

ASX/Media Release

22 June 2023

Transaction and Market Update

AVJennings Limited (ASX: AVJ or the Company) is pleased to announce it recently entered into a Joint Venture with Pro9 Global Limited (Pro9 Global) to utilise Pro9 Global's technology to manufacture the highly durable and energy efficient Pro9 walling system (Pro9 walls) in Australia.

Once the Australian manufacturing facility is established, the Joint Venture will be capable of producing over 1000 homes annually on the basis of a single shift. Multiple shifts will enable production capacity to be further increased to at least 2000 homes annually.

The Pro9 walls combine a strong, galvanised steel frame with a dense foam insulation core that reduces energy usage and thus, energy costs significantly for purchasers as well as increasing thermal comfort. Dwellings built with Pro9 walls can readily achieve the forthcoming NCC standard of a 7-star NatHERS energy rating without further modification. Combining the Pro9 walls with their factory installed double glazed windows results in an even higher rating of a minimum of 8 stars out of 10, with a 9.4 rating already obtained on two AVJennings homes in Queensland. The NatHERS energy ratings achieved utilising the Pro9 walls are considerably better than those typically achieved in homes constructed utilising traditional stick-built methods, where 6 stars is the current standard. In addition to energy efficiency, the Pro9 walls cannot rot, warp or be eaten by termites, and are highly fire-resistant due to the construction materials used.

Once an Australian manufacturing facility is operational, the Pro9 walls will be able to be delivered to site and erected in a few days. This will bring considerable time saving to achieve lock-up stage, increased certainty of delivery, and higher quality to the home-building process.

The AVJennings Pro9 homes, called the Stellar Collection, will be built this year at Aspect in Mernda Victoria, Lyndarum North at Wollert Victoria, and Argyle at Elderslie in NSW. A pipeline of Stellar Collection homes is planned for calendar 2024 in AVJennings communities across the country.

The Joint Venture with Pro9 Global will give AVJennings both access to this transformative product as well as the benefit of financial exposure to a growing business that addresses the growing challenges facing the Australian construction industry.

AVJennings CEO Mr Phil Kearns said: "If the building industry is serious about reducing carbon emissions and creating a more sustainable future, then energy efficient housing has to be at the heart of the solution."

Financial Year-End Update

Market conditions remain challenging with the ongoing increases in interest rates continuing to dampen buyer interest in the new housing market. Sales levels have generally been consistent over the past few months, albeit at a muted level due to the macro environment factors previously noted, with demand for completed, built-form homes growing in response to AVJennings' unique turnkey offering. We continue to see good conversion levels as leads are primarily comprised of buyers with strong purchasing intent, noting the time to exchange continues to be protracted.

Given the sustained challenging market conditions, the Company continues to be prudent in the deployment of capital, including suspension of the share buy-back as well as paring back production in response to slowing demand while ensuring we can respond quickly to the eventual market recovery. The Company remains watchful on potential land acquisitions which complement capital efficient structures in line with strategic objectives.

This announcement was authorised for release to the market by the Board of Directors of AVJennings Limited.

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