

28 November 2024

All cash proposal from AVID to acquire AVJennings

AVJennings Limited (ASX: AVJ) (**AVJennings** or **AVJ**) today announces that it has received an unsolicited, incomplete and non-binding indicative proposal from Proprium Capital Partners (Australia) Pty Ltd and AVID Property Group through its investment vehicle PM Nominees C Pty Ltd (together, **AVID**), to acquire all of the outstanding shares in AVJennings for cash consideration of \$0.67¹ per share by way of a scheme of arrangement (**Indicative Proposal**).

The AVJennings Directors have entered into an Exclusivity Deed with AVID in relation to the proposed steps to finalise the Indicative Proposal and the exclusivity terms that apply in this period. A summary of the exclusivity terms is attached to this announcement.

The finalisation of the Indicative Proposal is subject to a number of conditions including satisfactory completion of due diligence by AVID, final approval from the AVID Board of Directors and negotiation of a Scheme Implementation Agreement (**SIA**).

Summary of the Indicative Proposal

Under the terms of the Indicative Proposal, AVJ shareholders would be entitled to \$0.67 cash per AVJ share reduced by the amount of any dividends that AVJ shareholders become or are entitled to receive after 27 November 2024.

The all-cash Indicative Proposal price of \$0.67 represents a:

- 103.0% premium to the closing price of AVJ shares at 27 November 2024 of \$0.33;
- 102.0% premium to the 1-month VWAP of AVJ shares to 27 November 2024 of \$0.3317; and
- 108.0% premium to the 3-month VWAP of AVJ shares to 27 November 2024 of \$0.3221.

AVID also proposes to permit AVJ to pay a fully franked special dividend on or before the scheme implementation date, allowing eligible AVJ shareholders to receive additional value of up to approximately \$0.06 per share in franking credits. The consideration paid pursuant to the scheme would be reduced by the cash amount of any such special dividend paid to AVJ Shareholders.

AVID proposes that any scheme of arrangement would be subject to a number of conditions including:

- a unanimous AVJ Board recommendation to vote in favour of the proposal and an Independent Expert concluding (and continuing to conclude) that the offer is in the best interest of shareholders;
- receipt of Australian Foreign Investment Review Board (FIRB) and New Zealand Overseas Investment Office (OIO) approvals and other necessary regulatory approvals; and
- court and AVJ shareholder approval.

¹ Under the Indicative Proposal, the consideration offered will be reduced by the amount of the fully franked special dividend (see below). However, the Indicative Proposal assumes that no other dividend or distribution will be declared or paid.

About Proprium Capital Partners and AVID

Proprium Capital Partners is a specialist real estate investment manager with approximately A\$4 billion in assets under management, including AVID, which is one of the group's flagship investments.

AVID is one of the largest privately held residential developers in Australia with a portfolio of projects that includes a residential master planned communities, resort communities, completed homes and apartments.

AVID's current portfolio includes more than 6,300 residential blocks with 75,000 residents and a gross revenue pipeline of \$5 billion. AVID is owned by a number of significant international institutional investors and is managed and advised by Proprium.

Intention to Recommend and Vote in Favour

AVJennings Directors' believe that the Indicative Proposal, subject to agreement of final terms, would provide AVJ shareholders with an opportunity to realise their investment in AVJennings at a price significantly above its historical trading levels with certain value through all-cash consideration.

The Directors have granted AVID access to a confirmatory due diligence period through to the end of January 2025 and exclusivity to facilitate a binding proposal, allowing for the upcoming Christmas and New Year holiday period.

Subject to the satisfactory completion of due diligence and entry into a SIA on terms acceptable to AVJennings, and with the benefit of financial and legal advice, the Directors intend to: (i) unanimously recommend that AVJ shareholders vote in favour of a scheme of arrangement at the proposed offer price of \$0.67 per share; and (ii) provide a commitment to vote any shares they hold or control in favour of the proposal, in each case, in the absence of a superior proposal and subject to an Independent Expert concluding (and continuing to conclude) that the proposal is in the best interest of shareholders.

Background to the Indicative Proposal and Confirmatory Due Diligence Period

On 2 August 2024, AVJ received a confidential non-binding and incomplete preliminary offer to acquire 100% of AVJ shares via an agreed scheme of arrangement. Confidentiality was a condition of the preliminary offer.

A sub-committee of the AVJ Board, in consultation with its financial and legal advisers, carefully assessed the merits of the incomplete preliminary offer and determined to grant AVID an initial period of due diligence to advance the preliminary offer.

Since the initial approach, both parties have held extensive discussions and negotiations, resulting in the improved Indicative Proposal of \$0.67 per AVJ share received on 27 November 2024.

On 28 November 2024, AVJ signed an Exclusivity Deed granting AVID the exclusive confirmatory due diligence period.

Next Steps

At this stage the Indicative Proposal remains incomplete and finalisation of the Indicative Proposal in accordance with the Exclusivity Deed is subject to the completion of confirmatory due diligence and the negotiation of a SIA.

AVJ shareholders do not need to take any action at the present time.

The Directors will keep AVJ shareholders informed of relevant developments, and in the event that the Indicative Proposal is finalised, a binding SIA will be entered into with AVID.

Barrenjoey is acting as financial adviser and Allens as legal adviser to AVJennings.

End

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

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Annexure A – Exclusivity Terms

Set out below is a summary of the material exclusivity terms that apply to AVJennings during the Exclusivity Period.

No existing discussions: AVJennings has confirmed to AVID that, as at the date of the Exclusivity Deed, other than the discussions with AVID, neither it nor its Related Persons (defined below) are involved in any negotiations or discussions in respect of any Competing Proposal (defined below) with any person other than AVID or its related entities (**Third Party**).

In addition, during the Exclusivity Period (defined below), AVJennings must, and must procure that its Related Persons diligently enforce all their respective rights under any confidentiality agreement with a Third Party that remain on foot in relation to a Competing Proposal and not grant any waivers or releases or agree to any amendments under such confidentiality agreements.

Exclusivity restrictions: During the Exclusivity Period, AVJennings must not, and must ensure that each of its Related Persons, do not, directly or indirectly:

- (a) **(No shop)** solicit, invite, encourage or initiate any enquiries, expressions of interest, offers, proposals, negotiations or discussions by any Third Party in relation to, or which could reasonably be expected to encourage or lead to the making of, or with a view to obtaining, a Competing Proposal, or communicate to any Third Party an intention to do anything referred to in this clause.
- (b) **(No talk)** subject to a fiduciary exception:
 - (i) facilitate, participate in or continue any negotiations or discussions with any Third Party with respect to any inquiry, expression of interest, offer, proposal or discussion by any Third Party which would reasonably be expected to encourage or lead to the making of, a Competing Proposal, or negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal, even if the relevant Competing Proposal was not directly or indirectly solicited, invited, encouraged, facilitated or initiated by AVJennings, any of its Related Persons or the relevant person has publicly announced the Competing Proposal; or
 - (ii) communicate to any Third Party an intention to do anything referred to in clause (b)(i) above.
- (c) **(No due diligence)** subject to a fiduciary exception, disclose or otherwise make available any non-public information about the business, assets or affairs of the AVJennings Group or provide access to any of AVJennings' officers or employees to a Third Party with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, a Competing Proposal whether by that Third Party or another person, or communicate to any Third Party an intention to do anything referred to in this clause.
- (d) **(Fiduciary exception):** This permits AVJennings to engage with a bona fide, actual, proposed or potential Competing Proposal if the Target Board, acting in good faith, has determined, after receiving advice that the Competing Proposal could reasonably be expected to become a superior proposal and it would or would reasonably be likely to constitute a breach of an AVJennings' Director's fiduciary or statutory duties not to engage with the proposal or provide access to due diligence, provided that the Competing Proposal was not brought about by, or in respect of which there has not been, a breach of the exclusivity restrictions set out above.

Non-public information: If during the Exclusivity Period any non-public information about the business or affairs of the AVJennings Group is provided or made available to any person in connection with an actual, proposed or potential Competing Proposal which has not previously been provided or made available to AVID, AVJennings must provide a copy or a written statement to AVID.

Notification: During the Exclusivity Period, AVJennings must, as soon as reasonably practicable (and in any event within 24 hours), notify AVID in writing if it or its Related Persons becomes aware of any:

- (a) negotiations, discussions or other communications, or any other contact or approach, in relation to an actual or potential Competing Proposal, or that may be reasonably expected to lead to a Competing Proposal;

- (b) approach or proposal made to, or received by, AVJennings or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual or potential Competing Proposal, or that may be reasonably expected to lead to a Competing Proposal;
- (c) request made by a Third Party for any non-public information; or
- (d) provision by AVJennings or any of its Related Persons of any material non-public information concerning the business or operations of AVJennings or the AVJennings Group to any Third Party (other than a regulatory authority) in connection with an actual or potential Competing Proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise. A notice given for this purpose must include all material details of the Competing Proposal (including the price (or if not cash, implied value), funding, form of consideration, proposed deal protection provisions, conditions, timing, break fee provisions and other key terms of any Competing Proposal and the identity of the proponent(s) of any such proposal), in each case to the extent known by the AVJennings or any of its Related Persons. **Definitions:** For the purposes of this summary, the following definitions apply:

AVJennings Group means AVJennings and each of its related entities.

Competing Proposal means any proposal, offer, expression of interest, agreement, arrangement or transaction which, if entered into or completed substantially in accordance with its terms, would result in a Third Party (either alone or together with any associate) directly or indirectly:

- (a) acquiring or having a right to acquire:
 - (i) a relevant interest in;
 - (ii) a legal, beneficial or economic interest (including by way of an equity swap, contract for difference or other derivative, or similar transaction or arrangement) in; or
 - (iii) control of,
 - 20% or more of the securities in any member of the AVJennings Group;
- (b) acquiring or having a right to acquire control of AVJennings;
- (c) acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of:
 - (i) all or a material part of the business conducted by the AVJennings Group taken as a whole; or
 - (ii) any material assets of the AVJennings Group taken as a whole (save for assets otherwise agreed between AVID and AVJennings);
- (d) otherwise directly or indirectly acquiring or merging with AVJennings; or
- (e) requiring AVJennings to abandon, or otherwise fail to proceed with, a transaction to give effect to the Indicative Proposal,

whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement recapitalisation, refinancing or other transaction or arrangement.

For the avoidance of doubt, each successive material modification or variation of a Competing Proposal will constitute a new Competing Proposal.

Exclusivity Period means the period commencing on the date of the Exclusivity Deed and ending at 5.00pm (Sydney time) on 31 January 2025, or such later date as AVJennings and AVID agree in writing.

Related Persons means a member of the AVJennings Group or an affiliate or representative of such person.

Third Party means a person other than AVID or any of its related entities.