

Taylor Morrison buying AV Homes in deal approaching \$1B

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Sheryl Palmer, CEO of Taylor Morrison.

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A Scottsdale home builder said it will acquire a fellow home builder in a cash and stock deal worth nearly \$1 billion.

Taylor Morrison Home Corp. (NYSE: TMHC) will buy AV Homes Inc. (Nasdaq: AVHI) in a transaction valued at \$963 million, both companies said Thursday morning.

Both companies' boards have unanimously approved the transaction. The acquisition is expected to close sometime in the third quarter or early fourth quarter.

TPG Capital, which owns roughly 40 percent of AV stock, also has agreed to vote all of its shares in favor of the transaction.

"The joining of Taylor Morrison and AV Homes supports our strategic growth priority by bringing us deeper into five of our current markets, adding Jacksonville to the portfolio, and further expanding our offerings in the affordable first-time buyer and active adult consumer segments," said Sheryl Palmer, CEO of Taylor Morrison, in a statement announcing the deal. "This transaction, subject to customary closing conditions, will serve as a means to further enhance our land pipeline in the right locations, potentially offsetting some future land purchases, while simultaneously delivering land to our homebuilding operations with mature communities."

Under the deal, AV stockholders will have the option to receive either \$21.50 per common share in cash, 0.9793 shares of Taylor Morrison Class A common stock or the combination of \$12.64 in cash and 0.4034 shares of Taylor Morrison Class A stock subject to an overall proration of approximately 60 percent cash and 40 percent stock.

On a pro forma basis, AV Homes stockholders are expected to own up around 10 percent of the newly combined company, according to Thursday's announcement.

AV President and CEO Roger Cregg said, while AV Homes has been executing on its growth strategy over the past several years, the merger will help accelerate growth and returns for shareholders.

"Through our focus on consumer segmentation and geographical diversification, we have grown our position in both existing and new attractive metropolitan areas," Cregg said in a statement. "By combining with [Taylor Morrison](#), one of the country's finest homebuilders, we will create a premier homebuilder in some of the country's highest growth areas and drive accretive returns for our shareholders for years to come."