

ASX Announcement

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11 October 2023

AVJennings announces a fully underwritten A\$30.4 million Equity Raising to support strong growth in customer demand for built-form housing

Highlights

- AVJennings is undertaking a fully underwritten 1 for 2.67 pro rata accelerated renounceable entitlement offer of approximately A\$30.4m at an issue price of A\$0.20 per share ("**Equity Raising**")
- Proceeds from the Equity Raising will primarily be used to accelerate built-form housing on AVJennings lots to meet the growth in demand for 'AVJ Turnkey' homes
- AVJennings' largest shareholder, SC Global Developments Pte Ltd¹ (53.95%), is fully supportive of the Equity Raising and has committed to take-up its pro rata entitlement in the institutional entitlement offer, which represents \$16.4m of new shares

On 21 August 2023, AVJennings Limited (ASX:AVJ) ("**AVJennings**", or the "**Company**") announced its FY23 financial results and key strategic priorities to deliver stronger shareholder returns. Following a challenging year, the Company has been, and continues to remain, prudent in its capital management and acquisition activities. While no acquisitions were made during 2HFY23, AVJennings retains a very strong, and geographically diversified, pipeline as the basis of future growth with 14,094² lots under control across Australia and New Zealand.

The medium-term outlook for Australian housing remains positive, largely supported by a growing structural imbalance between population growth and low unemployment driving demand, and significant supply shortfalls³. In the short-term, while early signs of improved consumer confidence are being seen, market conditions are expected to remain subdued until interest rate stabilisation is achieved and no further interest rate rises forecast. Notwithstanding this, AVJennings has seen enquiry levels sustained in line with long-term averages, indicating pent-up demand, particularly for more affordable built-form housing. This presents a strategic opportunity for the Company to construct built-form homes across a greater proportion of its land lots, where 62% of the work-in-progress ("**WIP**") portfolio relates to built-form product (51% in FY22).

AVJennings' recent joint venture with Pro9 Global Limited ("**Pro9**") is to support the use of Pro9's technology to manufacture a highly durable and energy efficient walling system in Australia. AVJennings has commenced the rollout of this enhanced built-form product offering, called the Stellar Collection, utilising Pro9's walling system. An Australian-based facility on the Central Coast, NSW, is forecast to commence manufacturing Pro9's walling system in early CY24. Once established, the factory is expected to be capable of producing external walls for 1,000 homes annually on a one-

¹ Including its affiliates.

² As at 30 June 2023

³ National Housing Finance and Investment Corporation ("**NHFIC**") – "State of the Nation's Housing 2022- 23", April 2023.

shift basis. The Stellar Collection will provide significant benefits to AVJennings customers with not only time savings to achieve lock-up, but also reduced heating and cooling costs of ~50%⁴.

Today, AVJennings announces a fully underwritten A\$30.4 million Equity Raising to accelerate built-form housing to meet this increase in demand and shift in customer preferences towards built-form and for general working capital.

AVJennings CEO, Phil Kearns, said: *“Whilst uncertainty remains until there is interest rate stabilisation, the medium-term market fundamentals remain positive. There is a clear, and growing, supply shortage, and we’re seeing an encouraging shift in demand from buyers for more affordable turnkey housing. This trend, along with our recent investment in Pro9’s walling system and today’s Equity Raising, places the Company in a strong position to capitalise on the increasing demand for more built-form housing options and deliver positive returns for investors”.*

Equity Raising

The Equity Raising is an offer of fully paid ordinary shares (“**New Shares**”) through a pro-rata accelerated renounceable entitlement offer to existing shareholders to raise approximately A\$30.4 million. Eligible shareholders will be able to subscribe for 1 New Share for every 2.67 shares held at 7:00pm (AEDT) on Friday, 13 October 2023 (“**Record Date**”) at the Equity Raising price of A\$0.20 per New Share (“**Issue Price**”).

The Issue Price represents a:

- 50.0% discount to the last closing price of \$0.40 on Tuesday, 10 October 2023
- A 42.1% discount to the theoretical ex-rights price of \$0.346 (“**TERP**”)⁵

Approximately 152.1 million New Shares will be issued under the Equity Raising, representing ~37.5% of AVJennings existing shares on issue.

The New Shares will rank equally with existing shares on issue. The Equity Raising is fully underwritten by Bell Potter Securities Limited.

The Equity Raising comprises of two parts, an institutional entitlement offer (“**Institutional Entitlement Offer**”) and a retail entitlement offer (“**Retail Entitlement Offer**”).

Institutional Entitlement Offer

The Institutional Entitlement Offer will be undertaken on Wednesday, 11 October 2023. The Institutional Entitlement Offer will be open to AVJennings’ eligible institutional shareholders.

Eligible institutional shareholders can choose to take up all, part or none of their entitlement as part of the Institutional Entitlement Offer. Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, as well as those entitlements of ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild that opens on Thursday, 12 October 2023 and any proceeds in excess of the Issue Price will be paid to the relevant AVJennings shareholders (net of any withholding tax and expenses).

⁴ Based on average cost difference between an 8.0 and 6.0 NatHERS rated home

⁵ TERP is the theoretical ex-rights price. TERP is calculated by reference to AVJennings’ closing price of \$0.40 per share on Tuesday, 10 October 2023, being the last trading day prior to the announcement of the Equity Raising. TERP is a theoretical calculation only and the actual price at which AVJennings shares trade immediately after the ex-date of the Equity Raising will depend on many factors and may not be equal to TERP.

Retail Entitlement Offer

The Retail Entitlement Offer will open on Wednesday, 18 October 2023 and close at 5:00pm (AEDT) on Wednesday, 1 November 2023. It consists of an offer to eligible retail shareholders with a registered address in Australia, New Zealand or Singapore as at the Record Date. Retail shareholders can choose to take up all, part or none of their entitlement.

Like the Institutional Entitlement Offer, eligible retail shareholders can choose to take up all, part or none of their entitlement as part of the Retail Entitlement Offer. Entitlements that eligible retail shareholders do not take up by the close of the Retail Entitlement Offer, as well as those entitlements of ineligible retail shareholders, will be sold through a retail shortfall bookbuild that opens on Monday, 6 November 2023 and any proceeds in excess of the Issue Price will be paid to the relevant AVJennings shareholders (net of any withholding tax and expenses).

Further details about the Retail Entitlement Offer will be set out in a retail offer booklet ("**Retail Offer Booklet**") which AVJennings expects to lodge with the ASX on Wednesday, 18 October 2023. Eligible retail shareholders are encouraged to read the Retail Offer Booklet in its entirety, in particular, the risk factors, and should seek financial advice if they are uncertain of whether or not to participate.

Directors and key management personnel who are existing shareholders on the Record Date intend to participate in the Equity Raising.

Equity Raising timetable⁶

Key event	Date (2023)
Institutional Entitlement Offer	
Announcement of the Equity Raising	Wednesday 11 October 2023
Institutional Entitlement Offer conducted	Wednesday 11 October 2023 - Thursday 12 October 2023
Trading resumes on an ex-entitlement basis	Friday 13 October 2023
Entitlement Offer record date	Friday 13 October 2023
Settlement of New Shares under the Institutional Entitlement Offer	Thursday 19 October 2023
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer	Friday 20 October 2023

⁶ These dates are indicative only and are subject to change. AVJennings reserves the right, subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, to amend this indicative timetable. In particular, AVJennings reserves the right to extend the Equity Raising timetable and to withdraw or vary the Placement or Entitlement Offer without prior notice. Any extension of the Equity Raising timetable will have a consequential effect on the date for the allotment and issue of New Shares. AVJennings will consult with the underwriter in relation to any proposed change to this indicative timetable and any such change will require the consent of the underwriter.

Retail Entitlement Offer

Retail Entitlement Offer opens, and booklet is dispatched	Wednesday 18 October 2023
Retail Entitlement Offer closes	Wednesday 1 November 2023
AVJennings announces results of Retail Entitlement Offer and conducts retail shortfall bookbuild	Monday 6 November 2023
AVJennings announces the results of the retail shortfall bookbuild	Tuesday 7 November 2023
Settlement of New Shares under the Retail Entitlement Offer	Friday 10 November 2023
Allotment of New Shares issued under the Retail Entitlement Offer	Monday 13 November 2023
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Tuesday 14 November 2023

Further information

Further details of the Equity Raising are set out in the investor presentation lodged with the ASX today. The investor presentation also contains important information including key risks and foreign selling restrictions with respect to the Equity Raising.

The AVJennings Shareholder Information Line (+61 1800 500 095) is open from 8:30am to 5:30pm (AEDT) Monday to Friday until Wednesday 1 November 2023 when the Retail Entitlement Offer closes.

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

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the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. AVJennings is not licensed to provide financial product advice in respect of an investment in securities.

Forward looking statements

This announcement may contain certain forward-looking statements. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “outlook”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, dividends and performance are also forward-looking statements as are statements regarding AVJennings' future operations and projects, the outcome of the Equity Raising and the use of proceeds. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks (including (without limitation) the risks set out in Appendix A: Key Risks section of the investor presentation announced on the same date as this announcement), uncertainties and other factors, many of which are beyond the control of AVJennings, its officers, employees, agents and advisors, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material.

Not an offer in the United States

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