Annual Report 2023

AVJennings Limited
ABN 44 004 327 771

Housing matters. Community matters.

Creating communities for over 90 years that people love to call home.

Waterline Place,
Williamstown, VIC

Contents.

Chairman's Report.

Dear fellow shareholders,

FY2023 has been characterized by a rapid rise in interest rates, supply chain disruptions and global inflation. Despite these headwinds, I am delighted to share that our business has shown remarkable resilience and progress while navigating through difficult market conditions.

We achieved strong revenue and net profit growth and improved our gross margins. During the year, we declared an interim dividend of 1.1 cents but not a final dividend. This decision was prudently made with consideration of the current trading conditions and forward market uncertainty. It also demonstrates our commitment to the long-term stability and growth of the Company on which the Board and management is fully focused.

AVJennings has long recognised the importance of sustainable practices and initiatives in the housing industry. After several years of collaboration, the Company has entered into a Joint Venture with Pro9 Global (Pro9) to manufacture its highly durable and energy-efficient Pro9 walling systems in Australia, demonstrating our commitment to build not just homes but thriving and harmonious communities that contribute to a sustainable future. The use of prefabricated walls significantly reduces construction time and improves quality to the homebuilding process. Furthermore, the Pro9 walling system improves the energy efficiency of homes.

'Community Matters' is part of the AVJennings ethos and something that we are proud of. Over the past three years, our contributions and support for community has doubled. We continue our long-term commitment to the Steve Waugh Foundation and are in our second year of supporting the Humpty Dumpty Foundation. Additionally, our Community Grants program, supports various local charitable organisations where AVJennings' communities are based.

During the year, the Company introduced Shanna Souter as the new Chief Financial Officer. With the combined experience, efforts and commitment of Phil and the management team, we are confident that the Company is well placed for the year ahead.

"'Community Matters' is part of the AVJennings ethos and something that we are proud of."

Pro9 walling system installation, Riverton, Jimboomba, QLD"


Planned Stellar Collection (Pro9) Townhomes, Lyndarum North, Wollert, VIC

Despite the ongoing risks presented by rising interest rates and inflationary pressures, our optimism for the business is unwavering. This confidence is underpinned by the ongoing scarcity of affordable housing (forecast by the National Housing Finance and Investment Corporation to be 175,000 homes by 2027), high levels of immigration and overall growth in population, which undoubtedly presents a significant opportunity for AVJennings.

Looking ahead, we are well-prepared to embrace future challenges and capitalise on emerging opportunities. We are committed to driving innovation and exploring new technologies to enhance our offerings and improve operational efficiencies. Our focus on sustainable practices and environmentally responsible construction will continue to be a cornerstone of our business strategy.

Finally, I would like to thank all our customers, shareholders, financiers, partners and advisors for your continued trust and support in AVJennings and my fellow Directors, management and employees for your diligent effort and commitment to the Company.

Simon Cheong
Chairman

Chief Executive Officer's Report.

I am proud to present the Annual Report for AVJennings for the year ended 30 June 2023 (FY23), showcasing a year of significant achievement and progress despite challenging market conditions. FY23 was also marked by progress on a number of strategic initiatives.

In FY23, AVJennings demonstrated a positive financial performance, delivering revenue of $274 million, a 23% increase over the previous year. This was driven largely by a 20% increase in settlement volumes with 732 lots settled during the year. Land settlements were a substantial contributor to the 36% increase in gross margin to $87 million and a 2.9% lift in gross margins, bringing it to 31.7%. Pleasingly, the Company recorded a Profit Before Tax of $30.8 million and earnings per share of 5.2 cents, an increase of 72% and 63% respectively.

Strong demand for AVJennings' land offering was seen as the impact of the previous year's sales, driven by HomeBuilder stimulus, settled. Lyndarum North (VIC), Riverton (QLD), Ara Hills (NZ), Cadence (QLD) and Aspect (VIC) were the key project contributors to settlements.

Throughout FY23, we maintained a prudent approach to capital deployment. Due to forward market uncertainty, we did not declare a final FY23 dividend and suspended the share buyback in June 2023. We continue to be diligent in relation to capital management and our current capital management initiatives will remain under review so long as the forward market outlook is highly uncertain.

More recently, we are seeing a shift in customer preference towards integrated housing as customers favor the peace of mind, quality and delivery certainty provided by our AVJ Turnkey homes. To meet this shift, we have adjusted our Work In Progress (WIP) mix more towards built-form housing. At the end of FY23, 62% of our WIP portfolio related to built-form product, representing a significant increase from 50% in FY22.

AVJennings retains a robust and geographically diversified land bank for future growth. As at 30 June 2023, we have a pipeline of 14,094 lots under control, an 11% increase on FY22 following some restocking of the project pipeline in the first half in southwest Sydney in NSW and in southeast Queensland. More recently and in response to market uncertainty and ongoing price expectations, we have reduced our acquisition efforts until buying conditions become more favorable, aligning with our focus on disciplined capital management.

Our commitment to sustainability and environmental responsibility was strengthened with the creation of a Joint Venture (JV) with Pro9. Pro9's advanced technology delivers a highly durable, energy-efficient walling system and with the establishment of the JV, it will be produced in Australia for the first time. This investment is well aligned with our goal of providing more environmentally sustainable housing solutions to our customers and proactively responding to increasing customer demands in this space. The 9.4 NatHERS rating recently achieved in Queensland with the Pro9 system will deliver significant benefits to our customers.

The AVJennings Pro9 homes, called the Stellar Collection, have initially been constructed in New South Wales and Queensland with a pipeline of homes planned for 2024 across more AVJennings communities in Queensland, New South Wales and Victoria.

"AVJennings continues to meet the challenges confronting the Australian housing and construction industry head on."

In the middle of unprecedented interest rate rises, our integrated business model allows us to swiftly adapt to current market conditions. Only 11% of our portfolio was under active construction in FY23 compared to 15% in FY22. Sales contracts signed in FY23 substantially declined, at $155 million (348 lots) compared to $305 million in FY22, off the back of low consumer confidence. As we head in to FY24, 321 lots are presold at a value of $132 million. Enquiry levels are consistent with our historical averages, suggesting a backlog of demand to come through as consumer confidence improves.

Riverton, Jimboomba, QLD

During the year, I was delighted to appoint Shanna Souter as the new Chief Financial Officer. Prior to joining AVJennings, Shanna dedicated 11 years to Mirvac, where she held senior positions in Finance and Operations. With Shanna's proven track record and profound understanding of the industry, the Board and I believe that Shanna's expertise will be immensely valuable to the Company.

AVJennings continues to meet the challenges confronting the Australian housing and construction industry head on. We are confident about the medium-term prospects for the residential housing sector driven by the growing structural imbalance between population growth and housing supply. Our ability to respond to these prospects presents promising opportunities for the future.

As we move forward, AVJennings will continue to focus on prudent capital deployment and optimising our product mix, with a shift towards built-form offerings in response to customer demand. Our commitment to sustainable practices will persist, and we are excited about the opportunities presented by our JV with Pro9 to manufacture more energy-efficient homes.

In conclusion, I want to express my gratitude to our customers, contractors, employees, and the Board for their untiring commitment to AVJennings. We have operated in Australia for over 90 years, and our resilience, adaptability, and determination continue to be the driving force behind our success. As market conditions improve, we will be well-positioned to continue to improve on our returns for our valued shareholders.

Philip Kearns, AM
Chief Executive Officer

2023 Highlights.

Delivering strong results in a challenging year

31.7%
Gross Margin
↑ 3 percentage points

$30.8m
Profit before tax
↑ 72% PCP

732
Lots settled
↑ 20% PCP

$274m
Revenue
↑ 23% PCP

5.2c
EPS
↑ 63% PCP

$582m
NFE
↑ 13% PCP

14,094
Lots in pipeline
↑ 11% PCP

$155m
Contract signings
↓ 49% PCP

PCP = Prior Corresponding Period

Aspect, Mernda, VIC (Streetscape, Home Renders)

Who We Are.

Creating communities for over 90 years that people love to call home

We have been building the great Australian dream since 1932. Today we are a leading residential property development company operating across Australia and New Zealand with up to 30 geographically diverse projects in progress, across master-planned residential communities to apartments and integrated housing developments across greenfield and infill sites.

AVJennings remains one of the most recognised and trusted names in property. Our reputation has been built on quality, affordability, meticulous design and connectivity for our customers, whilst operating in a socially and environmentally responsible manner.

Our vision is to create a lasting, positive legacy in everything that we do.

Our strategy

Developing communities for a sustainable future

Flexible Product Offering	Modernising Our Foundations	Building Annuity Income
Land Built-form Housing Low/Mid-rise Apartments	Systems Capital People	Pro9 Development Services Land Lease

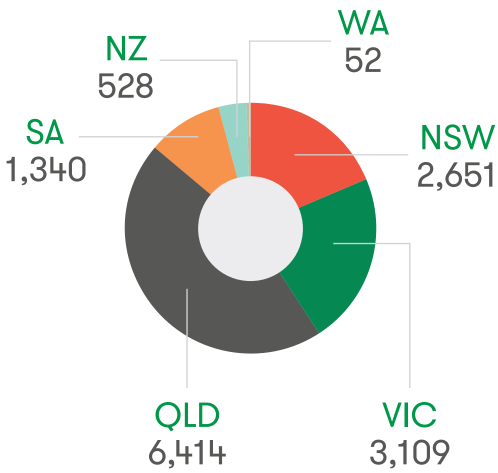
Improve Return on Equity (ROE)

Disciplined Capital Management

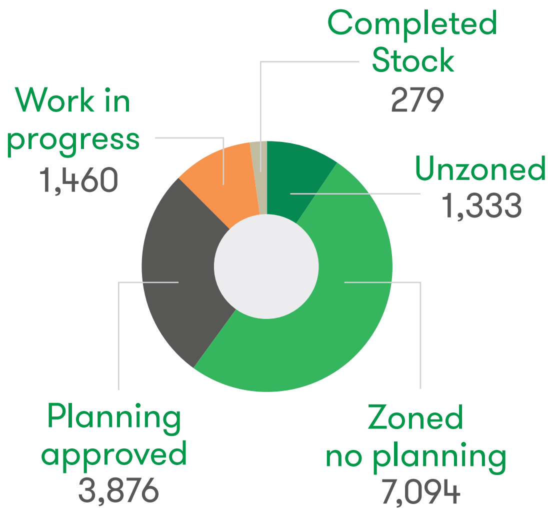
Property Portfolio.

14,094 Pipeline Lots

By region



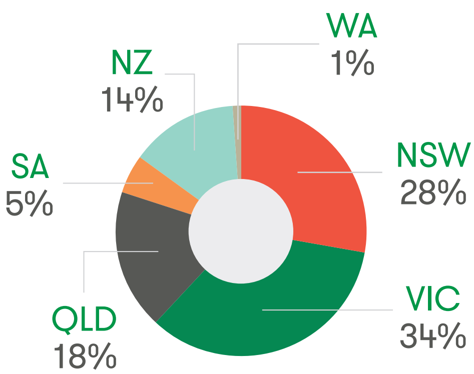
By development status*



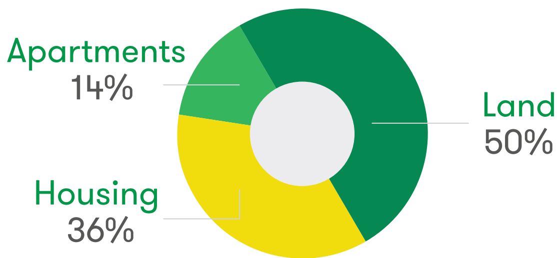
* Does not include 52 lots under project management in WA.

Total Net Funds Employed (NFE)

By region



By product type

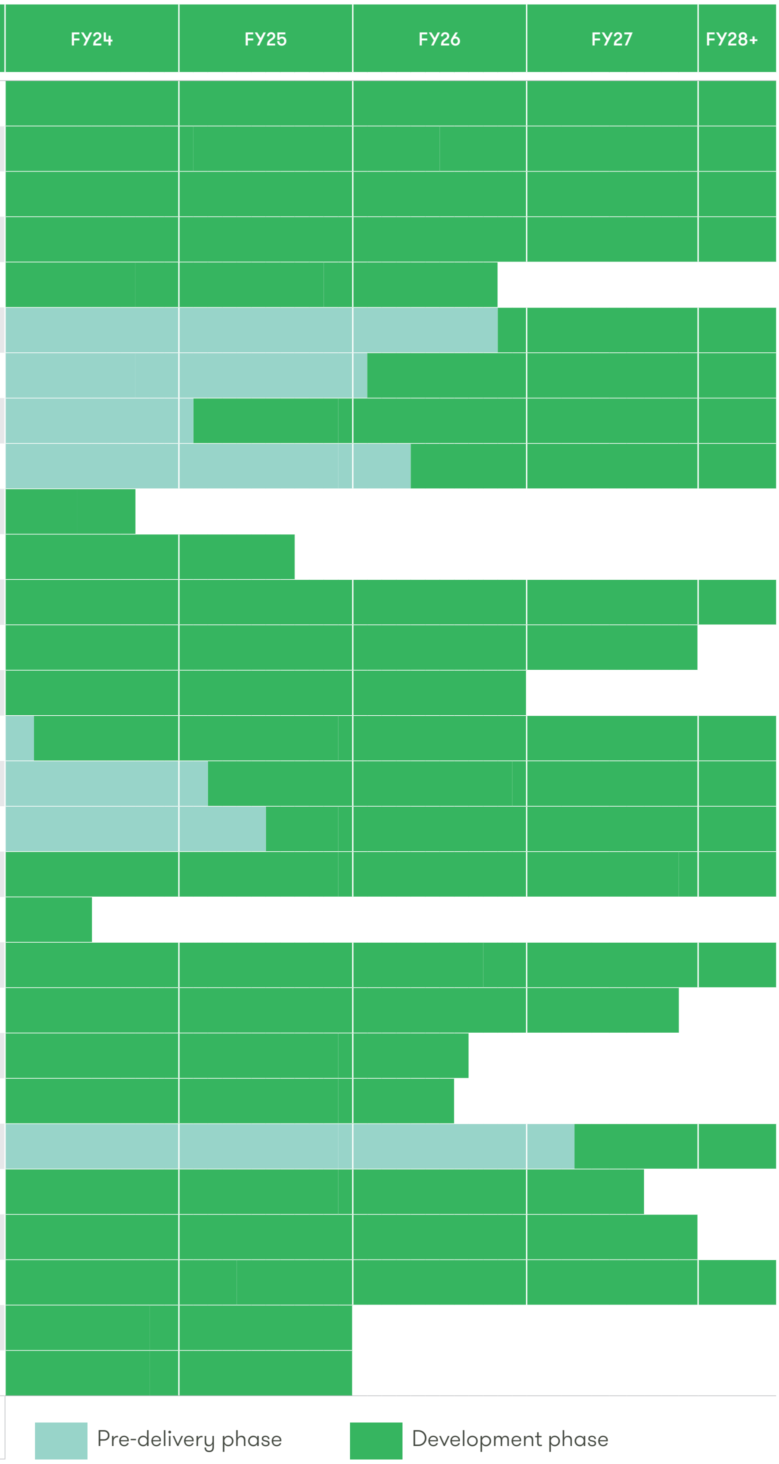


Total NFE up 13% YOY to $582m

Project Pipeline.[1]

At 30 June 2023

Region	Communities	Remaining no. of lots	Product Type
NEW SOUTH WALES	Argyle, Elderslie	92	L,IH
	Evergreen, Spring Farm (East Village)	351	L,IH
	Arcadian Hills, Cobbitty	40	IH
	Rosella Rise, Warnervale	483	L,IH
	Prosper, Kogarah	56	APT
	Huntley	194	L,IH
	Calderwood	390	L
	Mundamia	308	L
	Macarthur	725	APT
QUEENSLAND	Glenrowan, Mackay	177	L
	Arbor, Rochedale	17	IH
	Riverton, Jimboomba	910	L,IH
	Deebing Springs, Deebing Heights	205	L
	Cadence, Ripley	126	L,IH
	Cadence 2, Ripley	333	L
	Rocksberg, Caboolture	3,500	L
	Kerry Rd, Beaudesert	1,146	L
NZ	Ara Hills, Orewa	528	L
VICTORIA	Lyndarum, Wollert	82	L,IH
	Lyndarum North, Wollert JV	1,409	L,IH
	Aspect, Mernda	184	L,IH
	Harvest Square, Brunswick West	87	IH, APT
	Waterline Place, Williamstown	184	IH, APT
	Clyde	942	L
	Somerford, Clyde North	221	L,IH
SA	St Clair	124	L
	Eyre, Penfield	1,212	L,IH
WA	Various	52	APT, IH
Other	Various	16	L
	Total lots under control	**14,094**	



Product type: L = Land, IH = Integrated Housing, APT = Apartments

1. Does not include pipeline lots dependent on planning outcomes.

Our Communities.

New South Wales

Rosella Rise, Warnervale

- The first land and development housing settlements of the project occurred during the year.

Cobbitty

- Arcadian Grove completed during FY23.

Argyle, Elderslie

- Civil works commenced for the final project stages. Two-storey terrace product to be brought to market shortly.

Prosper, Kogarah

- Groundbreaking ceremony held March 23 with excavation works underway.

Evergreen, Spring Farm

- Two Stellar Collection homes delivered to customers.

Rosella Rise, Warnervale

Victoria

Waterline Place, Williamstown

- Construction of the last apartment stage progressing well.

Somerford, Clyde North

- Project launched to market.
- Civil works underway for the first stage.

Harvest Square, Brunswick West

- All three apartment buildings achieved topping out stage.

Lyndarum North, Wollert

- Delivered the first built-form housing within the project.

Aspect, Mernda

- First stages completed with residents moving in.
- Construction of five Stellar Collection homes underway.


Aspect, Mernda, VIC (Home Render)

Arbor, Rochedale

Queensland

Riverton, Jimboomba

- Delivered the first two Stellar Collection (Pro9) homes.

Cadence, Ripley

- Opened the project's entry park, Symphony, to the local community.

Arbor, Rochedale

- Settled the first stage of townhomes, welcoming 21 families to the community.

Deebing Springs, Deebing Heights

- Commenced works on the project's first stages.

Eyre, Penfield (Brittlewood, Home Render)

South Australia

Eyre, Penfield

- No completed unsold stock available.
- Progressing planning approvals for subsequent stages.

St Clair, St Clair

- Civil construction complete.
- Balance of site to be sold as medium-density sites.

Murray Bridge / Goolwa North

- Project on track for FY24 completion.

Ara Hills, Orewa

New Zealand

Ara Hills, Orewa

- Civil construction complete for Stage 3a (89 lots) with civil works commenced on the next stage of 136 lots.
- Held our first community event with over 80 residents.

Corporate Governance.

At AVJennings, we recognise that a good corporate governance framework is vital to support a culture that values integrity, respect and ethical behaviour. Our approach to corporate governance is based on a set of values and behaviours that underpin our day-to-day activities, and are designed to promote transparency, fair dealing and the protection of stakeholder interests, including our customers, our shareholders, our employees and our communities. It includes aspiring to the highest standards of corporate governance, which we see as fundamental to the long-term sustainability and on-going success of our business.

The AVJennings Board

The Board is responsible for AVJennings' continued prosperity by setting its strategic direction, approving and monitoring implementation of strategic plans and initiatives, assessing potential risks and opportunities related to AVJennings' strategic objectives, directing its affairs, setting its governance framework and monitoring compliance and performance, whilst also meeting the interests and expectations of its shareholders and other relevant stakeholders. It is responsible for identifying areas of significant business risk and ensuring adequate frameworks are in place to manage those risks. The Board Charter, which sets out the Board's key accountabilities, structure and how it conducts itself and the Company's business is available in the investor section of AVJennings' website, www.avjennings.com.au.

The Board has identified a range of core skills, competencies and attributes as desirable of its members, to fulfil its role of oversight effectively. These include industry experience, risk management, compliance oversight, development of strategy and policy, financial literacy, experience in banking and finance, sales and commercial. These skills are collectively available on the Board and it seeks to achieve a balance in its structure that best reflects the needs of the Company at any particular time.

The Board currently comprises of seven Non-Executive Directors and one Executive Director.

Cadence, Ripley, QLD


Empress Apartment, Waterline Place, Williamstown, VIC

Tenure

As at 30 June 2023, the tenure profile of the Board was as follows:

0-1 year	= None
1 – 4 years	= 3 Directors
5 – 10 years	= None
> 10 years	= 5 Directors

The Board believes that maintaining a range of director tenures is important to facilitate orderly board renewal, whilst maintaining continuity and corporate knowledge among Directors.

Director Independence

Directors are required to ensure that they immediately advise the Board of any relevant, new or changed relationships, to enable the Board to consider and determine the materiality of those relationships. The Board regularly assesses the independence of each Director in light of these disclosures and other factors to determine if requirements for independence are satisfied. Based on these reviews, the Board has determined that five of the seven Non-Executive Directors are independent.

Board Committees

To assist it with carrying out its responsibilities, the Board has established the following Committees:

- Audit
- Nominations
- Remuneration
- Investments
- Risk (incorporating a Workplace Health, Safety and Environment sub-committee)

Each Committee has a charter that governs its area of responsibility. Committee charters are published in the investor section of the AVJennings website, www.avjennings.com.au.

Risk Management

Risk Oversight, Monitoring and Management

The Board recognises that risk is an inherent part of AVJennings' business. Identification and management of risk is central to delivering AVJennings' strategic and operational objectives. The Board bears overall responsibility for the Company's risk management framework and is responsible for setting the overall risk culture. It recognises that understanding and managing risks within sensible tolerances is fundamental to creating long-term value for AVJennings' shareholders, financiers, customers, business partners, consultants, and the communities in which it does business.

The Risk Management Plan is the primary mechanism to bring corporate, business and operational/functional strategies together, and to ensure appropriate risk mitigation initiatives are implemented. The plan is reviewed annually by the Risk Committee and Audit Committee and approved by the Board. AVJennings' Risk Appetite Statement is published in the investor section of AVJennings' website www.avjennings.com.au. AVJennings also has in place internal controls intended to identify and manage significant business risks, which includes the review of development proposals by the Investments Committee and management of their ongoing performance.

The Board meets in the second quarter of each calendar year to review the strategic direction of AVJennings and to consider initiatives and strategies designed to ensure its continued growth and success. At this meeting, the Board also reviews the Company's risk management framework to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks it faces and to ensure it is operating within the risk appetite set by the Board. The Board met in April 2023 to review, assess and set AVJennings' strategic objectives for the next 3 - 5 years.

Multiple levels of review exist for compliance reporting in respect of specific transactions, full and half year disclosures, with external audit review and sign off, as appropriate.

Our Principal Risks and How We Address Them

Risk	Management Approach
Property Market Risk	
These include fluctuations in general economic conditions globally and locally, resulting in changes in prevailing market conditions such as a sustained downturn in property markets, change in consumer sentiment, reduced demand for AVJennings' product and reduction in the value of its land bank.	The Board and management seek to minimise adverse impacts by monitoring markets in which AVJennings operates on an ongoing basis, adopting strategies that minimise adverse impact, regularly reviewing the value of AVJennings' land bank, monitoring competitor activity and tailoring commercial decisions (such as land acquisitions, volume of work-in-progress) to the forecast commercial environment.
Regulatory Risk	
AVJennings' operations span five States in Australia and New Zealand. Legislation and regulations governing its activities vary in each jurisdiction in which it operates. AVJennings is dependent on various State Regulatory Bodies and Councils granting the requisite licenses and approvals required for it to carry on its business. Changes and developments in legislation, regulation and policy in the jurisdictions in which it operates, land resumptions by government authorities and major infrastructure projects may impact AVJennings' operations.	Developing relationships with regulatory bodies, making representations through various industry groups of which AVJennings has membership and having processes to expeditiously deal with issues, including staff with specialised skills and knowledge in town planning, building regulation and other appropriate disciplines, are some of the measures used to mitigate potential risks.
Financial Risk	
These include variations in interest rates and inflation impacting AVJennings' earnings, the inability to obtain funding to finance current and future development activities, potential uninsured losses or under-insurance and changes in commodity prices resulting in increased cost of works, fluctuations in exchange rate and foreign currency risk which could result in a loss, counterparty risks such as purchaser or other third party defaults, insolvencies or financial distress, which could lead to reduced financial liquidity or loss.	AVJennings seeks to mitigate these risks by maintaining a strong balance sheet with appropriate gearing levels, increasing and diversifying its sources of funding, insuring the company's assets, main potential liabilities and personnel under a comprehensive insurance program tailored to it's business activities and where possible, entering into fixed or guaranteed maximum price construction and supply contracts to mitigate fluctuations in prices.
Operational Risk	
These include impact on profitability as a result of delays or non-completion of Company projects, legal proceedings arising from operations leading to losses and delays.	The Company has processes in place to monitor and assess project performance on an ongoing basis. Management is required to provide quarterly reports to the Board on ongoing and potential legal issues, so that the impact of such issues, if any, can be monitored and managed.
Construction Activity Related Risk	
These include the inability of sub-contractors to perform their work in accordance with their obligations, defective work and latent defects arising from incorrect design or poor workmanship, liquidated damages for late delivery, cost overruns and professional liability claims arising from allegations of negligence.	AVJennings has in place procedures for the engagement of suitably licensed and insured sub-contractors and trades people and, to the extent possible, also has in place indemnity insurance to cover any potential claims. We are increasingly looking at technology to help us monitor and minimise construction risks.

Risk	Management Approach
Environmental Risk	
Changes in climatic conditions affecting AVJennings' business activities (including adverse weather conditions), soil and water contamination or runoff from project land, the presence of previously unidentified threatened flora and fauna species on project land (which may influence the amount of land available for development) are some of the risks the Board seeks to manage in this area. It also includes cultural heritage issues; in particular cultural heritage items, relics and sites of First Nations peoples on land which may be owned by or of interest to the Company.	Management is required to provide regular reports on potential environmental issues affecting development projects under their purview, so that any potential adverse impact can be assessed and managed. Work is also done to minimise any adverse effect on the environment through environmental management plans, cultural heritage management plans and other measures, including use of efficient design, planning and procurement practices, as well as comprehensive due diligence prior to acquiring development sites.
People and Culture Risk	
AVJennings relies on motivated and high quality staff to deliver business strategy and ensure its operations are effectively managed. Dependence on key personnel and loss of such personnel can affect AVJennings' results and operations.	Development and maintenance of an inclusive group culture, recognition and reward systems, employee assistance programs, compensation and benefit arrangements, flexible working arrangements, training and development are some of the measures used to retain high calibre employees. These are monitored through our engagement survey.
Workplace Health and Safety Risk	
Accidents at work sites resulting in claims and penalties are potential risks AVJennings faces in this area.	These are managed by the implementation of stringent workplace health and safety practices, induction, education and training of employees in safe work methods (initiatives such as safe work month, workshops, toolbox meetings and similar mechanisms) and regular review and monitoring.
Supply Chain Risk	
AVJennings has a range of suppliers who provide a diverse range of goods and services to its business. Supply of sub-standard product, business practices of our suppliers and reliability of service providers can impact AVJennings' operations and targets.	Mitigation measures may include selective engagement, rigorous selection criteria, building long-term relationships, pre-qualification processes, appropriate protection mechanisms including warranties, insurance requirements, retentions or other security arrangements as appropriate.
Information Technology and Cyber Risk	
These may include breaches of AVJennings' networks and cyber security systems, unlawful access, misuse or publication of data, outdated business systems and processes.	AVJennings is committed to ensuring that information in its possession (including those of its customers) are properly managed in accordance with privacy laws and business requirements. The Company has invested in robust protection systems and is continually looking for ways to enhance its digital capability, harness opportunities to deliver better customer experiences and remain relevant in a world where technology is changing at a rapid pace.

AVJennings Risk Oversight & Governance Framework

Roles and Responsibilities

The Risk Committee is responsible for:

- Reviewing the risk management framework, advising the Board of any changes required to the framework or to the risk appetite set by the Board
- Overseeing implementation of the risk management framework
- Ensuring that the Company is taking appropriate measures to achieve a prudent balance between risk and reward in both ongoing and new business activities
- Assisting the Board in setting risk strategies, polices, frameworks, models and procedures in liaison with management
- Monitoring work health & safety, the Company's treasury function and insurance program
- Review any material incident involving fraud or a breakdown of the entity's risk controls and the "lessons learned"
- Considering reports from management on new and emerging risks and the adequacy of risk controls and mitigation measures that management has put in place to deal with those risks

The Audit Committee is responsible for:

- Overseeing reviews of activities to determine the effectiveness of risk management and internal control processes in consultation with the Risk Committee
- Review and monitor the effectiveness of AVJennings' internal financial control systems and processes
- Review and monitor the appropriateness of applicable accounting policies and methods, particularly those involving significant estimates and judgements, and making recommendations to the Board
- Overseeing the performance of the Internal and External Auditor
- Reviewing the Company's full and half year disclosures
- Reviewing the Company's tax regime, governance and associated compliance
- Reviewing related party transactions

The CEO and members of the Senior Leadership Team are responsible for:

- Supporting the ongoing implementation of risk management in all areas of the Company's operations
- The identification, analysis, treatment, monitoring and evaluation, and reporting of significant risks in relevant portfolios and organisational units
- Ensuring that staff understand their responsibilities with respect to risk management; and
- Fostering a risk-aware culture within their area of responsibility

Line Managers and supervisors will ensure that staff within their areas understand their responsibilities in fostering a risk-aware culture and in implementing risk management practices.

All employees have a significant role in the management of risk within their area of responsibility.

The Internal Auditor:

- Operates under the Internal Audit Plan, Risk Management Plan, Fraud Risk Assessment & Management Plan approved by the Audit Committee
- Operates independent of management and reports to the Audit Committee
- Monitors the effectiveness and efficiency of business processes & policies
- Monitors and reports on compliance with approved processes and policies

Separation of the Risk Management and Internal Audit roles is now in progress, with each function to be overseen by separate individuals.

The External Auditor:

- Operates under the External Audit Plan approved by the Audit Committee
- Reviews financial reporting processes at full and half year
- Provides assurance that financial reports are free from material mis-statements
- Operates independent of management

AVJennings maintains a comprehensive set of policies and procedures which form an integral part of its governance and risk management framework. In addition, frameworks exist for Workplace Health and Safety, incidents, conflicts of interest and compliance reporting.


Terrace living, Prosper, Kogarah, NSW (Artist's Impression)

Your Community Developer.

AVJennings continues to be one of the most recognised and trusted names in quality, affordable housing. Celebrating 91 years of creating vibrant and thriving communities, we have been building the great Australian dream since 1932 and operating in New Zealand for the past 16 years. Our reputation is built on quality, affordability, meticulous design and connectivity for our customers, whilst operating in a socially and environmentally responsible manner. Our focus is to create a lasting, positive legacy in everything that we do.

Housing matters.

We believe housing matters.

Quality well considered design considers the changing nature of how people live and work and how they connect with the people around them. A home is an extension of someone's personality, and we celebrate those differences by delivering a variety of homes to suit the people that will ultimately call them home.

Community matters.

We believe that community matters.

Our homes are part of a community, which is why at AVJennings, we make sure our communities are designed to bring neighbours together by creating parklands, play spaces, pathways, picnic areas and even cycling tracks for our residents to enjoy, meet and interact with each other. By facilitating events for our residents including meet and greet opportunities with our Corporate Ambassadors and each other, barbeques and games, we provide opportunities for them to meet and get to know others in their community.

Sustainability matters.

We believe sustainability matters.

A sustainable business model enables us to manage our operations efficiently and effectively and to create value for customers, employees, investors and other key stakeholders. Furthermore, AVJennings recognises that the sustainable development of a business is multifaceted. By comprehensively understanding and responding to the issues and opportunities that are important to our stakeholders and material to our business, we can improve on, or implement, new measures that will promote growth, create positive impact and add value in the long term.

With this objective in mind, we carried out an Environmental, Social and Governance (ESG) assessment to identify key ESG risks and opportunities that may impact our business and our ability to support sustainability practices relative to industry standards as well as those that may represent opportunities for our business.

The ESG assessment consisted of comprehensive research to understand global, national, and industry ESG trends impacting, or that could impact on, our business or the residential development industry more broadly. This was further complemented by a review of ESG investment trends that may impact our business risk exposure.

The ESG assessment identified the key ESG risks and opportunities which could impact our ability to create value in the long term. These ESG issues include:

- **Governance and responsible business practices**
  Corporate governance, corporate behaviour, environmental and socioeconomic compliance.
- **Business model and innovation**
  Product design – lifecycle management (design for resource efficiency and community impact of new developments), product design – innovation (multi-purpose homes), product design – health (healthy homes), product certification (certified homes) and business model resilience to climate change.
- **Human capital**
  Talent recruitment and retention, development and engagement, diversity and inclusion and health and safety.
- **Social capital**
  Product quality and safety (structural integrity and safety), human rights (modern slavery, indigenous people and other human rights), creation of employment opportunities, dividend payments to shareholders, affordable housing and customer experience.
- **Environment**
  Ecological impact, climate impacts, waste, energy and emissions management.

As we embark on the path to further improvements to ensure the sustainability of AVJennings, our next step will be to prioritise and respond to the ESG risks and opportunities that are most material to our business and our stakeholders.

Residents community gathering, Arbor, Rochedale, QLD

Below we provide a snapshot of our sustainability practices for the FY23 period

Environmental sustainability

Residential development activities inherently impact on the environment however, our goal is to undertake responsible development and minimise impact, whilst providing much-needed housing for Australians and New Zealanders and leaving communities better off. Our environmental policy sets out our main objectives to:

- Comply with all applicable statutory requirements, codes of practice, standards and guidelines.
- Embed environmental considerations in the planning and development process.
- Protect and encourage biodiversity, including preventing and mitigating biodiversity loss through our operations.
- Create and deliver environmentally responsible homes and communities.
- Take leadership in encouraging our stakeholders and suppliers to minimise pollution, waste and use of non-renewable energy resources, thereby reducing our, and our customers' carbon footprint.
- Continue to look at new technology that supports improved environmental outcomes.

How these objectives are implemented

Our Communities

Focussing on connectivity, we seek out development opportunities that make connection to a broader community easier, helping to minimise the environmental impact of the people that call our communities home.

Our greenfield projects are located within government designated urban growth areas, close to major transport corridors where infrastructure already exists or is being built, to encourage use of public transport where possible.

Designing for the walkable catchment is a core design principle, focused on delivering high-quality, usable amenity within our projects. The parks, playgrounds, picnic areas, open spaces and walking trails are some of the key meeting points in our communities. They are the breakout spaces, spaces to play, areas to explore and relax. Our masterplans incorporate these recreational areas into our projects.

Our apartment and medium-density projects, such as Harvest Square in Brunswick West and Waterline Place in Williamstown (VIC) and Arbor in Rochedale (QLD), are close to shopping precincts and other amenities, train stations and bus stops, providing great alternatives to transport by car.

Our large greenfield project, Arcadian Hills, Cobbitty (NSW), whilst being within one kilometre of a proposed rail transport corridor, is also within driving distance of neighbouring Camden and Oran Park, which offer a diverse range of quality services and amenities including shopping precincts, community centres, schools, hospitals, cafes and community hubs.

The Central Coast of New South Wales continues to be one of the country's most popular places to build a future and at our Rosella Rise project, we are building a community in the traditional township of Warnervale with significant infrastructure already in place from schools, shopping to health and public transport. With its own parks, pathways and even an amphitheatre, everything has been designed to bring neighbours together, so families can thrive and enjoy an active lifestyle.

Cycling/Walking Track, Riverton, Jimboomba, QLD

Nestled close to the heart of the Jimboomba town centre, our Riverton community in Jimboomba (QLD) benefits from all the conveniences of modern living at our residents' doorstep with cafes, supermarkets and even top-notch medical care only minutes away. Two new parks including community facilities of shelters, play equipment and kick around space were recently added to the project.

At our Somerford, Clyde North (VIC) project which commenced development in FY23, close to one hectare of land has been set aside for a public park.

Efficient design

Our planning outcomes carefully balance density with community outcomes. Increases in dwelling densities reduce the footprint of land taken for housing, helping with environmental objectives of controlling urban sprawl. Efficient block sizes make them more affordable, particularly for first home buyers who make up a significant proportion of our customers.

We understand the increasing cost of energy is a growing challenge for our residents and aim to integrate energy efficiency considerations into the design and construction of AVJennings built-form housing. Our built-form products are assessed against the Nationwide House Energy Rating Scheme (NatHERS) to achieve, or exceed, the minimum 6-star rating mandated by governments across Australia.

During the planning of our communities, we use high levels of masterplanning expertise to optimise the passive solar asset of each land lot via carefully considered road patterns to set lot orientation. Further to this, where we augment our developments with AVJennings housing, our in-house designers carefully consider the attributes of each lot and match it to a product from our extensive design library to deliver synergistic house and land outcomes that maximise solar outcomes for all homes.

Recent design initiatives

Recognising the importance of achieving higher quality, more durable and better insulated homes to reduce our carbon footprint, AVJennings is the first major Australian developer to utilise new technology to deliver improved sustainability outcomes in homes via a prefabricated composite walling system. The walling system is manufactured by Pro9 and after multiple successful pilots and positive customer feedback, AVJennings recently entered into a 50/50 Joint Venture with Pro9 Global (Pro9) to utilise Pro9s technology to manufacture the highly durable and energy efficient Pro9 walling systems in Australia.

Pro9's walls combine a strong, galvanised steel frame with a dense foam insulation core that reduces energy usage and thus, energy costs for a home's occupants as well as increasing thermal comfort. The NatHERS energy ratings achieved utilising the Pro9 walls are considerably better than those typically achieved in homes constructed with traditional stick-built methods, where 6 stars is the current standard.

Dwellings built with Pro9 walls can readily achieve the forthcoming Australian National Construction Code (NCC) standard of a 7-star NatHERS energy rating without further modification. Combining the Pro9 walls with 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 an AVJennings home in Queensland. 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 manufactured, the Pro9 walls are able to be delivered to site and erected in a few days bringing considerable time savings to achieving lock-up stage, increased certainty of delivery and higher quality to the home-building process. Once the Australian manufacturing facility is established, the Joint Venture will be capable of producing over 1,000 homes annually on a single shift. Multiple shifts will enable production capacity to be further increased.

Called the Stellar Collection, five AVJennings Pro9 homes are planned for construction at Aspect in Mernda (VIC), 12 at Lyndarum North at Wollert (VIC) and 12 in Argyle at Elderslie (NSW). A pipeline of Stellar Collection homes is planned for calendar 2024 in AVJennings communities across the country.

The Joint Venture with Pro9 will give AVJennings access both 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.

Harvest Square, Brunswick West (VIC)

Harvest Square, Brunswick West will consist of 79 private dwellings including townhouses and apartments, 111 apartments over two buildings dedicated to social housing and eight community housing dwellings specifically for Women's Housing. The project is well underway with all three apartment buildings topping out. Construction of the first social building is anticipated to be completed early 2024.

At Harvest Square, buildings have been designed to meet 5-Star Green Star (independently certified by Green Building Council Australia) and an average of 7-star NatHERS rating. To achieve these standards, the design contemplates a holistic approach to design, construction and ongoing operation. Key performance criteria include indoor environment quality, energy consumption, transport, water, materials selection, land use and ecology (reuse of previously developed land, remediation, improving ecological value of site and reducing the heat island effect), emissions (including stormwater, light pollution, refrigerant impact and microbial control) and innovation practices. What it will mean for our residents is energy consumption reduction, emissions reduction and an increase in liveability and sustainability. Achieving 5-Star Green Star is considered Australian excellence and only a small number of residential housing projects have achieved this benchmark in Australia.

Energy

All homes constructed by AVJennings include energy efficient appliances and either have solar PV panels installed or provision for panel installation on roofs. Solar panels are now a standard inclusion for AVJennings delivered housing in New South Wales.

To further reduce the carbon footprint of our dwellings, we are beginning a shift to all-electric homes. All future townhouses at Waterline Place in Williamstown (VIC) and at Somerford, Clyde North (VIC) will have all electric appliances. Townhouses in Waterline Place will also have provision for solar panels on the roofs and Merchant Apartments (also at Waterline Place) will have future-proofing infrastructure allowing solar panel installation on the roof of the building. At Harvest Square, all dwellings will have solar panels.

Materials

Combustible cladding on apartment and office buildings has been a focus of building authorities across Australia. In our apartment projects, all external materials are assessed to ensure that they comply with the regulations associated with combustible cladding. At Waterline Place in Williamstown (VIC), all the apartment buildings have external sprinkler systems on balconies to further help mitigate against the risk of external (balcony) fires on these buildings.

All materials used in our built-form products conform to applicable Australian standards. Our suppliers, particularly trade suppliers (such as plumbers, electricians etc), are required to certify that all materials provided for installation in built-form product meet required specifications, comply with applicable Australian Standards, the National Construction Code of Australia and have been installed correctly.


Riverside Esplanade Park,
Riverton, Jimboomba, QLD

Water

In the areas in which we operate, we are seeing on average an increase in temperature and drier landscapes. Accordingly, storm water management, the creation of water wise landscapes and the capture and reuse of rainwater are priorities in our developments.

The treatment of stormwater prior to leaving our development sites is undertaken to maintain or improve downstream water quality through water sensitive urban design. Wetlands, rain gardens and stormwater detention basins are typically constructed as part of our civil and landscape works in a variety of combinations within our master planned communities. Wetlands and rain gardens treat the water quality prior to it leaving the site and stormwater detention reduces the intensity (height) of flood peaks by retaining water onsite for a period of time.

Our goal is to reduce the use of potable water across our developments and in the houses we construct. Some examples of this are rainwater tanks as standard across our Eyre Community in SA and Water Efficiency Labelling and Standards (WELS) rated appliances specified for installation at Harvest Square, Brunswick West (VIC). At our Merchant Apartments in Waterline Place, Williamstown (VIC) an 80,000 litre detention tank is being constructed in the basement for rainwater harvesting and reuse. At Somerford in Clyde North (VIC), all lots will have provision for connection to recycled water. Rainwater recycling for bathroom and laundry use is standard across our built-form product in NSW.

Waste

We are constantly looking at ways to reduce and recycle waste generated through development. Civil works on our sites are a source of waste and our civil works contractors use heavy equipment to move large amounts of soil and rock across sites to achieve development and landscape levels. We work with our civil contractors to reduce vehicle movement across sites and where possible, reuse excess soil and rocks elsewhere within the project as fill or for landscaping.

In Queensland, rumble entrance points to civil works sites mitigate the spread of sediment into local waterways. At Riverton in Jimboomba (QLD), recycled timber from the stables of the original homestead were reused in landscaping and trees removed in some developments have been mulched onsite for use in revegetation works.

At Somerford in Clyde North (VIC), approximately 10 tonnes of siltstone rock will be crushed and used as fill in suitable areas.

At our Aspect, Mernda (VIC) project, we are planning to install recycled plastic park benches in lieu of traditional steel and timber seating.

Contaminants and hazardous waste found on site are disposed of in line with applicable government regulations.

Protecting biodiversity

We understand the importance flora and fauna biodiversity plays in sustaining healthy ecosystems and in supporting the health and wellbeing of communities. Our land development activities can have significant impact on the surrounding environment, particularly in our greenfield sites, where development can impact surrounding bushland habitat and significant species. Mitigating the impact of development activities is a key focus from the planning outset.

Mitigation measures include revegetation, relocation, allocation of land for woodlands, provision of offset sites, and open spaces and reserves. Habitat preservation of significant fauna and flora identified on our sites, using the principles of Water Sensitive Urban Design to manage rainwater runoff and protect wetlands habitat is also utilised.

At Riverton in Jimboomba (QLD), the AVJennings team worked with the Federal Government to plant 15,000 new plants in a revegetation area with 7,500 of these grown from seed harvested on site from Irbyana Melaleuca plants, an endangered species.

Our approach to landscaping includes many native species that are endemic to the area of the development, requiring less water and supporting local wildlife. At Aspect in Mernda (VIC), significant specimens of existing native trees within the project have been retained to provide quality and aged habitat for native wildlife. Topsoil, tree trunks and mulch from excavation and tree removal activities on site are being reused as future habitat within tree reserves on site.

At Somerford in Clyde North (VIC), an area of approximately one hectare of existing gravel road will be converted into a tree reserve and some existing trees within the development will be retained for habitat protection. A rooftop organic vegetable community garden is being planned for our Merchant Apartments at Waterline Place, Williamstown (VIC).

Management of biodiversity is also heavily regulated by state and local government bodies, underscoring the importance of preserving Australia's unique fauna and flora, and our land development activities are managed within these frameworks.

Climate resilience

AVJennings identifies and assesses risks posed by climate during the pre-acquisition phase by undertaking due diligence investigations, obtaining advice from relevant consultants and where possible negotiating appropriate contract conditions to accommodate unquantifiable climate risks.

Extreme weather events, such as floods and bushfires, have the potential to impact our operations, communities and the health and wellbeing of our residents. We are committed to creating climate resilient communities that are safe for our residents and that adapt to changing conditions.

All our developments are constructed in accordance with authority requirements and expert recommendations to mitigate the impact of climate change. Where developments are constructed in proximity to a flood plain or area of inundation, housing is constructed with freeboard to a minimum of the 1 in 100 year flood levels. The level of freeboard required varies depending on the location of the development further reducing any risk of flooding. At Riverton in Jimboomba (QLD), our latest stages of development have been lifted two meters higher than Q100 flood level prediction in the area, to comply with recent changes imposed by Council. Extreme weather events in QLD, NSW and NZ with prolonged rain and flooding in early calendar 2023 did not affect AVJennings projects in those regions.

Developments located on the urban fringe, or adjacent to areas of grassland or bushland, are assessed against the potential threat of fire with relevant controls embedded in urban design and housing design standards to minimise risk.

All AVJennings' Queensland developments have implemented exclusion zones around bushfire sources including requirements for adjacent housing to comply with ember proofing in line with predicted bushfire attack levels.

At Aspect in Mernda (VIC), a 19m buffer has been created around the entire site to reduce the bushfire attack level. This was achieved by creating a 16-metre-wide road along the interface of Council's future Quarry Hills Regional Park reserve and minimum 3-meter front offsets for house builds in these interface lots. We are continuing to look at new technology to fireproof our homes and ensure all our communities can access insurance.

Cultural heritage management

Where cultural heritage issues, in particular cultural heritage items, relics and sites of First Nations peoples are identified on land which we intend to develop, these are managed respectfully, in consultation with local indigenous communities and within the terms of Cultural Heritage Management Plans agreed to by all interested parties. For example, at our Deebing Springs (QLD) project, a very strong relationship has been developed with the Yuggera Ugarapul People (YUP) which proved instrumental in allowing the Company to recommence development operations on the project with consideration given to cultural heritage of the area.

Reconciliation Action Plan

An AVJennings Reconciliation Action Plan, currently in development, will provide guiding principles as to how we more proactively engage with First Nations peoples across Australia. The next phase of the Reconciliation Action Plan will commence in calendar 2024 and will include consultation with a range of significant stakeholders. Guidelines are also being developed for engagement with New Zealand's Maori people.

Creating and Supporting Communities.

Symphony Park opening, Cadence, Ripley QLD

Our communities

We understand that housing and community is a fundamental part of the human spirit; it's the desire to belong and have a place to call home. For more than 90 years, we have been dedicated to helping our customers build a brighter future by creating exceptional residential communities that foster a strong sense of connection and ownership.

Our communities are woven into Australia's and New Zealand's urban fabric. We believe that well-connected communities, where neighbours can get to know and support one another, make for better places to live. That's why we prioritise building infrastructure and social spaces that seamlessly integrate with neighbouring communities and the surrounding landscapes.

We take pride in designing master-planned communities that offer convenience and cater to the needs of our residents. Important amenities such as shopping, schools and medical facilities are close by to service our residents. Our projects are strategically located near major transport hubs and train stations, providing flexibility and encouraging sustainable options in public transport and reducing the reliance on cars.

We respect the natural environment and aim to leave a positive impact. Our communities feature thoughtfully designed parks, inviting ovals, welcoming community hubs, and excellent sporting facilities. We believe in creating spaces that foster a sense of unity, where neighbours can come together, enjoy the outdoors, and make memories.

Our valued customers

Since 1932, we have been dedicated to making the dream of home ownership a reality for our customers. It's a legacy we cherish and are proud to continue.

To that end, the loyalty and satisfaction from our customers is the impetus for us to continuously strive to improve. Our customers consider us 'professional, affordable and trustworthy,' as indicated by our brand research. We actively seek input through our customer survey program, assessing satisfaction levels as customers embark on their homebuying journey with us.

According to our research, 90% of our customers expressed satisfaction with their home and more than 90% stated their home provided excellent value for money and were satisfied with the home's quality. A concerted focus is placed on attaining a world class level of service for our customers. As part of this commitment, all our departments are dedicated to reviewing and enhancing the customer journey. From the initial purchase to the settlement of their properties and the moment they become members of our communities, we strive to ensure a great experience for our purchasers.

Some of our recent enhancements designed to benefit the customer experience include:

- The implementation and rollout of our *National Quality Assurance & Handover Process*. This establishes well-defined timelines for quality assurance coordination between departments, ensuring a seamless transition into the settlement process. This implementation introduces a structured framework for conducting thorough inspections and maintaining comprehensive documentation, guaranteeing our homes meet the highest standards before being delivered to our valued customers.
- We have developed an extensive *Quality Assurance checklist* for our homes, comprising over 300 questions to ensure our homes are thoroughly inspected and tested before considered complete. The checklist standardises our inspection approach throughout the business and establishes the AVJennings benchmark for quality in our homes.
- The *Customer Inspection Report* provides our customers with a detailed overview of their home including warranty details, product information, user guides and maintenance tips for the home's longevity. The report is completed during the customer's home presentation with any identified issues documented and photographed for AVJennings to close out prior to settlement taking place. Upon completion, a signed electronic copy of the report is issued to the customer, serving as a testament to the impeccable condition of their home.

Some of our customer feedback in the past year:

"excellent, friendly, knowledgeable and extremely helpful." Chris, Arcadian Hills

"professional and an excellent customer service." Liz, Evergreen

"always willing to place client's requirements first and ensure they're assisted." Christie, Evergreen

We offer multiple avenues for buyers to contact us, through virtual interactions or face-to-face engagement; we are available to speak with buyers and the broader community at our Sales and Information Centres, or via our website, live chat, social media or community events and family fun days. As purchasers undertake more than 90% of their property searches online, we ensure that our digital platforms offer important buying guides, and how-to information as well as comprehensive details of our properties and projects. Digital publications where buyers can engage and customize the information to suit their needs, is readily available and our interactive masterplan software and AR/VR facilities provide an immersive buying opportunity for people seeking a more innovative approach.


Laura Geitz, AVJennings Ambassador
Turnkey home, QLD

Inspiring community connections

With the challenges of COVID-19 all but behind us, AVJennings customers and residents were able to take full advantage of some great events and activities across the year. The opening of Symphony Park at Cadence, Ripley (QLD) gave residents and friends a chance to enjoy some great entertainment while taking in the glorious springtime sunshine. At Rosella Rise, Warnervale (NSW) our very first purchasers were able to mingle with their neighbours and our team, in a friendly meet and greet soiree, while in Victoria the very engaged residents of Lyndarum North experienced a once in a lifetime chance to meet and play cricket with their hero, AVJennings Ambassador, Steve Waugh, AO. At Ara Hills, Orewa (NZ) the AVJ team and suppliers put on a friendly BBQ to welcome newcomers to the area. These are only a few of the numerous social events where our communities were able to come together and form lasting connections.

We strive to not only create exceptional living spaces, we want to make a positive difference in the broader community through various activities, grants, and partnerships. Our valued company ambassadors, Laura Geitz and Steve Waugh AO, share these core values and actively contribute to their respective communities. Laura, the former Australian 'Diamonds' netball captain, led her country with distinction and continues to make a meaningful impact by promoting a healthy and active lifestyle. Steve, the former Australian cricket captain, dedicates himself to philanthropic endeavours through the Steve Waugh Foundation (SWF), providing crucial support and equipment to families of children and young people suffering from rare diseases. As the inaugural partner of the SWF, AVJennings has raised over $1.2 million for the Foundation through various fundraising initiatives. One notable endeavour involves the construction of The Renee series of homes built in an AVJennings community. Made possible with generous support of our builders and suppliers, completed homes in the Renee series are sold and profits donated directly to the Steve Waugh Foundation. Last year, we proudly built the Renee 6 at our Riverton community in Jimboomba (QLD) and we are gearing up for Renee 7 in calendar year 2024 at our new Aspect community in Mernda (VIC).

For the second consecutive year, AVJennings was honoured to assist the Humpty Dumpty Foundation through the Balmoral Burn initiative. The Humpty Dumpty Foundation plays a crucial role in providing hospitals and health services with vital life-sustaining equipment that may otherwise be challenging to obtain. This year, four dedicated AVJennings team members took on the challenging Burn, sprinting up a steep hill of 420 meters to raise funds for this noble cause. The presence of friends and family cheering them on made the event even more special. Through the donations made by AVJennings, staff were able to visit and see first-hand the benefits to the patients such as the donation of a RAD-7 Pulse Oximeter with Paediatric Sensor to the Sunshine Children's Ward of Ipswich Hospital.

Our support for the Queensland Firebirds in the Super Netball League and St Kilda Football Club's AFL and AFLW teams has provided unforgettable experiences for our customers, staff and suppliers over the years. As we turn our focus to grass roots programs, we are realigning our partnerships at a local level to ensure we make a meaningful and genuine impact in our communities. We are expanding our support to local clubs and organisations, empowering them to grow and thrive. Through our grants programs, we have offered assistance and donated funds to schools, learning centres, sports and recreational facilities, as well as essential services and sustainability-based enterprises. Defenders for Hope, a charity run by volunteers to support those affected by family violence and homelessness, the Jimboomba Cricket Club and Lalor Landcare were just a few of the many organisations receiving grants across the year.

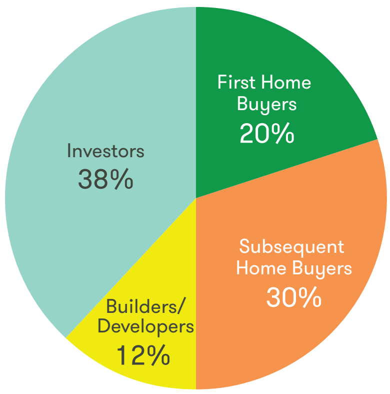
The success of our events and partnerships is made possible by the dedication of our team members, who selflessly volunteer their time in various fundraising and customer-based activities. They truly embody the essence of community spirit.


Topping out ceremony, Harvest Square, Brunswick West, VIC

Top out stage, Harvest Square, Brunswick West, VIC

Housing affordability

We recognise that rising house prices in Australia and New Zealand is of increasing concern for many potential home buyers, particularly first home buyers. Every person deserves access to safe, quality affordable housing. Affordable housing is vital to protect the liveability of our cities. As a leading developer of master planned communities, we are committed to supporting this need by offering affordable, innovative housing and apartment design, appropriately sized land blocks that whilst being affordably priced, also satisfy the density requirements of councils and regulators and reduce urban sprawl. A significant percentage of AVJennings' customers are first home buyers. We are constantly looking for innovative concepts and affordable housing solutions that suit the changing lifestyles and livelihoods of our customers.



FY23 contract signings by customer type

Social housing

Supporting more than 700 jobs during construction, development of our Harvest Square, Brunswick West (VIC) project is progressing, with three apartment buildings having reached top-out stage. Brunswick West is located within 6 kilometres of the Melbourne city centre and Harvest Square will incorporate approximately 3,200 square meters of publicly accessible open, green spaces with an 18m wide green access link forming a key part of the design and providing linkage to and from Albion Street commercial / retail facilities to Dunstan Reserve. The project is a partnership with the State Government of Victoria that will deliver 111 social housing dwellings and eight dwellings specifically for community housing provider Women's Housing Limited. At least 5 per cent of the new social housing homes will be easy to access for residents with disabilities. This includes drop-off areas, paths, lifts and car parking. Inside the homes, kitchens, bathrooms and storage will also be very accessible.

In addition, the project will incorporate a private development comprising 29 townhouses and a 50-dwelling apartment block, adding to Victoria's much needed housing supply.

Our people

We are a business of people, for people and by working together will achieve great outcomes.

AVJennings knows what it takes to build a community, and our people are key to making that happen. Our values are core to our culture. They are the basis for success, the guiding standards for how we run both as teams and as an organisation – and they include always acting ethically. We call these values **"ASPIRE"**.

We aim to reflect these values in everything we do, including through the policies and procedures we adopt as a business.

Our commitment to learning and development continues to evolve and grow as we launch the AVJennings Learning Hub, our learning management system. We have also prioritised educating our workforce on the risks posed by phishing, software downloads and system security with 100% of our employees participating in comprehensive cyber security awareness training.

Our Executive Authentic Confidence (EAC) Program was introduced in 2022 for the women of AVJennings. In 2023 we have expanded it to all interested employees across all roles within Australia and New Zealand. The goal of this program is to embrace and enhance the incredible potential in our organisation. We believe if these talents and the diversity of thought are deeply nurtured, we can make real, positive change towards building an exceptional organisation for the future.

We started with a pilot of eight women to test the program and didn't look back from there. We saw some really interesting statistical changes based on surveys taken at the start and end of the program – participants saw stress levels drop by 27%, happiness levels go up by 13% and energy levels rise by 8%.

In March 2023, we were all together at the AVJ Conference - Change Beyond 2023! Following on from this and the theme of embracing change, we held two in person events with Caroline Brewin, EAC's founder, joining our CEO Phil Kearns in early May 2023.

Our success also requires maintaining workforce continuity and developing a pipeline of talent for key positions across the business. During the past year we have made several internal appointments and promotions. Our focus now will be completing a talent assessment for all functions and then begin succession planning for critical roles and continue to build leadership skills through our learning and leadership development programs.

ACCOUNTABILITY
We own our own words, our actions and our impact.
A

SAFETY
We are committed to safety and wellness.
S

PEOPLE
We are a business of people, for people and by working together we will achieve great outcomes.
P

INTEGRITY
We build trust through high standards of moral and ethical conduct.
I

RESPECT
We treat everyone with dignity, fairness and professionalism.
R

EXCELLENCE
We strive for excellence in what we do, deliver and stand for.
E

"Change Beyond 2023" conference: staff site tour UOW, Sustainability Building Research Centre, Wollongong, NSW

Engagement

No organisation can be successful unless its people feel motivated and engaged.

Our employee engagement survey measures satisfaction levels across various areas such as overall employee engagement, teams, safety, health and wellbeing, working environment and career development and leadership.

Our 2023 survey was conducted during May 2023 and we scored a 4.07 (out of a possible 5). This is an improvement from 4.02 in 2021 (and 3.90 in 2020). Categories with a notable improvement in 2023 (+0.12 or higher) were across career development, leadership, values and line manager.

Key engagement metrics

Engagement	4.07
Proud to work at AVJennings	90%

Our parental leave policy continues to see 100% of employees accessing parental leave returning to work. We continue to review our flexible working arrangements to ensure that it works for both the business and all our employees.

We also recognise our people through our Service Awards program (retention), and our annual employee awards including the prestigious CEO Award.

Health, safety and wellbeing

The health and wellbeing of our employees remains a top priority.

Living our value of Safety, we are committed to the health, safety and wellbeing of all employees, contractors, clients, visitors on site and members of the public who come into contact with our Company's operations. We strive for continuous improvement in Workplace, Health and Safety management and to fulfil our legal obligations with regard to health and safety at all times.

To ensure support for our site-based teams, formal site inspections occur on all AVJennings controlled sites and during FY23, over 1,000 inspections were conducted.

AVJennings is committed to identifying and addressing psychosocial hazards within the business. To do this, we partnered with People at Work releasing a national survey, so we could better understand the psychosocial hazards and factors that influence employee health and safety. The overall level of risk assessed from this survey was 'minimal concern' which is "good, but monitor". To do this, the results from the People at Work survey will be used to start conversations so we can understand where we have issues to solve and we will identify strategies we can implement to ensure we maintain a workplace free from psychological harm.

Our Employee Assistance Program (EAP) continues to be there to support our employees and their families. This complements our AVJennings Wellness Hub, which provides all employees with an array of wellness resources and information, with the aim to promote both physical and mental health and a core focus on positive wellbeing.

Diversity, equity and inclusion

We recognise that a talented and diverse workforce is a key competitive advantage.

We are committed to seeking out and retaining the best people and leveraging their diverse backgrounds, experience and perspectives to provide improved services for our customers and return for our shareholders. We believe that promoting diversity, where differences are tolerated, inappropriate attitudes and behaviours are confronted and equal opportunity for advancement is provided, contributes to a positive culture and business success. It also encourages diversity of thought – fostering greater innovation due to different perspectives and increases our ability to recruit people with the best skills and attributes.

We have a question in our employee engagement survey that measures their sense of inclusion within the business and the 2023 survey results are that 8 out of 10 employees feel there is a commitment to diversity and inclusion.

Following the completion of our 2023 Workplace Gender Equality (WGEA) Report, we will continue to take steps to either reduce or eliminate known pay equity disparities. We are committed to monitoring this data and taking necessary action as needed.

In FY23, we set a goal to strengthen the level of gender diversity in management positions. Female representation in senior management has grown and in our key state operational roles the gender balance in now 50/50. As of 30 June 2023, 49% of our workforce was female.

KMP composition (includes MD/CEO)

5 **total members**

40% **female**

Board composition (includes MD/CEO)

8 **total members**

12.5% **female**

Our suppliers

Our supply chain includes all organisations from which we source goods and services used in our business. We endeavour to build productive, long-term business relationships with key suppliers who share our values and who support us in sourcing products ethically and sustainably, to deliver on our commitments. We regularly engage with key suppliers and subcontractors to ensure ongoing support for our business. We are committed to timely payment to our suppliers to support the viability of their businesses.

We also engaged with our suppliers to identify and address risks of unfair labour practices within their businesses and supply chains and in FY23 published our third Modern Slavery Statement. To ensure our suppliers share our commitment to limiting the risk of modern slavery infiltrating our supply chains, a Modern Slavery Policy and Supplier Code of Conduct have been put in place, which have been communicated to all major AVJennings suppliers. The code sets out AVJennings' expectations of its suppliers in the areas of Labour and Human Rights, Workplace Health and Safety, Governance, Ethical Behaviour, Conflicts of Interest and Environmental Sustainability.

Our shareholders

As a listed public Company, we take our disclosure obligations and responsibility to create shareholder value seriously. Our Australian based Directors, particularly our Deputy Chairman, Managing Director, Chief Operating Officer, Chief Financial Officer and Company Secretary engage regularly with institutional investors, research analysts and individual investors through briefings on a scheduled (release of half and full year results), and ad-hoc basis (at other times during the year) and the Chairman and all Directors are available to engage with shareholders at General Meetings. These interactions allow AVJennings to articulate its strategy and to also understand our investors' views on our strategy, financial performance and governance.

In August 2022, we held our FY22 results announcement presentation via a webinar conferencing facility, which gave shareholders an opportunity to participate virtually and ask questions via the webinar portal. Our Annual General Meeting was held in person in November 2022 for the first time since the lifting of COVID-19 restrictions, providing an opportunity for shareholders to meet and engage with the entire Board of Directors in person if they so wished.

Dividends

Since 2014, we have paid our shareholders approximately $118 million in dividends, returning that portion of profits back into the community. With the benefit of franking, this amounts to approximately $168 million in fully franked dividends.

Directors' Report.

The Directors of AVJennings Limited present their Report together with the Financial Report of the Group (referred to hereafter as "AVJennings", "Group" or "Company") and the Auditor's Report thereon for the year ended 30 June 2023. The Group comprises AVJennings Limited ("Company" or "Parent") and its controlled entities.

DIRECTORS

The Directors of AVJennings Limited during the financial year and up until the date of this Report are as follows. Directors were in office for the entire period unless otherwise stated.

S Cheong	Non-Executive Chairman
RJ Rowley	Non-Executive Deputy Chairman
P Kearns	Managing Director and Chief Executive Officer
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
L Chung	Non-Executive Director
LM Mak	Non-Executive Director

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was Residential Development.

OPERATING AND FINANCIAL REVIEW

FINANCIAL RESULTS

AVJennings' Profit Before Tax (PBT) of $30.8m for the year ended 30 June 2023, is up 72% on the prior year (FY22 PBT: $17.9m). Profit After Tax was $21.3m (FY22: $13.1m).

Significant growth was achieved in lot settlements with 732 lots settled during the year compared to 608 in the prior year. This represents a 20% increase, primarily driven by strong demand for AVJennings' land as the impact of the previous year's sales, driven by HomeBuilder stimulus, settle.

Gross margins showed meaningful improvement, rising 2.9 percentage points to 31.7% (FY22: 28.8%) and driven by strongly performing land projects. This underscores AVJennings' ability to manage costs effectively and optimise pricing through uncertain periods.

Recognising the impact of project delays and cost increases on some projects, provisions of $4.5m were made during the year. This proactive measure addresses likely future risks associated with project execution and reinforces our commitment to responsible financial management.

Macroeconomic conditions, including the impact of 12 interest rate rises in Australia since May 2022, and general uncertainty around home builders for land purchases have collectively contributed to reduced buyer confidence and market uncertainty. As a result, contract signings experienced a decline with 348 signings during the year (FY22: 853). Despite these challenges, 321 lots are presold, at a value of $130m, to be carried into FY24. This, along with enquiry rates in line with our longer-term averages, indicate an underlying level of demand, although tempered by external factors in the short-term.

AVJennings' net operating cashflow in FY23 of ($41m) was down $74m on FY22, driven by a significant increase in production activities across apartments, built-form housing and large land projects in early stages of development.

Net operating cashflows included $42m of investment related to restocking activities during the year. Net financing cash inflows were $53m as more debt was drawn down to fund production and acquisition activities.

A conservative approach to debt management was maintained with gearing levels remaining at the lower end of the range at 18.2%. A share buyback program was initiated during the year, resulting in the repurchase of 77,271 shares. However, due to macroeconomic headwinds and forward market uncertainty, the share buyback was suspended in June 2023.

A final dividend was not declared in FY23 also in response to forward market uncertainty resulting in a total dividend declared, fully franked, in respect to FY23 of 1.10 cents per share. The DRP will remain suspended. Collectively, these decisions demonstrate AVJennings' commitment to financial stability and risk mitigation in the current environment.

OPERATIONS OVERVIEW

During FY23, AVJennings successfully navigated a dynamic landscape marked by significant weather events and shifting market conditions. The key points that shaped our operations and strategies throughout the year are highlighted below.

The first half of FY23 was affected by significant wet weather on the east coast, leading to construction delays and disruptions. Additionally, extreme weather events in New Zealand throughout the year further impacted construction programs and overall project timelines. Our teams worked diligently throughout to mitigate the effects of weather-related impacts and to ensure delivery of our projects. Weather conditions improved markedly in the second half of FY23.

Recognising the slowdown in demand driven by macroeconomic factors, we have capitalised on the ability to slow production to balance capital management, market supply and purchaser demand. Our focus remains on being 'shovel ready' to swiftly respond to the market recovery when it occurs and capitalise on future opportunities.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

OPERATIONS OVERVIEW (continued)

Supply chain shortages that shaped the last 18 months have mostly abated and the rate of cost escalation has moderated. This has allowed us to manage our costs, and the impact on project budgets, more effectively. While supply chains have improved, labour shortages and wage pressures were a notable challenge during FY23, particularly for built-form product. These constraints have required us to adapt our delivery approach as we do not see labour costs abating in the short-term.

An encouraging, more recent shift in demand towards built-form product presents a strategic opportunity for us. Our internal design and construction teams enable us to rapidly adjust delivery of our project pipeline to meet these changing customer demands.

In response to recent supply chain and labour challenges, as well as the growing demand for built-form housing, we invested in a joint venture with Pro9 Global (Pro9) during the year. Pro9 is a manufacturer of a prefabricated walling system that delivers outstanding sustainability benefits to both customers and our production programs. The 9.4 NatHERS energy ratings recently achieved on an AVJennings home in Queensland with Pro9 product is testament to the superior sustainability outcomes for our customers. The investment in Pro9 will see its manufacturing capability brought onshore, allowing greater integration of the Pro9 solution into our built-form offering and ultimately, providing alternative solutions to labour shortages and the ability to quickly respond to changes in demand.

FY23 lot settlements were primarily comprised of land settlements with key FY23 settlement contributors including Lyndarum North (VIC), Ara Hills (NZ), Riverton (QLD), Cadence (QLD) and Aspect (VIC). The breadth of these settlements underscores our commitment to delivering sustainable growth across a diverse portfolio.

The Company retains a very strong, and geographically diversified, pipeline as the basis for future growth with 14,094 lots under control. With 1,510 lots currently under development, we remain focused on delivering high-quality developments that meet our customers' expectations. Approximately 62% of the lots under development are intended to be held for built-form housing development in the near term. As at the end of FY23, we have 72 unsold completed lots for sale.

In the first half of FY23, we made strategic acquisitions to enhance our portfolio including:

- Beaudesert (QLD) – 1,146 land lots
- Macarthur (NSW) – 725 apartments
- Mundamia PDA (NSW) – 308 land lots
- South Ripley PDA (QLD) – 400 land lots

In light of market uncertainty and sustained price expectations, we have more recently scaled back our acquisition activities until buying conditions improve and as we prioritise prudent capital management.

Planning challenges continue to persist across a number of projects, leading to protracted planning outcomes on many projects. While these conditions have posed obstacles, we continue to work collaboratively with the necessary authorities to obtain successful planning outcomes.

OUTLOOK

As we navigate through the evolving landscape of the residential property market, we continue to see several macroeconomic opportunities that bode well for our growth prospects once consumer confidence improves. Simultaneously, we are mindful of the near-term risks that demand our attention and strategic planning.

The substantially heightened inflow of immigration, currently at its highest since 2008, presents a significant opportunity for AVJennings. As the population increases, so too does demand for housing and at a time when supply is well below long-term levels. The National Housing Finance and Investment Corporation (NHFIC) forecasts this to worsen with a shortfall of 175,000 homes by 2027. This limited availability of housing across land, built-form housing and apartments continues to drive demand in the market.

Although demand is currently tempered, we expect an increase in consumer confidence to translate through to increased demand once the macroeconomic environment stabilises. The recent growth in house prices in the established market usually has the effect of pushing potential home buyers into the market. As a residential property developer with a diversified product offering, AVJennings is uniquely positioned to capitalise on this trend by quickly responding to changes in market sentiment and increasing supply to market in line with demand.

While we believe we are near the top of the interest rate cycle, the possibility of further increases in interest rates and rising costs of living both pose a risk to the housing market. These risks typically deter potential borrowers, as seen in falling conversion rates and a relatively low level of pre-sales carried in to FY24. While enquiry levels are down on last year, they are consistent with longer-term levels with green shoots of customer demand beginning to appear. We expect muted sales levels to continue until there is greater certainty in the interest rate cycle and inflation moderation.

Equally, our business remains exposed to fluctuations in financing costs and sustained, elevated interest rates may impact our overall profitability.

Directors' Report.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

OUTLOOK (continued)

While many of the supply chain risks of FY22 have settled, labour rates continue to increase in conjunction with historically low levels of unemployment. Our long-term relationships with suppliers, strong visibility of our forward pipeline, fixed pricing for larger projects and our high employee engagement score of 4.07 out of 5 all help to offset the impact of these risks on our profitability.

Following many builders facing financial difficulty over the past 18 months and the progressive nature of payments for separate house and land purchases, we have recently noted a growing trend of customers favouring built-form housing over more traditional land-based purchases. This creates a competitive advantage for AVJennings to capitalise on where we can flex to deliver the mix of both high-quality built-form housing and land lots within our communities based on demand.

Our recent investment in Pro9's prefabricated wall system, will help us to further expedite efficient delivery of built-form housing across our projects once its Australian manufacturing capability is established. Pro9 will also deliver significantly improved customer outcomes in relation to sustainability, quality and certainty, building on the already significant achievements realised.

As we look ahead, to facilitate delivery of an increasing proportion of built-form and to position the Company for growth when the market recovers, current capital management initiatives, along with the structure of our existing debt facilities, are under active review. These activities are focused on ensuring we are well positioned to take advantage of improving market conditions into FY24 and beyond.

Despite the near-term risks, AVJennings remains confident about the future due to the robust macroeconomic opportunities, our commitment to adaptability and customer-focused products and experiences and the modernisation work around our business and capital structure already under way. These elements set us up well to take advantage of the market recovery. We will continue to prioritise quality, customer satisfaction, innovation and disciplined capital management to position ourselves as a resilient and leading player in the residential development market. Our history of over 90 years is testament to our ability to do so successfully.

DIVIDENDS

Dividends paid during the financial year were as follows:

Cash dividends declared and paid	**2023 $'000**	**2022 $'000**
2021 final dividend of 1.8 cents per share, paid 23 September 2021. Fully franked @ 30% tax	–	7,312
2022 interim dividend of 1.1 cents per share, paid 25 March 2022. Fully franked @ 30% tax	–	4,469
2022 final dividend of 0.67 cents per share, paid 22 September 2022. Fully franked @ 30% tax	2,722	–
2023 interim dividend of 1.1 cents per share, paid 24 March 2023. Fully franked @ 30% tax	4,469	–
Total cash dividends declared and paid	**7,191**	**11,781**

The Group decided not to pay a final dividend in FY23 in response to forward market uncertainty. The DRP will also remain suspended.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

a) the Group's operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group's state of affairs in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The prospects and business strategies of the Group are discussed in the operating and financial review of this Report.

ENVIRONMENTAL REGULATION

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation, particularly in relation to its property development activities. The Group's practice is to ensure that where operations are subject to environmental regulations, those obligations are identified and appropriately addressed. This includes the obtaining of approvals, consents and requisite licences from the relevant authorities and complying with their requirements.

To the best of the Directors' knowledge, property development activities have been, and are being, undertaken in compliance with these requirements.

CHANGE IN STATE OF AFFAIRS

There have been no significant changes in the Group's state of affairs.

INFORMATION ON THE DIRECTORS

Simon Cheong *B.Civ.Eng. MBA*

Director since 20 September 2001. Mr Cheong has over 35 years experience in real estate, banking and international finance. He is the Founder and Chairman of SC Global Developments Pte Ltd (the ultimate holding company). He has formerly held positions with Citibank (Singapore) as their Head of Real Estate Finance for Singapore as well as with Credit Suisse First Boston as a Director and Regional Real Estate Head for Asia (excluding Japan). In 1996, Mr Cheong established his own firm, SC Global Pte Ltd, a real estate and hotel advisory and direct investment group specialising in structuring large and complex transactions worldwide. He was twice elected President of the prestigious Real Estate Developers' Association of Singapore (REDAS) for 2 terms from 2007 until 2010. He served on the Board of the Institute of Real Estate Studies, National University of Singapore from 2008 to 2011 and was a board member of the Republic Polytechnic Board of Governors from 2008 to 2011. He was also a Council Member of the Singapore Business Federation, a position he held from 2007 to 2010. On 1 June 2017, Mr Cheong was appointed a non-executive Director of Singapore Airlines Limited. Resident of Singapore.

Responsibilities:

Chairman of the Board, Non-Executive Director, Chairman of Investments Committee, Member of Remuneration Committee, Member of Nominations Committee.

Directorships held in other listed entities:

Singapore Airlines Limited since 1 June 2017.

Jerome Rowley *SF Fin, FAICD*

Director since 22 March 2007. Mr Rowley has been a career banker since the early 1970s with Citigroup, Morgan Grenfell and ABN Amro. From 1992 until 2002, he served as Managing Director and CEO of ABN Amro Australia and Head of Relationship Management and Structured Finance for ABN Amro, Asia Pacific. He has been active in both wholesale and investment banking domestically and internationally. During his career, Mr Rowley devoted considerable effort towards the recognition, understanding and management of risk as a means of profit optimization. Of particular significance was his involvement in advising and funding including debt, equity and hybrids, of infrastructure projects in both Australia and Asia Pacific. Resident of Sydney.

Responsibilities:

Deputy Chairman of the Board, Non-Executive Director, Chairman of Risk Committee, Member of Audit Committee, Member of Investments Committee, Member of Nominations Committee.

Directorships held in other listed entities:

None.

Directors' Report.

INFORMATION ON THE DIRECTORS (CONTINUED)

Philip Kearns AM *BA (Economics); Grad Dip (Applied Finance)*

Mr Kearns has been a Director of AVJennings Limited since 21 March 2019. He was subsequently appointed Chief Executive Officer on 10 January 2022 and as Managing Director on 17 February 2022. Mr Kearns has over fifteen years' corporate leadership experience and has been instrumental in driving cultural change, building new revenue streams and improving stakeholder engagement in banking, insurance and financial planning, all with involvement in the property sector. Mr Kearns was previously a Director of Venues NSW, a Government Board that owns and operates multiple sports and entertainment venues across New South Wales. Additionally he was a member of the NSW "Game Changers" Ministerial Advisory Board for Women in Sport. He was CEO of Centric Wealth where he gained experience in the Private Equity world which added to his experience at Investec Bank in property funds, private clients and his corporate finance relationships. Mr Kearns is a director of Coolabah Capital Investments, a private fixed interest funds management business, and the Front Row Group, a leading provider of premium corporate hospitality. He was a director of the committee to successfully get the Rugby World Cup (RWC) to Australia in 2027 and 2029 and has been appointed to the Board of the Organising Committee for those RWC's.

Mr Kearns was appointed a member of the Order of Australia in 2017 for significant service to the community through support for charitable organisations, to business, and to rugby union at the elite level. He played 67 tests for the Australia national rugby union team, Wallabies (1989-1999) and captained the team ten times. After his rugby career he worked as a rugby commentator with FOX Sports for 21 years. Mr Kearns is a resident of Sydney.

Responsibilities:

Managing Director and Chief Executive Officer.

Directorships held in other listed entities:

None.

Bobby Chin *CA (ICAEW) B.Acc.*

Director since 18 October 2005. Mr Chin is currently Chairman of the Singapore Corporate Governance Advisory Committee and a senior adviser to NTUC Fairprice Co-operative Ltd. He is also a member of EDPR APAC Advisory Board (formerly known as Sunseap Group). Mr Chin served 31 years with KPMG Singapore and was its Managing Partner from 1992 until September 2005. He is an Associate Member of the Institute of Chartered Accountants in England and Wales. Resident of Singapore.

Responsibilities:

Non-Executive Director, Chairman of Audit Committee, Member of Nominations Committee.

Directorships held in other listed entities:

Ho Bee Land Limited, since 29 November 2006.
Frasers Property Limited since 19 September 2022.

Other Directorships:

Temasek Holdings (Private) Limited, since 10 June 2014.

Bruce G Hayman

Director since 18 October 2005. Mr Hayman has many years of commercial management experience with over 20 of those at an operational Chief Executive or General Manager level. He is currently Chairman of Chartwell Management Services. He previously fulfilled senior management roles both in Australia and overseas for companies such as Nicholas Pharmaceutical Group, Dairy Farm Group, Hong Kong Land and Seagram Corporation. During his time in Singapore, he held the position of Foundation President of the Singapore Australia Business Council, now known as AUSTCHAM Singapore.

Mr Hayman served as CEO of the Australian Rugby Union and as Chairman of the Board of the Rugby Club Ltd. He retired as a Director and Deputy Chair of Diabetes NSW & ACT after 16 years of service. Mr Hayman is currently Chairman of the Ella Foundation. Resident of Bowral, New South Wales.

Responsibilities:

Non-Executive Director, Chairman of Nominations Committee, Member of Remuneration Committee, Member of Investments Committee, Member of Risk Committee.

Directorships held in other listed entities:

None.

Lai Teck Poh *BA Hons. (Economics)*

Director since 18 November 2011. Mr Lai has been a career banker since the late 1960s. He joined Citibank Singapore in April 1968, rising through the ranks to become Vice President and Head of the Corporate Banking Division. During his time with Citibank, Mr Lai undertook international assignments with Citibank in Jakarta, New York and London. His last position with Citigroup was as Managing Director of Citicorp Investment Banking Singapore Ltd from 1986 to 1987.

Mr Lai joined Oversea-Chinese Banking Corporation Limited (OCBC) in January 1988 as Executive Vice President and Division Head of Corporate Banking. He moved on to various other senior management positions in OCBC, including Head of Information Technology and Central Operations, Chairman OCBC Asset Management, Head Risk Management and Head Audit. Following his retirement from executive positions in April 2010, Mr Lai served as a Board Director of OCBC from June 2010 to December 2019, OCBC AL-Amin Bank Bhd (2011 to 2018) and OCBC Bank Malaysia Bhd (2011 to 2019). He was appointed Board Chairman of Bank of Singapore in October 2021.

INFORMATION ON THE DIRECTORS (CONTINUED)

Besides banking roles, Mr Lai was a Non-Executive Director of United Engineers Ltd (1992 to 2011) and WBL Corporation Ltd (1993 to 2014). Both were Singapore listed companies engaged in diversified regional businesses, including property development. Resident of Singapore.

Responsibilities:

Non-Executive Director, Chairman of Remuneration Committee, Member of Audit Committee, Member of Investments Committee.

Directorships held in other listed entities:

PT Bank OCBC NISP Tbk (Commissioner) since 4 September 2008.

Other Directorships:

Bank of Singapore Limited since 1 January 2020 (Appointed Chairman on 1 October 2021).

Lisa Chung AM *LLB, FIML, FAICD*

Director since 1 June 2021. Ms Chung is an experienced non-executive director and is currently Chair of Australian Unity Limited and of The Front Project, a Director of Artspace/Visual Arts Centre Limited, the Committee for Sydney, the Sydney Community Foundation and Warren and Mahoney Limited. She is also a Trustee of the Foundation of the Art Gallery of NSW. Ms Chung was previously the Chair of Urbis Pty Limited and The Benevolent Society, a non-executive director of APN Outdoor Limited and the Deputy President of Trustees of the Museum of Applied Arts and Sciences (Powerhouse Museum).

Ms Chung has a diverse background, with senior and board level experience in sectors including commercial property, urban development and infrastructure, outdoor advertising and mass media, professional services, education and training, visual and creative arts and social and community services.

Ms Chung had a successful 30-year career in the legal profession. During this time, she specialised in the area of commercial property and was a Partner at firms Maddocks and Blake Dawson (now Ashurst). She is a skilled negotiator with extensive commercial legal experience acting for government and the private sector in property, development, urban renewal and infrastructure transactions.

In 2004, Ms Chung completed the Advanced Management Program at INSEAD in France. She is a Fellow of the Australian Institute of Company Directors and is also a member of Chief Executive Women, an organisation comprising women leaders committed to enabling other women leaders.

In 2020, Ms Chung became a member of the General Division of the Order of Australia for significant service to the community through charitable and cultural organisations. Resident of Sydney.

Responsibilities:

Non Executive Director, Member of Risk Committee, Member of Remuneration Committee.

Directorships held in other listed entities:

Australian Unity Limited.

Mak Lye Mun *B.Civ.Eng. (First Class Hons) University of Malaya, MBA (UT, Austin)*

Director since 15 October 2021. Mr Mak is currently Executive Chairman of Intraco Limited and an independent non-executive director of Boustead Singapore Limited and Well Chip Group Sdn Bhd Malaysia. He is also an independent non-executive director of SC Global Developments Pte Ltd, AVJennings' majority shareholder.

Mr Mak joined the CIMB Group (an ASEAN universal bank listed in Malaysia) following the acquisition of GK Goh Securities Pte. Ltd. in 2005, where he served as the Head of Corporate Finance. He was CEO of CIMB Bank Singapore and its Country Head from 2008 until his retirement in December 2019. Previously, Mr Mak was the Head of Mergers & Acquisitions Advisory Department with DBS Bank Ltd (formerly known as The Development Bank of Singapore). He held various senior positions in the Corporate Finance divisions of Vickers Ballas & Co. Pte. Ltd., Ernst & Young, Oversea-Chinese Banking Corporation Limited and Citicorp Investment Bank (Singapore) Limited.

Mr Mak is also a Member of the Inaugural Singapore Stock Exchange (SGX) Listings and Advisory Committee. In January 2021, he was appointed as a governing board member of the Duke-NUS Medical School (a graduate medical school in Singapore). Mr Mak resides in Singapore.

Responsibilities:

Non Executive Director, Member of Investments Committee.

Directorships held in other listed entities:

Intraco Limited, since 29 April 2021 (Appointed Executive Chairman on 15 July 2022).
Boustead Singapore Limited, since 29 July 2021.

INFORMATION ON THE COMPANY SECRETARY

Carl Thompson *LLB B. Comm*

Company Secretary since 12 January 2009. Mr Thompson previously held the Company Secretary and General Counsel role at Downer EDI Ltd. Prior to that he was a Partner at national law firm Corrs Chambers Westgarth, practising in corporate and commercial work. Resident of Melbourne.

Directors' Report.

REMUNERATION REPORT (AUDITED)

A. Introduction

The AVJennings Limited Board is pleased to present the Remuneration Report for FY23 in accordance with the requirements of the *Corporations Act 2001* (the Act). The Report has been audited as required by section 308(3C) of the Act.

This Report sets out the approach to remuneration for Key Management Personnel (KMP) and all staff. The Board intends that the Report provides clear and transparent communication of the remuneration arrangements in place for the Company's Directors and executives. These arrangements are intended to align remuneration with the Company's values, purpose, strategy and performance.

Our purpose is straightforward: "Housing Matters. Community Matters." Our purpose is implemented through our people who live our Values – ASPIRE – Accountability, Safety, People, Integrity, Respect and Excellence.

The Company's remuneration arrangements are structured to attract and retain high performing people and to remunerate them for achieving our objectives and for acting consistently with our values and purpose. Remuneration arrangements are reviewed regularly by the Remuneration Committee and adjustments and redesign made where considered appropriate, balancing alignment with the Company's circumstances, fairness to executives and considering market expectations and industry standards.

B. Persons covered by the Report

This Report sets out the remuneration arrangements in place for KMP, which comprises the Directors of the Company (executive and non-executive) and those members of the AVJennings executive team who have authority and responsibility for planning, directing and controlling the activities of the Company (Executive KMP).

The name and position of each KMP for FY23 whose remuneration is disclosed in this Report is set out below:

(i) Directors

S Cheong	Non-Executive Chairman
RJ Rowley	Non-Executive Deputy Chairman
P Kearns	Managing Director and Chief Executive Officer
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
L Chung	Non-Executive Director
LM Mak	Non-Executive Director

(ii) Executives

CD Thompson	Company Secretary/General Counsel
SC Orlandi	Chief Operating Officer
A Carter	Chief Commercial Officer *(Ceased employment 28 November 2022)*
L Hunt	General Manager, Human Resources
SL Souter	Chief Financial Officer *(appointed 20 February 2023)*

C. Remuneration Framework

1. Remuneration Governance

The Board has established a Remuneration Committee which comprises four Non-Executive Directors (NEDs) and is responsible for determining and reviewing remuneration arrangements for KMP, other senior management personnel and general staff.

2. Remuneration Objectives

AVJennings' remuneration objectives are to remunerate fairly, attract and retain talent, drive performance, promote adherence to values, and align with shareholder interests. They are also designed to provide an appropriate balance between fixed and at-risk components to support the Company's objectives and align executive and shareholder interests.

3. Securities Trading Policy

The Company has adopted a Securities Trading Policy (available on the Company's website Investor Centre). In accordance with this Policy, executives are prohibited from hedging the risk associated with unvested equity-based incentives. Breach of this requirement could lead to disciplinary action including dismissal and forfeiture of equity-based incentives. The Policy also provides for blackout periods for trading in the Company's shares around reporting season as well as prohibitions on insider trading and breach of confidentiality obligations to the Company.

4. Cessation of Employment

Where an executive resigns or is terminated for cause, any unvested awards are forfeited unless otherwise determined by the Board. In exercising this discretion, the Board considers the circumstances of the cessation of employment on a case-by-case basis.

5. External Advisers

The Remuneration Committee engaged Godfrey Remuneration Group (GRG) on 4 April 2022 to conduct a comprehensive review of AVJennings' executive remuneration and incentive arrangements, including the current equity component, as compared to those offered by similar competitor companies and which is tailored to the Company's particular circumstances.

REMUNERATION REPORT (AUDITED) (CONTINUED)

C. Remuneration Framework (continued)

The Committee reviewed the reports and recommendations from GRG at various meetings during FY23. The Board is satisfied the remuneration recommendations made were free from undue influence by any member of the Key Management Personnel because of the communication arrangements established between GRG and the Remuneration Committee.

No further grants will be made under the remuneration structure applicable for FY23 and the new structure will apply for FY24 and beyond. See Section K for further details of the new remuneration structure. Fees charged by GRG amounted to $35,000.

6. Employment Contracts

i) Chief Executive Officer

Mr Kearns' employment contract includes a Term of Agreement of five (5) years from commencement date with renewal discussions at end of year 4. The contract does not stipulate a termination payment. However, it specifies a six-month notice period. Details regarding the remuneration paid to Mr Kearns are contained in the Remuneration Table (Section I) on page 45.

ii) Other Executives

Other executives are full-time, permanent employees with employment contracts. Their employment contracts do not have termination dates or termination payments. However, they typically specify an employer notice period of three months.

7. Remuneration of KMP

Details of the nature and amount of each element of remuneration of Directors and executives are set out on page 42 in item D(3)(f) *Fees paid* to NEDs and the Remuneration Table (Section I) on page 45. The Directors are the same as those identified in the *Directors' Report.*

8. Remuneration Report at FY22 Annual General Meeting (AGM)

At the Company's 2022 Annual General Meeting (AGM), 46.12% of the eligible votes cast on the Remuneration Report were against the Report. This meant the Company recorded a Second Strike on the Report. The Company has periodically reached out to certain shareholders to ascertain whether there were any specific concerns, but no response has been provided. The Company did not receive any specific feedback at the AGM on its remuneration arrangements. The "No" vote represented only 10.48% of the total capital as a substantial proportion of shares were not permitted to vote on the resolution, thus inflating the effect of the "No" vote.

As a result of the Second Strike, a Spill Meeting was held on 15 February 2023. At that meeting, all Directors (except the Managing Director/CEO) retired and submitted themselves for re-election. All Directors were re-elected with votes cast in favour ranging from 87% to 91%.

9. Framework

The current remuneration framework is designed to align executive interests with Company success and long-term shareholder value. The framework discussed below is the structure which applies in a typical year. The structure consists of several components:

For Non-Executive Directors (NEDs) – this is Directors' fees. These are annual fees paid monthly to Australian-based Directors (together with the superannuation guarantee payment) and paid quarterly to Singapore-based Directors (to which no superannuation payment is applicable). These arrangements do not include SC Global nominated Directors, as noted in Section D2.

For Executive KMP, for FY23 this is made up of:

- Fixed remuneration – Which is made up of base salary and superannuation guarantee payments. Target fixed remuneration is set at the 50th Percentile of the market data with a range of +/- 20% around the midpoint to account for individual factors such as experience, calibre and merit-based market positioning.
- Short-Term Incentives (STI) – Which is at risk and is based on satisfying key performance measures which include a range of financial and non-financial targets. This award is usually paid in cash.
- Long-Term Incentives (LTI) – This is a long-term (3 year) equity plan under which Performance Rights are granted annually subject to performance conditions. The Rights are granted with 50% subject to the Earnings Per Share (EPS) hurdle and 50% to the TSR. The Rights are tested against performance hurdles at the end of three years from grant date once the financial results have been released for the relevant year.
- Retention Component – This was an equity award and was granted annually with vesting of one third respectively on the first, second and third anniversaries of the grant. Rights were granted and these may vest into shares once the service conditions are met. The Retention Rights were a retention tool designed to promote stability in the executive ranks and minimise disruption, cost and adverse effects of high turnover in executive ranks and to ensure that all executives had a meaningful shareholding in the Company to align interests with shareholders. The Retention Rights component has been abolished for FY24 and beyond; but existing Retention Rights, granted in 2021 and 2022, will vest in accordance with the Plan Rules.

As outlined above, fixed remuneration is set at, or around, market median, a portion of remuneration is "at risk" and assessed under the STI. The variable, "at risk" component of executive remuneration ensures that a proportion of remuneration varies with performance (both of the individual and, as appropriate, the business unit and the Company as a whole).

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

C. Remuneration Framework (continued)

Allocation of Remuneration between Components is as follows:

	Fixed Remuneration (%)	Total at Risk (%)	STI at Risk (%)	Equity	
				Retention at Risk (%)	LTI at Risk (%)
CEO	46.4	53.6	50	–	50
CFO	59	41	50	–	50
COO	70	30	50	25	25
Other Senior Executives	75	25	50	25	25

The proportions of STI, LTI and retention components take into account:

- The objectives the Board seeks to achieve and the behaviours which support that outcome;
- The desirability of executives having equity interest in the Company so as to better align their interest with shareholders;
- Market practice; and
- The service period before executives can receive equity rewards.

10. Group Performance

The STI and LTI are linked to performance against Key Performance Measures (KPMs). These are itemised in sections F and G. KPMs include performance measures linked to the financial performance of the Company and implementation of Company strategy and shareholder value, and are structured to foster achievement of certain financial metrics. The STI is focussed on short-term performance over the preceding 12 months. The KPMs under the LTI are measured at the end of three years from grant date.

The KPMs are also linked to other non-financial metrics considered critical, including safety performance, people and leadership, risk management and alignment with values and Company purpose.

The table below shows the Group's earnings performance as well as the movement in the Group's EPS, TSR and Market Capitalisation over the last 5 years.

Financial Report Date	Profit After Tax $'000	Basic EPS Cents	TSR* Cents	Market Capitalisation $'000	Return on Market Capitalisation %
30 June 2019	16,439	4.09	(12.5)	218,953	7.51
30 June 2020	9,041	2.23	(4.8)	188,897	4.79
30 June 2021	18,716	4.62	17.2	255,462	7.33
30 June 2022	13,078	3.22	(15.1)	182,579	7.16
30 June 2023	21,264	5.24	(3.2)	162,147	13.11

* TSR is the aggregate of the movement in the share price and dividends paid per share during the year ended 30 June.

REMUNERATION REPORT (AUDITED) (CONTINUED)

D. Non-Executive Directors (NEDs) Remuneration Arrangements

1. NEDs Fee Pool

At the AGM in 2019, shareholders approved an increase in the maximum annual aggregate fee pool to $650,000 for NEDs. The allocation to individual NEDs is determined after considering factors such as time commitment, the size and scale of the Company's operations, skill sets, participation in committee work, in particular chairmanship of committees and fees paid to directors of comparable companies.

NEDs do not receive any leave entitlement benefits or performance-based remuneration. Australian-based NEDs receive superannuation payments.

2. SC Global Nominee Directors

For FY23, SC Global had two nominees on the Board, Mr S Cheong and Mr LM Mak. These two Directors do not receive fees. However, AVJennings pays a consulting fee to the Ultimate Parent Entity, SC Global Developments Pte Ltd. This consulting fee is not included in the NEDs fee pool. The fees are paid pursuant to a consultancy and advisory agreement for the provision of the following:

- Services of at least two directors on the Board.
- Assistance in sourcing and facilitating financial and banking requirements particularly from Asian-based and other institutions.
- Assistance in secretarial and administrative matters in connection with the Company's Singapore listing.
- Sourcing and facilitating business, commercial and investment opportunities.
- Ancillary advice.

The appropriateness of the agreement and the reasonableness of the fees is assessed annually by the Australian-based independent NEDs considering the actual services provided, comparable market data for similar services, the benefits to the Company and the likely cost of replacement of the services provided. This review has been undertaken annually over the past few years and the Australian-based NEDs have, on each occasion, concluded that the fee is appropriate in all the circumstances. The annual fee payable is $600,000 and has been fixed at this level for over ten years. The agreement may be terminated by either party giving six months' notice or by the Company on 30 days' notice for cause.

NEDs Remuneration

(a) Approach to setting fees

NEDs receive a base fee for service as a Director and an additional fee for participation in a Committee. The Chair of a Committee receives a higher fee, reflecting the additional responsibility of that position. The Company's policy is to pay fees which are reflective of peer practice in the property sector and of similarly sized entities, and which attract and retain Directors with the desired attributes, skills and experience. The fees also reflect the time commitment which Directors are expected to provide and the increased complexities and expectations of the role.

(b) Review

NED fees are reviewed on an ad hoc basis as considered necessary. As a matter of practice, fees have been stable for many years and the NED fee pool cap was not increased for almost 20 years until 2019.

(c) Board and Committee fees

Board		Audit		Risk		Nominations		Remuneration		Investments	
Deputy Chair	Member	Chair	Member	Chair	Member	Chair	Member	Chair	Member	Chair	Member
$70,000	$60,000	$30,000	$12,000	$30,000	$12,000	$15,000	$6,000	$15,000	$6,000	N/A	$8,000

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(d) Indemnification

Clause 10.2 of the Company's constitution provides that to the extent permitted by law, it indemnifies a person who is or has been, an officer of the Company or any related bodies corporate against any liability incurred by the person as such an officer, to another person and against a liability for costs and expenses incurred by the person in successfully defending proceedings.

(e) Insurance premiums

Clause 10.3 of the Company's constitution also provides that to the extent permitted by law the Company may pay or agree to pay a premium in respect of a contract insuring a person who is or has been an officer of the Company or its related bodies corporate against a liability incurred by the person as such an officer, and for reasonable costs and expenses incurred by the person in defending proceedings as such an officer, whatever the outcome.

During the year, the Company paid premiums for policies insuring Directors and Officers of the Company and its related bodies corporate against certain liabilities, to the extent permitted by law and subject to certain exclusions. In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

(f) Fees paid

Fees paid to NEDs in FY23 are set out in the table below:

	Year	Short-Term Fees $	Post Employment Superannuation[3] $	Total $
S Cheong[1]	**2023**	**–**	**–**	**–**
	2022	–	–	–
RJ Rowley	**2023**	**114,027**	**11,973**	**126,000**
	2022	120,909	12,091	133,000
B Chin	**2023**	**96,000**	**–**	**96,000**
	2022	96,000	–	96,000
BG Hayman	**2023**	**91,403**	**9,597**	**101,000**
	2022	108,182	10,818	119,000
TP Lai	**2023**	**95,000**	**–**	**95,000**
	2022	86,000	–	86,000
P Kearns[2]	**2023**	**–**	**–**	**–**
	2022	37,949	3,795	41,744
L Chung	**2023**	**70,588**	**7,412**	**78,000**
	2022	67,503	6,750	74,253
LM Mak[1]	**2023**	**–**	**–**	**–**
	2022	–	–	–
Total	**2023**	**467,018**	**28,982**	**496,000**
Total	2022	516,543	33,454	549,997

(1) These Directors were not paid fees. A consulting fee of $50,000 per month is payable to the Ultimate Parent Entity SC Global Developments Pte Ltd which covers the services of these Directors. Total fee paid for the year was $600,000 (2022: $600,000).

(2) Appointed CEO on 10 January and MD on 17 February 2022. Details of P Kearns' remuneration as CEO and MD are included in the Remuneration Table (Section I) on page 45.

(3) Payments to Defined Contribution Plans consist of Superannuation Guarantee Contribution payments as well as employee voluntary contributions.

Directors are reimbursed for airfares (other than the international airfares for those Directors referred to in (1) above) and expenses relating to provision of their services.

(g) Other transactions and balances with KMP and their related parties

During the year, the Company paid $200 to JK Florals, a business owned by a party related to the CEO.

REMUNERATION REPORT (AUDITED) (CONTINUED)

E. Executive Fixed Remuneration

Executive remuneration includes a mix of fixed and variable remuneration. Variable remuneration includes short-term incentives, long-term incentives and retention components.

Fixed Remuneration is represented by Total Employment Cost (TEC) which comprises base remuneration and superannuation contributions.

TEC is reviewed annually or on promotion/appointment to the role. TEC is benchmarked against market data for comparable roles in the market. The Company sets TEC based on relevant market analysis, the scope and nature of the role and the individual's performance, skills and responsibilities. As a starting point, the TEC is set at the P50 of the market data with a range of +/- 20% around the midpoint to account for individual factors above, the need to secure talent and to motivate the right people to deliver on the Company's strategy.

The fixed component of remuneration of Executive KMPs is detailed in the Remuneration Table (Section I) on page 45.

F. Short-Term Incentive (STI)

Executives participate in a STI plan which assesses achievement against KPMs. Each executive has KPMs that are aligned to company, business unit and individual performance. A STI payment is made to the extent performance is achieved against the KPMs set at the beginning of the financial year, as appropriate, and with regards to relevant business units and company performance.

STI payments are based on the key performance measures and weightings disclosed below. These targets are set by the Remuneration Committee and align with the Group's strategic and business objectives. They are reviewed annually.

The Remuneration Committee also set individual KPIs which underpin the KPMs. These are set for each individual executive, taking into account their role in the organisation, and their accountabilities.

KPIs included:

- Financial – Measures including Profit Before Tax (PBT) and Revenue (as per approved budget), drivers for Return on Equity (ROE) growth (e.g. production levels) and acquisition funding options to support growth strategy.
- Strategic – Advancement of landbank targets, progress against key milestones for Environmental, Social and Governance (ESG) strategy.
- Operational – Relating to the project outcomes, changes to value creating processes, operational efficiency, innovation, quality and customer (NPS) and achievement of Key Performance Indicators.
- People and Culture – Focus on leadership and culture of learning and development. Driving a customer centric and safety culture from the inside out.

Performance against KPIs for each Executive were considered by the CEO with his recommendations provided to the Remuneration Committee. The Committee separately considered the CEO's performance.

The performance conditions are designed to promote achievement of the Company's financial and strategic goals, which in turn should lead to shareholder returns. Targets are also designed to achieve strong operational disciplines. Non-financial targets are focussed on maintaining a sustainable business through improved safety performance; focus on customer satisfaction and service; and to implementation of strategy.

The table below provides an overview of the STI against key financial and non-financial performance measures and the weightings for each component.

	Financial	Operational	Strategic
CEO	60%	20%	20%
COO	50%	30%	20%
CFO	60%	20%	20%
Other Executives	30-40%	40-50%	20%
Other Factors Considered: Safety, People and Culture, Hygiene			

The Remuneration Committee determines the STI to be paid based on an assessment of the extent to which the KPMs are met.

The Committee has the discretion to adjust STIs upwards or downwards considering unexpected circumstances or unintended consequences.

In making its assessments, the Committee considers the following factors:

- Performance in implementing Company strategy.
- Performance in the prevailing market.
- The financial result.
- Performance against individual KPMs.

G. Long-Term Incentive (LTI)

LTI grants are only made to executives who can significantly impact the Group's performance and create shareholder value over the longer-term.

LTI remuneration is provided by the issue of Performance Rights with performance conditions. The use of Performance Rights as an incentive reduces upfront cash requirements (as shares do not need to be acquired for allocations). Shares are acquired on market by the Plan Trustee to satisfy the grant of shares in respect of rights which have vested. Participants do not receive dividends on Performance Rights (as distinct from shares).

The allocation of Performance Rights is designed to align executives' interests with shareholders and to consider themselves like shareholders. The Rights are subject to real risk of forfeiture during the vesting period.

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

LTI and Performance

50% of Performance Rights granted vest depending on AVJennings' average growth rate in EPS over the three financial years of performance measurement.

50% of Performance Rights granted vest depending on AVJennings' TSR over the three financial years of performance measurement. TSR is assessed against the ASX 300 Real Estate Index (REI), a comparator group including peers in the residential property sector. The comparator group is not directly comparable to AVJennings as the REI contains non-residential property participants. However, this comparator group was chosen as the best approximation as the pool of directly comparable listed residential developers was too small to provide a reliable and meaningful comparator group.

Both elements of the Performance Rights (EPS and TSR) are also subject to a service condition. The recipient must be employed by AVJennings as at 30 June of the year in which the performance conditions of the Rights are tested. The Rights only vest if both the service condition and the performance conditions are satisfied.

The performance conditions are tested at the end of the three-year measurement period, in the September following release of the financial statements for that year. There is no re-testing. If the conditions are not satisfied when they are tested, the Rights are immediately forfeited.

In the event of a change in control of the Company, the Board can elect to vest unvested Rights.

As the LTI Plan is a Rights Plan, the securities do not qualify for dividend payments until the Rights have vested.

The operation of the EPS, TSR and the ROE hurdles for FY23 are set out below.

AVJennings' EPS growth rate over the three year performance period	Percentage of rights vesting
< 5%	Nil
5%	50% of the allocation for the hurdle
5% – 10%	Pro-rata between 50% and 100%
> = 10%	100% of the allocation for the hurdle

AVJennings' TSR rank against ASX 300 RE Index at 30 September	Percentage vesting
< median	Nil
At the median	50% of the allocation for the hurdle
> median but < 75th percentile	Pro-rata between 50th and 75th percentiles
> 75th percentile	100% of the allocation for the hurdle

AVJennings' ROE over the three year performance period	Percentage of rights vesting
< 12%	Nil
12%	50% of the allocation for the hurdle
15%	75% of the allocation for the hurdle
> = 18%	100% (Straight line interpolation between 12% and 18%)

This ROE hurdle was removed in February 2020 and replaced with the TSR hurdle for grants for FY21 and beyond.

H. Retention

Retention Rights are granted in three equal tranches which vest in each of the three succeeding years following the year of grant.

Retention component – years of service	Percentage of rights vesting
One year	33.33%
Two years	33.33%
Three years	33.34%

Rationale for Retention Rights

The Company recognises that the TEC is generally set at around mid-market. It is also recognised that the market for quality executives is dynamic and that high turnover in executive ranks is undesirable, costly and disruptive. Accordingly, Retention Rights are granted to support a number of objectives:

- Address the issue of retaining executives.
- Avoid the disruption of turnover in executive ranks.
- Avoid the costs of recruitment of replacement executives.
- Avoid the impact on operations, performance and productivity of executive turnover.

Unvested Retention Rights are subject to real risk of forfeiture, for example where an executive ceases employment for any reason. The Retention Rights component has been abolished for FY24 and beyond; but existing Retention Rights, granted in 2021 and 2022, will vest in accordance with the Plan Rules.

REMUNERATION REPORT (AUDITED) (CONTINUED)

I. Remuneration Table

		Short-Term				Post Employment	Other Long-Term	Share-Based	Total	Performance Related
	Year	Cash Salary $	Accrued Annual Leave $	STI $	Other $	Superannuation $	Accrued Long Service Leave $	LTI[6] $	$	%
Executive KMP										
P Kearns[1]	**2023**	**643,666**	**10,999**	**284,375**	**–**	**25,292**	**4,966**	**166,340**	**1,135,638**	**28.68**
	2022	299,563	21,764	250,000	–	11,784	1,059	30,246	614,416	4.92
S Souter[2]	**2023**	**156,606**	**10,499**	**58,827**	**–**	**11,356**	**512**	**–**	**237,800**	**24.74**
	2022	–	–	–	–	–	–	–	–	–
CD Thompson	**2023**	**428,600**	**7,571**	**66,685**	**–**	**25,292**	**16,558**	**69,315**	**614,021**	**16.64**
	2022	421,001	15,949	56,757	–	23,568	14,557	20,885	552,717	7.36
SC Orlandi	**2023**	**414,756**	**43,509**	**77,838**	**–**	**25,292**	**28,142**	**83,218**	**672,755**	**17.83**
	2022	391,572	20,641	67,608	–	23,568	14,258	36,088	553,735	10.89
L Hunt	**2023**	**275,894**	**31**	**40,067**	**–**	**25,292**	**20,747**	**42,836**	**404,867**	**15.31**
	2022	251,176	6,098	33,885	–	23,568	8,436	12,907	336,070	7.13
Former Executive KMP										
A Carter[3]	**2023**	**137,821**	**17,392**	**–**	**87,833**	**18,969**	**–**	**(8,434)**	**253,581**	**–**
	2022	133,494	(265)	16,521	1,723	10,853	461	8,434	171,221	10.85
PK Summers[4]	**2023**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2022	1,772,160	–	–	3,008,139	17,676	–	(344,510)	4,453,465	–
L Mahaffy[5]	**2023**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2022	382,896	10,130	52,163	–	23,568	10,861	106,895	586,513	11.64
Total	**2023**	**2,057,343**	**90,001**	**527,792**	**87,833**	**131,493**	**70,925**	**353,275**	**3,318,662**	
Total	2022	3,651,862	74,317	476,934	3,009,862	134,585	49,632	(129,055)	7,268,137	

(1) Appointed CEO on 10 January and MD on 17 February 2022. STI includes $125,000 (FY2022: $250,000) sign-on payment. Details of remuneration as NED prior to being appointed as CEO are shown on page 42.
(2) Appointed CFO 20 February 2023.
(3) Appointed 7 February 2022 and ceased employment 28 November 2022. 'Other' relates to the value of motor vehicle benefits and final payment.
(4) Retired 1 January 2022. 'Other' includes retirement payment approved at the Annual General Meeting held on 14 October 2021.
(5) Passed away 24 June 2022, FY23 included a payment of $221,486 mainly for leave entitlement and final payout.
(6) The LTI figures represent the amount expensed or reversed in respect of the Rights granted. The Rights are subject to service and performance conditions and accordingly, not all the Rights may vest. The amount the Executive KMP receives is different and is based on the shares that vest.

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration to Executive KMP in FY23

A summary of the statutory remuneration tables prepared in accordance with the Australian Accounting Standards is provided in the Remuneration Table (Section I) on page 45.

Disclosures required in the remuneration report by the *Corporations Act 2001*, particularly the inclusion of accounting values for LTI rights awarded but not vested, including rights cancelled, can vary significantly from the remuneration actually paid to Executive KMP. As a general principle, Australian Accounting Standards require the value of share-based payments to be calculated at the time of grant and expensed over the vesting period. This may not reflect what Executive KMP actually received or became entitled to during the year.

J. Equity disclosures

Rights have been granted to Executive KMP as detailed in the table below.

Rights granted to Executive KMP	Financial Year granted	Date of testing the final performance conditions
The September 2019 grant	FY20	September 2022
The September 2020 grant	FY21	September 2023
The September 2021 grant	FY22	September 2024
The September 2022 grant	FY23	September 2025

The fair value of the Rights at the date of the Grant is determined by the Plan manager using an appropriate valuation model. The fair value is expensed over the period in which the performance and/or service conditions are fulfilled with a corresponding increase in share-based payment reserve in equity. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the *Consolidated Statement of Comprehensive Income* represents the movement in cumulative expense recognised between the beginning and end of that period.

REMUNERATION REPORT (AUDITED) (CONTINUED)

The following is the status of Rights granted to Executive KMP under the LTI Plans:

KMP	Year of Grant	Fair Value at Grant date	Rights at 1 July 2022	Rights granted	Rights vested	Rights forfeited	Rights at 30 June 2023
P Kearns	FY22	$187,523	461,141	–	–	–	461,141
P Kearns	**FY23**	**$375,000**	**–**	**1,174,076**	**–**	**–**	**1,174,076**
S Souter	**FY23**	**$58,816**	**–**	**211,760**	**–**	**–**	**211,760**
CD Thompson	FY20	$71,395	103,456	–	(24,219)	(79,237)	–
CD Thompson	FY21	$71,385	146,498	–	(25,501)	–	120,997
CD Thompson	FY22	$74,099	147,213	–	(21,251)	–	125,962
CD Thompson	**FY23**	**$74,092**	**–**	**203,512**	**–**	**–**	**203,512**
SC Orlandi	FY20	$66,669	96,609	–	(22,617)	(73,992)	–
SC Orlandi	FY21	$85,706	175,886	–	(30,617)	–	145,269
SC Orlandi	FY22	$88,963	176,744	–	(25,514)	–	151,230
SC Orlandi	**FY23**	**$88,955**	**–**	**244,336**	**–**	**–**	**244,336**
A Carter(1)	FY22	$25,419	55,111	–	(7,952)	(47,159)	–
A Carter(1)	**FY23**	**$60,998**	**–**	**167,545**	**–**	**(167,545)**	**–**
L Hunt	FY20	$44,122	63,937	–	(14,968)	(48,969)	–
L Hunt	FY21	$44,116	90,535	–	(15,760)	–	74,775
L Hunt	FY22	$45,793	90,978	–	(13,133)	–	77,845
L Hunt	**FY23**	**$45,789**	**–**	**125,770**	**–**	**–**	**125,770**
Total		**$1,508,840**	**1,608,108**	**2,126,999**	**(201,532)**	**(416,902)**	**3,116,673**

(1) Appointed 7 February 2022 and ceased employment 28 November 2022.

Directors' Report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings of KMP

The number of shares in the Company held during the financial year by each KMP of the Group, including their related parties, are set out below.

	Opening Balance	Vested as Remuneration	On Market Purchase	Closing Balance
For the year ended 30 June 2023				
Directors				
S Cheong	219,112,839	–	–	**219,112,839**
RJ Rowley	370,223	–	–	**370,223**
BG Hayman	235,000	–	–	**235,000**
L Chung	–	–	110,000	**110,000**
P Kearns	25,000	–	–	**25,000**
Executives				
CD Thompson	1,930,195	70,971	–	**2,001,166**
SC Orlandi	634,789	78,748	–	**713,537**
L Hunt	428,293	43,861	–	**472,154**
Total	**222,736,339**	**193,580**	**110,000**	**223,039,919**
For the year ended 30 June 2022				
Directors				
S Cheong	219,112,839	–	–	**219,112,839**
RJ Rowley	370,223	–	–	**370,223**
BG Hayman	235,000	–	–	**235,000**
P Kearns	25,000	–	–	**25,000**
Executives				
CD Thompson	1,860,987	69,208	–	**1,930,195**
SC Orlandi	565,480	69,309	–	**634,789**
L Hunt	385,523	42,770	–	**428,293**
Former KMP				
PK Summers(1)	4,959,951	257,868	–	**5,217,819**
L Mahaffy(2)	293,366	426,398	–	**719,764**
Total	**227,808,369**	**865,553**	**–**	**228,673,922**

(1) Retired on 1 January 2022. Shareholdings are amounts at the date he ceased to be a KMP.

(2) Passed away on 24 June 2022. Shareholdings are amounts at the date he ceased to be a KMP.

REMUNERATION REPORT (AUDITED) (CONTINUED)

K. New remuneration structure

The new structure to apply for FY24 and beyond incorporates a Short-Term Variable Remuneration plan (STVR) and a Long-Term Variable Remuneration plan (LTVR). The LTVR plan is intended to align executive and shareholder interests so as to create shareholder value over the longer-term. The purpose of the STVR plan is to provide at-risk and incentive remuneration components that are performance focussed and linked to value creation and outcomes.

STVR Component

The STVR component also supports risk management by exposing rewards for short-term performance to long-term outcomes by deferral of a portion (into Rights) of the STVR component (initially 25% rising to 30% by year 4).

The measurement period is 1 July – 30 June each year and the opportunity is a percentage of TEC stated for each participating Executive. Each KPI to have a Threshold and Target level.

Weightings are set for each Executive to cover Financial, Strategic and Operational outcomes:

	Financial	Operational	Strategic
CEO	70%	0%	30%
COO	50%	30%	20%
CFO	60%	20%	20%
Company Secretary/ General Counsel	50%	30%	20%
General Manager, Human Resources	50%	30%	20%

The STVR plan also incorporates Malus and Clawback provisions. These allow Board discretion to determine that some, or all, Rights that are unvested, or subject to an exercise restriction, lapse on a specified date if, exercise of the Rights would result in an inappropriate benefit to the participating Executive. Such circumstances include but are not limited to:

- The Executive causes harm to the operations or reputation of the Company.
- The Executive taking excessive risks.
- The Executive joins a competitor.
- Unacceptable ESG outcomes have been identified.
- An act of fraud, dishonesty or gross misconduct.
- Non-adherence to the Company's values.

LTVR Component

The LTVR component is designed to:

- Provide variable remuneration which is linked to long-term value creation.
- Align the interests of KMP participants and shareholders.
- Ensure executive KMPs have commonly shared goals.

The instrument is in the form of Performance Rights. The measurement period is 1 July to 30 June three years after the grant date (3-year measurement period). Each Right has a term of 15 years from the date of grant.

The opportunity is expressed as a percentage of TEC stated for each participating Executive for each of the Threshold and Target levels. The grant calculation is determined by the volume weighted share price over the 20 days trading following the release of the prior year's financial results.

There are two tranches of the LTVR of equal value, one subject to a TSR hurdle and the other to a ROE hurdle.

The TSR component has a gate of positive TSR for the period. There is no retesting under the LTVR plan rules.

Similar to the STVR, the LTVR incorporates Malus and Clawback provisions to allow Board discretion to determine that some or all Rights that are unvested or subject to an Exercise restriction lapse on a specified date if, in the opinion of the Board, exercise of the Rights would result in an inappropriate benefit to the participating Executive.

Directors' Report.

MEETINGS OF DIRECTORS AND DIRECTORS' COMMITTEES

The number of meetings of Directors and Directors' committees held during the year, for the period the Director was a Member of the Board or a Committee, and the number of meetings attended by each Director are detailed below.

	Full Meetings of Directors		Meetings of Committees							
			Audit		Remuneration		Nominations		Risk	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
S Cheong	5	5	–	–	5	5	1	1	–	–
B Chin	5	5	3	3	–	–	1	1	–	–
BG Hayman	5	5	–	–	5	5	1	1	4	4
RJ Rowley	5	5	3	3	–	–	1	1	4	4
TP Lai	5	5	3	3	5	5	–	–	–	–
L Chung	5	5	–	–	5	5	–	–	4	4
P Kearns	5	5	–	–	–	–	–	–	–	–
LM Mak	5	5	–	–	–	–	–	–	–	–

The Investments Committee does not formally meet in person. It conducts physical inspections of certain major development sites and receives detailed briefings from management on all major development sites prior to consideration of formal acquisition proposals which are dealt with by way of circular resolution.

DIRECTORS' INTERESTS

The relevant interests of the Directors in the shares of the Company at the date of this Report are:

Director	Number
S Cheong	219,112,839
RJ Rowley	370,223
BG Hayman	235,000
L Chung	110,000
P Kearns	25,000

INDEMNIFYING OFFICERS

During the year, the Group paid a premium in respect of a contract insuring its Directors and employees against liabilities that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of entities in the Group. In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

ROUNDING

ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 is applicable to the Group and in accordance with that Instrument, amounts in the Financial Report and the *Directors' Report* are rounded to the nearest thousand dollars, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 52.

NON-AUDIT SERVICES

The Group's auditor, Ernst & Young provided certain non-audit services as outlined in note 33. The Board has considered these and based on advice received from the Audit Committee, is satisfied that provision of these services is compatible with, and did not compromise, the auditor independence requirements imposed by the *Corporations Act 2001*, for the following reason:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks or rewards.

Signed in accordance with a resolution of the Directors.

Simon Cheong
Director
30 August 2023

Philip Kearns
Director

Building a better working world

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Auditor's Independence Declaration to the directors of AVJennings Limited

As lead auditor for the audit of the financial report of AVJennings Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit.

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AVJennings Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Glenn Maris
Partner
30 August 2023

Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Continuing operations			
Revenue from contracts with customers	2	274,309	222,814
Revenue		**274,309**	**222,814**
Cost of sales		(187,379)	(158,702)
Gross profit		**86,930**	**64,112**
Share of (loss)/profit of equity accounted investments	26	(169)	1,647
Change in equity accounted investment provisions	3	–	(1,489)
Change in inventory loss provisions	3	(4,475)	–
Fair value adjustment to investment property	8	(88)	(4)
Selling and marketing expenses		(4,953)	(3,469)
Employee expenses	3	(27,537)	(28,815)
Other operational expenses		(6,561)	(4,950)
Management and administration expenses		(10,754)	(7,472)
Depreciation and amortisation expenses	3	(1,656)	(1,743)
Finance income	3	400	127
Finance costs	3	(589)	(303)
Other income	3	282	296
Profit before income tax		**30,830**	**17,937**
Income tax	4	(9,566)	(4,859)
Profit after income tax		**21,264**	**13,078**
Other comprehensive income			
Foreign currency translation gain/(loss)		866	(1,755)
Other comprehensive income/(loss)		**866**	**(1,755)**
Total comprehensive income		**22,130**	**11,323**
Profit attributable to owners of the Company		**21,264**	**13,078**
Total comprehensive income attributable to owners of the Company		**22,130**	**11,323**
Earnings per share (cents):			
Basic earnings per share	34	5.24	3.22
Diluted earnings per share	34	5.24	3.22

To be read in conjunction with the accompanying notes.

Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	5	12,983	3,274
Receivables	6	16,769	14,566
Inventories	7	226,487	150,448
Tax receivable	4(c)	–	922
Other assets	9	5,628	3,283
Total current assets		**261,867**	**172,493**
Non-current assets			
Receivables	6	1,799	1,155
Inventories	7	588,217	538,396
Investment property	8	1,668	1,756
Equity accounted investments	26	4,884	5,053
Financial assets at fair value through profit or loss	11	3,500	–
Plant and equipment	10	993	2,059
Right-of-use assets	12	5,432	5,783
Intangible assets	13	2,816	2,816
Total non-current assets		**609,309**	**557,018**
Total assets		**871,176**	**729,511**
Current liabilities			
Payables	14	134,380	93,935
Lease liabilities	16	1,053	1,252
Tax payable	4(c)	3,294	523
Provisions	17	6,617	6,732
Total current liabilities		**145,344**	**102,442**
Non-current liabilities			
Payables	14	107,530	88,141
Borrowings	15	171,301	109,190
Lease liabilities	16	4,607	4,962
Deferred tax liabilities	4(d)	17,796	15,599
Provisions	17	1,416	1,148
Total non-current liabilities		**302,650**	**219,040**
Total liabilities		**447,994**	**321,482**
Net assets		**423,182**	**408,029**
Equity			
Contributed equity	18	173,172	173,506
Reserves	19(a)	8,224	6,810
Retained earnings	19(c)	241,786	227,713
Total equity		**423,182**	**408,029**

To be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

		Attributable to equity holders of AVJennings Limited				Total equity
		Contributed Equity	Foreign Currency Translation Reserve	Share-based Payment Reserve	Retained Earnings	
	Note	$'000	$'000	$'000	$'000	$'000
At 1 July 2021		**173,740**	**2,843**	**6,110**	**226,416**	**409,109**
Comprehensive income:						
Profit for the year		–	–	–	13,078	13,078
Loss for the year		–	(1,755)	–	–	(1,755)
Total comprehensive income for the year		**–**	**(1,755)**	**–**	**13,078**	**11,323**
Transactions with owners in their capacity as owners:						
– Treasury shares acquired	18(b)	(234)	–	–	–	(234)
– Share-based payment expense reversed	32(a)	–	–	(969)	–	(969)
– Share-based payment expense	32(a)	–	–	581	–	581
– Dividends paid	20	–	–	–	(11,781)	(11,781)
Total transactions with owners in their capacity as owners		**(234)**	**–**	**(388)**	**(11,781)**	**(12,403)**
At 30 June 2022		**173,506**	**1,088**	**5,722**	**227,713**	**408,029**
At 1 July 2022		**173,506**	**1,088**	**5,722**	**227,713**	**408,029**
Comprehensive income:						
Profit for the year		–	866	–	21,264	22,130
Total comprehensive income for the year		**–**	**866**	**–**	**21,264**	**22,130**
Transactions with owners in their capacity as owners:						
– Treasury shares acquired	18(b)	(299)	–	–	–	(299)
– Share-based payment expense reversed	32(a)	–	–	(93)	–	(93)
– Share-based payment expense	32(a)	–	–	641	–	641
– Share buyback and cancellation	18(a)	(35)	–	–	–	(35)
– Dividends paid	20	–	–	–	(7,191)	(7,191)
Total transactions with owners in their capacity as owners		**(334)**	**–**	**548**	**(7,191)**	**(6,977)**
At 30 June 2023		**173,172**	**1,954**	**6,270**	**241,786**	**423,182**

To be read in conjunction with the accompanying notes.

Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		298,894	275,568
Payments to other suppliers and employees (inclusive of GST)		(323,137)	(229,406)
Interest paid	3	(13,120)	(7,271)
Income tax paid	4(c)	(3,621)	(5,783)
Net cash (used in)/ from operating activities	21	**(40,984)**	**33,108**
Cash flow from investing activities			
Payments for plant and equipment	10	(827)	(253)
Payments for financial assets at fair value through profit or loss		(2,156)	–
Interest received	3	400	127
Net cash used in investing activities		**(2,583)**	**(126)**
Cash flow from financing activities			
Proceeds from borrowings		171,377	96,934
Repayment of borrowings		(109,266)	(126,293)
Principal elements of lease payments	16	(1,266)	(1,429)
Net payment for treasury shares	18(b)	(299)	(234)
Dividends paid	20	(7,191)	(11,781)
Share buyback on market	18(a)	(35)	–
Net cash from/(used in) financing activities		**53,320**	**(42,803)**
Net increase/(decrease) in cash and cash equivalents		**9,753**	**(9,821)**
Cash and cash equivalents at beginning of the year		3,274	13,099
Effects of exchange rate changes on cash and cash equivalents		(44)	(4)
Cash and cash equivalents at end of the year	5	**12,983**	**3,274**

To be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section A – How the numbers are calculated

Section A1 Segment information

1. OPERATING SEGMENTS

The Group operates primarily in residential development.

The Group determines segments based on information that is provided to the Managing Director who is the Chief Operating Decision Maker (CODM). The CODM assesses the performance of each segment and makes decisions regarding the allocation of resources to each segment. Each segment prepares a detailed finance report on a monthly basis which summarises the historic results of the segment and forecast of the segment for the remainder of the year.

Reportable Segments

Jurisdictions:

This includes activities relating to land development, integrated housing and apartments development.

Other:

This includes activities relating to apartments in Western Australia and other numerous low value items.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Revenues														
External sales	78,864	76,689	66,726	55,616	63,853	57,048	27,777	12,801	30,552	11,488	3,920	6,523	271,692	220,165
Management fees	–	–	2,617	2,649	–	–	–	–	–	–	–	–	2,617	2,649
Total segment revenues	**78,864**	**76,689**	**69,343**	**58,265**	**63,853**	**57,048**	**27,777**	**12,801**	**30,552**	**11,488**	**3,920**	**6,523**	**274,309**	**222,814**
Results														
Segment results	19,893	19,410	(3,507)	(1,959)	5,843	(480)	908	(1,402)	10,759	2,507	984	(716)	34,880	17,360
Share of (loss)/profit of equity accounted investments	–	–	–	–	–	–	–	–	–	–	(169)	1,647	(169)	1,647
Other non-segment revenue	–	–	–	–	–	–	–	–	–	–	553	318	553	318
Rent from investment property	–	–	129	105	–	–	–	–	–	–	–	–	129	105
Change in inventory loss provisions	(2,263)	–	(625)	–	(1,587)	–	–	–	–	–	–	–	(4,475)	–
Fair value adjustments	–	–	(88)	(4)	–	–	–	–	–	–	–	–	(88)	(4)
Provision – equity accounted investment	–	–	–	–	–	–	–	–	–	–	–	(1,489)	–	(1,489)
Profit before income tax													30,830	17,937
Income tax													(9,566)	(4,859)
Net profit													**21,264**	**13,078**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Assets														
Segment assets	232,460	171,869	332,457	286,011	164,015	122,041	33,543	43,012	90,367	89,812	18,334	16,766	871,176	729,511
Total assets	**232,460**	**171,869**	**332,457**	**286,011**	**164,015**	**122,041**	**33,543**	**43,012**	**90,367**	**89,812**	**18,334**	**16,766**	**871,176**	**729,511**
Liabilities														
Segment liabilities	64,413	30,475	120,324	127,912	57,889	19,710	1,506	2,481	21,260	28,757	182,602	112,147	447,994	321,482
Total liabilities	**64,413**	**30,475**	**120,324**	**127,912**	**57,889**	**19,710**	**1,506**	**2,481**	**21,260**	**28,757**	**182,602**	**112,147**	**447,994**	**321,482**

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section A2 Profit and loss information

2. REVENUES FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue information

The disaggregation of the Group's revenue from contracts with customers is set out below:

Operating Segments 30 June 2023	**NSW $'000**	**VIC $'000**	**QLD $'000**	**SA $'000**	**NZ $'000**	**Other* $'000**	**Total $'000**
Types of goods or services							
Sale of land	28,945	33,372	33,246	17,671	30,552	1,850	145,636
Sale of integrated housing	49,919	5,365	30,607	10,106	–	–	95,997
Sale of apartments	–	908	–	–	–	2,070	2,978
Property development & other services	–	29,698	–	–	–	–	29,698
Total revenue from contracts with customers	**78,864**	**69,343**	**63,853**	**27,777**	**30,552**	**3,920**	**274,309**
Timing of revenue recognition							
Goods transferred at a point in time	78,864	39,645	63,853	27,777	30,552	3,920	244,611
Services transferred over time	–	29,698	–	–	–	–	29,698
Total revenue from contracts with customers	**78,864**	**69,343**	**63,853**	**27,777**	**30,552**	**3,920**	**274,309**

Operating Segments 30 June 2022	**NSW $'000**	**VIC $'000**	**QLD $'000**	**SA $'000**	**NZ $'000**	**Other* $'000**	**Total $'000**
Types of goods or services							
Sale of land	18,898	16,753	36,039	8,774	11,488	–	91,952
Sale of integrated housing	57,791	24,864	21,009	4,027	–	–	107,691
Sale of apartments	–	13,999	–	–	–	6,523	20,522
Property development & other services	–	2,649	–	–	–	–	2,649
Total revenue from contracts with customers	**76,689**	**58,265**	**57,048**	**12,801**	**11,488**	**6,523**	**222,814**
Timing of revenue recognition							
Goods transferred at a point in time	76,689	55,616	57,048	12,801	11,488	6,523	220,165
Services transferred over time	–	2,649	–	–	–	–	2,649
Total revenue from contracts with customers	**76,689**	**58,265**	**57,048**	**12,801**	**11,488**	**6,523**	**222,814**

*Relates to Western Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

(b) Revenue recognition accounting policy

(i) Sale of land, integrated housing and apartments

Revenue from the sale of land, houses, and apartments is recognized at a point in time when control is transferred to the customer. In most cases, transfer of control occurs at settlement when legal title passes to the customer, and an enforceable right to payment exists.

In certain contractual arrangements, as detailed below, the customer obtains control before settlement. In these cases, revenue is recognised prior to settlement once the customer has obtained control and a right to payment exists.

- Revenue from the sales of land on deferred terms to builders in New Zealand. The builder gains control of the land at the point when the contract is unconditional, physical works on land are complete, and building can be commenced.
- Sales of englobo land on deferred terms. Control passes to the customer when the contract is unconditional, physical works on land are complete, and the customer has unconditional rights to the land before settlement.
- Revenue from the sales of land to builders in Australia. In this scenario, land is sold to the builder who is the ultimate purchaser, rather than acting as a conduit between AVJennings and a retail purchaser. The builder obtains control of the land when certain conditions are met: the contract becomes unconditional, physical works on the land are completed, and building can be commenced.

(ii) Property development and other services

AVJennings Properties Limited provides property development and other services to joint venture arrangements entered into by other entities within the Group. The performance obligation is satisfied over-time and revenue is progressively recognised based on the terms of the service agreement.

(iii) Financing components

The Group does not expect to have any contracts for the sale of land, integrated housing and apartments where the duration between the transfer of the goods to the customer and payment by the customer exceeds one year in Australia.

In the case of certain contracts for the sale of land in New Zealand and the provision of services in Australia, the duration may exceed one year.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. INCOME AND EXPENSES

	Note	2023 $'000	2022 $'000
Revenues			
Revenue from contracts with customers	2	274,309	222,814
Total revenues		**274,309**	**222,814**
Cost of sales include:			
Utilisation of inventory provisions	7	(3,057)	(2,359)
Amortisation of finance costs capitalised to inventories		6,067	6,975
Impairment of assets			
Provision – equity accounted investment	26	–	1,489
Increase in inventory loss provisions	7	4,475	–
Employee expenses include:			
Retirement payment to Key Management Personnel		–	2,983
Depreciation and amortisation expense			
Depreciation of owned assets	10	241	204
Amortisation of right-of-use assets	12	1,415	1,539
Total depreciation and amortisation expense		**1,656**	**1,743**
Finance income			
Interest from financial assets held for cash management purposes		400	127
Finance costs			
Bank loans and overdrafts		12,806	6,989
Interest on lease liabilities		314	282
Total finance costs		13,120	7,271
Less: Amount capitalised to inventories		(12,531)	(6,968)
Finance costs expensed		**589**	**303**
Other income			
Rent from investment property		129	105
Sundry income		153	191
Total other income		**282**	**296**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAX

	2023 $'000	2022 $'000
(a) Income tax expense		
The major components of income tax are:		
Current income tax		
Current income tax charge	7,209	4,591
Adjustment for prior year	160	(229)
Deferred income tax		
Current temporary differences	2,197	311
Adjustment for prior year	–	186
Income tax reported in the *Consolidated Statement of Comprehensive Income*	**9,566**	**4,859**

(b) Numerical reconciliation between aggregate tax recognised in the Consolidated Statement of Comprehensive Income and tax calculated per the statutory income tax rate

	2023 $'000	2022 $'000
Accounting profit before income tax	**30,830**	**17,937**
Tax at Australian income tax rate of 30%	9,249	5,381
Net share of equity accounted joint venture loss/(profit)	51	(494)
Other non-deductible items	308	96
Foreign jurisdiction gain/(losses)	19	(30)
Effect of lower tax rate in foreign jurisdiction	(221)	(51)
Adjustment for prior year	160	(43)
Income tax expense	**9,566**	**4,859**
Effective tax rate	**31%**	**27%**

(c) Numerical reconciliation from income tax expense to income taxes paid

	2023 $'000	2022 $'000
Income tax expense	**9,566**	**4,859**
Timing differences recognised in deferred tax	(2,197)	(497)
Adjustment for prior year	(160)	229
Exchange rate translation difference	(55)	(107)
Current year tax payable at year end	(3,294)	(523)
Current year tax receivable at year end	–	922
Prior year tax (refunded)/paid in current year	(239)	900
Cash taxes paid per the *Consolidated Statement of Cash Flows*	**3,621**	**5,783**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAX (continued)

(d) Recognised deferred tax assets and liabilities

	Opening balance $'000	Expense /(benefit) $'000	Foreign exchange variance $'000	Closing balance $'000
Deferred income tax movement for the year ended 30 June 2023:				
Deferred tax assets				
– inventories	2,784	425	–	3,209
– accruals	1,260	58	–	1,318
– employee entitlement provisions	1,725	88	1	1,814
– fair value other assets	447	124	–	571
– lease liabilities	1,810	(170)	–	1,640
– other	34	183	–	217
Deferred tax assets	**8,060**	**708**	**1**	**8,769**
Deferred tax liabilities				
– inventories	(18,319)	(2,640)	3	(20,956)
– fair value investment property	(236)	27	–	(209)
– unearned revenue	(935)	(454)	(4)	(1,393)
– prepayments	(100)	26	–	(74)
– brand name	(845)	–	–	(845)
– right-of-use assets	(1,688)	103	–	(1,585)
– other	(1,536)	33	–	(1,503)
Deferred tax liabilities	**(23,659)**	**(2,905)**	**(1)**	**(26,565)**
Net deferred tax liabilities	**(15,599)**	**(2,197)**	**–**	**(17,796)**
Deferred income tax movement for the year ended 30 June 2022:				
Deferred tax assets				
– inventories	3,492	(708)	–	2,784
– accruals	1,770	(510)	–	1,260
– employee entitlement provisions	1,808	(82)	(1)	1,725
– fair value other assets	–	447	–	447
– lease liabilities	1,510	300	–	1,810
– other	39	(5)	–	34
Deferred tax assets	**8,619**	**(558)**	**(1)**	**8,060**
Deferred tax liabilities				
– inventories	(17,111)	(1,236)	28	(18,319)
– fair value investment property	(237)	1	–	(236)
– unearned revenue	(2,954)	2,082	(63)	(935)
– prepayments	(57)	(43)	–	(100)
– brand name	(845)	–	–	(845)
– right-of-use assets	(1,418)	(270)	–	(1,688)
– other	(1,063)	(473)	–	(1,536)
Deferred tax liabilities	**(23,685)**	**61**	**(35)**	**(23,659)**
Net deferred tax liabilities	**(15,066)**	**(497)**	**(36)**	**(15,599)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAX (continued)

(e) Tax consolidation legislation

AVJennings Limited and its wholly owned Australian controlled entities are in a Tax Consolidated Group (TCG).

The entities in the TCG have entered into a Tax Sharing Agreement which limits the joint and several liabilities of the wholly owned entities in the case of a default by the head entity, AVJennings Limited.

The entities in the TCG have also entered into a Tax Funding Agreement to fully compensate/be compensated by AVJennings Limited for current tax balances and deferred tax assets or unused tax losses and credits transferred.

(f) Accounting

Income tax expense is calculated at the applicable tax rate and recognised in the profit and loss for the year, unless it relates to other comprehensive income or transactions recognised directly in equity.

The tax expense comprises current and deferred tax. Broadly, current tax represents the tax expense paid or payable for the current year. Deferred tax accounts for tax on temporary differences. Temporary differences generally occur when income and expenses are recognised by tax authorities and for accounting purposes in different periods.

Deferred tax assets, including those arising from tax losses, are only recognised to the extent it is probable that sufficient taxable profits will be available to utilise the losses in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section A3 Balance Sheet information

5. CASH AND CASH EQUIVALENTS

	2023 $'000	2022 $'000
Cash at bank and in hand	**12,983**	**3,274**

Accounting

Cash and cash equivalents in the *Consolidated Statement of Financial Position* comprise cash at bank and in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

6. RECEIVABLES

	2023 $'000	2022 $'000
Current		
Trade receivables	15,089	11,458
Related party receivables	526	1,199
GST Receivable	369	1,110
Other receivables	785	799
Total current receivables	**16,769**	**14,566**
Non-current		
Related party receivables	1,640	1,044
Other receivables	159	111
Total non-current receivables	**1,799**	**1,155**

(i) Accounting

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies the Standard's simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. RECEIVABLES (continued)

(ii) Expected credit losses

No expected credit losses (2022: Nil) have been recognised by the Group in the current year.

At 30 June, the ageing analysis of trade receivables is as follows:

			Number of days overdue			
	Total $'000	Not due $'000	0-30 $'000	31-60 $'000	61-90 $'000	+ 91 $'000
2023	**15,089**	**15,089**	**–**	**–**	**–**	**–**
2022	11,458	11,458	–	–	–	–

The carrying value of receivables is assumed to approximate their fair value.

The Group does not have any significant credit risk exposure to a single customer. Receivables in respect of land and built-form require full settlement prior to passing of title.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INVENTORIES

	Note	2023 $'000	2022 $'000
Current			
Broadacres[1]			
Land to be developed – at cost		16,423	8,129
Borrowing and holding costs capitalised	7(a)	2,935	464
Impairment provision		(6,953)	(2,944)
Total broadacres		12,405	5,649
Work-in-progress			
Land subdivided or in the course of being subdivided – at cost		55,842	43,218
Development costs capitalised		42,377	52,417
Houses and apartments under construction – at cost		67,969	25,494
Borrowing and holding costs capitalised	7(a)	18,944	11,249
Total work-in-progress		185,132	132,378
Completed inventory			
Completed houses and apartments – at cost		8,772	8,532
Completed residential land lots – at cost		18,135	2,927
Borrowing and holding costs capitalised	7(a)	2,207	962
Impairment provision		(164)	–
Total completed inventory		28,950	12,421
Total current inventories		**226,487**	**150,448**
Non-current			
Broadacres			
Land to be developed – at cost		429,078	414,360
Borrowing and holding costs capitalised	7(a)	30,195	29,292
Impairment provision		(955)	(6,306)
Total broadacres		458,318	437,346
Work-in-progress			
Land subdivided or in the course of being subdivided – at cost		53,290	55,188
Development costs capitalised		45,014	22,315
Houses and apartments under construction – at cost		5,432	3,508
Borrowing and holding costs capitalised	7(a)	11,385	19,448
Impairment provision		(2,263)	–
Total work-in-progress		112,858	100,459
Completed inventory			
Completed houses and apartments – at cost		571	434
Completed residential land lots – at cost		13,194	178
Borrowing and holding costs capitalised	7(a)	3,641	11
Impairment provision		(365)	(32)
Total completed inventory		17,041	591
Total non-current inventories		**588,217**	**538,396**
Total inventories		**814,704**	**688,844**

(1) Broadacres refers to undeveloped land.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INVENTORIES (continued)

(a) Borrowing costs attributable to qualifying assets are capitalised. These include interest and fees and have been capitalised at a weighted average rate of 7.59% (2022: 5.26%).

Accounting

Inventories are carried at the lower of cost and net realisable value (NRV).

Cost includes costs of acquisition, development, interest capitalised and all other costs directly related to specific projects. Borrowing and holding costs such as rates and taxes incurred after completion of development and construction are expensed. Costs expected to be incurred under penalty clauses and rectification provisions are also included.

NRV is the estimated selling price in the ordinary course of business less the estimated costs to complete and sell the inventory. NRV is estimated using the most reliable evidence at the time, including expected fluctuations in selling price and estimated costs to complete and sell.

Movement in impairment provisions

	2023 $'000	2022 $'000
At beginning of year	9,282	11,641
Amounts utilised	(3,057)	(2,359)
Amounts provided	4,475	–
At end of year	**10,700**	**9,282**

8. INVESTMENT PROPERTY

The Group has an investment property at Waterline Place, Victoria. This relates to a retail space asset being held for long-term yield and capital appreciation.

The Group values its investment property at fair value, and revaluations are recognised through the profit and loss statement. Qualified external independent property valuers conduct valuations at least once every three years, in compliance with accounting standards. The most recent external valuation was conducted by Knight Frank on 24 November 2021. In the intervening years, internal valuations are prepared.

As of 30 June 2023, the property was valued at $1,668,000 using the income capitalisation approach, with a capitalisation rate of 6.20% (30 June 2022: 5.75%).

	2023 $'000	2022 $'000
Opening balance at 1 July	**1,756**	**1,760**
Fair value adjustment to investment property	(88)	(4)
Closing balance at 30 June	**1,668**	**1,756**

Investment properties are measured as Level 3. Refer to note 23(v) for explanation of the levels of fair value measurement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. OTHER ASSETS

	2023 $'000	2022 $'000
Current		
Prepayments	4,945	2,687
Deposits	683	596
Total other current assets	**5,628**	**3,283**

10. PLANT AND EQUIPMENT

	2023 $'000	2022 $'000
Leasehold improvements		
At cost	1,320	1,315
Less: accumulated depreciation	(497)	(544)
Total leasehold improvements	**823**	**771**
Plant and equipment		
At cost	1,890	2,935
Less: accumulated depreciation	(1,720)	(1,647)
Total plant and equipment	**170**	**1,288**
Total plant and equipment	**993**	**2,059**

(i) Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the year are set out below:

	Note	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
For the year ended 30 June 2023				
Carrying amount at 1 July 2022		771	1,288	2,059
Additions		537	290	827
Disposals		(318)	(1,334)	(1,652)
Depreciation	3	(167)	(74)	(241)
Carrying amount at 30 June 2023		**823**	**170**	**993**
For the year ended 30 June 2022				
Carrying amount at 1 July 2021		880	1,130	2,010
Additions		44	209	253
Depreciation	3	(153)	(51)	(204)
Carrying amount at 30 June 2022		**771**	**1,288**	**2,059**

During the financial year ended 30 June 2023, the Group disposed the assets associated with the enhancement of the ERP system, totalling $1,334,000 (2022: Nil), categorised under the Plant and Equipment classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PLANT AND EQUIPMENT (continued)

(ii) Accounting

Plant and equipment are stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets using the following rates which are consistent with the prior year:

Plant and equipment	3-10 years
Leasehold improvements	5-10 years or lease term if shorter

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 $'000	2022 $'000
Non-current		
Loan to Pro9 Joint Venture	3,500	–
Total loan	**3,500**	**–**

In June 2023, AVJennings provided a loan amounting to $3.5 million (30 June 2022: Nil) to the Pro9 Joint Venture (the JV). Further details about the JV are available in note 26. This loan can be converted into an equity stake within the JV.

Accounting

The Group classifies certain financial assets as at fair value through profit or loss, including convertible loans, based on the financial asset's use and contractual terms. Financial Assets at fair value through profit or loss on initial recognition are measured at fair value (generally transaction price).

Subsequent to initial recognition, financial assets at fair value through profit or loss, including convertible loans, are measured at fair value. Changes in the fair value of these assets are recognised in profit or loss for the period in which they occur.

The equity conversion option embedded in the convertible loan instrument is not separately recognised on the balance sheet, particularly when the loan component and the equity conversion option are inseparable and cannot be accounted for separately.

Derecognition of financial assets at fair value through profit or loss occurs when the contractual rights to receive cash flows from the financial asset expire, are transferred, or otherwise settled.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. RIGHT-OF-USE ASSETS

The Group has lease contracts for various office premises, motor vehicles and IT equipment used in its operations. Lease of office premises generally have lease terms between 3 and 5 years, while motor vehicles and IT equipment have lease terms between 3 and 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Some of the lease contracts for office premises include extension options.

The Group also has certain leases with terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

		Right-of-use assets			
	Note	Motor vehicle lease $'000	IT equipment lease $'000	Office premises lease $'000	Total $'000
For the year ended 30 June 2023					
As at 1 July 2022		**400**	**86**	**5,297**	**5,783**
Additions		134	51	3,063	3,248
Amortisation expense	3	(205)	(41)	(1,169)	(1,415)
Disposal		–	–	(2,184)	(2,184)
As at 30 June 2023		**329**	**96**	**5,007**	**5,432**
Current		–	–	–	–
Non-current		**329**	**96**	**5,007**	**5,432**
Total		**329**	**96**	**5,007**	**5,432**
For the year ended 30 June 2022					
As at 1 July 2021		**255**	**91**	**4,577**	**4,923**
Additions		370	75	1,954	2,399
Amortisation expense	3	(225)	(80)	(1,234)	(1,539)
As at 30 June 2022		**400**	**86**	**5,297**	**5,783**
Current		–	–	–	–
Non-current		**400**	**86**	**5,297**	**5,783**
Total		**400**	**86**	**5,297**	**5,783**

The Group commenced a new office lease in March 2023. The additions under the office premises lease resulted from recognising the new lease, while disposals arose from derecognising the previous lease.

Accounting

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of use assets are subject to impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

	2023 $'000	2022 $'000
Brand name at cost	9,868	9,868
Less: accumulated amortisation	(7,052)	(7,052)
Total intangible assets	**2,816**	**2,816**

The intangible asset relates to the value of the "AVJennings" brand name which was acquired as part of a business combination in 1995. On recognition, the asset was determined to have a finite life of 20 years and was amortised over the expected useful life. In accordance with the accounting policy discussed below, the amortisation period and the amortisation method are reviewed each year. A review carried out at 31 December 2009 determined that the brand name had indefinite life. This change in accounting estimate was applied prospectively with amortisation ceasing as of 31 December 2009.

At 30 June 2023, there were no indicators of impairment. However, an annual impairment assessment was conducted, no impairment was identified.

Accounting

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised but tested annually for impairment. The assessment of indefinite life is reviewed annually to determine whether it continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

14. PAYABLES

	2023 $'000	2022 $'000
Current		
Land creditors	100,527	61,332
Trade creditors	24,666	20,825
Related party payables	1,494	150
Deferred Income	267	961
Contractual amounts payable to landowners	89	575
Property and payroll taxes payable	1,907	3,244
Other creditors and accruals	5,430	6,848
Total current payables	**134,380**	**93,935**
Non-current		
Land creditors	104,541	86,249
Deferred Income	2,135	1,503
Contractual amounts payable to landowners	854	389
Total non-current payables	**107,530**	**88,141**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. PAYABLES (continued)

Accounting

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid.

Due to the short-term nature of current payables (other than land creditors), their carrying amount is assumed to approximate their fair value. Current and non-current land creditors have been discounted using a rate of 8.75% (2022: 5.96%).

15. BORROWINGS

	2023 $'000	2022 $'000
Non-current		
Bank loans	171,301	109,190
Total borrowings	**171,301**	**109,190**

Accounting

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset whilst in active development. Qualifying assets are assets that take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed as incurred.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequently, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer repayment for at least 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. BORROWINGS (continued)

Financing arrangements

The Group has access to the following lines of credit:

	Note	Available $'000	Utilised $'000	Unutilised $'000
30 June 2023				
Main banking facilities	15(a)			
– bank overdraft		5,000	–	5,000
– bank loans		280,000	171,301	108,699
– performance bonds		15,000	8,699	6,301
		300,000	**180,000**	**120,000**
Contract performance bond facilities	15(b)			
– performance bonds		**75,000**	**30,227**	**44,773**
30 June 2022				
Main banking facilities	15(a)			
– bank overdraft		5,000	–	5,000
– bank loans		280,000	109,190	170,810
– performance bonds		15,000	6,094	8,906
		300,000	**115,284**	**184,716**
Contract performance bond facilities	15(b)			
– performance bonds		**75,000**	**34,764**	**40,236**

At 30 June 2023, the main banking facilities are interchangeable up to $47 million (2022: $47 million) between the bank loans and performance bonds within the main banking facility.

During the current and prior year, there were no defaults or breaches of any covenants relating to the facilities.

Significant terms and conditions

(a) Main banking facilities

The Group's main banking facilities mature on 30 September 2024. These facilities are secured by a fixed and floating charge over all the assets and undertakings of the entities within the Group that are obligors under the main banking facilities, and by first registered mortgages over various real estate inventories other than those controlled by the Group under project development agreements. The Parent Entity has entered a cross deed of covenant with various controlled entities to guarantee obligations of those entities in relation to the main banking facilities (see note 25). The weighted average interest rate including margin on the main banking facilities at 30 June 2023 was 5.69% (2022: 2.65%).

(b) Contract performance bond facilities

The Group has entered into Contract performance bond facilities of $75 million (2022: $75 million) which are subject to review annually. $25 million of the facilities expire on 31 March 2024, $15 million of the facilities expire on 30 June 2024 and the balance of the facilities had an expiry date of 1 August 2023 which was extended to 31 July 2024. The performance bond facilities are secured by Deeds of Indemnity between the Parent Entity and various controlled entities. Details of the controlled entities, included in the Deeds of Indemnity are set out in Note 25.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. LEASE LIABILITIES

The Group has lease contracts for various office premises, motor vehicles and IT equipment used in its operations. Lease of office premises generally have lease terms between 3 and 5 years, while motor vehicles and IT equipment have lease terms between 3 and 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Some of the lease contracts for office premises include extension options, the effects which have been incorporated in calculating lease liabilities.

The Group also has certain leases with terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	Lease Liabilities			
	Motor vehicle lease $'000	IT equipment lease $'000	Office premises lease $'000	Total $'000
As at 1 July 2022	**400**	**88**	**5,726**	**6,214**
Additions	134	51	3,063	3,248
Payments	(203)	(39)	(1,024)	(1,266)
Disposal	–	–	(2,536)	(2,536)
As at 30 June 2023	**331**	**100**	**5,229**	**5,660**
Current	**180**	**36**	**837**	**1,053**
Non-current	**151**	**64**	**4,392**	**4,607**
Total	**331**	**100**	**5,229**	**5,660**
As at 1 July 2021	**257**	**97**	**4,889**	**5,243**
Additions	370	75	1,955	2,400
Payments	(227)	(84)	(1,118)	(1,429)
As at 30 June 2022	**400**	**88**	**5,726**	**6,214**
Current	**190**	**32**	**1,030**	**1,252**
Non-current	**210**	**56**	**4,696**	**4,962**
Total	**400**	**88**	**5,726**	**6,214**

The Group recognised rent expense from short-term leases of $140,000 (2022: $96,000) and leases of low value assets of $277,000 (2022: $212,000). The additions under the office premises lease arose from recognising the new lease, while disposals arose from derecognising the prior lease.

Accounting

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. LEASE LIABILITIES (continued)

Short-term leases and leases of low-value assets:

The Group applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its office leases to lease the assets for additional terms of up to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of office space due to the significance of these assets to its operations. The Group has no renewal options for leases of plant and equipment or motor vehicles.

17. PROVISIONS

	Rectification $'000	Restructuring $'000	Employee entitlements $'000	Total $'000
For the year ended 30 June 2023				
At 1 July 2022	**1,075**	**89**	**6,716**	**7,880**
Arising during the year	541	–	3,181	**3,722**
Utilised	(642)	(89)	(2,838)	**(3,569)**
At 30 June 2023	**974**	**–**	**7,059**	**8,033**
Current	218	–	6,399	**6,617**
Non-Current	756	–	660	**1,416**
Total	**974**	**–**	**7,059**	**8,033**
For the year ended 30 June 2022				
At 1 July 2021	**1,322**	**–**	**6,757**	**8,079**
Arising during the year	200	89	2,790	**3,079**
Utilised	(447)	–	(2,831)	**(3,278)**
At 30 June 2022	**1,075**	**89**	**6,716**	**7,880**
Current	575	89	6,068	**6,732**
Non-Current	500	–	648	**1,148**
Total	**1,075**	**89**	**6,716**	**7,880**

Accounting

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The non-current portion is discounted using corporate bond rates.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. CONTRIBUTED EQUITY

	2023 Number	2022 Number	2023 $'000	2022 $'000
Ordinary shares	406,153,457	406,230,728	177,926	177,961
Treasury shares	(785,878)	(498,815)	(4,754)	(4,455)
Share capital	**405,367,579**	**405,731,913**	**173,172**	**173,506**

(a) Movement in ordinary share capital	Number	Number	$'000	$'000
At beginning of year	406,230,728	406,230,728	177,961	177,961
Share buyback and cancellation	(77,271)	–	(35)	–
At end of year	**406,153,457**	**406,230,728**	**177,926**	**177,961**

(b) Movement in treasury shares	Number	Number	$'000	$'000
At beginning of year	(498,815)	(735,799)	(4,455)	(4,221)
On market acquisition of shares	(694,065)	(498,815)	(299)	(234)
Employee share scheme issue	407,002	735,799	–	–
At end of year	**(785,878)**	**(498,815)**	**(4,754)**	**(4,455)**

During the financial year, the Group engaged in an on-market share buyback and repurchased 77,271 shares (30 June 2022: Nil) at a cost of $35,000. Following the repurchase, the acquired shares were cancelled.

Treasury shares are held by AVJ Deferred Employee Share Plan Trust (AVJDESP) and deducted from contributed equity. During the year, 694,065 treasury shares (2022: 498,815) were purchased by the AVJDESP at a cost of $299,000 (2022: $234,000).

Holders of ordinary shares are entitled to dividends and to one vote per share at shareholder meetings.

Accounting

Incremental costs directly attributable to the issue of ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Shares held by the AVJDESP Trust are disclosed as treasury shares and deducted from contributed equity.

19. RESERVES AND RETAINED EARNINGS

(a) Reserves

	Note	Foreign Currency Translation Reserve $'000	Share-based Payment Reserve $'000	Total $'000
At 1 July 2022		**1,088**	**5,722**	**6,810**
Foreign currency translation		866	–	866
Share-based payment expense	32(a)	–	548	548
At 30 June 2023		**1,954**	**6,270**	**8,224**
At 1 July 2021		**2,843**	**6,110**	**8,953**
Foreign currency translation		(1,755)	–	(1,755)
Share-based payment credit	32(a)	–	(388)	(388)
At 30 June 2022		**1,088**	**5,722**	**6,810**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. RESERVES AND RETAINED EARNINGS (continued)

(b) Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as explained in note 40(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the *Consolidated Statement of Comprehensive Income* when the net investment is disposed of.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of rights to shares or shares issued to employees, with a corresponding increase in employee expense in the *Consolidated Statement of Comprehensive Income.*

(c) Retained earnings

	2023 $'000	2022 $'000
Movements in retained earnings were as follows:		
At beginning of year	227,713	226,416
Profit after income tax	21,264	13,078
Dividends declared and paid	(7,191)	(11,781)
At end of year	**241,786**	**227,713**

20. DIVIDENDS

	2023 $'000	2022 $'000
Cash dividends declared and paid		
2021 final dividend of 1.8 cents per share, paid 23 September 2021. Fully franked @ 30% tax	–	7,312
2022 interim dividend of 1.1 cents per share, paid 25 March 2022. Fully franked @ 30% tax	–	4,469
2022 final dividend of 0.67 cents per share, paid 22 September 2022. Fully franked @ 30% tax	2,722	–
2023 interim dividend of 1.1 cents per share, paid 24 March 2023. Fully franked @ 30% tax	4,469	–
Total cash dividends declared and paid	**7,191**	**11,781**
Dividends proposed		
2022 final dividend of 0.67 cents per share, paid 22 September 2022. Fully franked @ 30% tax	–	2,722
Total dividends proposed	**–**	**2,722**
The Company's Dividend Reinvestment Plan remains suspended.		
Dividend franking account		
Franking credits available for subsequent financial years based on a tax rate of 30%	**32,652**	**29,536**

The above balance is based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the amount provided for income tax; and
- franking debits that will arise from the payment of dividends proposed at year-end.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section A4 Cash Flow information

21. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of profit after tax to net cash flow from operating activities

	2023 $'000	2022 $'000
Profit after tax	**21,264**	**13,078**
Adjustments for non-cash items:		
Depreciation and amortisation	1,656	1,743
Net gain on disposal of right-of-use assets	(352)	–
Net loss on disposal of plant and equipment	1,652	–
Interest revenue classified as investing cash flow	(400)	(127)
Share of loss/(profit) of equity accounted investments	169	(1,647)
Change in inventory loss provisions	1,418	(2,359)
Share-based payments expense	548	(388)
Fair value adjustment to investment property	88	4
Provision – equity accounted investment	–	1,489
Change in operating assets and liabilities:		
Increase in inventories	(127,279)	(145,668)
(Increase)/decrease in receivables	(2,847)	30,472
(Increase)/decrease in other assets	(2,345)	5,250
Increase in deferred tax liability	2,197	533
Increase/(decrease) in net current tax liability	3,748	(1,457)
Increase in payables	59,346	132,384
Increase/(decrease) in provisions	153	(199)
Net cash (used in)/from operating activities	**(40,984)**	**33,108**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section B – Risk

22. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements involves the use of certain critical accounting estimates and requires management to exercise judgement. These estimates and judgements are continually reviewed based on historical experience, current and expected market conditions as well as other relevant factors.

(i) Judgements

In applying the Group's accounting policies, management makes judgements, which can significantly affect the amounts recognised in the *Consolidated Financial Statements*.

Timing of revenue recognition:

This includes the determination of whether revenue recognition criteria have been satisfied on sales of land lots with deferred settlement terms.

(ii) Estimates and assumptions

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Estimates of net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the net amount expected to be realised from the sale of inventories, and the estimated costs to complete and sell.

Profit recognised on developments:

The calculation of profit for land lots and built-form is based on actual costs to date and estimates of costs to complete.

Fair value measurement:

Judgement is exercised in determining:

- fair value of financial asset carried at fair value through profit and loss.
- fair value of investment property.

23. FINANCIAL RISK MANAGEMENT

The Group's principal financial assets and financial liabilities comprise receivables, payables, borrowings and cash.

The Group's treasury department focuses on the following main financial risks:

- interest rate risk;
- foreign currency risk;
- credit risk; and
- liquidity risk.

Financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with policies and risk objectives.

Responsibility for the monitoring of financial risk exposure and the formulation of appropriate responses rests with the Chief Financial Officer.

The Board reviews and approves these policies.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or associated future cash flows will fluctuate because of changes in market interest rates. The exposure to market interest rates primarily relates to interest-bearing loans and borrowings issued at variable rates.

In assessing interest rate risk, the Group considers loan maturity and cash flow profiles and the outlook for interest rates.

The Group has when appropriate used various techniques, including interest rate swaps, caps and floors to hedge the risk associated with interest rate fluctuations. These derivatives would not qualify for hedge accounting and changes in fair value would be recognised in profit and loss. Given forward market uncertainty, the Group expects forecast cashflows in the medium term to be lumpy but strong, the Group has therefore retained all the drawn debt at variable rates of interest.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and their fair value is reassessed at the end of each reporting period. Derivative financial instruments are not held for trading purposes.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest rate risk (continued)

At balance date, the Group had the following cash and variable rate borrowings:

	2023		2022	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash	3.76	(12,983)	1.15	(3,274)
Bank loans	5.66	171,301	2.65	109,190
Net financial liabilities		**158,318**		**105,916**

The following table shows the impact on Profit After Tax if interest rates changed by 50 basis points. The calculation is based on borrowings and cash held at year-end. It assumes that interest is capitalised to qualifying assets as disclosed in note 3.

With all other variables held constant, Profit After Tax would have been affected as follows:

	Profit After Tax Higher/(Lower)	
	2023 $'000	2022 $'000
+50 basis points	(59)	(65)
-50 basis points	59	65

The effect on the basis that no interest is capitalised, would be as follows:

	Profit After Tax Higher/(Lower)	
	2023 $'000	2022 $'000
+50 basis points	(554)	(371)
- 50 basis points	554	371

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT (continued)

(ii) Foreign currency risk

Foreign currency risk arises from NZD denominated assets (balance sheet risk) or from transactions or cash flows denominated in NZD (cash flow risk).

The following table demonstrates the sensitivity to a change in AUD/NZD exchange rates on exposures existing at balance date.

With all other variables held constant, Profit After Tax and equity would have been affected as follows:

	Profit After Tax Higher/(Lower)		Equity Higher/(Lower)	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
AUD/NZD +10%	(144)	(67)	(8,521)	(4,024)
AUD/NZD - 10%	144	67	4,364	7,534

(iii) Credit risk

Credit risk is the risk that a counterparty will not meet its contractual obligations under a financial instrument, leading to a financial loss. Credit risk arises from cash and cash equivalents, receivables, and from granting of financial guarantees.

Contracts for Land, Integrated Housing and Apartments usually require payment in full prior to passing of title to customers and collateral is therefore unnecessary. In the event that title is to pass prior to full payment being received, appropriate credit verification procedures are performed before contract execution.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with Group policy. Surplus funds are typically applied to repay drawn loans to minimise borrowing costs. Counterparties are limited to financial institutions approved by the Board.

The granting of financial guarantees also exposes the Group to credit risk, being the maximum amount that would have to be paid if the guarantee is called on. As the amounts payable under the guarantees are not significantly greater than the original liabilities, this risk in not material. See note 37 for details regarding financial guarantees.

The Group has no significant concentrations of credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages its liquidity risk by monitoring forecast cash flows on a fortnightly basis and matching the maturity profiles of financial assets and liabilities. These are reviewed by the Chief Financial Officer and presented to the Board as appropriate. The objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and committed available credit facilities.

The Group's main banking facilities mature on 30 September 2024 and are therefore non-current. The maturity profile of all debt facilities is monitored on a regular basis by the Chief Financial Officer and ongoing financing plans presented to the Board for approval well in advance of maturity.

At 30 June 2023, none (2022: none) of the Group's interest-bearing loans and borrowings will mature in less than one year.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT (continued)

(iv) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments.

Year ended 30 June 2023	< 6 months $'000	6 -12 months $'000	1-5 years $'000	Total $'000
Financial Assets				
Cash and cash equivalents	12,983	–	–	12,983
Receivables	13,283	3,486	1,799	18,568
Financial assets at fair value through profit or loss	–	–	3,500	3,500
	26,266	**3,486**	**5,299**	**35,051**
Financial Liabilities				
Payables	136,424	204	128,796	265,424
Interest-bearing loans and borrowings(1)	4,865	4,838	173,747	183,450
Lease liabilities(2)	698	677	2,106	3,481
	141,987	**5,719**	**304,649**	**452,355**
Net maturity	**(115,721)**	**(2,233)**	**(299,350)**	**(417,304)**

Year ended 30 June 2022	< 6 months $'000	6 -12 months $'000	1-5 years $'000	Total $'000
Financial Assets				
Cash and cash equivalents	3,274	–	–	3,274
Receivables	14,067	499	1,155	15,721
	17,341	**499**	**1,155**	**18,995**
Financial Liabilities				
Payables	54,059	39,876	109,996	203,931
Interest-bearing loans and borrowings(1)	1,450	1,442	112,810	115,702
Lease liabilities	780	758	5,049	6,587
	56,289	**42,076**	**227,855**	**326,220**
Net maturity	**(38,948)**	**(41,577)**	**(226,700)**	**(307,225)**

(1) Expected settlement amounts of interest-bearing loans and borrowings include an estimate of the interest payable to the date of expiry of the facilities.

(2) The contractual undiscounted payments of $2,394,000 (2022: Nil) matures after a period of more than 5 years.

At reporting date, the Group has approximately $165 million (2022: $225 million) of unused credit facilities available. Please refer to note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT (continued)

(v) Fair value

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

	Year ended 30 June 2023				Year ended 30 June 2022			
	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets								
Investment property	–	–	1,668	1,668	–	–	1,756	1,756
Financial assets at fair value through profit or loss	–	–	3,500	3,500	–	–	–	–
	–	**–**	**5,168**	**5,168**	**–**	**–**	**1,756**	**1,756**
Financial liabilities								
Interest-bearing loans and borrowings	–	171,301	–	171,301	–	109,190	–	109,190
	–	**171,301**	**–**	**171,301**	**–**	**109,190**	**–**	**109,190**

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

24. CAPITAL MANAGEMENT

In managing capital, management's objective is to achieve an efficient capital structure which optimises the weighted average cost of capital commensurate with business requirements and prudential considerations.

During the year ended 30 June 2023, a total dividend of $7,191,000 was paid (2022: $11,781,000).

Management monitors capital mix through the debt to equity ratio (net debt/total equity) and the debt to total assets ratio (net debt/total assets) calculated below:

	2023 $'000	2022 $'000
Interest-bearing loans and borrowings	171,301	109,190
Less: cash and cash equivalents	(12,983)	(3,274)
Net debt	158,318	105,916
Total equity	423,182	408,029
Total assets	871,176	729,511
Net debt to equity ratio	**37.4%**	**26.0%**
Net debt to total assets ratio	**18.2%**	**14.5%**

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section C – Group Structure

25. CONTROLLED ENTITIES

(a) Investment in controlled entities

The following economic entities are the controlled entities of AVJennings Limited:

	% Equity Interest		Included in Banking Cross Deed of Covenant (2)	
ECONOMIC ENTITY (1)	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
Entities included in the Closed Group				
A.V. Jennings Real Estate Pty Limited	100	100	No	No
AVJennings Real Estate (VIC) Pty Limited	100	100	No	No
AVJennings Holdings Limited(3)	100	100	Yes	Yes
AVJennings Properties Limited(3)	100	100	Yes	Yes
Jennings Sinnamon Park Pty Limited	100	100	No	No
Long Corporation Limited(3)	100	100	Yes	Yes
Orlit Pty Limited(3)	100	100	Yes	Yes
Sundell Pty Limited(3)	100	100	Yes	Yes
AVJennings Housing Pty Limited(3)	100	100	Yes	Yes
AVJennings Home Improvements S.A. Pty Limited(3)	100	100	Yes	Yes
AVJennings Mackay Pty Limited(3)	100	100	Yes	Yes
Entities excluded from the Closed Group				
Montpellier Gardens Pty Limited(3)	100	100	Yes	Yes
AVJennings (Cammeray) Pty Limited(3)	100	100	Yes	Yes
AVJennings Syndicate No 3 Limited	100	100	No	No
AVJennings Syndicate No 4 Limited(4)	–	100	–	No
AVJennings Officer Syndicate Limited(3)	100	100	Yes	Yes
AVJennings Properties SPV No 1 Pty Limited	100	100	No	No
AVJennings Properties SPV No 2 Pty Limited(3)	100	100	Yes	Yes
AVJennings Properties SPV No 4 Pty Limited(3)	100	100	Yes	Yes
AVJennings Wollert Pty Limited(3)	100	100	Yes	Yes
AVJ Erskineville Pty Limited(3)	100	100	Yes	Yes
AVJ Hobsonville Pty Limited(3)	100	100	Yes	Yes
AVJennings Properties SPV No 9 Pty Limited(3)	100	100	Yes	Yes
AVJennings SPV No 10 Pty Limited	100	100	No	No
AVJennings SPV No 19 Pty Limited(3)	100	100	Yes	Yes
AVJennings SPV No 20 Pty Limited(3)	100	100	Yes	Yes
AVJennings SPV No 22 Pty Limited(3)	100	100	Yes	Yes
AVJennings SPV No 23 Pty Limited(3)	100	100	Yes	Yes
AVJennings SPV No 24 Pty Limited	100	100	No	No
AVJennings SPV No 25 Pty Limited	100	100	No	No
AVJennings SPV No 26 Pty Limited(3)	100	100	Yes	No
AVJennings SPV No 27 Pty Limited	100	100	No	No
AVJennings SPV No 29 Pty Limited	100	100	No	No

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CONTROLLED ENTITIES (continued)

(a) Investment in controlled entities (continued)

	% Equity Interest		Included in Banking Cross Deed of Covenant (2)	
ECONOMIC ENTITY (1)	**2023**	**2022**	**2023**	**2022**
Entities excluded from the Closed Group (continued)				
Creekwood Developments Pty Limited(3)	100	100	Yes	Yes
Portarlington Nominees Pty Limited(3)	100	100	Yes	Yes
AVJennings St Clair Pty Limited(3)	100	100	Yes	Yes
St Clair JV Nominee Pty Limited(3)	100	100	Yes	Yes
AVJennings Properties Wollert SPV Pty Limited	100	100	No	No
AVJennings Waterline Pty Limited(3)	100	100	Yes	Yes
Cusack Lane Nominees Pty Ltd(3)	100	100	Yes	Yes

(1) All entities are incorporated in Australia. With the exception of AVJ Hobsonville Pty Limited which has a branch in New Zealand, all entities operate within Australia.

(2) These entities, including AVJennings Limited, are included under the Banking Cross Deed of Covenant referred to in note 15(a).

(3) These entities, including AVJennings Limited, are included in the Deeds of Indemnity for performance bond facilities referred to in note 15(b).

(4) Deregistered 28 August 2022. Resigned from Banking Cross Deed of Covenant on 17 May 2022.

(b) Ultimate parent

AVJennings Limited is the ultimate Australian Parent Entity. SC Global Developments Pte Ltd is the Ultimate Parent Entity.

(c) Deeds of cross guarantee

Certain entities within the Group are parties to deeds of cross guarantee under which each controlled entity guarantees the debts of the others. By entering into these deeds, the controlled entities are relieved from the requirement to prepare Financial Statements and Directors' Reports under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission (ASIC). Those entities included in the Closed Group are listed in note 25(a). These entities represent a "Closed Group" for the purposes of the Corporations Instrument, and as there are no other parties to the deeds of cross guarantee that are controlled by AVJennings Limited, they also represent the "Extended Closed Group".

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CONTROLLED ENTITIES (continued)

(d) Corporations Instrument closed group

Certain controlled entities were granted relief by ASIC (under provisions of the Corporations Instrument) from the requirement to prepare separate audited financial statements, where deeds of indemnity have been entered into between the Parent Entity and the Controlled Entities to meet their liabilities as required (refer to note 25(c)).

The Extended Closed Group referred to in the *Directors' Declaration* therefore comprises all of the entities within the Corporations Instrument. Certain entities falling outside of the Extended Closed Group are listed in note 25(a) and are therefore required to prepare separate annual financial statements.

The *Consolidated Statement of Comprehensive Income* for those controlled entities which are party to the deed is as follows:

	Closed Group	
	2023 $'000	**2022 $'000**
Revenues	160,700	129,661
Cost of sales	(101,231)	(82,969)
Other expenses	(45,202)	(41,846)
Profit before income tax	**14,267**	**4,846**
Income tax	(4,798)	(1,013)
Profit after income tax	**9,469**	**3,833**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CONTROLLED ENTITIES (continued)

(d) Corporations Instrument closed group (continued)

The *Consolidated Statement of Financial Position* for those controlled entities which are party to the deed is as follows:

	2023 $'000	2022 $'000
Current assets		
Cash and cash equivalents	8,872	1,865
Receivables	149,230	118,041
Inventories	93,721	83,089
Tax receivable	–	922
Other assets	4,939	2,553
Total current assets	**256,762**	**206,470**
Non-current assets		
Receivables	1,640	1,044
Inventories	256,481	195,279
Equity accounted investments	4,884	5,053
Plant and equipment	993	2,059
Financial assets at fair value through profit or loss	3,500	–
Right-of-use assets	5,284	5,629
Intangible assets	2,816	2,816
Total non-current assets	**275,598**	**211,880**
Total assets	**532,360**	**418,350**
Current liabilities		
Payables	105,971	64,971
Lease liabilities	1,006	1,230
Tax payable	1,412	–
Provisions	6,417	6,472
Total current liabilities	**114,806**	**72,673**
Non-current liabilities		
Payables	13,299	13,408
Interest-bearing loans and borrowings	156,599	88,447
Lease liabilities	4,461	4,803
Deferred tax liabilities	15,779	14,363
Provisions	1,416	1,148
Total non-current liabilities	**191,554**	**122,169**
Total liabilities	**306,360**	**194,842**
Net assets	**226,000**	**223,508**
Equity		
Contributed equity	173,171	173,506
Reserves	6,270	5,722
Retained earnings	46,559	44,280
Total equity	**226,000**	**223,508**

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CONTROLLED ENTITIES (continued)

(d) Corporations Instrument closed group (continued)

The *Consolidated Statement of Changes in Equity* for those controlled entities which are party to the deed is as follows:

	Closed Group	
	2023 $'000	**2022 $'000**
At the beginning of the year	223,508	232,078
Comprehensive income:		
Profit for the year	9,469	3,833
Total comprehensive income for the year	9,469	3,833
Transactions with owners in their capacity as owners		
– Share buyback and cancellation	(35)	–
– Treasury shares acquired	(299)	(234)
– Share based payment expense/(reversal)	548	(388)
– Dividends paid	(7,191)	(11,781)
Total transactions with owners in their capacity as owners	(6,977)	(12,403)
At the end of the year	**226,000**	**223,508**

26. EQUITY ACCOUNTED INVESTMENTS

	2023 $'000	**2022 $'000**
Joint Ventures	**4,884**	**5,053**

Accounting

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint ventures are accounted for using the equity method. Under the equity method, investments in these entities are carried at cost plus post acquisition changes in the Group's share of net assets of these entities.

The aggregate of the Group's share of profit or loss after tax of joint ventures is disclosed in the *Consolidated Statement of Comprehensive Income.* Dividends received from a joint venture are recognised as a reduction in the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture, until the underlying assets are realised by the joint venture on consumption or sale.

If there is objective evidence that the investment in the joint venture is impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and it's carrying value and recognises it in the *Consolidated Statement of Comprehensive Income.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. EQUITY ACCOUNTED INVESTMENTS (continued)

Interest in Joint Ventures

	Interest held	
	2023	**2022**
Joint Venture and principal activities		
Pindan Capital Group Dwelling Trust – Building Construction	33.3%	33.3%
Pro9 Australia Pty Ltd – Prefabricated Walling System Manufacturing	5.0%	–

Pindan Capital Group Dwelling Trust	**2023 $'000**	**2022 $'000**
Movements in carrying amount		
At beginning of year	5,053	4,895
Share of (loss)/profit	(169)	1,647
At end of year before provision movement	4,884	6,542
Provision for loss on investment	–	(1,489)
At end of year	**4,884**	**5,053**

The Group's share of the Joint Ventures' assets, liabilities, revenues and expenses are as follows:

Share of assets and liabilities		
Current assets	1,425	1,457
Non-current assets	5,141	5,359
Total assets	6,566	6,816
Current liabilities	1,669	1,750
Non-current liabilities	13	13
Total liabilities	1,682	1,763
Net assets	**4,884**	**5,053**
Share of revenues and expenses		
Revenues	662	955
Cost of sales	(619)	(867)
Expenses	(212)	1,559
(Loss)/profit before income tax	(169)	1,647
(Loss)/profit after income tax	**(169)**	**1,647**

In September 2021, several Pindan entities acted as trustees for the trusts holding the investment in Pindan Capital Group Dwelling Trust. During that time, Pindan Capital Pty Limited (liquidated) agreed to sell shares in the trustee entities to Dorado Syndicate 59 Pty Limited on behalf of the unitholders. As a result, the Pindan Group no longer possesses any legal or beneficial interest in the trusts or the underlying projects. The legal ownership of these assets now belongs to Dorado Syndicate 59 Pty Limited, acting as trustee for the unitholders, while the beneficial interest lies with the unitholders, including AVJennings.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. EQUITY ACCOUNTED INVESTMENTS (continued)

Pro9 Australia Pty Ltd

Pro9 Australia Pty Ltd is a Joint Venture established in June 2023 between AVJennings and Pro9 Global Limited. Its primary objective is to manufacture the highly durable and energy-efficient Pro9 prefabricated walling system in Australia. As of 30 June 2023, AVJennings holds a 5% equity interest in the Joint Venture, while Pro9 Global Limited holds a 95% equity interest. The investment is classified as a joint venture since it is jointly controlled by both parties.

In June 2023, AVJennings provided a loan amounting to $3.5 million (30 June 2022: Nil) to the Joint Venture. Once the Australian manufacturing plant is effectively set up by the Joint Venture, this loan, as well as any future loans, are convertible into an equity interest of the Joint Venture. In total, the initial equity investment and the converted loans collectively will lead to a 50/50 Joint Venture with Pro9 Global Limited.

Pro9 Australia Pty Ltd has yet to commence operational activities. As a result, there is no profit and loss to report for the Joint Venture. On the balance sheet, the interest in the Joint Venture comprises a $5 equity investment and a $3.5 million loan advanced to the Joint Venture (Note 11 has further information about the loan and the accounting policy).

27. INTEREST IN JOINT OPERATIONS

A controlled entity has entered into a Joint Operation. Information relating to the Joint Operation is set out below:

	Interest held	
	2023	**2022**
Joint Operation name, principal place of business and principal activities		
Wollert Joint Venture (Victoria) – Land Development and Building Construction	49%	49%

Accounting

A Joint Operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the Joint Operation. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Their interests in the assets, liabilities, revenues and expenses of the Joint Operation have been recognised in the Financial Statements under the appropriate headings.

The Group's share of the Joint Operation's assets, liabilities, revenues and expenses are as follows:

	2023 $'000	**2022 $'000**
Share of assets and liabilities		
Current assets	14,915	8,900
Non-current assets	18,098	25,538
Total assets	**33,013**	**34,438**
Current liabilities	2,005	6,204
Non-current liabilities	1,086	1,006
Total liabilities	**3,091**	**7,210**
Net assets	**29,922**	**27,228**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. INTEREST IN JOINT OPERATIONS (continued)

	2023 $'000	2022 $'000
Share of revenues and expenses		
Revenues	18,595	14,921
Cost of sales	(14,778)	(12,988)
Other expenses	(1,614)	(562)
Profit before income tax	**2,203**	**1,371**
Income tax	(661)	(411)
Profit after income tax	**1,542**	**960**
Other comprehensive income for the year	–	–
Total comprehensive income for the year	**1,542**	**960**

Section D - Other information

28. CORPORATE INFORMATION

The Consolidated Financial Statements of AVJennings Limited for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 30 August 2023.

AVJennings Limited (the Parent) is a for-profit Company limited by shares domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through SGX GlobalQuote. The Ultimate Parent is SC Global Developments Pte Ltd, a company incorporated in Singapore which owns 53.95% of the ordinary shares in AVJennings Limited.

The Group ("AVJennings" or "Group") consists of AVJennings Limited ("Company" or "Parent") and its controlled entities.

The nature of the operations and principal activities of the Group are provided in the *Directors' Report*.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. STATEMENT OF COMPLIANCE

These Consolidated Financial Statements are general purpose financial reports. They have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, the *Corporations Act 2001* and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

30. BASIS OF PREPARATION

These Financial Statements have been prepared on a going concern basis, using historical cost convention with the exception of financial assets at fair value through profit and loss. All figures in the Financial Statements are presented in Australian dollars and have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations Instrument 2016/191*, unless otherwise indicated.

Where necessary, comparative information has been restated to conform to the current year's disclosures.

Consistent accounting policies have been applied in the current and prior years.

31. RELATED PARTY DISCLOSURES

(a) Ultimate parent

AVJennings Limited is the ultimate Australian Parent entity. SC Global Developments Pte Ltd (incorporated in Singapore) is the Ultimate Parent entity.

(b) Share and share option transactions with Directors and Director-related entities

The aggregate number of shares and options held at the reporting date either directly or indirectly or beneficially by the Directors or by an entity related to those Directors of AVJennings Limited are as follows:

	Owned by Directors directly, or indirectly or beneficially	
	2023 Number	**2022 Number**
Fully paid ordinary shares	219,853,062	219,743,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES (continued)

(c) Entity with significant influence over AVJennings Limited

219,112,839 ordinary shares equating to 53.95% of the total ordinary shares on issue following share buyback and cancellation (2022: 219,112,839 and 53.94% respectively) were held by SC Global Developments Pte Ltd and its subsidiaries in the Parent Entity at 30 June 2023. Certain Directors of SC Global Developments Pte Ltd are also Directors of AVJennings Limited. Details of Directors' interests in the shares of the Parent Entity are set out in the *Directors' Report.*

(d) Parent Entity amounts receivable from and payable to controlled entities

The Group recognises an allowance for expected credit losses (ECLs) for all related party receivables. Negligible ECLs over these amounts have been assessed as at 30 June 2023.

(e) Transactions with related parties

	2023 $	2022 $
Entity with significant influence over the Group:		
SC Global Developments Pte Ltd		
Consultancy fee paid/payable	600,000	600,000
Other:		
Related party of P Kearns*		
Special exertion fees paid/payable	–	113,637
Miscellaneous items	200	3,450
Joint Operation:		
Wollert JV		
Management fee received/receivable	2,617,329	2,648,775
Accounting services fee received/receivable	50,000	50,000

* P Kearns is a Director of AVJennings. This is further discussed in the *Directors' Report.*

(f) Joint ventures and Joint operations in which related entities in the Group are venturers

Joint arrangements in which the Group has an interest are set out in notes 26 and 27.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES (continued)

(g) Outstanding balances arising from provision of services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

	2023 $'000	2022 $'000
Current receivables		
Joint Ventures	526	956
Non-current receivables		
Joint Ventures and others	1,640	1,044
Current payables		
SC Global Developments Pte Ltd	150	150
Non-current payables		
Joint Ventures and others	1,344	–

(h) Amounts advanced to and received from related parties

	2023	2022
Amounts advanced		
Pro9 Joint venture	3,500	–
Other	186	243

(i) Remuneration of Key Management Personnel (KMP)

	2023 $	2022 $
Short-term		
– Salary/Fees	2,524,361	4,168,405
– Accrued annual leave	90,001	74,317
– STI	527,792	476,934
– Other(1)	87,833	3,009,862
Post employment		
– Superannuation	160,475	168,039
Long-term		
– Accrued Long service leave	70,925	49,632
Share-based payment	353,275	(129,055)
	3,814,662	**7,818,134**

(1) Current year relates to A. Carter's Motor Vehicle benefit and final payment.

(j) Terms and conditions of transactions with related parties

Transactions with related parties are made at arm's length both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free, at call and settlement occurs in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

Total expenses arising from share-based payment transactions and disclosed as part of employee benefit expenses are shown in the table below:

	2023 $'000	2022 $'000
Expense arising from equity-settled share-based payment transactions	641	581
Expense reversed on forfeiture of shares	(93)	(969)
Total expense/(credit) arising from share-based payment transactions	**548**	**(388)**

The share-based payment plan is described in note 32(b).

(b) Type of share-based payment plan

LTI grants are only made to executives who can significantly impact the Group's performance and create shareholder value over the longer-term.

LTI remuneration is provided by the issue of Performance Rights with performance conditions. The use of Performance Rights as an incentive reduces upfront cash requirements (as shares do not need to be acquired for allocations). Shares are acquired on market by the Plan Trustee to satisfy the grant of shares in respect of rights which have vested. Participants do not receive dividends on Performance Rights (as distinct from shares).

LTI and performance

The TSR measure was introduced in February 2020 to replace the former ROE component of the Performance Rights which used market capitalisation as a proxy for equity. The TSR hurdle will apply to grants under the LTI from FY21 onwards. The ROE hurdle will apply to earlier grants.

50% of Performance Rights granted vest depending on AVJennings' average growth rate in EPS over the three financial years of performance measurement.

50% of Performance Rights granted vest depending on AVJennings' TSR over the three financial years of performance measurement. TSR is assessed against the ASX 300 Real Estate Index (REI), a comparator group including peers in the residential property sector. The comparator group is not directly comparable to AVJennings as the REI contains non-residential property participants. However, this comparator group was chosen as the best approximation as the pool of directly comparable listed residential developers was too small to provide a reliable and meaningful comparator group.

Both elements of the Performance Rights (EPS and TSR) are also subject to a service condition. The recipient must be employed by AVJennings as at 30 June of the year in which the performance conditions of the Rights are tested. The Rights only vest if both the service condition and the performance conditions are satisfied.

The performance conditions are tested at the end of the three-year measurement period, in the September following release of the financial statements for that year. There is no re-testing. If the conditions are not satisfied when they are tested, the Rights are immediately forfeited.

The operation of the EPS, ROE and the new TSR hurdles are set out below.

AVJennings' EPS growth rate over the three year performance period	Percentage of rights vesting
< 5%	Nil
5%	50% of the allocation for the hurdle
5% – 10%	Pro-rata between 50% and 100%
> = 10%	100% of the allocation for the hurdle

AVJennings' TSR rank against ASX 300 RE Index at 30 September	Percentage vesting
< median	Nil
At the median	50% of the allocation for the hurdle
> median but < 75th percentile	Pro-rata between 50th and 75th percentiles
> 75th percentile	100% of the allocation for the hurdle

AVJennings' ROE over the three year performance period	Percentage of rights vesting
< 12%	Nil
12%	50% of the allocation for the hurdle
15%	75% of the allocation for the hurdle
> = 18%	100% (Straight line interpolation between 12% and 18%)

This ROE hurdle was removed in February 2020 and replaced with TSR hurdle for grants for FY21 and beyond.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENT PLANS (continued)

Retention

Retention Rights are granted in three equal tranches which vest in each of the three succeeding years following the year of grant.

Retention component – years of service	Percentage of rights vesting
One year	33.33%
Two years	33.33%
Three years	33.34%

Unvested retention rights are subject to real risk of forfeiture, for example where an executive ceases employment for any reason.

The Retention Rights component has been abolished for FY24 and beyond; but existing Retention Rights, granted in 2021 and 2022, will vest in accordance with the Plan Rules.

Accounting

The fair value of the Rights at the date of the grant is determined using an appropriate valuation model. The fair value is expensed over the period in which the performance and/or service conditions are fulfilled with a corresponding increase in share-based payment reserve in equity. The expense or credit in the *Consolidated Statement of Comprehensive Income* represents the movement in cumulative expense recognised between the beginning and end of that period. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where an award is cancelled during the vesting period other than by forfeiture for failure to satisfy the vesting conditions, it is treated as an acceleration of vesting, and the company recognises immediately the amount that would otherwise have been recognised for services received over the remainder of the vesting period.

(c) Summary of rights granted

The following is the status of rights granted (both KMP and other executives) under share-based remuneration:

	Total rights granted	Rights vested to date	Rights forfeited to date	Rights cancelled to date	Unvested rights at 30 June 2023
FY2020 Grant	1,978,415	(549,333)	(486,877)	(942,205)	–
FY2021 Grant	1,765,852	(515,536)	(273,721)	(384,130)	592,465
FY2022 Grant	1,595,805	(263,967)	(150,079)	(103,834)	1,077,925
FY2023 Grant	2,716,170	–	(333,829)	–	2,382,341
Total	**8,056,242**	**(1,328,836)**	**(1,244,506)**	**(1,430,169)**	**4,052,731**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENT PLANS (continued)

(c) Summary of rights granted (continued)

The following table gives details and inputs in respect of the rights granted for the retention and performance components for the years ended 30 June 2023 and 2022

	2023 Retention	2023 Performance
Number of rights granted	572,114	2,144,056
Weighted average fair value at measurement date	$0.4233	$0.3194
Dividend yield (%)	4.22	4.22
Risk-free interest rate (%)	2.64 to 2.99	3.01
Expected life (years)	0.88 to 2.87	3.04
Share price	$0.46	$0.46

	2022 Retention	2022 Performance
Number of rights granted	491,383	1,104,422
Weighted average fair value at measurement date	$0.5788	$0.4273
Dividend yield (%)	5.20	5.12
Risk-free interest rate (%)	-0.16 to 1.23	0.15 to 1.31
Expected life (years)	0.38 to 2.84	2.55 to 3.00
Share price	$0.63	$0.61

33. AUDITOR'S REMUNERATION

	2023 $	2022 $
Fees to Ernst & Young		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of controlled entities	359,951	309,441
Fees for other services	–	36,500
Total fees to Ernst & Young	**359,951**	**345,941**

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent by the sum of the weighted average number of ordinary shares outstanding during the year (adjusted for treasury shares) and the weighted average number of ordinary shares, if any, that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	2023 $'000	2022 $'000
Profit attributable to ordinary equity holders of the Parent	21,264	13,078
	2023 Number	**2022 Number**
Weighted average number of ordinary shares for diluted EPS	406,153,457	406,230,728
Treasury shares	(785,878)	(498,815)
Weighted average number of ordinary shares for basic EPS	405,367,579	405,731,913

35. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	2023 $'000	2022 $'000
Balance Sheet		
Current assets	69,637	69,328
Total assets	**232,923**	**232,614**
Current liabilities	5	5
Total liabilities	**5**	**5**
Shareholders' equity		
Contributed equity	173,171	173,506
Reserves		
Share-based payment reserve	6,346	5,703
Retained earnings	53,401	53,400
Total equity	**232,918**	**232,609**
Profit for the year	**–**	**–**
Total comprehensive income for the year	**–**	**–**

(b) Guarantees entered into by the Parent Entity

The Parent Entity has not provided any guarantees other than those mentioned in notes 15(a), 15(b), 25(c) and 37.

(c) Contingent liabilities of the Parent Entity

Please refer to note 37 for details of the Parent Entity's contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. COMMITMENTS

Short-term/low value lease commitments – Group as lessee

Liabilities in respect of leases recognised in accordance with AASB 16 – Leases, are presented in note 16. The table below presents liabilities in respect of short-term leases and leases of low value assets for which the Group has applied the recognition exemption available under the accounting standard.

Short-term/low value leases include property, display homes, computer equipment leases and leases for motor vehicles provided under novated leases. Certain property leases include inflation escalation and market review clauses. No renewal or purchase options exist in relation to short-term/low value leases, and no short-term/low value leases contain restrictions on financing or other leasing activities.

Future minimum rentals payable under non-cancellable short-term/low value leases are as follows:

	2023 $'000	2022 $'000
Short-term/low value leases		
Commitments in relating to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	442	474
After one year, but not more than five years	287	305
Total short-term/low value leases	**729**	**779**
Represented by:		
Non-cancellable short-term/low value leases	715	395
Cancellable short-term/low value leases	14	384
Total short-term/low value leases	**729**	**779**

Joint Venture loan commitments

In June 2023, the Group provided a loan of $3.5 million (2022: Nil) to the Pro9 Joint Venture. Please refer to note 26 for detailed information about the Joint Venture. The total loan commitment for the upcoming 18 months is $9.5 million.

Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. CONTINGENCIES

Unsecured

Cross guarantees

The Parent Entity has entered into deeds of cross guarantee in respect of the debts of certain of its controlled entities as described in note 25(c).

Contract performance bond facilities

The Parent Entity has entered into Deeds of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to the Contract performance bond facilities. Details of these entities are set out in note 25(a). Contingent liabilities in respect of certain performance bonds, granted by the Group's financiers, in the normal course of business as at 30 June 2023 amounted to $30,227,000 (2022: $34,764,000).

No material liability is expected to arise.

Legal issues

From time to time a controlled entity defends actions served on it in respect of rectification of building faults and other issues. An accrual is taken up for legal costs if a present obligation exists and there is a high degree of certainty on the amount payable. In cases where costs have been estimated after the exercise of judgement, a provision is taken up.

Secured

Banking facilities

The Parent Entity has entered into a cross deed of covenant with various controlled entities to guarantee the obligations of those entities in relation to the banking facilities. Details of these entities are set out in note 25(a).

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Group bankers in the normal course of business to unrelated parties, at 30 June 2023, amounted to $7,931,000 (2022: $4,579,000). No liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Group's bankers to unrelated parties in the normal course of business at 30 June 2023, amounted to $768,000 (2022: $1,515,000). No material liability is expected to arise.

38. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

a) the Group's operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group's state of affairs in future financial years.

39. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Accounting Standards, Interpretations and Amendments

Several amendments and interpretations apply for the first time in 2023, but do not have a significant impact on the Consolidated Financial Statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective. The Group is currently assessing the impact of standards which will be effective in future years.

40. OTHER ACCOUNTING POLICIES

Significant accounting policies relating to particular items are set out in the relevant notes. Other significant accounting policies adopted in the preparation of the Financial Report are set out below.

(a) Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of AVJennings Limited and its subsidiaries as at 30 June 2023. Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and deconsolidated from the date control ceases.

The Financial Statements of subsidiaries are prepared for the same period as the Parent, adopting consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows are fully eliminated in preparing the Consolidated Financial Statements.

The AVJ Deferred Employee Share Plan Trust was formed to administer the Group's employee share scheme. This Trust is consolidated, as the substance of the relationship is that the Trust is controlled by the Group. Shares held by the Trust are disclosed as treasury shares and deducted from contributed equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. OTHER ACCOUNTING POLICIES (continued)

(b) Business combinations

Business combinations are accounted for using the acquisition method. This involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. Acquisition-related costs are expensed as incurred.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or as part of the cost of acquisition of the asset or the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the *Consolidated Statement of Financial Position.* Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the *Consolidated Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(d) Foreign currency translation

(i) Functional and presentation currency

The Group's functional and presentation currency is Australian Dollars.

(ii) Translation of Group Companies' functional currency to presentation currency

The results and financial positions of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each *Statement of Financial Position* presented are translated at the closing rate at the date of that *Statement of Financial Position;*
- income and expenses for each *Statement of Comprehensive Income* are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Financial Statements.

DIRECTORS' DECLARATION.

In accordance with a resolution of the Directors of AVJennings Limited, we state that:

1) In the opinion of the Directors:
   i) the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001,* including;
      a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of their performance for the year ended on that date; and
      b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001;*
   ii) the Consolidated Financial Statements and Notes also comply with International Financial Reporting Standards as disclosed in Note 29; and
   iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

3) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Simon Cheong
Director
30 August 2023

Philip Kearns
Director

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Independent Auditor's Report to the Members of AVJennings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AVJennings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

1. Net realisable value of inventories

Why significant	How our audit addressed the key audit matter

Inventories comprise 93% of the Group's total assets. Inventories are carried at the lower of cost and net realisable value and the directors assess this with reference to the following:
▸ Capitalised costs to date
▸ Forecast costs to complete
▸ Average historic and forecast selling prices and sales rates for each project
▸ Changes in macro-economic conditions impacting forecast assumptions
 	
This was considered a key audit matter as the assessment of net realisable value involves a significant degree of judgment and can present a range of alternative outcomes.
 	
Disclosure of inventories is included in Note 7 of the financial report.
 	
Disclosure of significant judgments is included in Note 22 of the financial report.
	Our audit procedures focused on assessing the judgments and assumptions made by the Group in the feasibilities underpinning the net realisable value assessments.
	
	Our procedures included the following:
	▸ Assessed the effectiveness of relevant controls over cost accumulation and capitalisation
	▸ Discussions with Project Managers to understand the status and progress of a sample of developments
	▸ Assessed the impairment methodology, project margin analysis and feasibility models prepared by management for a sample of developments in progress
	▸ Identified higher risk projects, based on our judgment, and evaluated the assumptions adopted. In doing so, we:
	    ▸ Compared the forecast sales revenue assumptions to the most recent historical or comparable sales and external market data
	    ▸ Corroborated the costs projected to signed contracts or actual costs incurred for current or comparable projects
	    ▸ Assessed contingency estimates for remaining development risks
	    ▸ Selected a sample of identified higher risk projects in which we involved our internal real estate valuation specialists to evaluate the key sales revenue and cost assumptions in these projects
	▸ Performed sensitivity analyses in relation to the key forward looking assumptions including sales price achieved, cost per lot and escalation rates.
	▸ Considered the impact of the current market conditions, increasing costs and higher interest rates on the Group's forward-looking assumptions.
	▸ Tested the mathematical accuracy of the feasibilities selected.
	▸ Considered the related financial report disclosures.

Building a better working world

2. Funding and cash flow forecasts

Why significant	How our audit addressed the key audit matter
As described in note 15, the Group's principal banking arrangements are a $300m facility which matures on 30 September 2024. At 30 June 2023 the group had utilised $171.3m of this facility in relation to bank loans which is classified as a non-current liability. The availability of adequate funding and compliance with applicable financial covenants associated with borrowing facilities are important in the assessment of whether the going concern basis of preparation of the financial statements is appropriate. This was considered a key audit matter as the availability of adequate funding and the assessment of whether the Group expects to pay its debts as and when they fall due and compliance of facility covenants involves a significant degree of judgment and can present a range of alternative outcomes that need to be considered.	Our audit procedures focused on assessing the judgments and assumptions made by the Group and our procedures included the following: ▸ Assessed the reasonableness of the inputs and assumptions used in the board approved cash flow forecasts against historical performance, economic and industry indicators, publicly available information and the Group's strategic plans ▸ Assessed the Group's calculation of financial covenant compliance, its considerations of forecast compliance for the next 12 months and sensitivity analysis ▸ Obtained confirmation from lenders to confirm the outstanding balance of the facility, limit and maturity ▸ Considered the impact of the current market conditions, increasing costs and higher interest rates on the Group's forward-looking cash flow assumptions.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of AVJennings Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Glenn Maris
Partner
30 August 2023

Shareholder Information.

As at 21 August 2023.

1. NUMBER OF SHAREHOLDERS AND DISTRIBUTION OF EQUITY SECURITIES

	Australian Securities Exchange	Singapore Exchange	Total
Range of Holdings of Ordinary Shares			
1 – 1,000	622	276	898
1,001 – 5,000	712	552	1,264
5,001 – 10,000	262	172	434
10,001 – 100,000	539	197	736
100,001 – and over	162	26	188
Total number of holders	**2,297**	**1,223**	**3,520**
Number of holders of less than a marketable parcel	**677**	**326**	**1,003**

2. SUBSTANTIAL SHAREHOLDERS

As disclosed by latest notices received by the Company:

Name	Ordinary Shares	%
SC Global Developments Pte Ltd	219,112,839	53.95

As at 21 August 2023.

3. TWENTY LARGEST SHAREHOLDERS ON THE AUSTRALIAN REGISTER

Name	Ordinary Shares	%
The Central Depository (Pte) Ltd	224,818,914	55.35
HSBC Custody Nominees (Australia) Ltd	18,239,008	4.49
Brazil Farming Pty Ltd	17,841,050	4.39
BNP Paribas Nominees Pty Ltd <DRP>	14,293,449	3.52
Citicorp Nominees Pty Ltd	11,402,575	2.81
Gillcorp Pty Limited	6,343,003	1.56
John E Gill Operations Pty Ltd	5,609,105	1.38
John E Gill Trading Pty Ltd	5,598,712	1.38
Jamplat Pty Ltd	4,700,000	1.16
Horrie Pty Ltd	3,783,369	0.93
Luton Pty Ltd	3,544,263	0.87
Mr Bradley J Newcombe	3,400,000	0.84
Ago Pty Ltd	3,313,285	0.82
JP Morgan Nominees Australia Pty Ltd	2,873,978	0.71
Anchorfield Pty Ltd <Brazil Family FNDN A/c>	2,400,000	0.59
Mr Peter Summers	2,317,819	0.57
Pacific Custodians Pty Ltd AVJ Def Emp Share Trust	2,244,456	0.55
Dr D R M Gill and Mrs J M Gill <Gill Super Fund A/c>	1,958,511	0.48
Di Iulio Homes Pty Ltd <Di Iulio Superfund A/c>	1,851,472	0.46
Bond Street Custodians Limited	1,500,000	0.37
Total	**338,032,969**	**83.23**

Shareholder Information.

As at 21 August 2023.

4. TWENTY LARGEST SHAREHOLDERS ON THE SINGAPORE REGISTER

Name	Ordinary Shares	%
UOB Nominees (2006) Pte Ltd	192,463,638	47.39
United Overseas Bank Nominees Pte Ltd	11,946,063	2.94
Trimount Pte Ltd	1,782,618	0.44
Oei Hong Leong Foundation Pte Ltd	1,570,170	0.39
Lim Chin Tiong or Sim Lye Wan	1,408,420	0.35
Tsang Sze Hang	899,283	0.22
Rowland Wong Kwok Ho	804,175	0.20
DBS Nominees Pte Ltd	793,536	0.20
Vesmith Investments Pte Ltd	681,796	0.17
Raffles Nominees (Pte) Ltd	662,485	0.16
Pansbury Investments Pte Ltd	532,828	0.13
Citibank Nominees Singapore Pte Ltd	452,507	0.11
Hexacon Construction Pte Ltd	368,480	0.09
Ng Poh Cheng	313,931	0.08
UOB Kay Hian Pte Ltd	283,414	0.07
Teo Chiang Long	269,172	0.07
OCBC Nominees Singapore Pte Ltd	240,737	0.06
Wee Kim Choo @ Elizabeth Sam	224,820	0.06
Chng Bee Suan	224,220	0.06
Chua Hung Koon Edmond	216,873	0.05
Total	**216,139,166**	**53.22**

Percentages are calculated on the total number of shares on issue.

5. VOTING RIGHTS

Ordinary Shareholder
On a show of hands, every member present in person or by representative, proxy or attorney shall have one vote, and on a poll each fully paid share shall have one vote.

6. TOTAL NUMBER OF SHARES

The total number of shares on issue and listed on the Australian Securities Exchange is 406,153,457.

Company Particulars.

DIRECTORS

Mr Simon Cheong
Mr Jerome Rowley
Mr Bobby Chin
Mr Lai Teck Poh
Mr Bruce Hayman
Mr Mak Lye Mun
Ms Lisa Chung
Mr Philip Kearns

COMPANY SECRETARY

Mr Carl Thompson

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 4, 108 Power Street
Hawthorn Vic 3122
Telephone +61 3 8888 4800

AUDITORS

Ernst & Young
200 George Street
Sydney NSW 2000

BANKERS

Commonwealth Bank of Australia
DBS Bank Ltd
HSBC Bank Australia Ltd
United Overseas Bank Ltd

STOCK EXCHANGE LISTINGS

Australia
The Company is listed on:
The Australian Securities Exchange
Level 50, South Tower Rialto,
525 Collins Street
Melbourne VIC 3000

Singapore
The Company's shares are also quoted and traded on:
The Singapore Exchange
11 North Buona Vista Drive #06-07
The Metropolis Tower 2
Singapore 138589
through SGX GlobalQuote (formerly known as the Central Limit Order Book System (CLOB)).

SHARE REGISTRY

Australia
Link Market Services Ltd
Tower 4
727 Collins Street
Docklands VIC 3008
Telephone: +61 1300 554 474

Singapore
The Central Depository (Pte) Ltd
11 North Buona Vista Drive #06-07
The Metropolis Tower 2
Singapore 138589
Telephone +65 6535 7511

DIVIDENDS

An Interim Dividend of $0.011 for FY23 was paid on 24 March 2023.
A final dividend for FY23 was not declared.

Notes.

Building
on our past.
Shaping
your future.

Your community developer.

Call **131 878** or
visit **avjennings.com.au**