

5 May 2025

AVJennings Q3 FY25 Business Update¹

Highlights for Q3 FY25

- Contract signings of 167 lots, up 25% on the PCP
- Settlement of 86 lots, up 26% on PCP and representing revenue of \$39.2m (up 8% on PCP)
- Sales conversion improved 25% on the PCP
- 958 lots WIP, up from 951 lots at 31 December 2024

AVJennings Limited (ASX: AVJ) ("AVJennings" or "the Company") is pleased to provide a business update covering the third quarter of FY25 (Q3 FY25).

Contracts Signed

During Q3 FY25, the Company recorded contract signings for 167 lots, a 25% increase on the PCP and valued at \$69.5 million. The growth was driven by a material uplift in land sales in Victoria (Lyndarum North, Aspect and Somerford) and Queensland (Deebling Springs). However, contract signings for Integrated Housing (IH) were slightly down in Q3 FY25 against the PCP. While Q3 FY25 contract signings showed growth compared to the PCP, year-to-date (YTD) contract signings for FY25 remain below FY24. The lower YTD contract signings compared to the PCP is primarily driven by ongoing slow market conditions in Victoria, where a significant portion of the Company's completed stock is available, as well as lower stock availability in Queensland where market conditions remain strong. For March YTD FY25, 395 lots have been contracted, representing a total contract value of \$170.2 million.

Settlements

During Q3 FY25, 86 lots (up 26% on the PCP) were settled at a value of \$39.2 million (up 8% on the PCP). The growth in settlement revenue relative to the growth in lots settled is driven by the tail end of capital recycling initiatives.

YTD settlement revenue increased 9% to \$170.1 million, compared with March YTD FY24. A total of 411 lots have settled YTD, representing growth of 22% in lots settled compared with March YTD FY24.

Enquiries and Sales Conversion

Enquiry levels across Australian developments were in line with Q3 FY24. While enquiries for IH were also in line with the PCP, this was not uniform across markets. There was growth in IH enquiries across New South Wales (NSW) and Queensland developments, offsetting lower IH enquiries in Victoria and SA. Enquiries for apartments in Victoria increased, driven by completed stock availability. Enquiries for land were lower in NSW and Queensland, slightly up in Victoria and stronger in South Australia.

Sales conversions improved by 25%, primarily driven by land sales. The RBA's much anticipated first cash rate cut of this cycle, in February 2025, helped to lift buyer confidence in the quarter, as seen in the improved sales conversion rates.

¹ PCP = Prior Corresponding Period, Q3 FY24

Portfolio Update – WIP

A total of 958 lots are work-in-progress (WIP), relatively in line with the 951 WIP lots at December 2024. Current activity is strongly focused on the Company's largest markets across NSW, Victoria, Queensland and New Zealand. WIP lots in these markets account for 97% of the Company's WIP value at 31 March 2025.

Scheme Implementation Deed and Dividend

As announced to the ASX on 1 April 2025, AVJennings has entered into a Scheme Implementation Deed (SID) with PM Nominees C Pty Ltd an investment vehicle of Proprium Capital Partners (Australia) Pty Ltd and AVID (comprising Bidder Cayman Hold Co, the AVID Sibling Entities and all of their respective Subsidiaries), to acquire all of the ordinary shares in AVJennings for \$0.655 cash consideration per share. The SID also permits the Board of AVJennings to, in its absolute discretion, pay and declare a special dividend of up to \$0.167 per AVJennings Share. The AVJennings Board's determination will depend upon a number of factors, including the availability of funds at the applicable time, the availability of a favourable ATO class ruling and receipt of relevant lender consents or waivers.

Management continues to work proactively with the Bidder to implement the SID and progress with the steps required under the SID, including preparation of the Scheme Booklet. Implementation of the Scheme is currently targeted for August, subject to various required approvals.

To ensure it can meet its obligations under the SID, the Company has slowed development activities on some projects.

Pro9

The Pro9 factory on the NSW Central Coast continues to manufacture Pro9 walls, supporting the efficient delivery of AVJennings' built-form housing. To date, the Pro9 JV has completed 31 homes, including the recently finished Renee 7 Home at Rosella Rise in Warnervale NSW, six double-story terraces at the Argyle project in Elderslie, NSW, and two homes at Deebling Springs, Queensland.

An additional 28 homes utilising the Pro9 walling system are currently under construction with a further 73 homes across Australia in the pipeline for future delivery subject to market conditions.

FY25 Outlook

A significant Q4 skew to FY25 earnings remains. A prolonged market recovery in Victoria, particularly for all types of built form, as well as sustained wet weather in Queensland, is putting additional pressure on FY25 settlements with revenue now expected to be below FY24. FY25 gross margin percentage has benefited from improvements in some markets and is expected to be in line with the prior year. Further interest rate cuts remain a key driver of improvements to market conditions, particularly in Victoria.

CEO Comment

AVJennings CEO & MD Mr. Phil Kearns, AM, said: "The February cash rate cut was a step in the right direction for buyers and we look forward to seeing increased activity as a result. We've witnessed another solid quarter, with encouraging progress across the business. Pro9 continues to offer a point of differentiation in AVJ's built form, with more completed homes delivered and a healthy pipeline of homes underway that will support future growth.

Pleasingly, AVID's proposal has progressed to a firm offer providing shareholders with certainty of value at a substantial premium to historical trading benchmarks and a precedent Australian real estate transaction.

It's good to see there is support for residential housing supply observed across all levels of government with acknowledgement, to varying degrees, of the pressing issues of infrastructure, housing affordability, population growth and lack of housing supply. We expect the federal election result to deliver a positive outcome for the industry."

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

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