

20 May 2024

ASX Announcement

Termination of Option – Rocksberg, Caboolture, Queensland

AVJennings Limited (ASX: AVJ) (“AVJennings” or “the Company”) today announces it has terminated its Option in relation to the Rocksberg land in Caboolture, Queensland (“the Project”).

The Company has spent several years progressing the Rocksberg Development Approval (“DA”) as part of unlocking the Option with finalisation expected in late CY2024. As the DA process has progressed, material changes from the Company’s initial assumptions about what was required to deliver the Project emerged. Expected development and infrastructure costs have increased significantly since the Option was entered into and have not been matched by increases in forecast revenue. The extended length of time until meaningful returns could be expected to flow to the Company would put significantly greater pressure on the Company’s balance sheet than originally contemplated.

In line with an enhanced focus on prudent capital management, and subsequent to other options being exhausted, management worked closely with the landowner and other key stakeholders recently to negotiate a restructure of the agreement to the satisfaction of all parties.

Unfortunately, agreement has not been able to be reached prior to the next Option payment date in May 2024, and as a result the Company has decided to terminate its Option. Whilst the decision to terminate the Option was a difficult one, the Board believes it is in the best interests of the Company and its shareholders.

As a result of this decision, the Company will write off capitalised development expenses of \$17.2 million and its lots under control will reduce by 3500. There are no further obligations from the Company to the counterparty apart from assignment and delivery of relevant intellectual property rights and documentation and reimbursement of reasonable original transaction legal costs.

The funding previously earmarked for the Rocksberg project will be redeployed and will result in significant additional capital being available for the Company’s other live projects over FY25 and FY26. This will be directed to development works including more built form on existing projects and activating the existing pipeline, with the aim of expediting project returns and improvement of the Company’s ROE.

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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