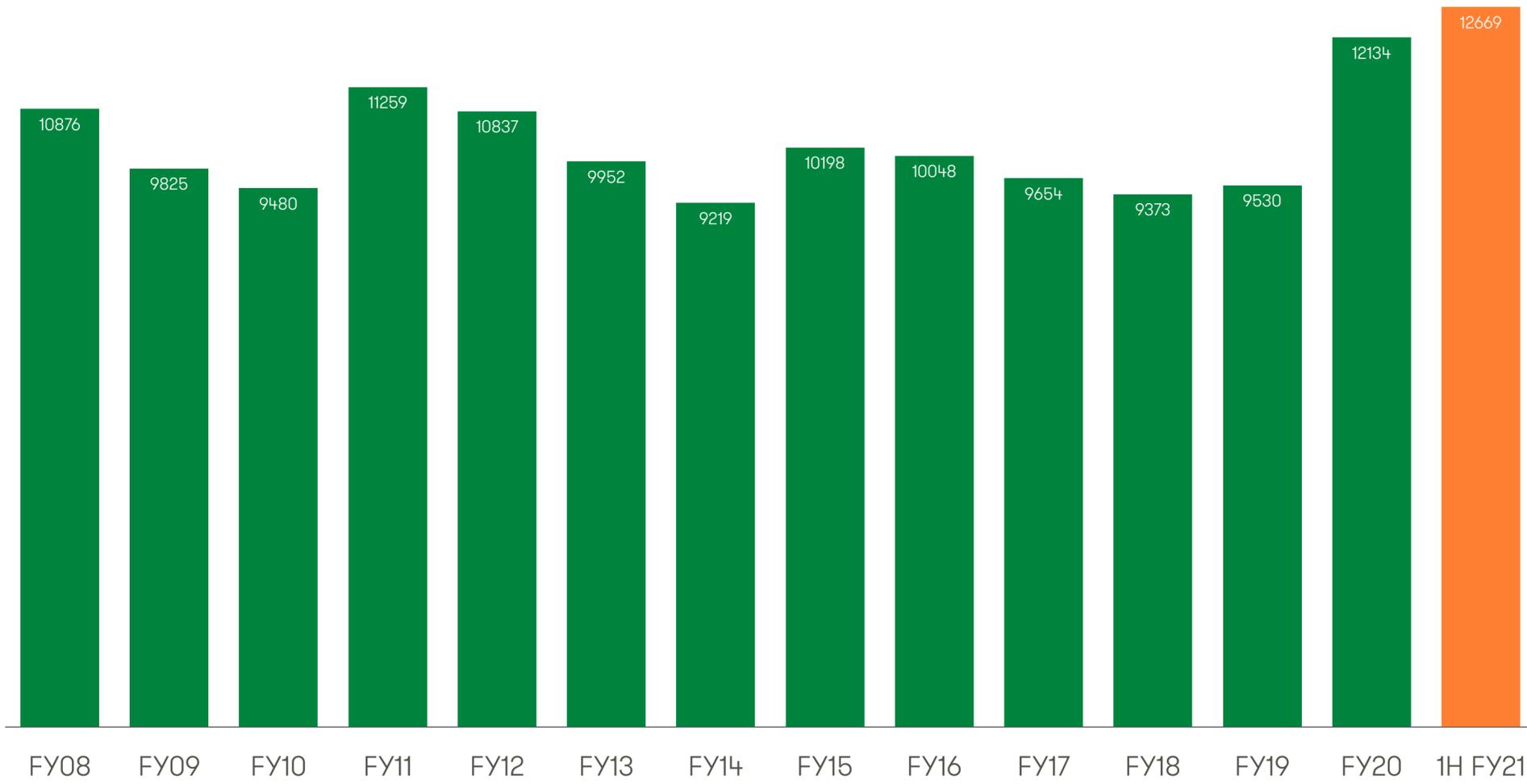


- Considerable escalation in early months of CY21
- Focus in latter part of CY21 and selling existing WIP and completed inventory.

\*Excludes WA assets which at 30 June 2020 were all treated as investments.

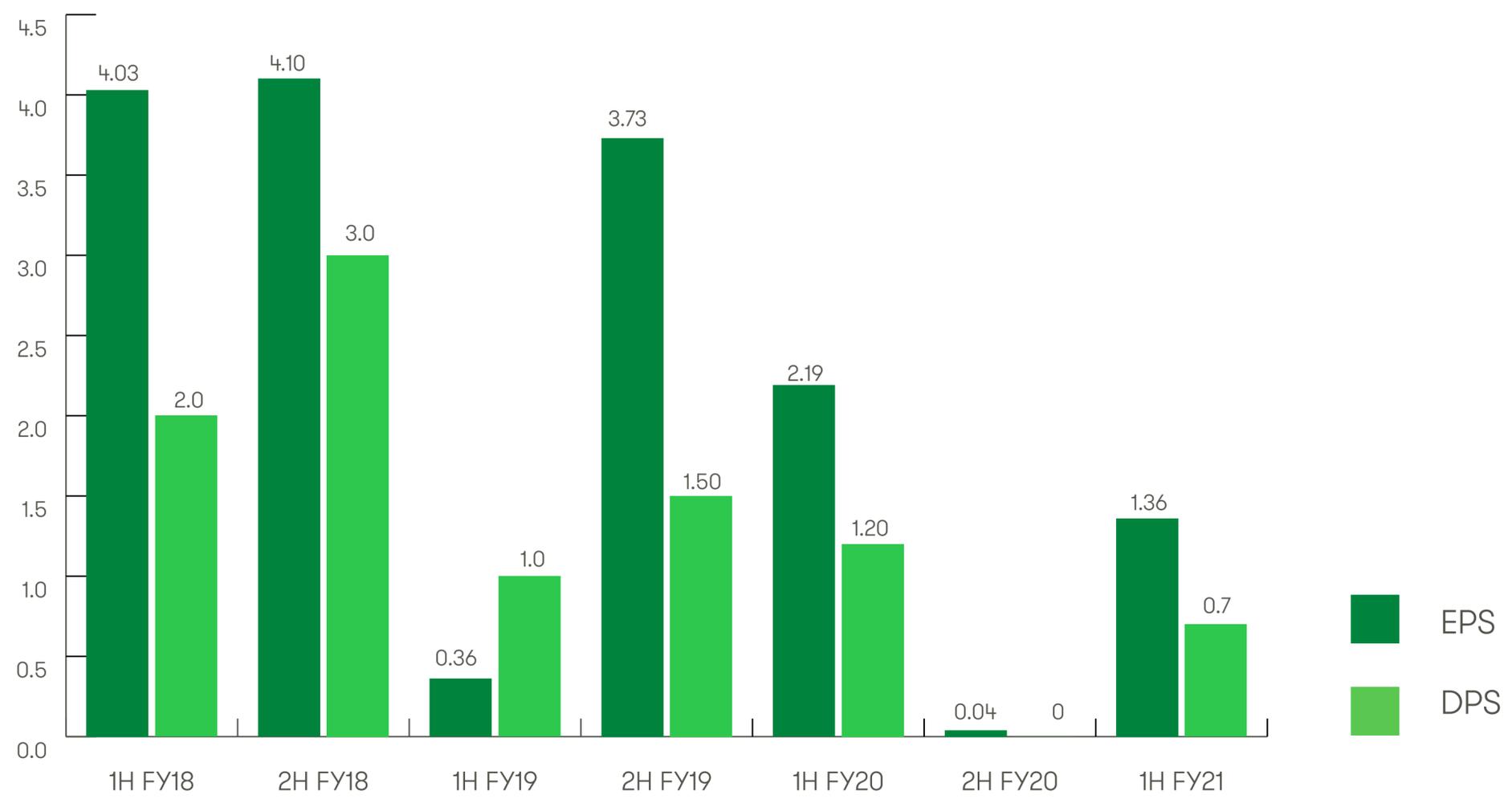
# Effective land acquisition strategy through the cycle.

Total lots controlled by AVJennings



# Dividend re-commences; linked to stronger earnings.

Earnings and Dividend History (cents per share)



# Market outlook.

- **Market was forecast to rebound strongly in CY20 (Pre-COVID-19)**
  - Backed up by sales in early part of CY20
- **COVID-19 impact**
  - After initial slump sales have continued
  - Stronger than most first thought/feared
  - But lower than forecasts pre-pandemic
- **HomeBuilder and other government support/stimulus**
  - Has been vital to encouraging existing underlying demand to continue which buying intentions
  - Has particularly stimulated first home buyers

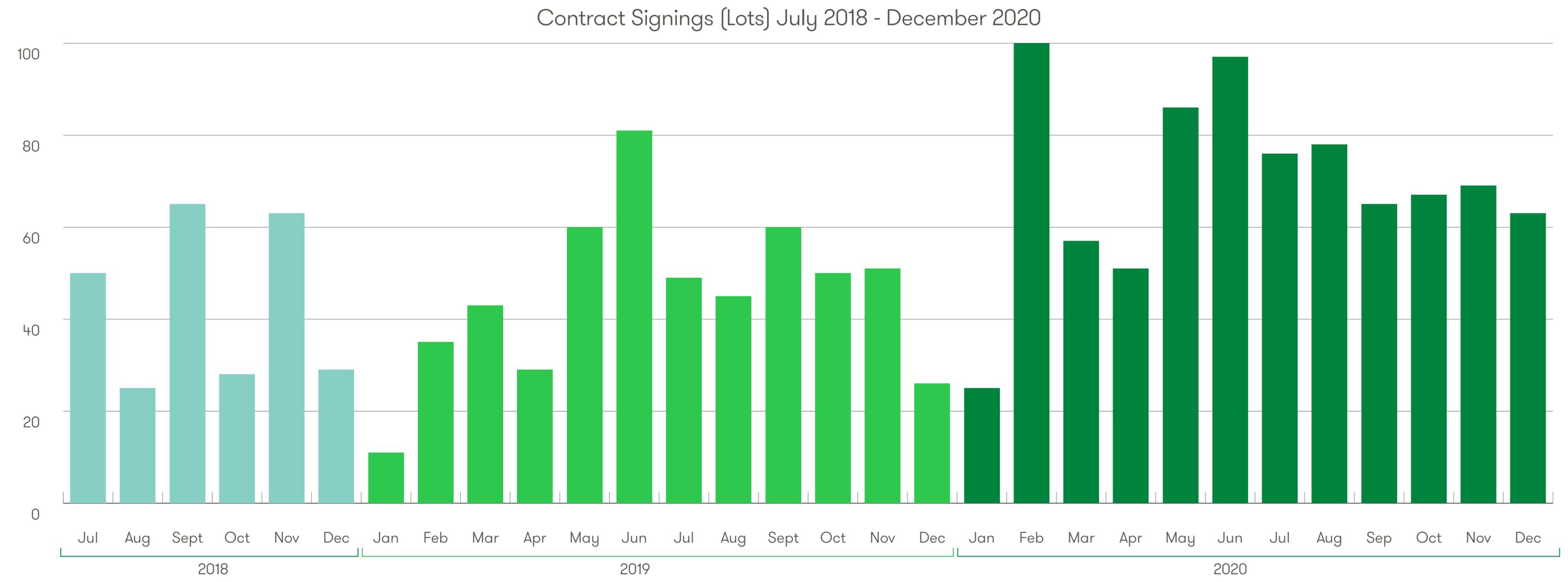


# Market outlook.

- **Post HomeBuilder**
  - Existing demand underlying the forecast market recovery pre-pandemic remains main driver
  - Supported by low levels of supply, especially of traditional housing, in recent years
- **Market will now be supported by growing confidence in:**
  - Economic recovery
  - Strongly supported by significant government budget programs
  - Second wave when tourism, entertainment and education sectors move to stronger recovery
  - Job growth/security
  - Continuing low interest rate environment
  - Confidence in less risk of future lockdowns and restrictions as vaccine program rolled out



# Sales volumes in the last 6 months highlight demand resilience in the market.



# AVJennings outlook.

- The second half of FY21 is expected to be the stronger of the two halves
  - Pre-sales of 408 were carried over from 31 December 2020, of which 331 with a contract value of \$121 million are expected to settle or be revenue-recognised in the second half.
  - Around 118 additional contracts to 23 February 2021 have so far been signed in calendar 2021. This level of sales activity and expected settlements forms a solid base for the second half of FY21.



# AVJennings outlook.

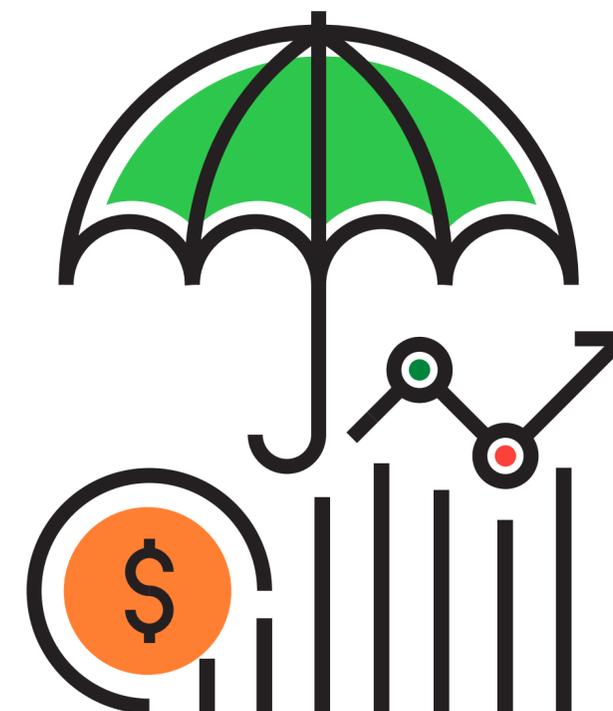
- The second half of FY21 is also forecast to see the commencement of three new projects:
  - Prosper at Kogarah in Sydney;
  - Rosella Rise at Warnervale on the NSW Central Coast; and
  - Aspect at Mernda in Melbourne's strong northern corridor.

All due to commence on-site development.



# AVJennings outlook.

- AVJennings is cautiously optimistic that the recovery will consolidate through calendar 2021, with consumer confidence returning with the support of access to low cost finance, slowly rising employment levels and the rollout of COVID-19 vaccines which are now underway in Australia and New Zealand.
- Longer term the resumption and level of immigration into Australia and New Zealand will be important drivers of activity for the sector.
- Product and customer profile well suited to post COVID-19 conditions.
- Strong financial position to support growth.



# Community and trust.



# Community engagement.

Supporting women in sport.



Commitment to recreational spaces in our communities.



Steve Waugh Foundation and Captains Ride sponsorship



Proud sponsors of



Started in 2012.

5 completed homes.

**RENEE 6**  
by AV Jennings  
Riverton, Queensland

New project in Riverton, QLD.

Raised over \$1million. throughout the partnership.

Founding Corporate partner of the foundation.

Sponsor for Captains Ride in 2018 & 2019.

# Our people.



**Employee survey.**

Honesty Positive attitude  
 Teamwork Trust Flexibility Respect Housing  
 Customer focus Loyalty Matters  
**Integrity Safety** Community  
 Building communities Matters  
 Diversity Quality Success Accountability

AVJennings

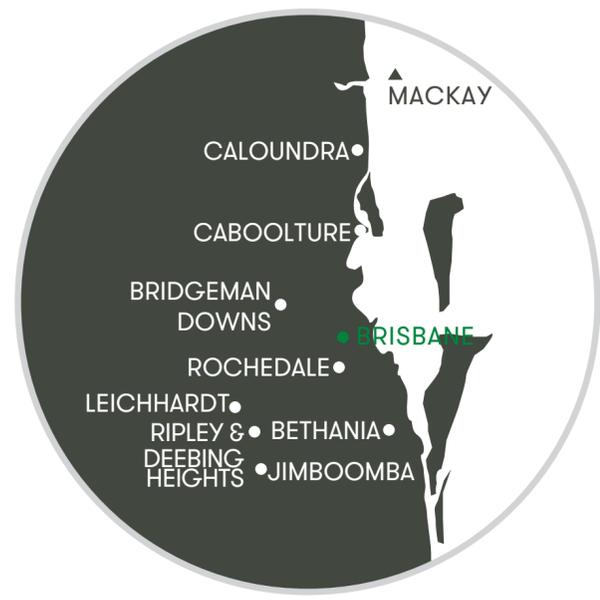
# Project pipeline update.



Creekwood,  
Meridan Plains, QLD



# Queensland business overview.



<b>NFE</b>	\$114m
<b>Total Lots</b>	5,893*
<b>1H FY21 Revenue</b>	\$34m

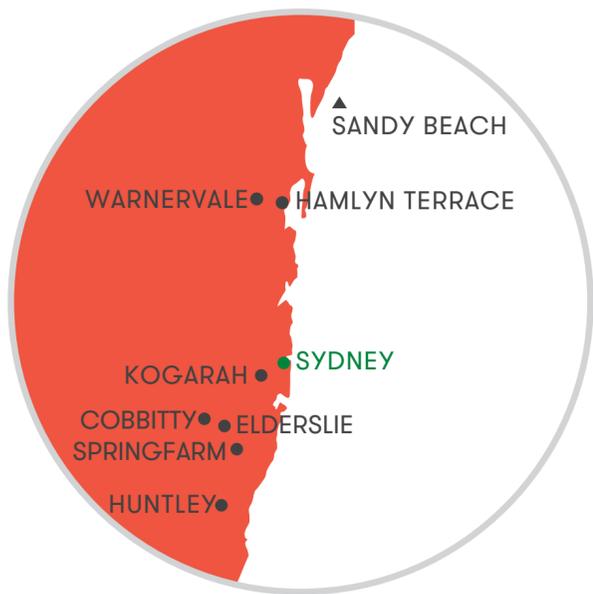
- Arbor (Rochedale) – sales and settlements for majority of the project in first half.
- Riverton (Jimboomba) – commencement of standalone housing under AVJ spec building model in stage 1 with 9 houses and a sales office under construction. Stage 2a land lots under construction.
- Cadence (Ripley) – First stages (1a & 1b) completed with settlements in first half.
- Acquisition of Ripley 3 (449 lots) secured as an extension to the Cadence project.
- Bethania project recommenced with construction after a 3 year hold.
- Creekwood project a finalist in the QLD UDIA Awards in the Environmental Excellence category.

\*Includes 3,500 at Caboolture & 449 at Ripley



Anise, Bridgeman Downs, QLD

# New South Wales business overview.



- Increase in development housing construction.
- Warnervale stage 1 commenced construction.
- Sandy Beach sold and settled its last lot.
- Acquisition of Calderwood (Shell Harbour) land parcel.

<b>NFE</b>	\$140m
<b>Total Lots</b>	1,931
<b>1H FY21 Revenue</b>	\$39m



Arcadian Grove, Cobbitty, NSW

# Victoria business overview.



<b>NFE</b>	\$151m
<b>Total Lots</b>	2,437
<b>1H FY21 Revenue</b>	\$28m

- Waterline Place
  - Liley Town homes shortlisted for Vic UDIA award for Best Medium Density Development.
  - Empress Apartments topped out with construction on track for settlements in FY21.
  - First of Bower townhomes sold.
- Lyndarum North
  - Strong sales in Q3.
  - Main park opened providing local residents a great place to play and relax during COVID lockdown periods.
- Mernda
  - Land rezoned by state government and development plan lodged for the site.
- Brunswick West
  - Development Plan lodged with DELWP for approval.
  - Works to commence in Mid 2021.

Lyndarum North Townhomes, Wollert, VIC



Artist Impression

# New Zealand business overview.



- Ara Hills at Orewa
  - Stage construction works have completed in Stage 1a, 1b and 1c. Final infrastructure works are now been completed to enable titling which will positively impact on full year results.
  - Strong sales and enquiry with limited stock now available.

NFE	\$105m
Total Lots	637
1H FY21 Revenue	\$2m

Ara Hills,  
Orewa, NZ



# South Australia business overview.



- Goolwa North and Murray Bridge
  - Works commenced on both regional projects with titles secured in Q2 after long hiatus between stages.
  - Consistent sales taking advantage of Federal Government Homebuilder stimulus.
- Eyre
  - Built form commencement on Duplex product well received by the market.
  - 2 stages of construction completed with strong sales.

<b>NFE</b>	\$51m
<b>Total Lots</b>	1,596
<b>1H FY21 Revenue</b>	\$11m



Artist Impression

# Detailed project pipeline by region.

Communities	Remaining# of Lots	Pre	FY21	FY22	FY23	FY24	FY25	Post
New South Wales	Argyle, Elderslie	114						
	Evergreen, Spring Farm (South)	38						
	Evergreen, Spring Farm (East Village)	432						
	Arcadian Hills, Cobbitty Stages 1 - 8/11	130						
	Arcadian Grove, Cobbitty	28						
	Rosella Rise, Warnervale	526						
	Evergreen, Spring Farm (Starhill)	19						
	Prosper, Kogarah (apartment project)	56						
Queensland	Huntley	194						
	Calderwood	390						
	Creekwood, Caloundra	35						
	Glenrowan, Mackay	177						
	Essington Rise, Leichardt	5						
	Parkside, Bethania	42						
	Anise, Bridgeman Downs	33						
	Arbor, Rochedale 2	24						
	Riverton, Jimboomba	1,127						
	Deebing Springs, Deebing Heights	205						
	Arbor, Rochedale 1	20						
	Cadence, Ripley	276						
	Ripley 3	449						
N.Z.	Ara Hills, Orewa	637						
Victoria	Lyndarum, Wollert	95						
	Lyndarum North, Wollert JV	1,746						
	Aspect, Mernda	231						
	Harvest Square, Brunswick	87						
	Waterline Place, Williamstown	278						
S.A.	Pathways, Murray Bridge	38						
	River Breeze, Goolwa North	93						
	St Clair	189						
	Eyre	1,276						
W.A.	Indigo China Green, Subiaco Fine China Precinct	66						
	Viridian China Green, Subiaco Fine China Precinct	10						
	The Heights Kardinya	71						
	Parkview, Ferndale	28						

Pre-delivery phase  
 Development phase  
 Project pipeline as at 31 Dec 2020.

Excludes 3,500 lots at Caboolture, Queensland

「Your  
community  
developer.