



TIAN AN AUSTRALIA

ACN 009 134 114

This is an important document and requires your immediate attention.

If you are in doubt as to what you should do, you should consult your legal, tax, financial or other professional adviser as soon as possible.

Target's Statement

The Independent Directors unanimously recommend that you

ACCEPT

the conditional Offer by Oasis Star Limited to acquire 80% of your Shares in Tian An Australia Limited in the absence of a superior proposal

This Target's Statement has been issued by Tian An Australia Limited (ACN 009 134 114) in response to the proportional takeover bid by Oasis Star Limited.

Legal Adviser



PiperAlderman

Important Notices

Nature of this document

This is the Target's Statement dated Monday, 11 September 2017 made by Tian An Australia Limited ACN 009 134 114 under Part 6.5 of the Corporations Act in response to the Offer made by Oasis Star Limited for 80% of the Shares which Oasis Star does not already own pursuant to the Bidder's Statement dated Monday, 11 September 2017 which was served on Tian An Australia on Monday, 11 September 2017.

No investment advice

The information in this Target's Statement does not constitute financial product advice. This Target's Statement has been prepared without reference to your particular investment objectives, financial situation, taxation position and needs. It is important that you read this Target's Statement in its entirety before making any investment decision and any decision relating to the Offer. If you are in any doubt in relation to these matters, you should consult your financial, legal, taxation or other professional adviser.

ASIC & ASX Disclaimer

A copy of this Target's Statement has been lodged with ASIC and provided to ASX. None of ASIC, ASX nor any of their officers take any responsibility for the contents of this Target's Statement.

Defined Terms

This Target's Statement uses a number of capitalised terms which are defined in section 11. Section 11 also contains some of the rules of interpretation that apply to this Target's Statement.

Disclaimer as to information

The information on Oasis Star contained in this Target's Statement has been prepared by Tian An Australia using publicly available information and information otherwise disclosed to Tian An Australia by Oasis Star. The information in this Target's Statement concerning Oasis Star, including Oasis Star's assets and liabilities, financial position, funding and performance, profits and losses and prospects and information about its related parties, has not been independently verified by Tian An Australia. Accordingly, Tian An Australia does not, subject to the Corporations Act and general law, make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

Not an offer

This Target's Statement does not constitute or contain an offer to Shareholders, or a solicitation of an offer from Shareholders, in any jurisdiction.

Privacy

Tian An Australia has collected your information from the register of Tian An Australia Shareholders for the purposes of providing you with this Target's Statement. The type of information Tian An Australia has collected about you includes your name, contact details and information about your security holding in Tian An Australia. Without this information, Tian An

Australia would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the names and addresses of Tian An Australia Shareholders to be held in a public register.

Your information may be disclosed on a confidential basis to Tian An Australia's related bodies corporate and external service providers (such as Tian An Australia's Share Registry and print and mail service providers) any may be required to be disclosed to regulators such as ASIC and ASX.

If you would like details of information about you held by Tian An Australia, please contact Tian An Australia's Share Registry. Tian An Australia's privacy policy is available on Tian An Australia's website at www.tianan.com.au/privacy-policy/.

Disclaimer regarding forward looking statements

This Target's Statement contains certain forward looking statements and statements of current intention. The forward looking statements in this Target's Statement reflect views held at the date of this Target's Statement.

You should be aware that these statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected.

None of Tian An Australia, its officers or any person named in this Target's Statement with their consent or involved in the preparation of this Target's Statement makes any representation or warranty, as to the accuracy or likelihood of fulfilment of any forward looking statement. You should not place undue reliance on those statements.

Foreign Jurisdictions

There may be restrictions on the release, publication or distribution of this Target Statement in foreign jurisdictions. Persons who obtain possession of this Target's Statement should seek advice on and observe these restrictions. This Target's Statement has been prepared in accordance with the Corporations Act. The information contained in this Target's Statement may not be the same as the information required by law and regulations outside Australia.

Diagrams and Charts

Any diagrams, charts, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Target's Statement. All numbers are rounded unless otherwise indicated.

Shareholder Information Line

Tian An Australia has established a Shareholder Information Line which Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Shareholder Information Line is:

- 1300 113 236 (within Australia); or
- +61 3 9415 4019 (outside of Australia),

which is available from Monday to Friday between 8.30am and 5.00pm (Sydney time).

Key dates

Date of the Bidder's Statement	Monday, 11 September 2017
Date of this Target's Statement	Monday, 11 September 2017
Offer Period Commences	Wednesday, 13 September 2017
Extraordinary General Meeting	Thursday, 19 October 2017
Close of Offer Period (unless extended or withdrawn)	Friday, 3 November 2017

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Letter from the Independent Directors of Tian An Australia

11 September 2017

Dear Shareholder

ACCEPT the Offer in the absence of a superior proposal

Introduction and background

Together with this Target's Statement, you should have received a Bidder's Statement from Oasis Star in relation to its offer to acquire 80% of the Shares which it does not already own, for \$1.30 cash per Share.

This document is the Target's Statement which sets out the response of Tian An Australia to the Offer, and provides the recommendation of the Independent Directors as to what you should do at this stage. The Independent Directors encourage you to read this Target's Statement in full, including the Independent Expert's Report from Crowe Horwath included as Annexure A.

For the purposes of evaluating and responding to the Offer, the Tian An Australia Board established an Independent Board Committee comprising the Independent Directors. The Independent Directors are Cerena Fu and Marcus Seow.

The Offer is a conditional takeover offer which will only be satisfied if Oasis Star satisfies or waives its Conditions, which in summary include:

- the Offer receiving sufficient acceptances such that on completion of the Offer, Oasis Star will hold at least 50.1% (by number) of all Shares;
- Tian An Australia obtaining Shareholder approval of the Offer pursuant to clause 14.6 of the Tian An Australia Constitution; and
- Other standard Conditions as to: no regulatory action, no material adverse change, no prescribed occurrences, no persons being entitled to exercise or exercising rights under certain agreements or instruments and no material acquisitions, disposals or changes in the conduct of Tian An Australia's business or payment of dividends.

These Conditions are detailed in full in Appendix 2 of the Bidder's Statement.

Recommendation

The Independent Directors recommend you **ACCEPT** the Offer in the absence of a superior proposal.

Reasons for the Independent Director's recommendation

The key reasons why Shareholders should **ACCEPT** the Offer include:

- the Offer represents a premium to recent market prices;
- the Offer allows you to receive certain cash for 80% of your shareholding;
- the Independent Expert views the Offer as reasonable (even though it is not fair to all Shareholders);
- the Share price may fall following completion of the Offer;

- a superior proposal is unlikely to emerge; and
- the Offer provides you with continued participation in Tian An Australia's performance.

The detailed reasons to **ACCEPT** the Offer are set out in full in Section 2.

How to **ACCEPT** the Offer

The Offer is open until 7:00pm (Sydney time) on Friday, 3 November 2017 unless extended or withdrawn. To accept the Offer, follow the instructions set out in Section 5 of Appendix 1 of the Bidder's Statement.

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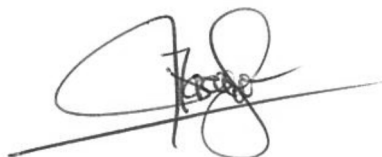
If you have any enquiries in relation to this document or your shareholding in Tian An Australia, please do not hesitate to call the Shareholder Information Line on 1300 113 236 (within Australia) or +61 3 9415 4019 (outside of Australia) which is available from Monday to Friday between 8.30am and 5.00pm (Sydney time).

The Independent Directors will update Shareholders with any material developments in relation to the Offer.

Yours faithfully



Cerena Fu
Independent Director of
Tian An Australia Limited



Marcus Seow
Independent Director of
Tian An Australia Limited

1. Independent Directors' recommendation and reasons

Directors of Tian An Australia

The Directors of Tian An Australia as at the date of this Target's Statement are Arthur Dew (Chairman), Cerena Fu and Marcus Seow.

To avoid any perception of conflict (which is outlined in more detail in section 10.6), Arthur Dew has excluded himself from any deliberations regarding the Offer and therefore does not make a recommendation.

The remaining Directors, being Cerena Fu and Marcus Seow, have formed an independent committee of the Board.

Recommendation and intentions

In assessing the Offer, the Independent Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement.

After taking into account the matters in this Target's Statement (including the Independent Expert's Report) and in the Bidder's Statement, the Independent Directors recommends that you **ACCEPT** the Offer in the absence of a superior proposal.

2. Reasons why Shareholders should ACCEPT the Offer

Reason 1: The Offer represents a premium to recent market prices

The \$1.30 cash per Share payable under the Offer represents:

- a premium of 47.62% over the price of \$0.88 per Share at the close of trading on 21 July 2017 (the day before Oasis Star announced its intention to make the Offer);
- a premium of 25.03% to the VWAP of \$1.04 per Share over the one month period up to 21 July 2017;
- a premium of 36.74% to the VWAP of \$0.95 per Share over the three month period up to 21 July 2017;
- a premium of 51.80% to the VWAP of \$0.86 per Share over the six month period up to 21 July 2017.



Reason 2: The Offer allows you to receive certain cash for 80% of your shareholding

The Offer allows you to receive \$1.30 per Share in cash for 80% of your shareholding. This delivers you certainty and immediate value for 80% of your Shares at a premium to recent trading prices.

Reason 3: The Independent Expert views the Offer as reasonable (even though it is not fair to all Shareholders)

The Independent Expert was retained to provide Tian An Australia an Independent Expert's Report as required under section 640 of the Corporations Act. The Independent Expert has estimated the fair market value of the Shares to be in the range of \$1.39 to \$1.45 per Share. As such, the Independent Expert views the Offer as "not fair".

However, the Independent Expert has assessed the Offer as “reasonable” and that Shareholders would be better off accepting the Offer.

In forming its opinion as to the reasonableness of the Offer, the Independent Expert stated

“In our opinion, the [Offer] is not fair but reasonable for the non-associated shareholders of [Tian An Australia].

Whilst not fair, key advantages of the [Offer] are [that] it provides a substantial premium over historical share trades, and participation provides shareholders with a realisation or liquidity event for shares that are otherwise relatively illiquidly traded.”

A full copy of the Independent Expert’s Report accompanies this Target’s Statement as Annexure A. You should read this report carefully.

Reason 4: The Share price may fall following completion of the Offer

After the Offer has been completed or withdrawn it is likely that the Shares will trade below the Offer Price in the foreseeable future for the following reasons:

- in the three months prior to the announcement of the Offer, the Shares did not trade at prices above \$1.12;
- the three month VWAP for the Shares at the close of trading on 21 July 2017 was \$0.95; and
- the closing price of the Shares on 21 July 2017 was \$0.88.

As such, following the completion or withdrawal of the Offer, it is likely that the price of the Shares will revert back to levels prior to the Offer.

Reason 5: A superior proposal is unlikely to emerge

In light of Oasis Star holding 35.44% of the Shares as at the date of this Target’s Statement, the Independent Directors believe that it is unlikely that a superior proposal will emerge for your Shares before the end of the Offer Period.

Since Oasis Star announced its proposal to make the Offer on 24 July 2017, Tian An Australia has not received any approaches that would cause it to believe that a superior proposal is likely to emerge.

Reason 6: The Offer provides you with continued participation in Tian An Australia’s performance

Oasis Star’s Offer is structured as a partial takeover bid (as opposed to a complete takeover or a dilutive event) so that Shareholders who choose to accept the Offer can retain an interest in Tian An Australia.

Accordingly, in addition to realising a substantial premium for 80% of your shareholding, the Offer enables you to participate in Tian An Australia’s business alongside Oasis Star through your remaining shareholding, and realise any increase in the value of your Shares as a result after the completion of the Offer.

3. Other matters to consider in determining whether or not to accept the Offer

3.1 Existing Shareholders will have a minority ownership in Tian An Australia

Oasis Star currently owns 35.44% of the Shares. Further, the Offer is conditional on, amongst other Conditions, Oasis Star increasing its shareholding to 50.1% on completion of the Offer, which Condition may be waived by Oasis Star. Assuming that the current Conditions of the Offer are met (without waiver), Oasis Star will control at least 50.1% of the Shares in Tian An Australia on Completion of the Offer. This has a number of possible implications, including:

- (a) Oasis Star will control the majority of the votes at a general meeting, and will therefore be able to unilaterally pass Shareholder resolutions (other than those which require a special resolution);
- (b) Oasis Star will control the board of Tian An Australia, and therefore make decisions regarding the strategic direction of Tian An Australia;
- (c) if Oasis Star receives sufficient acceptances under the Offer to increase its shareholding to 75% of Tian An Australia, it will be able to unilaterally pass special Shareholder resolutions, which will enable it to amend the Tian An Australia constitution, amongst other things; and
- (d) a third party will not be able to make a successful takeover bid for Tian An Australia without the support of Oasis Star.

3.2 There may be reduced liquidity in the Shares

Liquidity in the Shares is likely to reduce on completion of the Offer. Depending on the number of Shares Oasis Star acquires under the Offer, the effect on liquidity may be substantial, which may adversely affect the value at which Shareholders are able to dispose of their retained Shares.

3.3 Shareholders will have a reduced exposure to Tian An Australia's performance going forward

Shareholders who accept the Offer will have a reduced exposure to Tian An Australia's performance after the completion of the Offer. In particular, by accepting the Offer you will forgo any potential uplift in the value of the Shares sold to Oasis Star, which would be attributable to the performance of Tian An Australia after the completion of the Offer.

3.4 There may be tax consequences for selling your Shares

Accepting the Offer may trigger tax consequences for some Shareholders. Section 9 sets out some details regarding the possible tax implication of accepting the Offer. This information is of a general nature only and Shareholders should obtain their own advice regarding the tax consequences of accepting the Offer.

3.5 There are risks associated with the Tian An Australia business

There are certain risks associated with the Tian An Australia business. These are set out in detail in 8.7. By accepting the Offer, Shareholders are able to reduce their exposure to those risks by 80%. Conversely, by not accepting the Offer, Shareholders retain their exposure to those risks and the effect they may have on the price of the Shares.

4. Frequently asked questions

This Section 4 answers some commonly asked questions in relation to the Offer. It is not intended to address all relevant issues for Shareholders. This Section 4 should be read together with the rest of this Target's Statement.

Question	Answer
What is the Offer?	<p>The Offer is a proportional takeover bid for up to 80% of your Shares. Accordingly, if you accept the Offer, you will receive \$1.30 per Share for up to 80% of your Shares (rounded down to the nearest whole number of Shares) and retain the remaining Shares.</p> <p>However, if your remaining Shares have a market value of less than \$500 based on the ASX closing price of the Shares on the date that is the most recent trading day before your acceptance of the Offer is received (i.e. an Unmarketable Parcel), the Offer will extend to 100% of your Shares.</p>
Who is making the Offer?	<p>The bidder under the Offer is Oasis Star. Oasis Star owns 35.44% of Tian An Australia.</p> <p>Oasis Star is a 100% indirectly held subsidiary of Tian An China Investments Company Limited (Tian An China). Tian An China is a company listed on the main board of The Stock Exchange of Hong Kong Limited and is a major real estate and investment company concentrating on large-scale developments with a focus on the main cities of Northern, Eastern and Southern China.</p> <p>A major shareholder of Tian An China is China Elite Holdings Limited, a wholly owned subsidiary of Fine Class Holdings Limited, which is a wholly owned subsidiary of Allied Properties (H.K.) Limited, which is a subsidiary of Allied Group Limited, which is a company controlled by the Lee and Lee Trust.</p> <p>Tian An China is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in China, and property investment and property management in Hong Kong.</p>
What is a 'proportional takeover bid'?	<p>A proportional takeover bid (such as the Offer) is a takeover bid for a specified proportion of the securities in a class of securities. Under the Corporations Act, the specified proportion must be the same for all holders of securities in that class.</p> <p>The specified proportion for the Offer is 80% of the Shares held by you.</p>

<p>What are the Conditions of the Offer?</p>	<p>The Offer is subject to Conditions, which are set out in detail in section 5.6 of this Target's Statement and more specifically in Appendix 2 of the Bidder's Statement.</p> <p>In summary, the Conditions are:</p> <ul style="list-style-type: none"> • Oasis Star receiving sufficient acceptances so that following completion of the Offer, it will own at least 50.1% (by number) of the Shares on issue at the end of the Offer Period; • Tian An Australia obtaining shareholder approval of the Offer Period pursuant to clause 14.6 of the Tian An Australia Constitution; and • Other standard Conditions relating to no regulatory action, no material adverse change, no prescribed occurrences, no persons entitled to exercise or exercising rights under certain agreements or instruments and no material acquisitions, disposals, changes in the conduct of business or dividends.
<p>When does the Offer close?</p>	<p>The Offer is scheduled to close at 7.00pm (Sydney time) on Friday, 3 November 2017 (unless extended or withdrawn). The Offer Period may also be automatically extended in certain circumstances.</p>
<p>What do the Independent Directors recommend?</p>	<p>The Independent Directors unanimously recommend that you ACCEPT the Offer in the absence of a superior proposal.</p> <p>The reasons for this recommendation are set out in section 2.</p> <p>If there is a change in this recommendation or any other material developments in relation to the Offer, Tian An Australia will lodge a supplementary target's statement.</p>
<p>What does the Independent Expert recommend?</p>	<p>The Independent Expert has found in the Independent Expert's Report that the Offer is reasonable for the Shareholders to accept, even though it is not fair to all Shareholders.</p> <p>The Independent Expert's Recommendation is set out in full in the Independent Expert's Report in Annexure A.</p>
<p>What are my choices in responding to the Offer</p>	<p>You may either:</p> <ol style="list-style-type: none"> 1. accept the Offer by follow the instructions set out in the Bidder's Statement; 2. reject the Offer, by doing nothing and holding on to your Shares; or 3. sell some or all of your Shares on market.

Can I accept the Offer for less than 80% of my Shares?	<p>Yes, you can accept the Offer for a proportion of your shares up to a maximum of 80% of your Shares, rounded down to the nearest whole number of Shares.</p> <p>If you wish to accept the Offer for less than 80% of your Shares, you must indicate this clearly on the acceptance form.</p>
If I accept the Offer, can I withdraw my acceptance?	<p>You can withdraw your acceptance in certain circumstances where a withdrawal right arises under the Corporations Act.</p> <p>Such a withdrawal right will arise if, after you have accepted the Offer, Oasis Star varies the Offer in a way that postpones, for more than one month, the time when Oasis Star has to meet its obligations under the Offer, and at that time, the Offer is subject to one of the Conditions.</p>
If I accept the Offer, can I sell the remainder of my Shares on market?	<p>Yes, you may sell any remaining Shares on market after acceptance of the Offer. However, any purchaser of such Shares will not be able to accept the Offer in respect of those Shares.</p> <p>There will be special ASX trading arrangements with respect to these remaining Shares. In summary they are as follows:</p> <ol style="list-style-type: none"> 1. purchasers of the remaining Shares will not be entitled to accept the Offer and such Shares will trade on the ASX on an "ex-Offer" basis; and 2. settlement of trades in "ex-Offer" Shares will be deferred until after the end of the Offer Period.
What if I want to sell my Shares on-market?	<p>During the Offer Period, you may sell some or all of your Shares on market for cash (less brokerage), provided you have not accepted the Offer for those Shares. You should contact your Broker for information on how to sell your Shares on market, and your tax adviser to determine your tax implications of such a sale.</p> <p>Where you have not accepted the Offer in respect of your Shares and instead have sold some or all of your Shares on market, the purchaser of those Shares may accept the Offer. In this circumstance, your Shares will trade on a "cum-Offer" basis and in a normal (T+2) settlement process.</p>
Can I be forced to sell my Shares?	<p>No. Oasis Star will not be able to proceed to compulsory acquisition until it has a voting power of at least 90% in Tian An Australia. Following completion of the Offer, Oasis Star will have a voting power in less than 88% of Tian An Australia.</p>
Can Oasis Star vary the Offer?	<p>Yes, Oasis Star can vary the Offer by increasing the Offer Price or waiving the Conditions. Any such variation will be announced to the ASX.</p>

What will happen if Oasis Star raises its Offer Price?	If you have already accepted the Offer and Oasis Star subsequently increase the Offer Price, you are entitled to receive the higher price even if you have already accepted the Offer.
Can Oasis Star withdraw the Offer?	Yes, but only in limited circumstances with the consent of ASIC.
What are the tax implications of accepting the Offer?	<p>There may be tax implications from the sale of your Shares. Each Shareholder's position will be different.</p> <p>You should obtain independent advice from your professional advisor in this regard. Section 7 of the Bidder's Statement includes general information regarding the possible tax implications for Shareholders arising from the Offer.</p>
When will I receive my consideration if I accept the Offer?	<p>If you accept the Offer and Conditions of the Offer are satisfied or waived, Oasis Star will pay you the consideration under the Offer by the earlier of:</p> <ol style="list-style-type: none"> one month after the later of receipt of your valid acceptance and necessary transfer documents and the date on which the Offer Conditions are satisfied or waived; or 21 days after the end of the Offer Period.
Who is Xiangyu?	<p>Xiangyu is the real estate arm and a wholly-owned subsidiary of Xiamen Xiangyu Group Corporation. It has operations in Shanghai, Jiangsu, Fujian, Chongqing, Hunan and other areas in China.</p> <p>Xiangyu has entered into the MOU with Tian An Asset Investments (a wholly owned subsidiary of Tian An China) under which, the parties have agreed to enter into a formal agreement pursuant to which Xiangyu, would, following completion of the Offer, acquire 50% of the issued shares in Oasis Star.</p> <p>This agreement will be subject to various conditions including approval by Shareholders, regulatory approvals, the approval of the board of directors of each of Tian An Asset Investments and Xiangyu, and Xiangyu conducting due diligence investigations in respect of Tian An Australia, the results of which it considers to be satisfactory.</p> <p>Depending on the extent to which the above conditions have been satisfied, Tian An Australia intends to seek the approval of Shareholders with regards to the acquisition by Xiangyu after the Offer has completed.</p>
What if I have other questions about the Offer?	Please call Tian An Australia's information line on 1300 113 236 for callers within Australia or on +61 3 9415 4019 for callers outside Australia. The information line will be open from Monday to Friday between 8.30am and 5.00pm (Sydney time).

5. Information about Oasis Star, the Offer and other important issues

5.1 Profile of Oasis Star

Oasis Star is a 100% indirect subsidiary of Tian An China.

Tian An China is a company listed on the main board of The Stock Exchange of Hong Kong Limited and is a major real estate and investment company concentrating on large-scale developments with a focus on the main cities of Northern, Eastern and Southern China.

Tian An China is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in China, and property investment and property management in Hong Kong.

A major shareholder of Tian An China is China Elite Holdings Limited, a wholly owned subsidiary of Fine Class Holdings Limited. Fine Class Holdings Limited is a wholly owned subsidiary of Allied Properties (H.K.) Limited, which is a subsidiary of Allied Group Limited. Allied Group Limited is a company controlled by the Lee and Lee Trust.

5.2 Background

On 24 July 2017 Oasis Star, a wholly owned subsidiary of Tian An China (held through Tian An Assets Investments), announced that it intended to make a takeover offer for Tian An Australia. The Bidder's Statement is being sent to Shareholders at the same time as this Target's Statement. The Bidder's Statement sets out the terms and Conditions to the Offer.

The key terms and Conditions to the Offer are discussed in the following paragraphs. They are otherwise set out in full in the Bidder's Statement.

5.3 Offer consideration

Oasis Star is offering \$1.30 for each Share in an all-cash off-market takeover bid. Shareholders can accept the Offer for any proportion of their Shares up to a maximum of 80% of their Shares.

The Offer consideration will only become payable to Shareholders if all the Conditions of the Offer are satisfied or waived. These Conditions are summarised in section 5.6 and set out in full in Appendix 2 of the Bidder's Statement.

5.4 Offer Period

Unless the Offer is extended, withdrawn or lapses, the Offer will be open for acceptance from the date of the Offer, being Wednesday, 13 September 2017, until Friday, 3 November 2017.

5.5 Extension of the Offer Period

The Offer may be extended at any time before the expiry of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven (7) days of the Offer Period:

- (a) Oasis Star improves the price under the Offer; or
- (b) Oasis Star's voting power in Tian An Australia increases to more than 50%.

If this occurs, the Offer Period will be automatically extended so that it ends fourteen (14) days after the relevant event has occurred.

5.6 Conditions to the Offer

Oasis Star's Offer is conditional. If any of the Conditions to the Offer are not fulfilled or waived by Oasis Star, the Offer will lapse. This will result in Oasis Star not being able to purchase your Shares under the Offer in any circumstances. The Conditions to Oasis Star's Offer are set out in Appendix 2 of the Bidder's Statement.

Below is a summary of the Conditions:-

(a) Minimum acceptance

There being sufficient acceptances of the Offer so that, following completion of the Offer, Oasis Star will own at least 50.1% (by number) of the Shares on issue at the end of the Offer Period.

(b) Shareholder approval

Tian An Australia obtaining Shareholder approval pursuant to clause 14.6 of the Tian An Australia Constitution.

Specifically, clause 14.6 of the Tian An Australia Constitution prohibits the registration of transfers resulting from acceptances of a proportional takeover offer (such as the Offer) without Shareholder approval.

(c) No regulatory action

Between the Announcement Date and the end of the Offer Period (inclusive) there is no application, action or decision threatened, announced or issued by any Public Authority in consequence of, or in connection with, the Offer.

(d) No material adverse change

Between the Announcement Date and the end of the Offer Period (inclusive), no matter or thing occurs, which will have, or could reasonably be expected to have a material adverse effect on Tian An Australia or any of its Subsidiaries.

(e) No prescribed occurrences

Between the Announcement Date and the date 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences happen:

- (1) Tian An Australia converts all or any of its Shares into a larger or smaller number of Shares;
- (2) Tian An Australia reduces its share capital;
- (3) Tian An Australia enters into a buy-back agreement;
- (4) Tian An Australia or a subsidiary of Tian An Australia issues shares or grants an option over its shares;

- For personal use only
- (5) Tian An Australia or a subsidiary of Tian An Australia agrees to issue convertible notes;
 - (6) Tian An Australia or a subsidiary of Tian An Australia agrees to dispose of its business or property;
 - (7) Tian An Australia or a subsidiary of Tian An Australia agrees to charge its business or property;
 - (8) Tian An Australia or a subsidiary of Tian An Australia is, or takes any steps towards being, externally administered or wound up.

(f) No persons entitled to exercise or exercising rights under certain agreements or instruments

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person, (excluding any Associate of Tian An China) asserting a right to exercise any rights under any provision of any agreement to which Tian An Australia may be bound or be subject, which could result in the business of Tian An Australia with any other person being adversely affected.

(g) No material acquisitions, disposals, changes in the conduct of business or dividends

Between the Announcement Date and the end of the Offer Period (inclusive), neither Tian An Australia nor any of its subsidiaries:

- (1) enters into any transaction, which would reasonably be likely to involve a material change in the manner in which they conduct their business including any transaction which may involve:
 - (A) entering into any arrangement that is not in the ordinary course of business; or
 - (B) entering into any arrangement with respect to derivative instruments; or
- (2) agrees to give any encumbrance over any of its assets;
- (3) makes any change to the Tian An Australia Constitution;
- (4) amends the terms of issue of any securities;
- (5) enters into restraints of trade or makes voluntarily changes any accounting policy;
- (6) agrees to amend any arrangement with a Related Entity;
- (7) materially increases the benefits for its employees;
- (8) enters into any enterprise bargaining agreement; or
- (9) announces any dividend.

5.7 Notice of Status of Conditions

The Bidder's Statement states that Oasis Star will give a Notice of Status of Conditions on Tuesday, 24 October 2017. If the Offer Period is extended, before the Notice of Status of Conditions is given, then the date for such notice will be extended by the same period. Where there is such an extension, Oasis Star is further required to give ASX and Tian An Australia notice of the new date for the Notice of Status of Conditions and specify whether and of the Conditions have been fulfilled.

The Notice of Status of Conditions will set out:

- (a) whether the Offer is free from any or all Conditions;
- (b) whether, so far as Oasis Star knows, any of the Conditions have been fulfilled on the date of the Notice of Status of Conditions; and
- (c) Oasis Star's voting power in Tian An Australia.

Where a Condition has been fulfilled before the Notice of Status of Condition is given, Oasis Star must promptly give ASX and Tian An Australia notice of the fulfilment of that Condition.

5.8 Withdrawal of the Offer

Oasis Star may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

5.9 Lapse of the Offer

The Offer will lapse if the Conditions to the Offer summarised in 5.6 above are not fulfilled or waived by the end of the Offer Period. If the Offer lapses, all contracts resulting from acceptance of the Offer and all acceptances which have not yet resulted in binding contracts will become void. Therefore, Shareholders who have accepted the Offer will be able to trade their Shares in the ordinary course.

5.10 Acquisition of Oasis Star by Xiangyu

On 24 July 2017, Tian An Asset Investments, which is a wholly owned subsidiary of Tian An China, and which owns the entire share capital of Oasis Star, entered into the MOU with Xiangyu.

The MOU contemplates Tian An Asset Investments and Xiangyu entering into further agreements (**Definitive Agreements**) pursuant to which Xiangyu, would acquire 50% of the issued shares in Oasis Star, subject to various conditions. Those conditions include:

- (a) approval of the acquisition by Shareholders for the purpose of item 7 of section 611 of the Corporations Act;
- (b) the approval of ASX (if required);
- (c) The approval of The Stock Exchange of Hong Kong Limited (if required);
- (d) the approval of the Australian Foreign Investment Review Board (if required);
- (e) the approval of the relevant government authorities in the People's Republic of China;

- (f) the approval of any other necessary government and/or regulatory bodies;
- (g) the approval of the board of directors of Tian An Asset Investments;
- (h) the approval of the board of directors of Xiangyu; and
- (i) Xiangyu conducting due diligence in respect of Oasis Star and Tian An Australia, the results of which it considers to be satisfactory.

According to the MOU, the consideration payable by Xiangyu to Tian An Asset Investments, would be the aggregate of:

- (a) 50% of the value of all issued shares in Tian An Australia held by Oasis Star following completion of the Offer (on the basis that the value of each Share would be taken to be \$1.30, being the Offer price) but subject to the maximum of the audited net asset value per share in Tian An Australia as at the to be determined reference date; and
- (b) an interest charge of 6% per annum accrued on 50% of the total amount expended by Tian An Australia and/or Oasis Star in completing the Offer during the period commencing from the full payment of the consideration by Oasis Star under the Offer until the date of payment by Xiangyu to Tian An Asset Investments.

In addition, Xiangyu will reimburse Tian An Asset Investments for its proportionate costs in conducting and completing the Offer and associated costs.

As the Definitive Agreements have not been entered into, the exact date for the completion of the proposed acquisition by Xiangyu is not known. However, it is not expected that such Definitive Agreements will be completed before the completion of the Offer.

For the purposes of obtaining the approval of Shareholders, Tian An Australia only expects to convene a meeting of Shareholders once the Definitive Agreements have been entered into, and accordingly, does not intend to convene a meeting for this purpose before the Offer closes. That notice of meeting will include further information regarding the Definitive Agreements, the transaction contemplated by them, as well as a report prepared by the Independent Expert regarding the fairness and reasonableness of that transaction to Shareholders.

5.11 About Xiangyu

Xiangyu is the real estate arm and a wholly-owned subsidiary of Xiamen Xiangyu Group Corporation. It has operations in Shanghai, Jiangsu, Fujian, Chongqing, Hunan and other areas in China.

Founded on 28 November 1995, Xiamen Xiangyu Group Corporation is a wholly state-owned enterprise with its headquarters in Xiamen, China.

Xiamen Xiangyu Group Corporation has over 200 investment companies, 160 wholly-owned companies and investment holding companies as well as 7,000 employees.

Xiamen Xiangyu Group Corporation engages in industrial and residential real estate, trading, logistics and financial services and investment.

6. Proportional takeover bid and maximum ownership of Tian An Australia

6.1 Proportional takeover bid

The Offer is a proportional takeover bid for up to 80% of your Shares. Accordingly, if you accept the Offer, you will receive \$1.30 per Share for the proportion of your Shares in respect of which you have accepted the Offer (rounded down to the nearest whole number of Shares) and retain the remaining proportion of your Shares.

For example, if you own 100,000 Shares and accept the Offer in respect of 80% of your Shares, you will receive \$104,000 and continue to own 20,000 Shares.

6.2 Unmarketable Parcel Extension

As the Offer is a proportional takeover bid, you may accept the Offer for up to 80% of your Shares. However, if by accepting the Offer, the Shares that you retain constitute an Unmarketable Parcel, the Offer will extend to 100% of your Shares (**Unmarketable Parcel Extension**). In this case, Shareholders who elect to accept the Offer are deemed to accept the offer in respect of 100% of their Shares.

The Unmarketable Parcel Extension will not apply to a parcel of Shares, whether held beneficially or otherwise, that has come into existence, or increased in size because of a transaction entered into (including the creation of one or more trusts), at any time after 10:00am on the Announcement Date. This also applies in relation to persons who hold Shares as nominee or trustee for others.

6.3 Shareholder Approval

One of the Conditions to the Offer requires that Shareholders approve a proportional takeover pursuant to clause 14.6 of the Tian An Australia Constitution.

Clause 14.6 of the Tian An Australia Constitution prohibits the registration of transfers resulting from acceptances of a proportional takeover offer (such as the Offer), unless and until the proportional takeover offer has been approved by those persons who hold shares at the end of the day the first offer under the offer is made. This proportional takeover provision is effective for three years after its adoption unless renewed by a special resolution of Shareholders. This clause was renewed at the 2015 Annual General Meeting of Shareholders.

Tian An Australia will convene a meeting of Shareholders expected to be held at 2:00pm (Sydney time) on Thursday, 19 October 2017 to approve the Offer in accordance with clause 14.6 of the Tian An Australia Constitution. The notice of meeting was dispatched to voting Shareholders at the same time as this Target's Statement. Oasis Star and its Associates are excluded from voting on the resolution.

Who can vote at the meeting of Shareholders?

Only Shareholders who hold shares as at 7:00pm (Sydney time) on Wednesday, 13 September 2017 (**Voting Shareholders**) are entitled to vote on the resolution at the meeting of Shareholders.

As a consequence, if a Voting Shareholder sells some of their Shares (**Sale Shares**) after 7:00pm (Sydney time) on Wednesday, 13 September 2017, but before the meeting of Shareholders, the recipient of the Sale Shares will not be entitled to vote on the resolution at the meeting of Shareholders.

How will voting be conducted at the meeting of Shareholders?

The resolution will be passed if more than 50% of votes cast by Voting Shareholders are in favour of the resolution.

What are the consequences of voting at the meeting of Shareholders?

If this resolution is not passed then:

- (a) all unaccepted Offers and acceptances failing to result in binding contracts are deemed to be withdrawn and Oasis Star must return the documents received by way of acceptance; and
- (b) all binding acceptances may be rescinded by either Oasis Star or the accepting Shareholder.

If this resolution is passed then:

- (c) Shareholder acceptances that have already been made under the Offer will not be rendered ineffective; and
- (d) Shareholders who have not already accepted the Offer may accept or reject the Offer at their discretion.

What are the consequences if the meeting of Shareholders is not held?

If the resolution to approve the Offer has not been voted on by Thursday, 19 October 2017 (assuming that the Offer is not extended), then the resolution is taken to have been passed.

6.4 Maximum voting power in Tian An Australia

As of the date of this Target's Statement, Oasis Star holds a relevant interest in, 30,693,124 Shares or 35.44% of Tian An Australia.

Under the Offer, Oasis Star has offered to acquire up to 80% of each Shareholder's Shares that it does not own. The maximum potential acceptance of the Offer is 45,178,294 Shares (assuming no further Shares are issued and not including the effects of rounding). Should the maximum potential acceptances under the Offer be achieved, Oasis Star will hold 75,871,418 Shares, or 87.60% of all Shares on issue.

The table below sets out the number of Shares in which Oasis Star will have a relevant interest, and its corresponding voting power in Tian An Australia, based on the level of acceptances of Offer.

	Percentage of the maximum number Shares in respect of which the Offer may be accepted					
	0% (ie current holding)	30%	50%	70%	90%	100%
Shares in which Oasis Star will have a relevant interest	30,693,124	44,246,612	53,282,270	62,317,929	71,353,588	75,871,418
Voting Power of Oasis Star	35.44%	51.09%	61.52%	71.95%	82.39%	87.60%

Further, if Tian An Asset Investments and Xiangyu enter into the proposed further agreement to give effect to the MOU referred to in section 5.10, and such agreements are completed in accordance with their terms, Xiangyu will acquire 50% of Oasis Star. As a result, Xiangyu will have a relevant interest in the Shares held by Oasis Star. Accordingly, the table above also illustrates the number of Shares in which Xiangyu will have a relevant interest, and its corresponding voting power in Tian An Australia, based on the number of acceptances under the Offer.

7. What are your options?

As a Shareholder, you have three options currently available to you:

7.1 Accept the Offer

Shareholders may elect to accept Oasis Star's Offer. Details of how to accept the Offer are set out in the Bidder's Statement.

Shareholders who accept Oasis Star's Offer may be liable for CGT or income tax on the disposal of their Shares (see section 7 of the Bidder's Statement). However they will not incur any brokerage charge.

7.2 Reject the Offer

Shareholders who do not wish to accept Oasis Star's Offer or who do not wish to sell their Shares on market should do nothing.

7.3 Sell your Shares on market

During a takeover, shareholders in a target company can still sell their shares on market for cash. As the Offer is a proportional takeover Offer, you can also accept the Offer in respect of up to 80% of your Shares and sell the remaining portion of your Shares on market (where the Offer does not extend to 100% of your Shares).

The price for Shares may be obtained from the ASX website www.asx.com.au using the ASX code 'TIA'.

Shareholders who sell their Shares on market for cash:

- (a) will receive the consideration for sale of their Shares sooner than if they accept the takeover offer, that is subject to outstanding Conditions;
- (b) may incur a brokerage charge; and
- (c) will not receive the benefit of any subsequent increase in any offer for Tian An Australia (whether from Oasis Star or a third party) should this eventuate.

If you sell your Shares on market for cash, you may be liable for CGT or income tax on the sale. See section 7 of the Bidder's Statement for further general information on the tax consequences of the sale of Shares on market.

Shareholders who wish to sell their Shares on market should contact their broker for information on how to effect the sale.

7.4 Trading of Shares on ASX During the Offer Period

The ASX has put in place special trading and settlement arrangements which apply to ASX trades in the Shares during the Offer Period and for a short period following the close of the Offer Period (which is expected to be five days ending on Wednesday, 8 November 2017 assuming an Offer close date of Friday, 3 November 2017).

These arrangements are to ensure that not more than 80% of each parcel of Shares is accepted into the Offer, irrespective of who owns those Shares (except where the Shares are the subject of the Unmarketable Parcel Extension).

For the duration of the Offer Period and for a short period following the close of the Offer Period (to be five days ending on Wednesday, 8 November 2017 assuming an Offer close date of Friday, 3 November 2017), there are two markets in the Shares as follows:

(a) Normal settlement “cum-Offer” market

This market is for Shares capable of acceptance into the Offer. For example, if you hold 1,000 Shares and you decide to not accept the Offer but sell all those Shares on the ASX, all 1,000 of your Shares will be sold in this market. The purchaser of those Shares can accept the Offer in respect of up to 800 of those 1,000 Shares, and is free to deal with the remaining 200 of those Shares (assuming the Offer is accepted in respect of the full 800 Shares).

All trades in the market will settle on a normal T+2 settlement basis.

However, you should note that if you sell Shares in the “cum-Offer” market shortly before the scheduled end of the Offer Period and the trade settles on a normal T+2 settlement basis, the purchaser may be unable to accept the Offer if the Offer closes as scheduled. This is because the purchaser will only be able to accept the Offer if the trade settles before the end of the Offer Period. This may have an effect on the price you receive for your Shares sold in the “cum-Offer” market. For completeness, you should also note that if you sell Shares in the “cum-Offer” market after the end of the Offer Period, the purchaser will be unable to accept the Offer and has effectively purchased “ex-Offer” Shares.

(b) Deferred settlement “ex-Offer” market

This market is for Shares not capable of acceptance into the Offer. For example, if you hold 1,000 Shares and you accept the Offer for 800 of your Shares, you can sell the remaining 200 on market. Those 200 Shares will be sold into the “ex-Offer” market. The purchaser of those 200 Shares cannot accept the Offer in respect of up to 80% of those 200 Shares, because those 200 Shares were previously part of a parcel of 1,000 Shares in respect of which 800 were accepted into the Offer.

All trades in the “ex-Offer” market will be subject to deferred settlement and Tian An Australia understands that settlement of those trades will not occur until Tuesday, 14 November 2017, assuming an Offer close date of Friday, 3 November 2017. This means that if you sell Shares into the “ex-Offer” market, you will not receive sale proceeds until after the Offer Period.

It is likely that the price of Shares in the ex-Offer market will be lower than in the cum-Offer market as the cash consideration receivable under the Offer has already been realised. Purchasers of Shares in the ex-Offer market can on-sell those Shares in the ex-Offer market, however as with the initial sale, those sales will not settle until after the end of the Offer Period.

8. Profile of Tian An Australia

8.1 Business overview

Tian An Australia is a company limited by shares that is incorporated and domiciled in Australia. It was first listed on the ASX in 1985, and its vision is to grow towards being a significant contributor to the design and development of quality places for living, utilising community based planning and innovative design concepts targeted to meet the needs and exceed the expectations of markets, whilst delivery environmental excellence.

8.2 Principal Activities and Assets

The principal activity of Tian An Australia and its subsidiaries is the development and sale of residential land and built-form products. Tian An Australia has interests in developments on the east coast of Australia and developments in the Mandurah/Peel Region of Western Australia.

(a) The Milton (Milton, Queensland)

In December 2013, Tian An Australia and its subsidiaries invested in The Milton apartment project. The site is located within the suburb of Milton, only two kilometres from the Brisbane CBD and directly adjacent to the Milton railway station.

Tian An Australia and its subsidiaries have entered into a joint venture with the owners and the developer of the land. The developer is FKP Commercial Developments Pty Limited (a wholly owned subsidiary of Aveo Group Limited).

The Milton is a 30-storey mixed-use tower, comprising 300 residential units, together with 1,121 sqm of retail and 1,150 sqm of commercial premises.

Construction has completed with all residential units settled to date. The retail/commercial space is currently in the process of being leased in preparation for sale. The Milton has an end value of approximately \$215,000,000. To date the Company has received \$32,850,000 with the remaining proceeds expected in the second half of 2017 once the remaining retail/commercial space have been sold.

(b) SeaSpray (Point Cook, Victoria)

In December 2013, Tian An Australia and its subsidiaries invested in the SeaSpray residential land subdivision. The site is located within the suburb of Point Cook, 19 kilometres from the Melbourne CBD.

Tian An Australia and its subsidiaries entered into a joint venture with the owners of the land. The owner is FKP Residential Developments Pty Limited (a wholly owned subsidiary of Aveo Group Limited).

SeaSpray is a subdivision which upon completion will comprise 247 residential lots developed in eight stages, together with local roads, public open space and wetlands.

SeaSpray has a total end value of approximately \$58,000,000. As at 30 June 2017, approximately 83% of the lots have settled with the majority of the remaining lots being unconditionally exchanged. The project is due to be completed in 2017.

(c) Villa Site (Port Bouvard, Western Australia)

Villa Site is located within the resort precinct of the Port Bouvard Southport Residential Estate. Located south of the Dawesville Channel, the property is approximately 10 kilometres south of the Mandurah town centre and 75 kilometres south of the Perth CBD. The property has an area of 4,434 square metres.

Tian An Australia is in the process of selling the property.

(d) Oceanique (Port Bouvard, Western Australia)

Oceanique comprises an upmarket apartment development constructed over eight levels in two towers (north and south towers), with a four-level structure located between and adjoining the southern tower.

There were four Oceanique apartments available for sale as at 30 June 2017.

(e) Point Grey (Point Grey, Western Australia)

Point Grey is located on the only elevated peninsula setting on the eastern shores of the Peel Inlet and the Harvey Estuary in the Shire of Murray, Western Australia. Geographically, Point Grey is situated approximately 20 kilometres west of the Pinjarra town site, and approximately 12 kilometres south-east of the Mandurah city centre.

Tian An Australia and its subsidiaries acquired approximately 275 hectares of land at Point Grey in 2006 and has subsequently obtained Commonwealth and State Government approvals to develop the site into a residential village incorporating a marina.

8.3 Future Strategy

Tian An Australia recently exchanged contracts for a commercial property in Enfield, New South Wales for \$35,000,000. Tian An Australia intends to redevelop this site into residential accommodation.

Tian An Australia will continue to focus on its strategy of diversifying its residential development sites along the east coast of Australia, with a focus on inner metropolitan and city locations, close to established infrastructure.

Tian An Australia also aims to sell the Villa Site and the remaining four Oceanique apartments, and assess its options in respect of Point Grey now that all Commonwealth and State Government approvals have been obtained.

8.4 2017 Half Year Financial Statements

Tian An Australia's Half Year Report for January to June 2017 contains the most recent set of audited financial figures available. The report was released to ASX on 11 August 2017 and can be located on the ASX website at www.asx.com.au using Tian An Australia's ASX code 'TIA' or Tian An Australia's website at www.tianan.com.au/reports.

8.5 Financial Position of Tian An Australia

Set out below is an extract of Tian An Australia's consolidated statement of financial position as at 30 June 2017 as contained in Tian An Australia's Half Yearly Report for 2017 which was announced to the ASX on 11 August 2017. It should be read with its accompanying notes.

Tian An Australia's cash balance as at 31 July 2017 was \$20.2 million.

For details of the notes to the accounts, please see Tian An Australia's Half Year Report for 2017 which can be located on the ASX website at www.asx.com.au using Tian An Australia's ASX code 'TIA' or Tian An Australia's website at www.tianan.com.au/reports.

Tian An Australia Limited
Consolidated statement of financial position
As at 30 June 2017

June 2017 Half-Year Financial Report

	Note	Group	
		30 June 2017	31 December 2016
		\$'000	\$'000
Current assets			
Cash and cash equivalents		49,737	47,399
Trade and other receivables		2,705	2,387
Inventories	2	9,473	12,089
Available-for-sale financial assets	6	6,234	8,411
Other assets		6,592	4,556
Current assets		74,741	74,842
Non-current assets held for sale	5	1,462	1,462
Total current assets		76,203	76,304
Non-current assets			
Inventories	2	48,503	48,194
Property, plant and equipment		294	330
Total non-current assets		48,797	48,524
TOTAL ASSETS		125,000	124,828
Current liabilities			
Trade and other payables		911	929
Provisions		130	126
Total current liabilities		1,041	1,055
Non-current liabilities			
Provisions		27	22
Total non-current liabilities		27	22
TOTAL LIABILITIES		1,068	1,077
NET ASSETS		123,932	123,751
Equity			
Contributed equity		290,149	290,149
Reserves		10,246	10,075
Accumulated losses		(176,463)	(176,473)
Total equity		123,932	123,751

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

8.6 Director's Profiles

Non-Executive Director, Chairman

Arthur George Dew

Mr. Arthur George Dew, Chairman of Tian An Australia since January 2007, was appointed a Non-Executive Director of the Company in December 1995 and re-designated as a Non-Executive Director of the Company in July 2002.

Mr. Arthur Dew was appointed as a non-executive director and designated as the non-executive Chairman on 3 December 2015 and 18 December 2015, respectively.

Mr. Arthur Dew graduated from the Law School of the University of Sydney, Australia, and was admitted as a solicitor and later as a barrister of the Supreme Court of New South Wales, Australia. He is currently a non-practising barrister. He has a broad range of corporate and business experience and has served as a director, and in some instances chairman of the board of directors, of a number of public companies listed in Australia, Hong Kong and elsewhere.

Mark Wong is an alternate director to Arthur George Dew.

Other current directorships of listed companies

Mr. Arthur Dew is also the chairman and a non-executive director of each of Allied Group Limited, Allied Properties (H.K.) Limited, APAC Resources Limited and Dragon Mining Limited, and a non-executive director of each of SHK Hong Kong Industries Limited and Tanami Gold NL.

Dragon Mining Limited and Tanami Gold NL are companies listed on the Australian Securities Exchange.

Former directorships of listed companies in last three years

Mr. Arthur Dew was previously the chairman and a non-executive director of SkyOcean International Holdings Limited (formerly known as Allied Overseas Limited) and a non-executive director of BARD1 Life Sciences Limited (formerly known as Eurogold Limited).

BARD1 Life Sciences Limited is a company listed on the Australian Securities Exchange.

Independent Non-Executive Director

Cerena Fu

Cerena was appointed to the Board on 5 April 2013. Cerena is the principal of CFC Lawyers, a legal practice established in 2004 based in Double Bay, New South Wales.

Cerena has acted for both local and international clients on numerous significant property and investment transactions, business acquisitions and commercial and retail leases. Cerena has been involved in all aspects of commercial financing, including acting for both mortgagees and mortgagors and has successfully commenced and conducted commercial litigation.

Cerena is admitted to practice in the Supreme Court of New South Wales, the Federal Court of Australia and the High Court of Australia and is a member of the Law Society of New South Wales.

Other current directorships of listed companies

None.

Former directorships of listed companies in last three years

None.

Independent Non-Executive Director

Marcus Seow

Marcus Seow was appointed to the Board on 1 October 2013.

Mr. Seow is currently a Managing Partner of Ideal Advisory, an Australian boutique property development company. Mr. Seow is also a director with Low Yat Group, a Malaysian-based diversified property group with interests in Asia and Australia.

Other current directorships of listed companies

None.

Former directorships of listed companies in last three years

None.

8.7 Risk factors associated with the Tian An Australia business

There are a number of risks associated with holding an investment in Tian An Australia. You will continue to hold some of your Shares regardless of whether you accept or reject the Offer (unless if accepting the Offer would leave you holding a parcel of Shares that has a market value of \$500 or less, in which case the offer extends to all of your Shares). Some of the more important general risks that may affect Tian An Australia and your investment in the Shares are set out below.

This Section does not purport to list every risk that may be associated with holding Shares now or in the future. The occurrence of, or consequences of, the risks described in this Section are partially or completely outside of the control of Tian An Australia, its Directors and its management team and may impact on the ability of Tian An Australia to continue to meet its obligations as they fall due.

Before making a decision in respect of your Shares (whether to accept the Offer, sell your Shares on market, or continue to hold all of your Shares), you should satisfy yourself that you have sufficient understanding of these matters having regard to your own investment objectives.

Shareholders will be exposed to risks associated with Tian An Australia's business activities. The price of Shares will be affected by stock market participants' view of these risks. These risks include:

(a) Forward looking statements and financial forecasts

There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinions or estimates (including projections, guidance on future earnings and estimates) will ultimately prove to be valid or accurate. The forward looking statement, opinions and estimates depend on various factors, many of which are outside the control of Tian An Australia. For example, as part of Tian An Australia's business, Tian An Australia undertakes feasibility studies which involve certain assumptions that the business will perform as Tian An Australia expects.

(b) Inflation rates/interest rates

Higher than expected inflation rates generally or specific to the property industry could be expected to increase operating costs and impact on demand and development costs. These cost increases may be able to be offset by increased selling prices.

Increases in interest rates could have the effect of reducing the availability or increasing the cost of finance for the purchase of properties by Tian An Australia's customers. Interest rates also impact on Tian An Australia's cost of funds.

(c) Property market

Tian An Australia's earnings are subject to property market conditions. Increases in supply or falls in demand in any of the sectors of the property market in which Tian An Australia operates or invests could influence the acquisition of sites, the timing and value of Tian An Australia's sales and the carrying value of projects and income producing assets and this could affect earnings.

A sustained downturn in the residential property markets due to deterioration in the economic climate could result in reduced development profits. A decline in sales at Tian An Australia's residential property developments could affect Tian An Australia's revenue and financial position.

Market sentiment may be influenced by media commentary and observations by industry analysts. Market sentiment has a significant influence on the confidence of Tian An Australia's customers and their propensity to buy residential properties.

Perception may have a larger short term influence on project enquiry levels and rates of sale than medium term factors such as the likelihood of oversupply or undersupply in some market segments.

Although project rates of sale may not have a significant influence on the profitability of individual projects in the medium/long term, a decline in market sentiment, which reduces rates of sale, could adversely influence the amount of profit that can be brought to account in a particular financial period.

(d) Potential illiquidity

Property assets are by their nature illiquid investments. Therefore, it may not be possible for Tian An Australia to dispose of assets in a timely manner. To the extent that Tian An Australia invests in properties for which there may be only a limited number of potential investors, the realisable value of those assets may be less than the full value indicated by Tian An Australia's expectations of future cash flows from the relevant properties.

(e) Property values

Unanticipated factors influencing the value of development trading stock held by the development businesses, such as those listed below, could impact on future earnings:

- (1) changes in the conditions of town planning consents applicable to Tian An Australia projects, as a consequence of the nature of government and statutory policies;
- (2) variances in the cost of development as a consequence of the imposition of levies by state and local government agencies;
- (3) the presence of previously unidentified threatened flora and fauna species, which may influence the amount of developable land on major projects;

- For personal use only
- (4) the activities of resident action groups;
 - (5) native title claims;
 - (6) land resumptions for roads and major infrastructure, which cannot be adequately offset by the amount of compensation eventually paid; and
 - (7) changes to the value of property developments currently in progress due to market conditions.

(f) Development risk

Part of Tian An Australia's business is to identify, analyse and invest in property development projects. Property development projects have a number of inherent risks in addition to those associated with acquisitions generally, including:

- (1) a risk that appropriate planning consents are not obtained or, if obtained, are not properly adhered to;
- (2) a risk that development costs escalate beyond those originally anticipated;
- (3) a risk of project delays due to factors beyond the control of Tian An Australia;
- (4) a risk that any property development manager and/or subcontractor appointed to implement a property development project does not perform their role to a satisfactory standard or acts or fails to act in breach of contract;
- (5) a risk that competing property development projects adversely affect the overall return achieved by any property development projects undertaken by Tian An Australia, because they provide competitive alternatives for potential purchasers and potential lessees; and
- (6) a risk that planning consents are not obtained or not as originally planned.

Although some of these risks can be mitigated, it is not possible to entirely remove the risks inherent in property development projects.

(g) Energy sustainability and climatic conditions

Tian An Australia's failure to adequately respond to the impact of sustainable energy considerations and climate change and any associated legislative requirements and community expectations could result in litigation (if reporting requirements are not met) and reduced profit due to the impact of increased costs associated with implementing increased energy efficiency. Tian An Australia would also be adversely impacted by a loss of market share if building designs do not address community expectations or match competitor products on sustainability issues.

Prolonged adverse weather conditions (such as those experienced in Australia in recent times, eg. flooding) may result in delays in construction, giving rise to possible project losses, liquidated damage claims and/or deferral of revenue or profit recognition.

(h) Taxation

Changes in income tax, GST or stamp duty legislation or other state or federal tax legislation or policy, particularly in regard to residential housing, property development activity and investment in income producing property may adversely affect Tian An Australia's profit. Any removal of the concessions for individuals in respect of capital gains tax or relating to negative gearing of income producing properties could have an adverse effect on Tian An Australia's sales or the value of its investments.

Tian An Australia constantly monitors these changes to taxation law and the impact of the changes is assessed by Tian An Australia's taxation department as well as external experts where required. Due to the nature of Tian An Australia's development operations, which can involve complex financing structures and joint venture arrangements, the ATO periodically reviews and queries the taxation treatment of various transactions, which could result in additional tax being levied.

(i) Unemployment rate

Sales in residential projects may be negatively impacted by a sustained increase in the unemployment rate in Australia, particularly in key markets where Tian An Australia has residential projects. This impact could be through a reduction in the number of lots sold, in the value of lots sold and profit achieved.

(j) General economic conditions

Tian An Australia's operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, commodity prices, ability to access funding, supply and demand conditions and government fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in consumer demand, could have a material adverse impact on Tian An Australia's operating and financial performance.

(k) Regulatory risk

Tian An Australia operates in a highly regulated environment and is subject to a range of industry specific and general legal and other regulatory controls. Regulatory breaches may affect Tian An Australia's operational and financial performance, through penalties, liabilities, restrictions on activities and compliance and other costs. In addition, changes in government and local government regulations and policies (including government land development, public housing and first home-buyer assistance and tenancy laws) and delays in the granting of approvals or the registration of subdivision plans may affect the amount and timing of Tian An Australia's future profits.

(l) Environment

The discovery of, or incorrect assessment of costs associated with, environmental contamination on any of Tian An Australia's projects could have an adverse effect on the profitability and timing of receipt of revenue from that project. It is Tian An Australia's policy to undertake detailed environmental due diligence on any property before acquisition.

(m) Insurance

Tian An Australia generally enters into contracts of insurance that provide a degree of protection over assets, liabilities and people.

While such policies typically cover against material damage to assets, contract works, business interruption, general and professional liability and workers compensation, there are certain risks that cannot be mitigated by insurance, either wholly or in part, such as nuclear, chemical or biological incidents or risks where the insurance coverage is reduced or unavailable, such as cyclones or earthquakes.

Tian An Australia also faces the risk that insurers may not be able to meet indemnity obligations if and when they fall due, which could have an adverse effect on earnings.

Further, insurance may be materially detrimentally affected by global market conditions such that insurance becomes more expensive or in some cases, becomes unavailable.

9. Taxation

Section 7 of the Bidder's Statement sets out general information on the Australian income tax, capital gains tax, GST and stamp duty consequences of the Offer.

Shareholders should not rely solely on section 7 of the Bidder's Statement in relation to the tax implications of accepting the Offer.

Shareholders should consult their own tax advisers for their own particular circumstances.

In particular, Shareholders who are subject to taxation outside Australia should obtain their own tax advice which may be different to that applicable to Australian resident Shareholders.

10. Additional Information

10.1 No Other Material Information

This Target's Statement is required to include all the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any director of Tian An Australia.

The Independent Directors are of the opinion that the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in Tian An Australia's releases to the ASX, and in the documents lodged by Tian An Australia with ASIC before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Independent Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Independent Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- (a) the nature of the Shares;
- (b) the matters that Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to Shareholders' professional advisers; and
- (d) the time available to Tian An Australia to prepare this Target's Statement.

10.2 Litigation

As to the date of the Target Statement, neither Tian An Australia nor a Related Entity is party to any legal proceedings nor is it aware of any circumstances that may lead to litigation.

10.3 Issued capital

As at the date of the Target Statement, Tian An Australia's issued capital consisted of 86,608,830 fully paid ordinary listed shares.

10.4 Substantial Shareholders

Name	Relevant interest in number of Shares	Voting Power
Tian An China (and its Associates)	30,693,124	35.44%
China Elite Holdings Limited (and its Associates) ¹	30,693,124	35.44%
Xiangyu (and its Associates) ²	-	35.44%
China Medical & HealthCare Group Limited (and its Associates) ³	13,839,643	15.98%
Many Merit Asia Limited (and its Associates)	12,900,000	14.89%
Katong Assets Limited (and its Associates)	9,217,329	10.64%
Ahead Capital Limited (and its Associates)	7,567,063	8.74%
Heritage Riches Limited (and its Associates)	5,793,889	7.08%

¹ China Elite Holdings Limited and its parent companies (including Fine Class Holdings Limited, Allied Properties (H.K.) Limited, Allied Group Limited and the Lee and Lee Trust) have the same relevant interest in Shares, and the same voting power, as Tian An China by virtue of its shareholding in Tian An China being greater than 20%. See substantial shareholder notice lodged with the ASX on 2 August 2017.

² Xiangyu and its Associates have the same voting power in Tian An Australia as Oasis Star, as a result of entry into the MOU by Xiangyu. See substantial shareholder notice lodged with the ASX on 25 July 2017.

³ Whilst Future Rise Investments Limited, a wholly owned subsidiary of China Medical & HealthCare Group Limited, sold 9,500,000 Shares on market, those Shares remain the subject of a charge in favour of Future Rise Investments Limited, and accordingly, China Medical & HealthCare Group Limited and its Associates continue to have a relevant interest in those Shares. See substantial shareholder notice lodged with the ASX on 24 July 2017.

10.5 Finance facility

Tian An Australia has an unsecured revolving loan facility of \$22 million with AP Finance Limited (**AP Facility**). The AP Facility has a repayment date of 25 September 2018 for general working capital purposes. The interest rate is 4 percent per annum and an annual non-refundable facility fee of \$5,000. The AP Facility is currently undrawn.

AP Finance Limited is a company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China with limited liability. It is a registered money lender holding a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending services.

AP Finance is an indirect wholly-owned subsidiary of Allied Properties (H.K.) Limited. Allied Properties is a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of The Stock Exchange of Hong Kong Limited. Allied Properties (H.K.) Limited is a subsidiary of Allied Group Limited, a company which is a subsidiary of the Lee and Lee Trust. Allied Properties (H.K.) Limited is an indirect major shareholder in Oasis Star.

10.6 Directors' interests

(a) Directors

The Directors of Tian An Australia are:

- (1) Arthur Dew – Chairman (Non-Executive)
- (2) Cerena Fu – Independent Director (Non-Executive)
- (3) Marcus Seow – Independent Director (Non-Executive)
- (4) Mark Wong – Alternative Director for Arthur Dew

(b) Potential Conflict of Directors

Arthur Dew is the Chairman and a non-executive director of Tian An Australia.

He is also the Chairman of Allied Group Limited which is a parent company of Allied Properties (H.K.) Limited, which in turn is an indirect major shareholder in Oasis Star.

To avoid any potential conflict of interest, Arthur Dew has excluded himself from the consideration of the Offer, and the preparation of this Target's Statement, and is unable to make a recommendation to Shareholders in this Target's Statement as to how to deal with Oasis Star's Offer.

(c) Directors' recommendations

Each Independent Director recommends that you **ACCEPT** Oasis Star's Offer in the absence of a superior proposal. Arthur Dew does not make a recommendation with respect to the Offer.

(d) Directors' interests in Tian An Australia

- (1) Directors' interests in Tian An Australia securities

No Director has a relevant interest in any Tian An Australia securities as at the date of this Target's Statement.

- (2) Dealings in Shares by Directors and Associates

No Director, nor a Director's associate, has acquired or disposed of a relevant interest in any Shares in the four (4) month period ending on the date immediately before the date of this Target's Statement.

(e) Directors' intentions in relation to Oasis Star's Offer

No Director holds any Shares, and the Directors are therefore unable to accept the Offer.

(f) Benefits and agreements

(1) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the board or managerial office of Tian An Australia or a Related Entity.

(2) Agreements connected with or conditional on the Offer

There are no agreements made between any Director and any other person in connection with or conditional on, the outcome of the Offer other than in his or her capacity as a holder of Shares.

(3) Benefit from Oasis Star

No Director has agreed to receive or is entitled to receive, any benefit from Oasis Star which is conditional on, or is related to, the Offer.

(4) Interests of Directors in contracts with Oasis Star

No Director has any interest in any contract entered into by Oasis Star.

(g) Interests and dealings in Oasis Star securities

(1) Interests in Oasis Star securities

As at the date immediately before the date of this Target's Statement, no Director had a relevant interest in any Oasis Star securities.

(2) Dealings in Oasis Star securities

No Director or associate acquired or disposed of a relevant interest in any Oasis Star securities in the four (4) month period ending on the date immediately before the date of this Target's Statement.

10.7 Continuous Disclosure

Tian An Australia is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require Tian An Australia to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular Tian An Australia has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Shares.

Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au or from the Tian An Australia website at www.tianan.com.au.

10.8 Consents

(a) Consent to inclusion of a statement

Each of the persons listed below has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to the inclusion of the statements in this Target's Statement that are specified below in the form and context in which the statements are included and to all references in this Target's Statement to those statements in the form and context in which they are included:

- (1) Crowe Horwath – to be named as the Independent Expert and to the inclusion of the Independent Expert's Report and statements said to be based on statements made in the Independent Expert's Report; and
- (2) each Director specified in Section 8.6 - to be named in this Target's Statement to the inclusion of statements made by them.

(b) Consent to be named

Piper Alderman has consented to being named in this Target's Statement as the legal adviser to Tian An Australia and has not withdrawn that consent at the date of this Target's Statement.

Computershare Investor Services Pty Limited has consented to being named as the Share Registry to Tian An Australia and has not withdrawn its consent at the date of this Target's Statement.

BDO East Coast Partnership has consented to being named in this Target's Statement as the auditor to Tian An Australia and has not withdrawn that consent at the date of this Target's Statement.

(c) Disclaimer regarding statements made and responsibility

Each party named above as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- (1) has not authorised or caused the issue of this Target's Statement;
- (2) does not make or purport to make any statement that is included in this Target's Statement and there is no statement in this Target's Statement which is based on any statement of that party, other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, that statement; and
- (3) to the maximum extent permitted by law, specifically disclaims responsibility for any statement included in this Target's Statement other than references to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, that statement.

10.9 Publicly available information

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements that were made in documents lodged with ASIC or the ASX, and the Target's Statement fairly represents the statement or includes, or is accompanied by, a correct and fair copy of the document or the part of the document that contains the statement.

Pursuant to ASIC Class Order 13/521, the consent of persons to whom such statements are attributed is not required for the inclusion of those statements in this Target's Statement.

Any Shareholder may request a copy of those documents (or part) free of charge during the Offer Period by contacting the Shareholder Information Line on 1300 113 236 (within Australia) or +61 3 9415 4019 (outside of Australia) from Monday to Friday between 8.30am and 5.00pm (Sydney time). A copy of the relevant document (or part) will be provided within 2 Business Days of the request.

Additionally, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements that:

- (a) fairly represents what purports to be a statement made by an official person; or
- (b) is a correct and fair copy of, or extract from, what purports to be a public official document; or
- (c) is a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication,

provided the statement was not made, or published, in connection with the takeover bid or the bidder or target or any business, property or person the subject of the bidder's or target's statement.

The consent of persons to whom such statements are attributed is not required for inclusion of those statements in this Target's Statement.

10.10 Other

To the best of Tian An Australia's knowledge, no other material contract to which Tian An Australia is a party contains change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position or performance, profits and losses or prospects of Tian An Australia.

11. Glossary and Interpretation

11.1 Glossary

The meanings of terms used in this Target's Statement are:

A\$	Australian dollars
Announcement Date	the date of the announcement of the bid to the market in accordance with section 635 of the Corporations Act, being 24 July 2017
ASIC	Australian Securities and Investments Commission
Associate	has the same meaning given to 'associate' in section 12 of the Corporations Act
ASX	ASX Limited ABN 98 008 624 691 or the securities exchange operated by it, as the context requires
Bidder's Statement	the statement of Oasis Star dated Monday, 11 September 2017
Condition	the condition contained in Appendix 2 of the Bidder's Statement, and summarised at section 5.6
Corporations Act	Corporations Act 2001 (Cth)
Directors	the directors of Tian An Australia
Independent Directors	Each of Cerena Fu and Marcus Seow
Independent Expert	Crowe Horwath Corporate Finance (Aust) Ltd
Independent Expert's Report	the independent expert's report prepared by the Independent Expert and dated 6 September 2017 which is contained in Annexure A of this Target's Statement
Listing Rules	the listing rules of ASX
MOU	the Memorandum of Understanding between Tian An Asset investments and Xiangyu dates 24 July 2017
Notice of Status of Conditions	the notice of status of the Conditions given by Oasis Star in accordance with section 630(3) of the Corporations Act
Oasis Star	Oasis Star Limited, a wholly indirectly owned subsidiary of Tian An China held through Tian An Asset Investments, which is incorporated under the laws of British Virgin Islands

Offer	the offer by Oasis Star for up to 80% of each Shareholder's Shares, which offer is contained in Appendix 1 of the Bidder's Statement
Offer Period	the period during which the Offer will remain open for acceptance in accordance with Appendix 1 of the Bidder's Statement
Public Authority	any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia, or elsewhere, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange
Related Entity	in relation to any entity, an entity which is a related body corporate of that entity under section 50 of the Corporations Act
Share	fully paid ordinary shares in the capital of Tian An Australia
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277
Shareholders	a person registered in Tian An Australia's register of members as a holder of Shares
Takeovers Panel	the Takeovers Panel established under section 171 of the <i>Australian Securities and Investments Commission Act</i> (Cth) exercising its powers under Part 6.10 of the Corporations Act
Target's Statement	this document being the statement of Tian An Australia under Part 6.5 of the Corporations Act
Tian An Asset Investments	Tian An Asset Investments Company Limited, a wholly owned subsidiary of Tian An China which owns the entire share capital of Oasis Star
Tian An Australia	Tian An Australia Limited ACN 009 134 114 and its Related Entities (as the context requires) as at the date of this Target's Statement
Tian An Australia Constitution	the Constitution of Tian An Australia dated 29 November 1999, available on the Tian An Australia website
Tian An China	Tian An China Investments Company Limited, a company incorporated under the laws of Hong Kong and listed on The Stock Exchange of Hong Kong Limited under CR Number 0177048

Unmarketable Parcel

in respect of a parcel of Shares retained after acceptance of the Offer, a parcel of Shares which has a market value of less than \$500 based on the cum-offer ASX closing price of the Shares on the date that is the most recent trading day before your acceptance of the Offer is received

VWAP

volume weighted average price

Xiangyu

Xiangyu Real Estate Group Company Ltd, a wholly-owned subsidiary under Xiamen Xiangyu Group Corporation

11.2 Interpretation

In this Target's Statement:

- (a) other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words of any gender include all genders;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant;
- (f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;
- (h) a reference to time is a reference to Sydney, NSW time (unless otherwise stated); and
- (i) a reference to A\$ is a reference to the lawful currency of Australia.

12. Authorisation

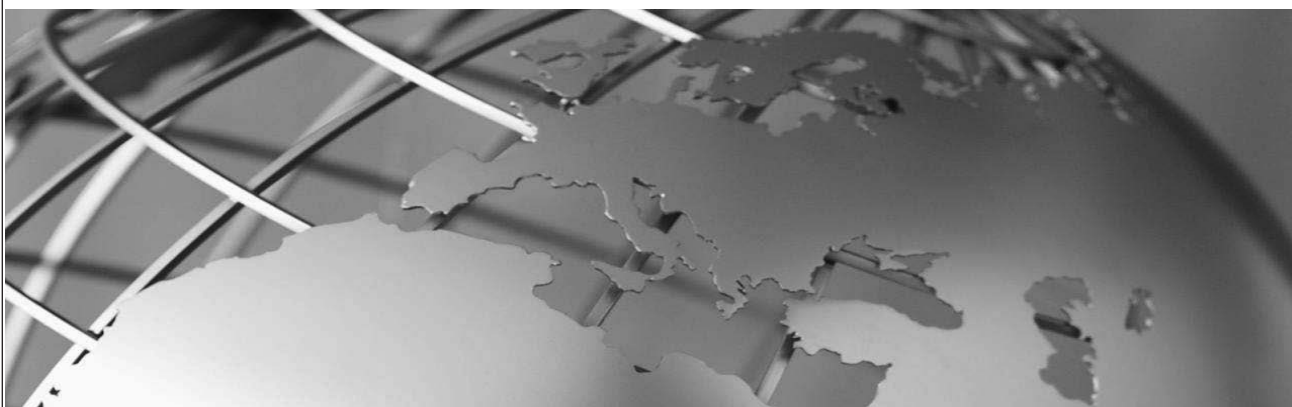
This Target's Statement has been approved by a resolution passed by the Independent Directors of Tian An Australia. The Independent Directors voted in favour of that resolution.

Signed for Tian An Australia

A handwritten signature in black ink, appearing to be 'Cerena Fu', with a stylized flourish at the end.

Cerena Fu
**Independent Non-Executive
Director**

Annexure A – Independent Expert's Report



Tian An Australia Limited **ABN 12 009 134 114**

INDEPENDENT EXPERT'S REPORT

*We conclude the Proposed Transaction is Not Fair but Reasonable
for the shareholders of Tian An Australia Limited whose votes
are not to be disregarded.*

6 September 2017

6 September 2017

The Independent Directors
Tian An Australia Limited
Level 5, 99 Macquarie Street
SYDNEY NSW 2000

The Independent Directors,

RE: INDEPENDENT EXPERT'S REPORT (THE "REPORT")

1 Introduction

1.1 Overview of the Proposed Transaction

1.1.1 Proposed Transaction

On 24 July 2017, Tian An Australia Limited ("**TIA**" or "**the Company**") announced that Oasis Star Limited ("**Oasis Star**"), a company incorporated under the laws of the British Virgin Islands ("**BVI**") (who is an indirect wholly owned subsidiary of Tian An China Investments Company Limited ("**TACI**"), a company incorporated under the laws of Hong Kong), may make an off-market proportional takeover offer for up to 80% of each shareholders' issued shares in TIA (which it does not already own) ("**the Offer**"), which would result in Oasis Star's interest in TIA increasing from 35.44% to:

- 50.10%, based on minimum acceptance of the offer; or
- 87.60%, based on full acceptance of offer.

("the Proposed Transaction").

If by accepting the offer, the remaining shares held by a shareholder are less than a marketable parcel of shares, being \$500, the offer will extend to 100% of that shareholder's shares ("**Unmarketable Parcel Extension**"). In this case, shareholders who elect to accept the Offer are deemed to accept the Offer in respect of 100% of their shares.

The consideration for the Proposed Transaction is \$1.30 for each TIA share in an all cash off-market bid ("**Offer Price**" or "**the Consideration**"). Shareholders can accept the Offer for up to 80% of their shares.

1.1.2 Transaction Documentation and Shareholder Meeting

On the same day during mid-September, the following is expected to occur:

- Oasis Star will issue a Bidder's Statement, further setting out the key terms of the Offer; and
- TIA will issue a Target's Statement of which this Report will form part.

TIA is then expected to seek shareholder approval for the Proposed Transaction at an Extraordinary General Meeting ("**EGM**") to be held in October 2017. Oasis Star and any related parties will not be able to cast any votes in relation to the Proposed Transaction. A Notice of Meeting ("**NOM**") in relation to the EGM will be sent to TIA's shareholders.



1.1.3 The Parties

In relation to the parties:

- TIA is an Australian Securities Exchange (“**ASX**”) listed property developer, specialising in the development and sale of residential properties. At the time of this Report, TIA had an interest in properties in New South Wales (“**NSW**”), Victoria (“**VIC**”), Queensland (“**QLD**”) and Western Australia (“**WA**”), across six projects;
- TACI is an investment holding company which listed on the Hong Kong Stock Exchange (“**SEHK**”) in 1987. TACI (through its subsidiaries) specialises in the large scale development of apartments, villas, office buildings and commercial properties, property investment and property management, with a focus on the main cities of Northern, Eastern and Southern China. TACI has a market capitalisation of \$1.4 billion and generated net profit after tax of over \$900 million in calendar year (“**CY**”) 2016; and
- Oasis Star is whole owned by TACI via Tian An Asset Investments Company Limited (“**TAAI**”), a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of TACI, collectively “**the TACI Group**”.

In addition to the above, **Sections 4, 5.1** and **10.4** of the Target’s Statement also address other parties who hold a relevant interest in TIA.

In particular, a major shareholder of TACI is China Elite Holdings Limited, a wholly owned subsidiary of Fine Class Holdings Limited. Fine Class Holdings Limited is a wholly owned subsidiary of Allied Properties (H.K.) Limited, which is a wholly owned subsidiary of Allied Group Limited. Allied Group Limited is a company controlled by the Lee and Lee Trust.

Allied Group Limited is primarily an investment holding company, with focus on property investment and development.

1.1.4 Xiangyu Transaction

Also on 24 July 2017, TIA announced that Tian An Asset Investments Company Limited (“**TAAI**”), a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of TACI who owns the entire share capital of Oasis Star, entered into a memorandum of understanding (“**MOU**”) with Xiangyu Real Estate Group Company Ltd (“**Xiangyu**”), a company incorporated under the laws of the People’s Republic of China (“**China**”), or a direct or indirect wholly owned subsidiary of Xiangyu. The MOU contemplates TAAI and Xiangyu entering into further agreements such that (subject to certain conditions) TAAI may sell 50% of Oasis Star, which would result in Xiangyu’s effective interest in TIA increasing from nil to:

- 43.70%, based on full acceptance of the offer; or
- 25.05%, based on minimum acceptance of the offer,

“**the Xiangyu Transaction**”.

A condition precedent is that the announced Xiangyu Transaction cannot occur unless the Proposed Transaction is first implemented.

For the avoidance of doubt:

- the Xiangyu Transaction will not be voted on by shareholders at the EGM in October; and
- we do not express an opinion on the Xiangyu Transaction in this Report.

In the event TAAI and Xiangyu continue to proceed with the Xiangyu Transaction, TIA will be required to seek shareholder approval under Section 611(7) of the Corporations Act 2001 (**"the Act"**) (**"Section 611"**) as Xiangyu's interest in TIA would move from below to above 20% if that Transaction was implemented. Section 611 requires that, in the absence of an offer in which all shareholders can participate, any allotment of shares resulting in a person holding in excess of 20 percent of the issued share capital of the company must be approved by the shareholders who are not participating in the proposed allotment.

1.2 Purpose of the Report

In relation to the Proposed Transaction, Clause 14.6 of TIA's Constitution prohibits the registration of share transfers resulting from acceptances of partial takeover offers unless a resolution to approve the partial takeover is approved by shareholders.

Accordingly, TIA is seeking shareholder approval under Clause 14.6 of its Constitution.

In addition, Section 640 of the Act (**"Section 640"**) outlines when an Independent Expert's Report is required to accompany a Target's Statement as a result of the Bidder being connected with the Target. The requirement exists when:

- the Bidder's voting power in the Target is 30% or more; or
- for a Bidder who is, or includes, an individual: the Bidder is a director of the Target; or
- for a Bidder who is, or includes, a body corporate: a director of the Bidder is a director of the Target.

As at the date of this Report, Oasis Star holds 35.44% of the issued capital of TIA (greater than 30%).

As such, Oasis Star is deemed to be connected with TIA at the date of this Report and an Independent Expert's Report is required to be attached to the Target's Statement under Section 640.

Further details in relation to the above requirements are set out in **Section 3**.

The Independent Directors of TIA have appointed Crowe Horwath Corporate Finance (Aust) Ltd (**"Crowe Horwath"**) to prepare an Independent Expert's Report expressing our opinion as to whether or not the Proposed Transaction is fair and reasonable to those shareholders not associated with the Proposed Transaction, to assist those shareholders to form a view as to whether or not to approve the Proposed Transaction.

This Report will form part of TIA's Target's Statement and NOM to be sent to shareholders.

1.3 Approach to Our Assessment

In evaluating the fairness and reasonableness of the Proposed Transaction, we considered the requirements of the Act 2001 and relevant Regulatory Guides issued by Australian Securities and Investments Commission (**"ASIC"**), which provide guidance on interpretation.

This Report takes into account the provisions of Regulatory Guide 111 'Content of Expert Reports' (**"Regulatory Guide 111"**) issued by ASIC which states that if a company issues securities and, as a consequence, the allottee acquires over 20% of the company, the transaction should be analysed as if it were a takeover bid.

Regulatory Guide 111 distinguishes “fair” from “reasonable” and considers:

- an offer to be “fair” if the value of the offer is equal to or greater than the value of the securities subject to the offer. This comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage held by the “bidder” or its associates in the target when making this comparison.
- an offer to be “reasonable” if it is fair. It might also be reasonable if, despite being “not fair”, the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

For the purposes of this Report, Crowe Horwath has treated “fair” and “reasonable” as separate concepts.

In forming our opinion on whether or not the terms of the Proposed Transaction are fair for the non-associated shareholders of TIA, we compared:

- the consideration offered per share; and
- the value of the shares in TIA on a controlling basis.

Based on the intended timing of the Proposed Transaction, we adopted a valuation date of 31 October 2017 for the purpose of this Report (“**Valuation Date**”).

The advantages and disadvantages in relation to the Proposed Transactions are discussed in detail in **Section 1.6** and **Section 8.4**.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 ‘Independence of Experts’ (“**Regulatory Guide 112**”) issued by ASIC.

1.4 Opinion on the Proposed Transaction

In our opinion, the Proposed Transaction is not fair but reasonable for the non-associated shareholders of TIA. Our fairness and reasonableness assessment for the Proposed Transaction is set out below.

Whilst not fair, key advantages of the Proposed Transaction are as follows:

- it provides a substantial premium over historical share trades, and
- participation provides shareholders with a realisation or liquidity event for shares that are otherwise relatively illiquidly traded.

1.5 The Proposed Transaction is not Fair

Since the Consideration of \$1.30 is less than the assessed value of a TIA share of \$1.39 to \$1.45, in our opinion, the Proposed Transaction is not fair for the non-associated shareholders of TIA.

1.6 The Proposed Transaction is Reasonable

Notwithstanding that the Proposed Transaction is not fair, in our opinion, the advantages outweigh the disadvantages of the Proposed Transaction and accordingly, the Proposed Transaction is reasonable.

1.6.1 Advantages to TIA shareholders from the Proposed Transaction

The primary advantages to the shareholders of TIA in proceeding with the Proposed Transaction are as follows:

a) *The \$1.30 all-cash offer represents a substantial premium to TIA's historical trading price*

The Offer Price of \$1.30 in cash per share for 80% of the shares represents a substantial premium to TIA's volume weighted average price ("VWAP") share prices (prior to the announcement of the Proposed Transaction), as set out below:

TIA Premium of the Offer Price Compared to VWAP Share Prices						
Prior to Proposed Transaction =>	1 day	1 week	1 month	3 months	6 months	12 months
Offer Price	1.30	1.30	1.30	1.30	1.30	1.30
VWAP	0.88	0.97	1.04	0.95	0.86	0.80
Premium	47.62%	34.28%	25.03%	36.74%	51.80%	62.78%

Source: Capital IQ and Crowe Horwath analysis

A range of empirical studies suggest takeover premiums typically concentrate around a range of between approximately 20% and 35% for completed transactions, depending on the individual circumstances. The premium being offered by Oasis Star generally exceeds this range.

b) *TIA's share price may remain below the Offer Price following completion or withdrawal of the Offer*

If the Offer is completed or withdrawn, TIA's share price may trade below the Offer Price in the foreseeable future, as it has historically.

c) *The Offer provides a liquidity opportunity for shareholders*

Trading volumes in TIA shares are low. As a result, the Offer provides a liquidity opportunity for shareholders.

d) *Being a proportional takeover offer, shareholders will continue to enjoy benefits associated with holding a portion of TIA shares*

Given that Oasis Star's offer is to acquire 80% of the other shareholders' shares, accepting shareholders will continue to hold shares in TIA (except for any shareholders who may, as a result of accepting the Offer, be left with an unmarketable parcel of shares (refer **Section 1.1.1**)).

e) *Increased focus from the TACI Group*

It could be considered that TACI Group may devote more attention and focus to TIA following its increased investment given the fact it will consolidate the financial performance and position of TIA from a financial reporting perspective. Post Proposed Transaction, TACI Group would have three out of five appointee Directors.



f) The Proposed Transaction is the only offer that presently exists for TIA shares

The Proposed Transaction is the only offer that presently exists for TIA's shares. As at the date of this Report, the Directors of TIA are not aware of any other party that has or is intending to make an offer for any shares in TIA.

g) Given the scale and assets of TACI Group, Oasis Star is not likely to have impediments in funding the Proposed Transaction

TACI Group has a balance sheet and access to capital capable of funding the Proposed Transaction.

h) The Independent Directors of TIA intend to vote in favour of the Proposed Transaction

The Independent Directors of TIA have advised they unanimously recommend the Proposed Transaction on the basis they consider it a positive outcome for TIA.

i) Impact of other parties who hold a relevant interest

Other parties associated with TACI will be increasing their relevant interest in TIA if the Proposed Transaction is implemented (refer to **Section 1.1.3**). Shareholders may consider this an advantage or a disadvantage.

1.6.2 Disadvantages to TIA shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of TIA in proceeding with the Proposed Transaction are as follows:

a) The Proposed Transaction is not fair

Based on our assessment, the Proposed Transaction is not fair.

b) The Proposed Transaction will have a dilutionary impact on TIA's current shareholders, should they choose to sell their shares

Implementation of the Proposed Transaction will result in the interest held by non-associated shareholders reducing by 80% (except for those with an unmarketable parcel).

c) If the Proposed Transaction is implemented, Oasis Star will obtain control

If the Proposed Transaction is implemented, Oasis Star will have an effective interest of 87.60% based on full acceptance of the offer, or 50.10% based on minimum acceptance, which would confer control. Additionally, Oasis Star will have three of five appointee Directors.

d) There may be tax consequences for selling shares

Accepting the Offer may trigger tax consequences for some shareholders.

e) Shareholders will have a reduced exposure to future potential upside associated with TIA

Shareholders who accept the Offer will have reduced exposure to TIA's performance after the completion of the Offer. In particular, by accepting the Offer, shareholders will forgo future potential uplift in the value of the shares sold to Oasis Star.



f) Potential emergence of a superior alternative

Shareholders of TIA may consider that a superior alternative opportunity to the Proposed Transaction will emerge. As at the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction.

g) Impact of other parties who hold a relevant interest

Other parties associated with TACI will be increasing their relevant interest in TIA if the Proposed Transaction is implemented (refer to **Section 1.1.3**). Shareholders may consider this an advantage or a disadvantage.

1.7 Other

This letter is a summary of Crowe Horwath's opinion on the Proposed Transaction. This letter should be read in conjunction with the detailed Report and appendices as attached. Unless the context requires otherwise, references to "we", "our" and similar terms refer to Crowe Horwath.

Our limitations and reliance on information, including unaudited financial statements, is set out in **Section 9**.

For the avoidance of doubt:

- the term "CY" refers to calendar years ended 31 December;
- the term "FY" refers to financial years ended 30 June;
- up until recently, TIA has operated under a 30 June financial year end, however at the time of this Report, was transitioning to a 31 December financial year end
- all figures are in Australian dollars unless otherwise stated.

Yours faithfully,

Crowe Horwath .

CROWE HORWATH CORPORATE FINANCE (AUST) LTD

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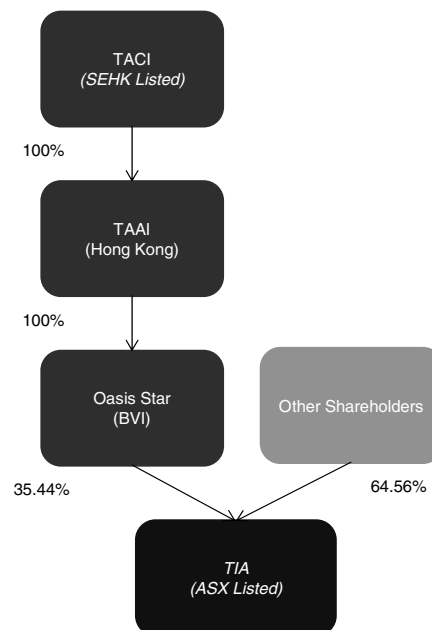
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2 The Proposed Transaction

2.1 Overview of the Proposed Transaction

On 24 July 2017, TIA announced the Proposed Transaction.

At the date of this Report, TIA's ownership structure is as follows:



Source: Management

2.1.1 Overview

If the Proposed Transaction is implemented, Oasis Star will acquire up to 80% of the other shareholders' current holdings (which it does not own), which would result in Oasis Star's interest in TIA increasing from 35.44% to:

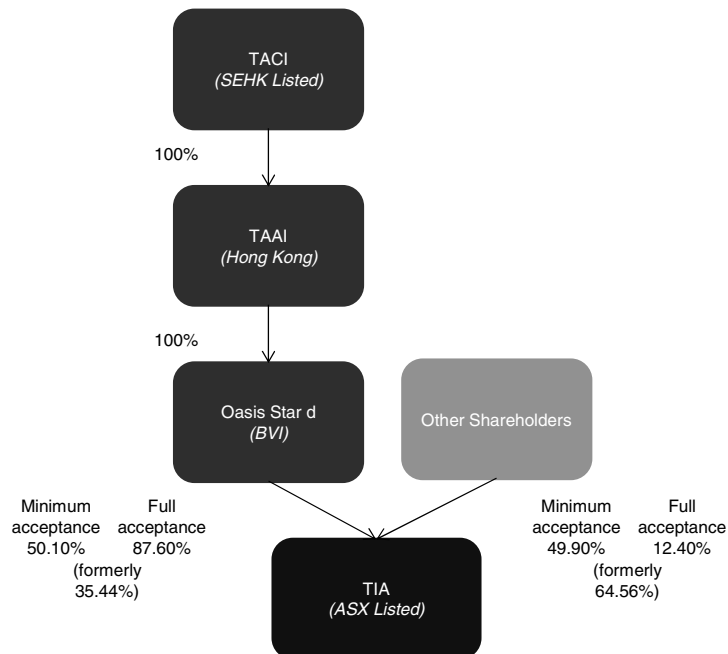
- 50.10%, based on minimum acceptance of the offer; or
- 87.60%, based on full acceptance of the offer.

The Consideration is \$1.30 for each TIA share in an all cash off-market bid, whereby TIA shareholders can accept the offer for up to 80% of their shares.

If by accepting the offer, the remaining shares held by a shareholder are less than a marketable parcel of shares, being \$500, the offer will extend to 100% of a shareholder's shares. In this case, shareholders who elect to accept the Offer are deemed to accept the Offer in respect of 100% of their shares.

Full funding for the Proposed Transaction is to be provided to Oasis Star by TACI under an agreement that is to be entered into.

If the Proposed Transaction is approved and implemented, the ownership structure will be as follows:



Source: Management

2.1.2 Conditions Precedent

Summarised below are the conditions precedent to the Proposed Transaction:

- Oasis Star receiving sufficient acceptances so that, following completion of the Offer, it will own at least 50.10% (by number) of all TIA shares;
- TIA obtaining shareholder approval of the Offer pursuant to clause 14.6 of its constitution;
- no regulatory action between the announcement date and the end of the offer period;
- none of the following prescribed occurrences take place:
 - TIA converts all or any of its shares into a larger or smaller number of shares;
 - TIA or a subsidiary of TIA:
 - resolves to reduce its share capital in any way;
 - enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Act;
 - issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
 - issues, or agrees to issue, convertible notes;
 - disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

- charges, or agrees to charge, the whole, or a substantial part, of its business or property; and
 - resolves to be wound up;
 - o the appointment of a liquidator or provisional liquidator of TIA or a subsidiary of TIA;
 - o a court makes an order for the winding up of TIA or a subsidiary of TIA;
 - o an administrator of TIA, or a subsidiary of TIA, is appointed under section 436A, 436B or 436C of the Act;
 - o TIA or a subsidiary of TIA executes a deed of company arrangement; or
 - o a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of TIA or a subsidiary of TIA;
- Oasis Star will consider what defeating conditions may be triggered by the Offer after reviewing TIA's commentary in its Target's Statement in relation to the conditions as well as any subsequent disclosures by TIA as to what third party consents TIA has obtained, before making any decision to rely on such conditions or free the Offer from such conditions;
 - no persons entitled to exercise or exercising rights under certain agreements or instruments; and
 - no material acquisitions, disposals, changes in the conduct of business or dividends.

2.2 Post Proposed Transaction Effective Shareholdings

Summarised below is the dilutionary impact of the Proposed Transaction on effective shareholdings in TIA:

TIA Dilutionary Impact of the Proposed Transaction - Effective Interests				
	Pre Proposed Transaction		Post Proposed Transaction	
	#	%	#	%
Minimum acceptance				
Oasis Star	30,693,124	35.44%	43,391,024	50.10%
Others	55,915,706	64.56%	43,217,806	49.90%
Total	86,608,830	100.00%	86,608,830	100.00%
Full acceptance				
Oasis Star	30,693,124	35.44%	75,425,689	87.09%
Umarketable Parcel Extension to be acquired	n/a	n/a	445,729	0.51%
Total - Oasis Star	30,693,124	35.44%	75,871,418	87.60%
Others	55,915,706	64.56%	10,737,412	12.40%
Total	86,608,830	100.00%	86,608,830	100.00%

Source: Shareholder Register and Management

2.3 Board Representation

2.3.1 Current Board Structure

At the time of this Report, TIA's Board of Directors comprised:

- Arthur Dew, Chair;
- Cerena Fu, Non-Executive Director; and
- Marcus Seow, Non-Executive Director.

We note that:

- Arthur Dew is an appointee of TACI; whereas
- Cerena Fu and Marcus Seow do not hold roles with Oasis Star or TACI Group.

2.3.2 Proposed Board Structure

If the Proposed Transaction is implemented, Oasis Star intends to appoint two additional Directors to the Board. As a result, TACI Group (via Oasis Star) will have three appointees to the Board (including the Chair), out of a total of five Directors.

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3 Scope of Report

3.1 Purpose of the Report

Clause 14.6 of TIA's Constitution prohibits the registration of share transfers resulting from acceptances of partial takeover offers unless a resolution to approve the partial takeover is approved by shareholders.

TIA is seeking shareholder approval of the Proposed Transaction under Clause 14.6 of its Constitution.

In addition, Section 640 of Act outlines when an Independent Expert's Report is required to accompany a Target's Statement as a result of the Bidder being connected with the Target. The requirement exists when:

- the Bidder's voting power in the Target is 30% or more; or
- for a Bidder who is, or includes, an individual: the Bidder is a director of the Target; or
- for a Bidder who is, or includes, a body corporate: a director of the Bidder is a director of the Target.

As at the date of this Report, Oasis Star holds 35.44% of the issued capital of TIA (greater than 30%).

As such, Oasis Star is deemed to be connected with TIA at the date of this Report and an Independent Expert's Report is required to be attached to the Target's Statement under Section 640.

The Independent Directors of TIA have appointed Crowe Horwath to prepare an Independent Expert's Report expressing our opinion as to whether or not the Proposed Transaction is fair and reasonable to those shareholders not associated with the Proposed Transaction, to assist those shareholders to form a view as to whether or not to approve the Proposed Transaction.

This Report will form part of TIA's Target's Statement to be sent to shareholders.

The ultimate decision of voting for or against the Proposed Transaction should be based on each TIA shareholder's assessment of their own circumstances. The factors which TIA shareholders should have regard to in making this assessment include (but are not limited to) their risk profile, expectations as to the value of TIA shares and future share market conditions.

TIA shareholders should read the Target's Statement issued by TIA in relation to the Proposed Transaction. If TIA shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek independent professional advice.

3.2 Basis of Evaluation

In evaluating the fairness and reasonableness of the Proposed Transaction, we considered the requirements of the Act and relevant Regulatory Guides issued by ASIC, which provide guidance on interpretation.

This Report takes into account the provisions of Regulatory Guide issued by ASIC which states that if a company issues securities and, as a consequence, the allottee acquires over 20% of the company, the transaction should be analysed as if it were a takeover bid.

Regulatory Guide 111 distinguishes "fair" from "reasonable" and considers:

- an offer to be "fair" if the value of the offer is equal to or greater than the value of the securities subject to the offer. This comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage held by the "bidder" or its associates in the target when making this comparison.
- an offer to be "reasonable" if it is fair. It might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

For the purposes of this Report, Crowe Horwath has treated "fair" and "reasonable" as separate concepts.

In forming our opinion on whether or not the terms of the Proposed Transaction are fair for the non-associated shareholders of TIA, we compared:

- the consideration offered per share; and
- the value of the shares in TIA on a controlling basis.

The advantages and disadvantages in relation to the Proposed Transactions are discussed in detail in **Section 8.4**.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 issued by ASIC.

3.3 Limitations and Reliance on Information

Crowe Horwath's opinion is based on economic, share market, business and trading conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods. If they did change materially, the valuation and our opinion could vary significantly. Should we become aware of any factors that alter our assumptions as given, we reserve the right to alter our Report.

This Report is based upon financial and non-financial information provided by TIA and their advisers. Crowe Horwath has used and relied on this information for the purposes of its analysis.

Crowe Horwath has considered and relied upon the information provided by TIA and has no reason to believe that any material facts have been withheld. The information provided to Crowe Horwath has been evaluated through analysis, inquiry and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders of TIA. Crowe Horwath does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or due diligence investigation might disclose.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, continuous disclosure rules, regulations, and policies, Crowe Horwath:

- assumes no responsibility and offers no legal opinion or interpretation on any issue; and
- has generally assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no legal proceedings, other than as publicly disclosed.

4 Industry Overview

4.1 Industry Overview

TIA's core operating activities are the development and sale of land and buildings in Australia. These operations fall within the Land Development and Subdivision industry in Australia¹ and the Multi-Unit Apartment and Townhouse Construction industry in Australia², as defined by IBISWorld.

4.1.1 Land Development and Subdivision

Businesses in the Land Development and Subdivision industry are primarily engaged in subdividing and amalgamating land into lots and preparing and servicing land for subsequent sale, including excavation work for the installation of roads and utility lines.

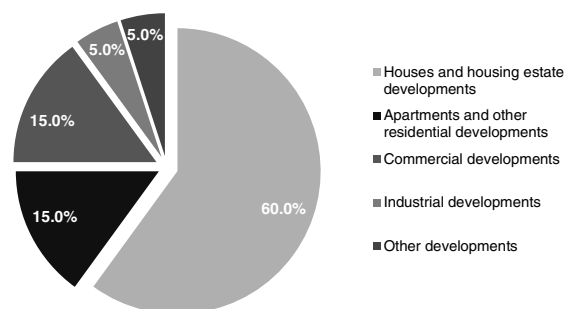
The primary activities of this industry are:

- land subdivision;
- land development; and
- land amalgamation.

The major products and services in this industry are:

- apartments and other residential development;
- commercial developments;
- houses and housing estate developments;
- industrial developments; and
- other developments.

The products and services segmentation for the Land Development and Subdivision industry in Australia, based on FY17(f) revenues, is summarised as follows:



Source: IBISWorld

¹ IBISWorld industry report on Land Development and Subdivision industry in Australia dated September 2016

² IBISWorld industry report on Multi-Unit Apartment and Townhouse Construction industry in Australia dated November 2016

4.1.2 Multi-Unit Apartment and Townhouse Construction

Businesses in the Multi-Unit Apartment and Townhouse Construction industry primarily construct multi-unit apartments and townhouses, such as flats, apartments and condominiums. The industry also performs alterations, additions, general renovations and repairs to multi-unit apartment buildings, and includes firms that organise or manage multi-unit apartment construction.

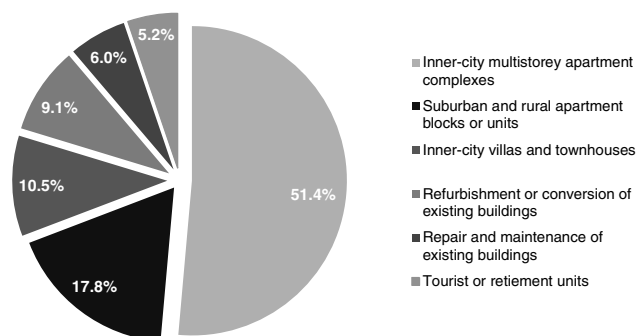
The primary activities of this industry are:

- multi-unit apartment building construction;
- duplex house construction;
- flat construction;
- high rise flat construction;
- home unit construction;
- project management of multi-unit apartment and townhouse construction;
- repair or renovation of residential buildings; and
- semi-detached housing construction.

The major products and services in this industry are:

- inner-city multistorey apartment complexes;
- inner-city villas and townhouses;
- refurbishment or conversion of existing buildings;
- repair and maintenance of existing buildings;
- suburban and rural apartment blocks or units; and
- tourist or retirement units.

The products and services segmentation for the Multi-Unit Apartment and Townhouse Construction industry in Australia, based on FY17(f) revenues, is summarised as follows:



Source: IBISWorld

4.2 Key Drivers

4.2.1 Land Development and Subdivision

Key drivers of industry performance for the Land Development and Subdivision industry in Australia include:

- downstream demand from the house construction and non-residential building construction industry;
- government policy and taxation in real estate ownership and development;
- market sentiment in the property market;
- cost of finance;
- construction costs and development approvals;
- competition amongst other buyers of development sites, both domestic and offshore based; and
- the factors set out below in relation to the Multi-Unit Apartment and Townhouse Construction industry.

4.2.2 Multi-Unit Apartment and Townhouse Construction

Key drivers of industry performance for the Multi-Unit Apartment and Townhouse Construction industry in Australia include:

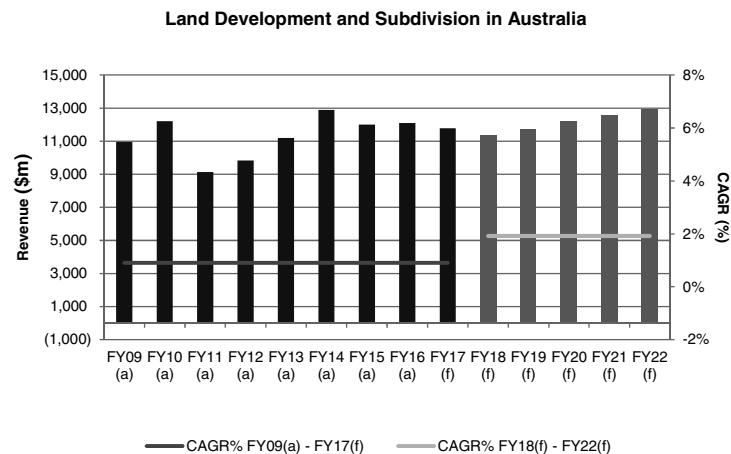
- dwelling commencements;
- net migration;
- domestic demographics impacting the number of households;
- residential housing loan rates; and
- general cost of living and resultant mortgage affordability.

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4.3 Industry Growth and Outlook

4.3.1 Land Development and Subdivision

The following chart summarises the historical and forecast revenue and growth of the Land Development and Subdivision industry in Australia:



Source: IBISWorld

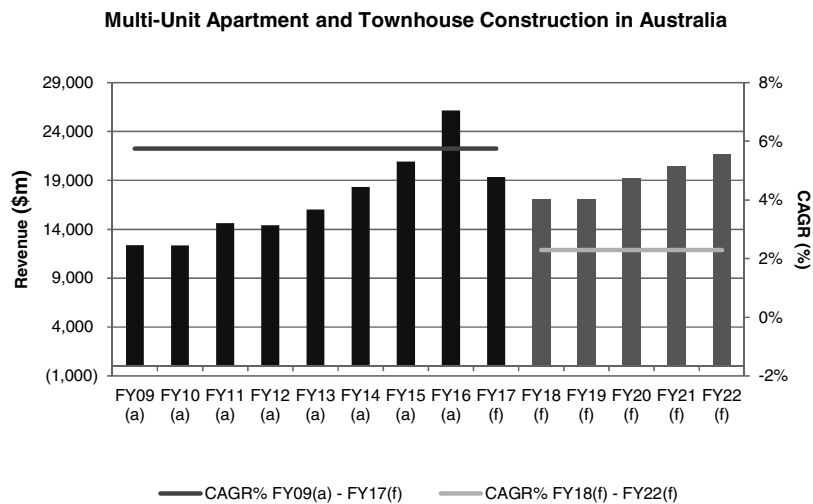
With respect to the above, industry revenues:

- increased at a Compounded Annual Growth Rate (“CAGR”) of 0.91% from FY09(a) to FY17(f). This historical growth was largely driven by the more recent increases in demand from housing investment and new dwelling commencements; and
- are forecast to increase at a CAGR of 1.92% from FY18(f) to FY22(f). This increased growth relates to stronger anticipated growth in new housing construction and non-residential building activity.

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4.3.2 Multi-Unit Apartment and Townhouse Construction

The following chart summarises the historical and forecast revenue and growth of the Multi-Unit Apartment and Townhouse Construction industry in Australia:



Source: IBISWorld

With respect to the above, industry revenues:

- increased at a CAGR of 5.75% from FY09(a) to FY17(f). This historical growth was largely driven by the long-term shift in residential investment away from single-unit housing towards multi-unit apartments and townhouses; and
- are forecast to increase at a CAGR of 2.29% from FY18(f) to FY22(f). This growth is expected to be subdued in the short term as developers delay projects due to rising vacancy rates in many markets.

4.4 Conclusion

Cognisant of the various key industry drivers, the future growth and success of TIA will also be aligned with its ability to:

- access further appropriate land for development at reasonable prices;
- obtain planning approvals on projects quickly and effectively; and
- partner with construction companies to achieve stronger operational efficiencies.

5 Profile of TIA

5.1 Background

TIA, an ASX-listed property developer, was first listed on the ASX in 1985. TIA specialises in the development and sale of residential and commercial properties.

Historically, TIA was focused on developments in Western Australia, however, is now focusing on residential development sites along the east coast of Australia, within inner metropolitan and city locations, close to established infrastructure, with an emphasis on Development Application ("DA") approved or residential zoned sites. The Company's key projects are set out in **Section 5.2** below.

5.2 Summary of Key Projects

Between 30 June 2017 and the date of this Report, TIA had the following projects:

TIA Summary of Key Projects					
Project	Location	Current Status & Usage	Acquisition Date	Size (SqM)	Description
Enfield	NSW	Office accommodations and warehouses	Dec-16	12,620	Commercial site that TIA are looking to develop into a mix of townhouse and apartment residential accommodation. TIA has submitted a planning proposal to Burwood Council and is working towards a development approval.
Lot 370	WA	Development lot - vacant - not yet developed	Aug-05	4,434	Block of land that is currently in the process of being sold.
Oceanique	WA	A development of 66 beachfront apartments. Four apartments remain for sale	Aug-05	1,551	Four lots comprising an upmarket apartment development constructed over eight levels in two towers. Four Oceanique apartments were available for sale as at 30 June 2017.
Point Grey	WA	Development lot - vacant of infrastructure	Nov-06	2,751,860	Parcel of land with State and Commonwealth approvals for residential subdivision. The current development proposal includes an onshore marina, portion of a five hectare primary school site and urban centre land surrounding the proposed marina.
The Milton	QLD	Residential apartments, commercial and retail	Dec-13	1,121 (retail) 1,150 (commercial)	Joint venture with FKP Commercial Developments Pty Limited ("FKP Commercial") (a wholly owned subsidiary of Aveo Group Limited) comprising a mixed use residential complex. All residential units have been sold however the retail / commercial space is currently in the process of being leased in preparation for sale.
Sea Spray	VIC	Recently completed - residential lots	Dec-13	140,000	Joint venture with FKP Commercial. As at 30 June 2017, 206 lots have been sold. There are 41 lots remaining to be sold (with 17 unconditionally exchanged). Project completion is anticipated for December 2017.

Source: Management

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5.3 Key Events

Key events since inception are summarised below:

TIA History of Key Events	
Date	Milestone
1985	<ul style="list-style-type: none"> TIA commenced operating this year as Heatley Holdings Pty Limited.
1986 - 2014	<ul style="list-style-type: none"> Several name changes occurred during this period, the latest being PBD Developments Limited; Several large projects were completed such as the Port Bouvard township and several other projects in and around Perth; and Mulpha Australia Limited changed the strategy of TIA to focus on the eastern seaboard of Australia in response to the global financial crisis.
2015	<ul style="list-style-type: none"> TACI acquired Mulpha Australia Limited's 19.9% shares and subsequently increased its holding to 32.8% through an underwritten renounceable offer (of \$21.65 million); Renounceable offer issued of one share for every three shares held at an offer price of \$0.01 per new share; The Company did not enter into any new projects this year, but rather focussed on delivering the existing pipeline of projects; Development consent was obtained for the Lot 370 for a residential apartment complex and TIA is in the process of selling same; 10 of the Oceanique apartments were settled by TIA. As at 30 June 2015, there remained eight apartments for sale; and As at 30 June 2015, approximately 45% of the lots in the Sea Spray project were subject to unconditional sales contracts and settlements had commenced for the completed stages.
2016	<ul style="list-style-type: none"> Name change to TIA from PBD Developments Limited; TIA realised a profit for the first time since FY11(a), which was driven by the shift in strategy of the business to focus on the east coast of Australia and the beginning of the realisation of the Company's projects; Lot 370 is still in the process of being sold; Four of the Oceanique apartments were settled by the TIA. As at 30 June 2016, there remained four apartments for sale; The Bridgeview project in Annandale, NSW was realised with the sale of 23 townhouses; In February 2016, TIA reached an agreement with its joint venture partner to have a secured priority position and receive fixed cash proceeds from the Burwood Square project further de-risking its investment; and As at 30 June 2016, approximately 68% of the lots in the Sea Spray project have settled with the majority of the remaining lots being unconditionally exchanged.
2017	<ul style="list-style-type: none"> Settlement of all residential units at the Milton project and settlement of one retail lot with the remaining being leased; As at 30 June 2017, a total of 83% of the lots in the Sea Spray project were settled; Continuing to market apartments at Oceanique, with four apartments remaining; The development application has been renewed at Point Grey; Indicative proposal received for a proportional off-market takeover offer from Oasis Star to acquire 80% of each shareholders issued shares in TIA; Announcement of the Proposed Transactions on 24 July 2017; and Settlement of Enfield on 31 July 2017.

Source: Directors of TIA

5.4 Financial Performance

Up until recently, TIA has operated under a 30 June financial year end. At the time of this Report, TIA was transitioning to a 31 December financial year end.

Summarised below is the historical financial performance of TIA for FY14(a) to FY17(a):

TIA Financial Performance (\$000s)							
	Notes	FY14(a)	FY15(a)	FY16(a)	FY17(a)	H1FY17(a)	H2FY17(a)
Total revenue	1	4,750	14,391	30,496	9,436	4,961	4,475
YOY growth %		n/a	203.0%	111.9%	-69.1%	n/m	n/m
Cost of sales		(4,212)	(11,879)	(22,920)	(6,198)	(3,561)	(2,637)
Gross margin	2	538	2,512	7,576	3,238	1,400	1,838
Margin %		11.3%	17.5%	24.8%	34.3%	28.2%	41.1%
Total other income / (expenses)	3	(1,426)	(5,907)	5,312	8,639	8,474	165
Total expenses	4	(4,595)	(5,239)	(4,546)	(3,499)	(1,557)	(1,942)
Reported EBITDA	5	(5,483)	(8,634)	8,342	8,378	8,317	61
Margin %		-115.4%	-60.0%	27.4%	88.8%	167.6%	1.4%
Depreciation & amortisation	6	(1,001)	(1,000)	(992)	(55)	(13)	(42)
Reported EBIT		(6,484)	(9,634)	7,350	8,323	8,304	19
Margin %		-136.5%	-66.9%	24.1%	88.2%	167.4%	0.4%
Interest received	7	42	41	108	-	-	-
Interest paid	7	(2,127)	(5,328)	(2,667)	(266)	(257)	(9)
Reported NPBT		(8,569)	(14,921)	4,791	8,057	8,047	10
Income tax expense	8	-	-	-	-	-	-
Reported NPAT		(8,569)	(14,921)	4,791	8,057	8,047	10

Source: FY14(a) to FY16(a) Annual Reports; H1FY17(a) and H2FY17(a): six monthly reports for the period ended 31 December 2016 and 30 June 2017

Notes:

- Total revenue:** comprised revenue from sale of land and apartments. Given the nature of the operations of TIA, revenues fluctuate year on year given the changing number and mix of properties in development versus those sold. During the six months to 30 June 2017, TIA:
 - sold the remaining residential apartments at the Milton project and settled one retail lot; and
 - continued its staged completion and settlements at the Sea Spray project.
- Gross margin:** fluctuated between 11.3% and 41.1% over the analysis period. Fluctuations in gross margin result from the project-based nature of TIA's operations.
- Other income / (expenses):**
 - in FY15 included the loss realised on the sale of certain Oceanique apartments of \$3.154 million; and
 - in FY17(a) related to the proceeds from the Burwood project and forfeited deposits.
- Expenses:** predominantly comprised staff and occupancy costs as well as professional fees, advertising and administration costs.
- Reported EBITDA:** fluctuated between a loss position in FY14(a) and FY15(a) and \$8.4 million in FY17(a). Fluctuations in EBITDA result from the project-based nature of TIA's operations.

6. **Depreciation & amortisation:** comprised depreciation in relation to plant and equipment.
7. **Net interest:** reflects interest earned on cash held in each period and interest expenses relating to a secured commercial loan in FY14(a) and FY15(a), and two finance facilities and Burwood Square project interest in FY16(a) and FY17(a).
8. **Income tax expense:** income tax has not been payable historically given TIA has been in a loss position or has had tax losses available to offset taxable income.

We have not identified any material normalisation adjustments.

5.5 Financial Position

Summarised below is the historical financial position of TIA as at 30 June 2014, 2015, 2016 and 2017:

TIA					
Financial Position (\$000s)					
	Notes	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17
Cash	1	2,321	4,470	22,315	49,737
Trade & other receivables	2	592	1,921	976	2,705
Current inventory - finished apartments	3	12,465	7,745	5,414	5,414
Current inventory - land under development	3	6,315	22,750	8,937	4,059
Available for sale financial assets	4	-	-	28,787	6,234
Non-current assets classified as held for sale	5	1,398	1,462	1,462	1,462
Other current assets	6	2,198	2,331	8,029	6,592
Total current assets		25,289	40,679	75,920	76,203
Fixed assets	7	2,008	1,022	44	294
Investment in joint ventures	8	9,000	9,000	-	-
Non-current inventory - finished apartments		5,224	-	-	-
Non-current inventory - land under development	9	59,842	48,194	48,194	48,503
Investment in development projects	10	59,719	69,830	-	-
Other assets		-	1,095	1	-
Total non-current assets		135,793	129,141	48,239	48,797
Total assets		161,082	169,820	124,159	125,000
Trade & other payables	11	(16,947)	(20,659)	(847)	(911)
Burwood Square loan		(11,000)	(10,528)	-	-
Provisions - current	12	(88)	(85)	(96)	(130)
Other current liabilities		(367)	-	-	-
Total current liabilities		(28,402)	(31,272)	(943)	(1,041)
Provisions - non-current	12	(3)	(8)	(12)	(27)
Borrowings	13	(32,867)	(42,337)	-	-
Total non-current liabilities		(32,870)	(42,345)	(12)	(27)
Total liabilities		(61,272)	(73,617)	(955)	(1,068)
Net assets		99,810	96,203	123,204	123,932
Contributed equity	14	269,626	269,626	290,149	290,149
Reserves		5,993	17,307	18,993	10,246
Accumulated losses		(175,809)	(190,730)	(185,939)	(176,463)
Total equity		99,810	96,203	123,203	123,932

Source: FY14(a) to FY16(a) Annual Reports; six month report for the period ended 30 June 2017

Notes:

1. **Cash & cash equivalents:** increased during FY16(a) due to the rights issue and in FY17(a) due to sales related to the Milton project and Sea Spray project.
2. **Trade & other receivables:** as at 30 June 2017 included a provision for doubtful debts of approximately \$200,000. Management advised all trade and other receivables amounts with the exception of this were fully recoverable as at that date.
3. **Current inventory:** comprises the Oceanique project ('finished apartments') which is held at net realisable value and the Sea Spray project ('land under development') which is held at cost.
4. **Available for sale financial assets:** as at 30 June 2017 comprises the Milton project which is held at cost.
5. **Non-current assets classified as held for sale:** comprises the Lot 370 project which is held at net realisable value.
6. **Other current assets:** comprises prepaid expenses and Enfield project related costs (including deposit paid, stamp duty and consultation costs of approximately \$5.6 million).
7. **Fixed assets:** comprises property, plant and equipment.
8. **Investment in joint ventures:** represents TIA's interest in the Bridgeview project which was accounted for using the equity method of accounting. In March 2016, TIA realised its cost on this investment plus a profit of \$1.6 million.
9. **Non-current inventory:** relates to the Point Grey project ('land under development') which is held at net realisable value.
10. **Investment in development projects:** comprises the Milton project and Burwood Square project which are held at net realisable value.
11. **Trade & other payables:** relate to trade creditors and other creditors and accruals.
12. **Provisions:** relate to employee benefits.
13. **Borrowings:** were repaid from a combination of the proceeds of the rights issue and from proceeds from sales related to projects.
14. **Contributed equity:** movements in share capital are summarised in **Sections 5.6 and 5.7.**

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5.6 Cash Flow Statement

Summarised below are the historical cash flows of TIA for FY14(a), FY15(a), FY16(a) and FY17(a).

TIA Cash Flows (\$000s)						
Notes	FY14(a)	FY15(a)	FY16(a)	FY17(a)	FY17(a) H1	FY17(a) H2
Cash flows from operating activities						
Receipts from customers (inclusive of GST)	4,737	7,408	13,608	7,205	3,143	4,062
Payments to suppliers and employees (inclusive of GST)	(7,621)	(6,102)	(13,197)	(5,443)	(2,763)	(2,680)
Interest received	42	41	108	899	407	492
Other income received	-	343	298	165	-	165
Interest and other costs paid	(1,612)	(2,016)	(4,381)	(266)	(257)	(9)
Net cash flows (used in) operating activities	1	(4,454)	(326)	(3,564)	2,560	530
Cash flows from investing activities						
Proceeds on disposal of property, plant and equipment	25	-	19	-	-	-
Payments for deposits	2	(1,666)	(256)	(7,000)	(10,535)	(8,500)
Payments for available-for-sale financial assets	3	(42,930)	(898)	(430)	(84)	(82)
Receipt from available-for-sale financial assets	3	-	1,084	42,961	23,769	21,419
Payments for property, plant & equipment	(7)	(14)	(32)	(88)	(83)	(5)
Deferred payments for available-for-sale financial assets	-	(2,000)	(9,000)	-	-	-
Receipts from joint ventures	-	-	15,089	-	-	-
Proceeds from deposits	4	-	1,596	11,800	11,800	-
Net cash flows (used in) investing activities		(44,578)	(2,084)	43,203	24,862	24,554
Cash flows from financing activities						
Proceeds from borrowings	44,742	-	-	-	-	-
Repayment of borrowings	(32,756)	-	(45,080)	-	-	-
Proceeds from hedge	-	4,559	2,763	-	-	-
Proceeds from issue of shares	41,693	-	21,652	-	-	-
Transaction costs in issue of shares	(212)	-	(1,129)	-	-	-
Net cash flows from financing activities		53,467	4,559	(21,794)	-	-
Net increase / (decrease) in cash and cash equivalents		4,435	2,149	17,845	27,422	25,084
Cash & cash equivalents at the beginning of the financial year		(2,114)	2,321	4,470	22,315	47,399
Cash and cash equivalents at the end of the financial year		2,321	4,470	22,315	49,737	49,737

Source: FY14(a) to FY16(a) Annual Reports; six monthly reports for the period ended 31 December 2016 and 30 June 2017

Notes:

- Net cash flows (used in) operating activities:** represents an outflow of cash in each period FY14(a) to FY16(a) and an inflow in FY17(a). Fluctuations year on year are the result of the changing number and mix of properties in development versus those sold.
- Payments for deposits:** relates to deposits paid for the acquisition of property developments.
- Payments for and receipts from available-for-sale assets:** relate to the Milton project and the Burwood project.
- Proceeds from deposits:** relates to amounts received from the refund of deposits from sale of properties.

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5.7 Recent Capital Raising

On 16 October 2015, TIA completed a one-for-three renounceable rights issue priced at \$0.01 for every new share, which was underwritten by TACI, raising \$21.65 million.

Funds raised were used to repay TIA's loan to TACI.

5.8 Shares Outstanding

Summarised below are TIA's largest shareholders based on share registry analysis provided by Management as at 30 June 2017, and a minor subsequent change in Oasis Star's shareholding:

TIA Top 10 Largest Shareholders			
Rank	Effective shareholder	Shares outstanding	% Total
1	Oasis Star (Hong Kong)	30,693,124	35.44%
2	Future Rise Investments Limited (Hong Kong)	13,839,643	15.98%
3	Katong Assets Limited (Hong Kong)	9,217,329	10.64%
4	Ahead Capital Limited (Hong Kong)	7,567,062	8.74%
5	Heritage Riches Limited (Singapore)	6,128,261	7.08%
6	Lin Wan Qaing (Hong Kong)	3,400,000	3.93%
7	Dr Nagahara Akihiro (Hong Kong)	1,750,000	2.02%
8	Mr Liang Zhen Lin (Sydney)	1,167,469	1.35%
9	He Wenbo (Hong Kong)	1,000,000	1.15%
10	Yue Wang (Sydney)	1,000,000	1.15%
Top 10 largest shareholders		75,762,888	87.48%
Shares held by other shareholders		10,845,942	12.52%
Total shares outstanding		86,608,830	100.00%

Source: Shareholder registry analysis dated 30 June 2017 and Management

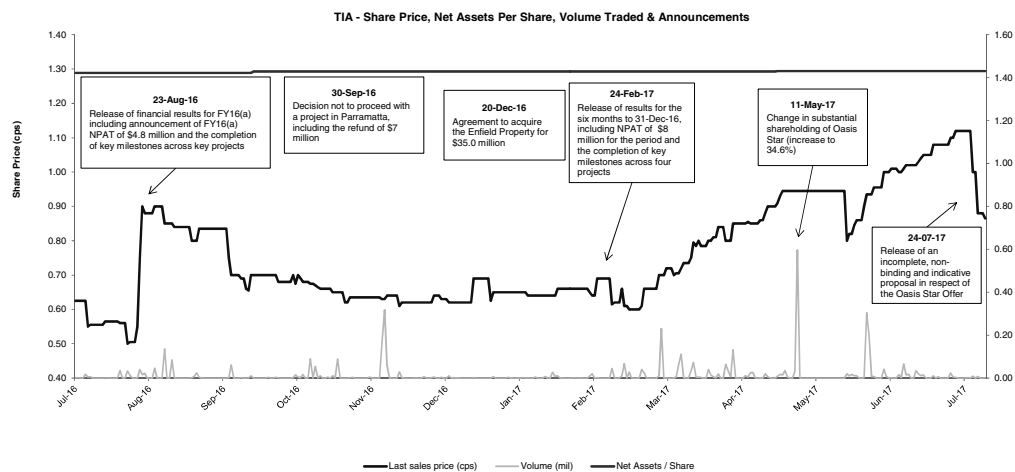
Section 10.4 of the Target's Statement sets out those parties who hold a material relevant interest in TIA.

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5.9 Share Price Analysis

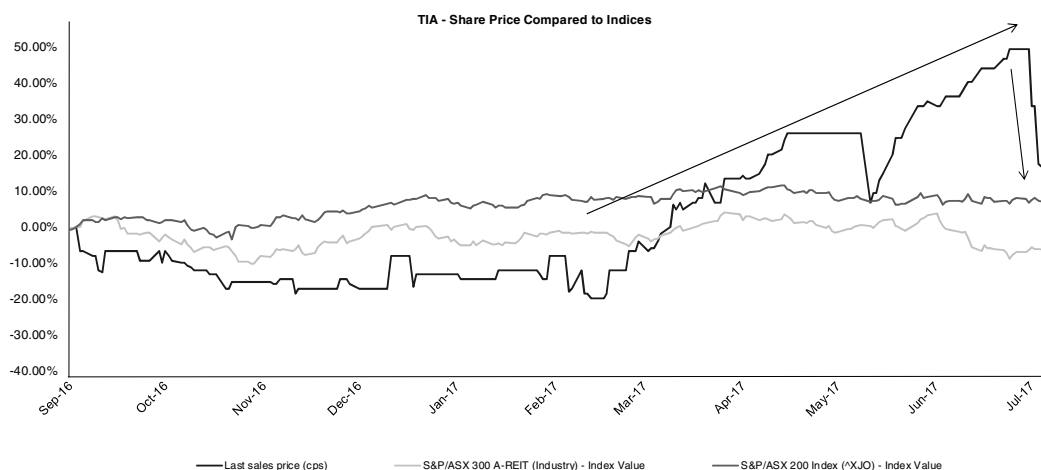
5.9.1 Overview of Recent Share Trading

Summarised below are the prices and volumes at which TIA shares traded during the period 21 July 2016 to 24 July 2017, as well as TIA's historical reported net assets per share, together with commentary in relation to key events:



Source: Capital IQ

Summarised below are the relative movements in TIA's share price during the period 19 September 2016 to 24 July 2017 compared to the S&P/ASX 200 Index ("ASX 200 Index") and the S&P/ASX 300 A-REIT Index ("ASX 300 A-REIT Index"):



Source: Capital IQ

In relation to relative performance:

- during the period September 2016 to February 2017, TIA's share price traded generally in line with movements in the ASX 300 A-REIT Index;
- the arrows above indicate strong growth in TIA's share price relative to the indices during the period March 2017 to mid-July 2017, followed by a reversion back towards same during late July 2017. This period of growth followed TIA's February 2017 results announcement and update on key project milestones; and
- TIA's share price has outperformed both the ASX 200 Index and the ASX 300 A-REIT Index during the observation period.

5.9.2 Analysis of Recent Share Pricing and Volumes Traded

Summarised below is volume and price information in relation to trading in TIA on a monthly basis during the 12 months prior to the announcement of the Proposed Transaction on 24 July 2017:

TIA Recent Share Trading Activity - Monthly					
Period	Share Price AUD			Volume Traded	
	Low	High	VWAP	Total	%
Jul-17	0.880	1.120	1.040	178,240	0.583%
Jun-17	0.770	1.010	0.938	722,620	2.362%
May-17	0.850	0.950	0.942	734,710	2.401%
Apr-17	0.700	0.855	0.790	683,710	2.224%
Mar-17	0.600	0.720	0.662	462,490	1.488%
Feb-17	0.640	0.690	0.645	90,670	0.292%
Jan-17	0.615	0.690	0.649	18,390	0.059%
Dec-16	0.610	0.640	0.630	611,300	1.967%
Nov-16	0.620	0.690	0.664	286,570	0.922%
Oct-16	0.655	0.750	0.696	105,510	0.309%
Sep-16	0.700	0.900	0.852	304,740	0.757%
Aug-16	0.500	0.900	0.658	190,330	0.473%

Source: Capital IQ

The percentage of volume traded was calculated against the free float balance of shares outstanding, being total shares outstanding excluding shares owned by Management or Directors

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Summarised below is further share price and volume data, but from a lookback perspective, being various periods immediately prior to the announcement of the Proposed Transaction on 24 July 2017:

TIA					
Recent Share Trading Activity - Lookback					
Lookback period	Share Price AUD			Volume Traded	
	Low	High	VWAP	Total	%
1 day	0.880	0.930	0.881	7,120	0.023%
1 week	0.880	1.120	0.968	17,890	0.058%
1 month	0.880	1.120	1.040	178,240	0.583%
2 months	0.800	1.120	0.958	900,860	2.944%
3 months	0.800	1.120	0.951	1,635,570	5.345%
6 months	0.600	1.120	0.856	2,872,440	9.387%
9 months	0.600	1.120	0.804	3,788,700	12.382%
12 months	0.500	1.120	0.799	4,389,280	14.345%

Source: Capital IQ

The percentage of volume traded was calculated against the free float balance of shares outstanding being total shares outstanding excluding shares owned by Management or Directors

Key observations in relation to trading in TIA's shares are that:

- TIA's shares traded on 161 days out of the 252 days on which the ASX was open for trading during the 12 month observation period;
- an average of around 365,000, or 0.4%, of TIA's shares traded each month, which represented around 14% of TIA's free float capital base during the 12 month period;
- TIA's shares traded at a VWAP of around \$0.95 to \$1.04 during the three month period prior to the announcement of the Proposed Transaction; and
- TIA's share price spiked at \$1.12 on 11 July 2017, and reverted back to \$0.88 by 21 July 2017.

5.9.3 Share Trading Post Announcement

TIA's shares have traded between \$0.87 and \$1.20 during the period post announcement to the date of this Report. We note that trading during this period reflects knowledge of and perceptions around the Proposed Transaction as well as other factors during this subsequent period.

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6 Valuation Methodology

6.1 Overview

The best determinant of value is the price at which the business or a comparable business or an equity interest in that business has been bought or sold in an arm's length transaction. In its absence, estimates of value are made using methodologies that infer value from other available evidence.

In order to calculate the fair market value of shares in TIA, we have considered the following generally accepted valuation methodologies.

The values determined in this Report are consistent with the concept of fair market value, being the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

Fair market value does not incorporate any special value. Special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special (synergistic) value that they expect to realise from the acquisition to the seller.

6.2 Asset Based Methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- net tangible assets;
- orderly realisation of assets; and
- liquidation of assets.

The **net assets method** is based on the value of the assets of the business less certain liabilities, at book values, adjusted to market value.

The **orderly realisation of assets method** estimates fair market value by determining the amount that would be distributed to shareholders assuming the company is wound up in an orderly manner realising a reasonable market value for assets.

The **liquidation method** is similar to the orderly realisation of assets method except for the fact that the liquidation method assumes the assets are sold in a shorter period, under a "distressed seller" scenario.

These approaches ignore the possibility that a company's value could exceed the realisable value of its assets. Asset based methods are appropriate when companies are not profitable, not actively trading or a significant proportion of a company's assets are liquid.

6.3 Market Based Methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value and valuation metrics of comparable companies. Market based methods include:

- capitalisation of maintainable earnings;
- analysis of a company's recent share trading history; and
- industry specific methods.

The **capitalisation of maintainable earnings method** estimates fair market value by multiplying the company's future maintainable earnings by an appropriate capitalisation multiple. An appropriate earnings multiple is derived from price earnings multiples and market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable and comparable companies have similar cost structures and growth profiles.

The **most recent share trading history** provides strong evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using industry benchmarks. These methods generally provide less persuasive evidence on market value of a company, as they may not account for company specific factors. Industry specific methods are generally only used as a cross check to the primary valuation methodology.

6.4 Discounted Cash Flow ("DCF") Method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence (ideally for a period of three to five years for a going concern business). The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

6.5 Selection of Methodologies

In selecting our valuation methodology, we considered:

- that the core assets of TIA are its property projects;
- TIA also holds a large balance of cash;
- TIA's earnings fluctuate due to the project-based nature of the business;
- trading in TIA's shares; and
- that sophisticated cashflow forecasts for an extended period of time do not exist. Additionally, there is no reasonable basis for the preparation of such forecasts under Regulatory Guide 170 *Prospective Financial Information* ("**Regulatory Guide 170**").

Since TIA's business is based around its core property assets, we adopted an asset based methodology as our primary valuation methodology. Specifically, we considered the fair market value of TIA's net assets on a going concern basis.

This is the most commonly adopted approach in valuing property development businesses, property investment trusts and other asset holding businesses.

We also:

- analysed recent trading in TIA's shares; and
- performed high level DCF analysis based on available information.

7 Valuation of TIA

7.1 Overview

Based on the intended timing of the Proposed Transaction, we adopted a valuation date of 31 October 2017 for the purpose of this Report.

The values determined in this Report are consistent with the concept of fair market value, being the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

Fair market value does not incorporate any special value. Special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special (synergistic) value that they expect to realise from the acquisition to the seller.

Adopting a net asset methodology on a going concern basis, we calculated the fair market value of a share in TIA to be between \$1.39 and \$1.45 on a controlling basis (refer **Section 7.2**). Our high level DCF analysis supported this conclusion (refer **Section 7.4**).

In our opinion, there is insufficient trading and therefore liquidity in TIA's shares to consider recent trading in TIA's shares as a proxy for the fair market value of same. Notwithstanding, the upper end of TIA's recent share trading history (prior to the announcement of the Proposed Transaction), adjusted to include a control premium, is broadly consistent with the adopted valuation range (refer **Section 7.3**).

7.2 Net Assets

7.2.1 Overview

We estimated the fair market value of TIA's underlying net assets by aggregating the fair market value of its property portfolio and other assets and liabilities, net of TIA's corporate operating infrastructure.

Our assessment of the fair market value of TIA's net assets is set out in the following table:

TIA Fair Market Value of Net Assets (\$000s)			
	Notes	Low	High
Reported balance sheet as at 30 June 2017	1	123,932	123,932
<u>Add / (less):</u>			
Additional cash costs of the Enfield project	2	(31,601)	(31,601)
Incremental costs of the Enfield project (at cost)	2	31,601	31,601
Adjustments to market value	3	3,073	8,363
Capitalised operating costs	4	(6,412)	(6,412)
Transaction costs	5	(157)	(157)
Fair market value of net assets		120,436	125,726

Source: Management and Crowe Horwath analysis

In relation to the above:

1. Refer to **Section 5.5**.

2. Management advised the Enfield project settled on 31 July 2017. The adjustments recognise the incremental book value and cash costs of approximately \$31.6 million. As at 30 June 2017, certain costs had already been recognised (deposit paid, stamp duty and consultation costs of approximately \$5.6 million). Refer to **Section 5.5** for further detail.
3. We assessed the fair market value of TIA's property projects as at the Valuation Date, based on analysis of independent property valuations, recent sales evidence, sales advices, and cash flow and DCF models prepared by Management, overlaid with our own analysis. Refer to **Section 7.2.2** for further detail.
4. Refer **Section 7.2.3**.
5. Comprise legal, Independent Expert's Report, printing and mail costs associated with the Proposed Transaction. We adopted estimates of same provided by Management of TIA.

We have not included liquidation costs (such as sale costs and taxes) as we adopted an asset-based methodology on a going concern basis (i.e. we assumed the assets and liabilities would continue to be used in operating the business).

Management instructed us that as at the date of this Report:

- there are no advanced projects other than those disclosed in this Report; and
- they are not aware of any actual or potential liabilities of TIA other than those disclosed in TIA's 30 June 2017 interim financial report.

Based on the above, the fair market value of TIA's net assets per share on a controlling basis are as follows:

TIA		Fair Market Value Net Assets per Share	
		Low	High
Fair market value of net assets	\$000s	120,436	125,726
Number of shares	#000s	86,609	86,609
Fair market value net assets per share	\$	1.39	1.45

Source: Crowe Horwath analysis

7.2.2 Fair Market Value of the Property Projects

In order to determine the fair market value of the projects, we analysed independent property valuations, recent sales evidence, sales advices, and cash flow and DCF models prepared by Management and undertook our own analysis regarding any changes required to the value of the projects to recognise events and circumstances and market movements as at the Valuation Date.

Specifically, we:

- analysed the key attributes associated with each project;
- analysed independent third party property reports which were available for all but two properties (refer **Appendix 3**);
- for the other two properties, analysed pricing advice prepared by a real estate agent, recent sales evidence of units in the same properties and comparable properties and cash flow and DCF calculations prepared by Management; and

- engaged in discussions with the independent property valuers, real estate agent and Management in relation to the work performed by each, whereby we discussed and challenged their approach and methodology, key assumptions, market conditions and potential changes in value.

In relation to the third party property valuation reports, Enfield and Point Grey were prepared in June 2017. Lot 370 and Oceanique were prepared prior to December 2016. Following our analysis and discussions, Lot 370 and Oceanique valuation reports were updated and reissued.

Based on the analysis set out above, we consider that the third party property valuations and Management information, together with our own analysis and calculations, are sufficiently recent and provide a reasonable estimate of the fair market value of TIA's property projects as at the Valuation Date.

The aggregate adjustment to book value across the portfolio was \$3.073 million to \$8.363 million.

7.2.3 Capitalised Operating Costs

In addition to costs considered in the valuation of the property projects, TIA incurs costs at a corporate level. These costs relate to the senior management and Board, group functions spanning areas such as finance, Information Technology ("IT"), human resources, capital management and marketing support, and costs associated with its ASX listing including compliance and ongoing disclosure. Without expenditure in these areas, cash flows associated with the property projects may not come to fruition.

We consider that a market participant would take account of these costs when considering an acquisition of TIA's shares, and may do so via considering the net present value of same over a time period consistent with cash inflows expected from the projects on foot.

Based on the above, we calculated the net present value of TIA's expected corporate costs out to April 2020, based on our assessment of a reasonable weighted average cost of capital ("WACC") for TIA of around 12% (refer **Section 7.4.1**).

7.3 Recent Share Trading History

7.3.1 Overview

This methodology relies on the market price of a company's shares reflecting all available information to willing but not anxious buyers and sellers acting at arm's length. The market value of listed shares on the ASX is influenced by many factors, including but not limited to:

- the value of the underlying assets of the company, including intangibles;
- the industry in which the company operates;
- managerial skills within the company;
- liquidity of the particular stock, as indicated by share trading volumes;
- future expectations for the company;
- the prevailing market and economic conditions; and
- supply and demand for the shares.

A change in these perceptions can significantly affect share value over a relatively short period.

7.3.2 Conclusion on Recent Share Trading History

As detailed in **Section 5.9**, in the 12 months prior to the announcement of the Proposed Transaction:

- only 0.1% to 2.5% of TIA's free float share capital trades each month, being only 14% of TIA's free float share capital throughout the year; and
- TIA shares traded on only 63.9% of the available trading days.

In our opinion, there is insufficient trading and therefore liquidity in TIA's shares to consider recent trading in TIA's shares as a proxy for the fair market value of same. Notwithstanding, the upper end of TIA's recent share trading history (prior to the announcement of the Proposed Transaction), adjusted to include a control premium, is broadly consistent with the adopted valuation range:

TIA Minority Share Values Adjusted for Control (\$)			
Prior to Proposed Transaction =>	3 months	1 month	July (max)
VWAP / share price	0.95	1.04	1.12
Assumed control premium	25%	25%	25%
Adjusted value per share - controlling basis	1.20	1.29	1.37

Source: Capital IQ

7.4 Discounted Cash Flows

7.4.1 Overview

We performed high level DCF analysis considering:

- the forecast model provided by Management in relation to the property projects and corporate infrastructure to April 2020;
- a level of expected future performance beyond April 2020;
- working capital requirements;
- capital expenditure;
- tax at the Australian corporate tax rate of 30%;
- a WACC discount rate of 11.0% to 13.0%³; and
- TIA's cash, trade receivables and trade payables separate to the above.

The resultant equity value supported the range calculated under our primary methodology.

³ In assessing an appropriate WACC discount rate, we performed our own first principles WACC calculations based on the Capital Asset Pricing Model ("CAPM"), analysis of comparable company betas, market levels of gearing and interest rates; considering Management's view of TIA's WACC and considering WACC's used by other Independent Expert's in similar reports for similar transactions.

7.5 Conclusion on Value

In summary:

- we calculated the fair market value of TIA's net assets per share to be between \$1.39 and \$1.45 on a controlling basis;
- a high level DCF analysis across all of TIA's projects, business and assets supported this conclusion; and
- the high end of recent trading in TIA shares, inclusive of an assumed control premium, also broadly supported this conclusion.

Accordingly, we assessed the value of each TIA share to be between **\$1.39** to **\$1.45** on a controlling basis.

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8 Evaluation of the Proposed Transaction

8.1 Approach to Our Assessment

In evaluating the fairness and reasonableness of the Proposed Transaction, we considered the requirements of the Act and relevant Regulatory Guides issued by ASIC, which provide guidance on interpretation.

This Report takes into account the provisions of Regulatory Guide issued by ASIC which states that if a company issues securities and, as a consequence, the allottee acquires over 20% of the company, the transaction should be analysed as if it were a takeover bid.

Regulatory Guide 111 distinguishes "fair" from "reasonable" and considers:

- an offer to be "fair" if the value of the offer is equal to or greater than the value of the securities subject to the offer. This comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage held by the "bidder" or its associates in the target when making this comparison.
- an offer to be "reasonable" if it is fair. It might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

For the purposes of this Report, Crowe Horwath has treated "fair" and "reasonable" as separate concepts.

In forming our opinion on whether or not the terms of the Proposed Transaction are fair for the non-associated shareholders of TIA, we compared:

- the consideration offered per share; and
- the value of the shares in TIA on a controlling basis.

Based on the intended timing of the Proposed Transaction, we adopted a valuation date of 31 October 2017 for the purpose of this Report.

The advantages and disadvantages in relation to the Proposed Transactions are discussed in detail in **Section 8.4**.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 issued by ASIC.

8.2 Opinion on the Proposed Transaction

In our opinion, the Proposed Transaction is not fair but reasonable for the non-associated shareholders of TIA. Our fairness and reasonableness assessment for the Proposed Transaction is set out below.

Whilst not fair, key advantages of the Proposed Transaction are as follows:

- it provides a substantial premium over historical share trades, and
- participation provides shareholders with a realisation or liquidity event for shares that are otherwise relatively illiquidly traded.

8.3 The Proposed Transaction is not Fair

Since the Consideration of \$1.30 is less than the assessed value of a TIA share of \$1.39 to \$1.45, in our opinion, the Proposed Transaction is not fair for the non-associated shareholders of TIA.

8.4 The Proposed Transaction is Reasonable

Notwithstanding that the Proposed Transaction is not fair, in our opinion, the advantages outweigh the disadvantages of the Proposed Transaction and accordingly, the Proposed Transaction is reasonable.

8.4.1 Advantages to TIA shareholders from the Proposed Transaction

The primary advantages to the shareholders of TIA in proceeding with the Proposed Transaction are as follows:

a) The \$1.30 all-cash offer represents a substantial premium to TIA's historical trading price

The Offer Price of \$1.30 in cash per share for 80% of the shares represents a substantial premium to TIA's VWAP share prices (prior to the announcement of the Proposed Transaction), as set out below:

Prior to Proposed Transaction =>	TIA Premium of the Offer Price Compared to VWAP Share Prices					
	1 day	1 week	1 month	3 months	6 months	12 months
Offer Price	1.30	1.30	1.30	1.30	1.30	1.30
VWAP	0.88	0.97	1.04	0.95	0.86	0.80
Premium	47.62%	34.28%	25.03%	36.74%	51.80%	62.78%

Source: Capital IQ and Crowe Horwath analysis

A range of empirical studies suggest takeover premiums typically concentrate around a range of between approximately 20% and 35% for completed transactions, depending on the individual circumstances. The premium being offered by Oasis Star generally exceeds this range.

b) TIA's share price may remain below the Offer Price following completion or withdrawal of the Offer

If the Offer is completed or withdrawn, TIA's share price may trade below the Offer Price in the foreseeable future, as it has historically.

c) The Offer provides a liquidity opportunity for shareholders

Trading volumes in TIA shares are low. As a result, the Offer provides a liquidity opportunity for shareholders.

d) Being a proportional takeover offer, shareholders will continue to enjoy benefits associated with holding a portion of TIA shares

Given that Oasis Star's offer is to acquire 80% of the other shareholders' shares, accepting shareholders will continue to hold shares in TIA (except for any shareholders who may, as a result of accepting the Offer, be left with an unmarketable parcel of shares (refer **Section 1.1.1**)).

e) Increased focus from the TACI Group

It could be considered that TACI Group may devote more attention and focus to TIA following its increased investment given the fact it will consolidate the financial performance and position of TIA from a financial reporting perspective. Post Proposed Transaction, TACI Group would have three out of five appointee Directors.

f) *The Proposed Transaction is the only offer that presently exists for TIA shares*

The Proposed Transaction is the only offer that presently exists for TIA's shares. As at the date of this Report, the Directors of TIA are not aware of any other party that has or is intending to make an offer for any shares in TIA.

g) *Given the scale and assets of TACI Group, Oasis Star is not likely to have impediments in funding the Proposed Transaction*

TACI Group has a balance sheet and access to capital capable of funding the Proposed Transaction.

h) *The Independent Directors of TIA, intend to vote in favour of the Proposed Transaction*

The Independent Directors of TIA have advised they unanimously recommend the Proposed Transaction on the basis they consider it a positive outcome for TIA.

i) *Impact of other parties who hold a relevant interest*

Other parties associated with TACI will be increasing their relevant interest in TIA if the Proposed Transaction is implemented (refer to **Section 1.1.3**). Shareholders may consider this an advantage or a disadvantage.

8.4.2 Disadvantages to TIA shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of TIA in proceeding with the Proposed Transaction are as follows:

a) *The Proposed Transaction is not fair*

Based on our assessment, the Proposed Transaction is not fair.

b) *The Proposed Transaction will have a dilutionary impact on TIA's current shareholders, should they choose to sell their shares*

Implementation of the Proposed Transaction will result in the interest held by non-associated shareholders reducing by 80% (except for those with an unmarketable parcel).

c) *If the Proposed Transaction is implemented, Oasis Star will obtain control*

If the Proposed Transaction is implemented, Oasis Star will have an effective interest of 87.60% based on full acceptance of the offer, or 50.10% based on minimum acceptance, which would confer control. Additionally, Oasis Star will have three of five appointee Directors.

d) *There may be tax consequences for selling shares*

Accepting the Offer may trigger tax consequences for some shareholders.

e) *Shareholders will have a reduced exposure to future potential upside associated with TIA*

Shareholders who accept the Offer will have reduced exposure to TIA's performance after the completion of the Offer. In particular, by accepting the Offer, shareholders will forgo future potential uplift in the value of the shares sold to Oasis Star.

f) Potential emergence of a superior alternative

Shareholders of TIA may consider that a superior alternative opportunity to the Proposed Transaction will emerge. As at the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction.

g) Impact of other parties who hold a relevant interest

Other parties associated with TACI will be increasing their relevant interest in TIA if the Proposed Transaction is implemented (refer to **Section 1.1.3**). Shareholders may consider this an advantage or a disadvantage.

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9 Qualifications, Declarations and Consents

9.1 Qualifications

Crowe Horwath provides corporate finance services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert reports concerning mergers and acquisitions, takeovers and capital reconstructions.

The executives responsible for preparing this Report on behalf of Crowe Horwath are Mr Nathan Timosevski, B.Bus, CA, A.Fin and Ms Nicole Vignaroli, MAppFin, BBus, BA, F.Fin, Aff.CA. Both Nathan and Nicole have significant experience in relevant corporate advisory matters. Both are Representatives in accordance with the Australian Financial Services Licence No. 239170 held by Crowe Horwath under the Corporations Act 2001 (Cth).

9.2 Disclaimers

It is not intended that this Report be used or relied upon for any purpose other than as an expression of Crowe Horwath's opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of TIA. Crowe Horwath expressly disclaims any liability to any person who relies or purports to rely on the Report for any other purpose.

This Report has been prepared by Crowe Horwath with care and diligence and statements and opinions given by Crowe Horwath in this Report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading.

Neither Crowe Horwath, nor any member or employee thereof, undertakes responsibility to any person, other than the shareholders and the Independent Directors of TIA, in respect of this Report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Transaction.

Other than this report, Crowe Horwath has not been involved in the preparation of the Target's Statement or any other document prepared in respect of the Offer. Accordingly, we take no responsibility for the content of the Target's Statement as a whole or other documents prepared in respect of the Offer.

9.3 Declarations

Crowe Horwath does not have at the date of this Report nor has had any shareholding in or other relationship with TIA, Oasis Star, TAAI and TACI, that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction. Crowe Horwath had no part in the formulation of the Proposed Transaction. Crowe Horwath's only role has been the preparation of this Independent Expert's Report. Crowe Horwath considers itself independent in terms of Regulatory Guide 112 issued by ASIC on 30 October 2007.

Crowe Horwath will receive a fee in the vicinity of \$38,000 (plus GST) based on time costs for the preparation of this Report. This fee is not contingent on the outcome of the Proposed Transaction. Crowe Horwath will receive no other benefit for the preparation of this Report.

TIA has agreed that to the extent permitted by law that it will indemnify Crowe Horwath employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of this Report. This indemnity will not apply in respect of any conduct involving negligence or wilful misconduct. TIA has also agreed to indemnify Crowe Horwath and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person except where Crowe Horwath or its employees and officers are found liable for or guilty of conduct involving negligence or wilful misconduct in which case Crowe Horwath shall bear such costs.

Advance drafts of this Report (and parts of it) were provided to TIA and its advisers. Certain changes were made to this Report as a result of the circulation of the draft Report. There was no alteration to the methodology, valuation of TIA, conclusions or recommendations made to TIA shareholders as a result of issuing the drafts.

9.4 Consents

Crowe Horwath consents to the issuing of this Report in the form and context in which it is to be included in the Target's Statement and NOM to be sent to TIA shareholders. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without the prior written consent of Crowe Horwath as to the form and context in which it appears.

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Appendix 1 – Financial Services Guide

Dated of issue: 6 September 2017

General Advice – Independent Expert's Report

This Financial Services Guide is designed to help retail clients make a decision as to their use of the relevant general financial product advice; to ensure that we comply with our obligations as a financial services licensee; and to provide you with information on:

- how we and our associates are paid;
- any potential conflict of interest we may have; and
- our internal and external dispute resolution procedures and how you can access them.

Introduction

Crowe Horwath Corporate Finance (Aust) Ltd, ABN 95 001 508 363 has been engaged to issue general financial product advice in the form of an Independent Expert's Report for inclusion in a disclosure or other document in relation to the issuing of a financial product.

Who is responsible for the financial services provided to me?

Crowe Horwath Corporate Finance (Aust) Ltd holds an Australian Financial Services Licence No. 239170 and is responsible for the financial services provided by it and its Authorised Representatives, including authorising the distribution of this Financial Services Guide.

Crowe Horwath Corporate Finance (Aust) Ltd is wholly owned by Crowe Horwath Australasia Ltd and operates as part of the business advisory and professional accounting practice of Crowe Horwath.

General Financial Product Advice

In the Independent Expert's Report we provide general financial product advice, not personal financial product advice, because the advice has been prepared without taking into account your personal objectives, financial situation or needs.

You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

What kinds of financial services are you authorised to provide to me?

We are authorised to provide advice on, and deal in, the following classes of financial products to wholesale and retail clients:

1. Provide financial product advice for the following classes of financial products:
 - a) derivatives; and
 - b) securities.
2. Deal in a financial product by:
 - a) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
 - i. derivatives,
 - b) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - i. derivatives; and
 - ii. securities.

Independent Expert's Reports

We provide financial product advice by issuing an Independent Expert's Report in connection with a financial product of another person or entity. Our Report includes a description of the circumstances of our engagement and identifies the person or entity who has engaged us. You have not engaged us directly but you will be provided with a copy of the Report due to your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

Do you have any relationships or associations with financial product issuers?

Crowe Horwath Corporate Finance (Aust) Ltd and any of its associated entities may at any time provide professional or financial services to financial product issuers in the ordinary course of our business.

How is Crowe Horwath Corporate Finance (Aust) Ltd paid to produce an Independent Expert's Report?

We will charge a fee in the vicinity of \$38,000 excluding GST for providing this Independent Expert's Report. This fee will be paid by the person or entity which engages us to provide the Report. The fee has not affected the opinion we have expressed in the Report.

Except for this fee, neither Crowe Horwath Corporate Finance (Aust) Ltd, nor any of its principals, employees or related entities, receives any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Does Crowe Horwath Corporate Finance (Aust) Ltd get paid for referring clients to invest in the products associated with your Independent Expert's Reports?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the Independent Expert's Report that we are engaged to provide.

We do not receive commissions or any other benefits for referring clients in connection with the underlying financial product and/or financial service that is the subject of the reports we are engaged to provide.

Do I pay for the financial services provided?

You do not pay us a fee for the production of the Independent Expert's Report. It is the responsibility of the person or entity which engaged our services to produce the Report to meet this cost.

Who can I complain to if I have a complaint about the financial services provided?

If you have any complaint about the service provided to you, you should take the following steps:

Contact us and tell us about your complaint.

If your complaint is not satisfactorily resolved within three business days, please contact the Complaints Officer on (02) 9262 2155, or put your complaint in writing and send it to us at:

The Complaints Officer
Crowe Horwath Corporate Finance (Aust) Ltd
Level 15, 1 O'Connell St
SYDNEY NSW 2000

If you still do not get a satisfactory outcome you can contact the Financial Ombudsman Service (FOS) of which Crowe Horwath is a member. FOS can be contacted on 1300 780 808 or you can write to them at GPO Box 3, Melbourne, Victoria 3001.

ASIC has a freecall Infoline on 1300 300 630 which you may also use to make a complaint or obtain information about your rights.

If you have any further questions about the financial services Crowe Horwath Corporate Finance (Aust) Ltd provides, please contact our office on (02) 9262 2155.

Appendix 2 – Glossary

Defined Term	Meaning
Act	Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX 200 Index	S&P/ASX 200 Index
ASX 300 A-REIT Index	S&P/ASX 300 A-REIT Index
AUD	Australian Dollar
BVI	British Virgin Islands
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
China	People's Republic of China
CNY	Chinese Yuan
Company	Tian An Australia Limited
Consideration	The Offer Price of \$1.30 for each TIA share in an all cash off-market bid.
cps	Cents per share
Crowe Horwath	Crowe Horwath Corporate Finance (Aust) Ltd
CY	Years ended 31 December
DA	Development Application
DCF	Discounted Cash Flow Method
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax depreciation and amortisation
EGM	Extraordinary General Meeting
Enfield	The project located at 4 Mitchell Street Enfield NSW
FKP Commercial	FKP Commercial Developments Pty Limited
GST	Goods and services tax

HKD	Hong Kong dollars
IP	Intellectual Property
IPO	Initial Public Offering
IT	Information Technology
Lot 370	The project located at Lot 370 Country Club Drive, Dawesville, WA
Marketable Parcel of Shares	A parcel of shares with a value of not less than \$500
Milton	The project at 55 Railway Terrace Milton, QLD
MOU	Memorandum of understanding between Oasis Star and Xiangyu
NOM	Notice of Meeting
NPAT	Net profit after tax
NPBT	Net profit before tax
NPV	Net present value
NSW	New South Wales
Oasis Star	Oasis Star Limited
Oceanique	The project comprising of Lots 29, 47, 63 and 65, 100 Country Club Drive, Dawesville WA
Offer	Oasis Star's off-market proportional takeover offer for up to 80% of each shareholders' issued shares in TIA (which Oasis Star does not already own)
Offer Price	\$1.30 for each TIA share
Point Grey	The project comprising of Lots 138, 139, 672 and 1132 Carrabungup Road, Point Grey WA
Proposed Transaction	<p>On 24 July 2017, TIA announced that Oasis Star, who owns the entire share capital of Oasis Star, may make an off-market proportional takeover offer for up to 80% of each shareholders' issued shares in TIA (which it does not already own which would result in Oasis Star's interest in TIA increasing from 35.44% to:</p> <ul style="list-style-type: none"> ▪ 50.10%, based on minimum acceptance of the Oasis Star offer; or ▪ 87.60%, based on full acceptance of the Oasis Star offer.
QLD	Queensland
Regulatory Guide 111	Regulatory Guide 111 'Content of Expert Reports
Regulatory Guide 112	Regulatory Guide 112 'Independence of Experts
Regulatory Guide 170	Regulatory Guide 170 'Prospective Financial Information'
Report	Independent Expert's Report

Section 606	Section 606(1) of the Act
Section 611	Section 611(7) of the Act
Section 640	Section 640 of the Act
Sea Spray	The project located at Homestead Road, Point Cook, VIC
SEHK	Hong Kong Stock Exchange
SOE	State-owned enterprise
Sqm	Square metres
SRP	Specific risk premium
TAAI	Tian An Asset Investments Company Limited
TACI	Tian An China Investments Company Limited
TACI Group	Comprises of TIA, Oasis Star, TAAI, TACI and other subsidiaries owned by TACI
TIA	Tian An Australia Limited
Unmarketable Parcel Extension	If by accepting the Offer, the remaining shares held by a shareholder is less than a Marketable Parcel of Shares, the offer will extend to 100% of their shares
Valuation Date	31 October 2017
VIC	Victoria
VWAP	Volume weighted average price
WA	Western Australia
WACC	Weighted average cost of capital
Xiangyu Transaction	<p>TAAI may sell 50% of Oasis Star, which would result in Xiangyu's effective interest in TIA increasing from nil to:</p> <ul style="list-style-type: none"> ▪ 43.70%, based on full acceptance of the offer; or ▪ 25.05%, based on minimum acceptance of the offer; <p>This cannot occur unless the Proposed Transaction has been implemented.</p>
YOY	Year on year

Appendix 3 – Sources of Information

Sources of information utilised and relied upon in the preparation of this Report include:

Transaction Documentation

- Letter of Offer from Oasis Star;
- Draft Bidder's Statement;
- Target's Statement; and
- Notice of Meeting.

TIA

- Annual Reports for FY14(a), FY15(a) and FY16(a);
- Interim six monthly financial reports for H1FY17(a) and H2FY17(a);
- Management financials and reconciliations;
- Share registry analysis as at 30 June 2017;
- ASX announcements and investor presentations; and
- Discussions and correspondence with the Management of TIA.

Property Valuation Reports, Sales Advice and Management Analysis

- The Jones Lang LaSalle Advisory Services Pty Limited property valuation report for the Enfield project, dated 21 June 2017;
- The M3 Property Strategists updated property valuation reports for the Lot 370 project, dated 25 June 2014 and 11 August 2017;
- The M3 Property Strategists property valuation reports for the Oceanique project, dated 14 November 2016 and 11 August 2017;
- The Property Valuation & Advisory (WA) property valuation report for the Point Grey project, dated 30 June 2017;
- Management DCF analysis, cash flow model and analysis of recent sales of units of the Sea Spray project;
- The Milton project sale and marketing recommendations report as prepared by Jones Lang LaSalle (QLD) Pty Limited, dated 12 April 2017; and
- Management DCF analysis and cash flow model in relation to the Milton project.

Industry and Economic Research

- IBISWorld industry report on Land Development and Subdivision in Australia, dated September 2016;
- IBISWorld industry report on Multi-Unit Apartment and Townhouse Construction in Australia, dated November 2016; and
- Capital IQ financial research.

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Appendix 4 – Comparable Companies

Summarised below are valuation metrics of Australian listed companies with operations similar to TIA:

Company Name	TIA										Comparable Company Analysis					Price / Net Assets Multiple (times)				
	Mkt Cap (A\$m)	EV (A\$m)	EBIT Margin		EBIT Multiple		Normalised PE Multiple		21-Jul-17	1 day	1 week	1 month	3 months	6 months						
			1 Yr Historical	Current	1 Yr Historical	Current	1 Yr Historical	Current												
Tian An Australia Limited	91	32	n/a	n/a	16.6 x	14.7 x	14.6 x	14.6 x	0.6 x	0.6 x	0.7 x	0.7 x	0.7 x	0.6 x						
Market Cap of > \$100m																				
Peet Limited	586	829	17%	19%	17.8 x	14.9 x	19.5 x	18.5 x	1.2 x	1.2 x	1.2 x	1.2 x	1.2 x	1.1 x						
Cedar Woods Properties Limited	411	501	25%	30%	7.6 x	7.5 x	11.5 x	11.0 x	1.3 x	1.3 x	1.3 x	1.3 x	1.4 x	1.4 x						
Villa World Limited	286	385	14%	14%	7.4 x	7.1 x	11.4 x	10.2 x	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x						
Sunland Group Limited	278	560	16%	12%	12.6 x	11.4 x	17.8 x	15.9 x	0.8 x	0.8 x	0.8 x	0.8 x	0.8 x	0.8 x						
AVJennings Limited	251	432	14%	12%	7.7 x	9.3 x	10.6 x	12.1 x	0.8 x	0.8 x	0.7 x	0.7 x	0.7 x	0.6 x						
Finbar Group Limited	184	314	22%	13%	13.7 x	19.5 x	35.6 x	n/a	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x						
Market Cap of < \$100m																				
Devine Limited	62	78	n/a	n/a	n/a	n/a	n/a	n/a	0.4 x	0.4 x	0.4 x	0.4 x	0.4 x	0.4 x						
Velocity Property Group Limited	54	83	n/a	n/a	73.4 x	n/a	80.4 x	n/a	n/m	n/a	n/a	n/a	n/a	n/a						
Land & Homes Group Limited	44	74	n/a	16%	n/a	152.1 x	n/a	5,020.9 x	1.5 x	n/a	n/a	1.5 x	2.2 x	2.8 x						
Desane Group Holdings Limited	40	41	47%	11%	n/a	143.8 x	8.2 x	8.2 x	1.2 x	n/a	n/a	1.2 x	1.2 x	1.1 x						
Mustera Property Group Limited	25	52	n/a	172%	143.3 x	n/a	n/a	64.2 x	2.4 x	n/a	n/a	n/a	2.4 x	2.4 x						
Axiom Properties Limited	20	54	n/a	n/a	n/a	n/a	121.3 x	n/a	0.8 x	n/a	0.8 x	0.8 x	0.8 x	0.8 x						
Fastier Enterprises Ltd	11	11	45%	n/a	n/a	n/a	n/a	n/a	2.0 x	2.0 x	2.0 x	2.0 x	2.1 x	2.1 x						
Ultima United Limited	1	1	n/a	n/a	n/a	n/a	n/a	n/a	0.4 x	0.4 x	0.4 x	0.4 x	0.4 x	0.4 x						
Market Cap of > \$100m																				
Min			14%	12%	7.4 x	7.1 x	10.6 x	10.2 x	0.8 x	0.8 x	0.7 x	0.7 x	0.7 x	0.6 x						
Max			25%	30%	17.8 x	19.5 x	35.6 x	18.5 x	1.3 x	1.3 x	1.3 x	1.3 x	1.4 x	1.4 x						
Average			18%	17%	11.1 x	11.6 x	17.7 x	13.5 x	1.0 x	1.0 x	1.0 x	1.0 x	1.0 x	1.0 x						
Average (excl high and low)			31%	28%	12.4 x	12.7 x	17.8 x	16.5 x	1.2 x	0.8 x	0.8 x	0.8 x	0.7 x	0.7 x						
All comparable companies																				
Min			14%	11%	7.4 x	7.1 x	8.2 x	8.2 x	0.4 x	0.4 x	0.4 x	0.4 x	0.4 x	0.4 x						
Max			47%	172%	143.3 x	152.1 x	121.3 x	5,020.9 x	2.4 x	2.0 x	2.0 x	2.0 x	2.4 x	2.8 x						
Average			25%	33%	35.4 x	45.7 x	35.1 x	645.1 x	1.1 x	1.0 x	0.9 x	1.0 x	1.2 x	1.2 x						
Average (excl high and low)			23%	17%	22.1 x	34.4 x	26.7 x	22.0 x	1.1 x	1.0 x	0.9 x	1.0 x	1.1 x	1.1 x						

Source: Capital IQ

The above trading multiples:

- are on a minority interest basis;
- reflect marketable securities;
- reflect the level of liquidity relevant to each company; and
- reflect a range of growth and associated risk profiles.

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TIA Comparable Company Descriptions		
Company name	Geographic location	Business description
Peet Limited	Australia	Peet Limited acquires, develops, and markets residential land in Australia. The company operates through Funds Management, Company-Owned Projects, and Joint Arrangements segments. The Funds Management segment provides underwriting, capital raising, and asset identification services. The Company-Owned Projects segment acquires parcels of land for residential development purpose, as well as produces non-residential blocks of land. The Joint Arrangements segment undertakes and develops land through Joint arrangements with government, statutory authorities, and private landowners. As of June 30, 2016, it managed and marketed a land bank of approximately 48,000 lots. Peet Limited was founded in 1895 and is based in Perth, Australia.
Cedar Woods Properties Limited	Australia	Cedar Woods Properties Limited engages in property investment and development activities in Australia. The company is involved in the urban land subdivision and development of residential, commercial, and retail projects in Western Australia, Victoria, and Queensland. It offers small affordable housing lots at its residential estates and luxury apartments at boutique waterfront developments. Cedar Woods Properties Limited was founded in 1987 and is headquartered in West Perth, Australia.
Villa World Limited	Australia	Villa World Limited develops, constructs, and sells residential land and buildings in Australia. It operates through two segments, Property Development and Construction-Queensland and New South Wales, and Property Development and Construction-Victoria. Villa World Limited was founded in 1986 and is headquartered in Broadbeach, Australia.
Sunland Group Limited	Australia	Sunland Group Limited develops and constructs residential properties in Australia. It operates through Residential Housing and Urban Development, and Multi-Storey segments. The Residential Housing and Urban Development segment is involved in land subdivision and medium density integrated housing developments. The Multi-Storey segment develops and sells medium-rise projects between 5 and 15 storeys, and high-rise developments above 15 storeys. The company also provides project services. Sunland Group Limited was founded in 1983 and is based in Brisbane, Australia.
AVJennings Limited	Australia	AVJennings Limited engages in the development of residential properties in Australia. It is involved in land and apartment development, and integrated housing activities. The company was founded in 1932 and is based in Hawthorn, Australia. AVJennings Limited is a subsidiary of SC Global Developments Pte Ltd.
Finbar Group Limited	Australia	Finbar Group Limited, through its subsidiaries, invests in and develops properties in Australia. It primarily develops medium to high-density residential apartments and commercial office/retail properties, and rents its properties in Western Australia. Finbar Group Limited was incorporated in 1984 and is based in East Perth, Australia.

TIA Comparable Company Descriptions		
Company name	Geographic location	Business description
Devine Limited	Australia	Devine Limited, together with its subsidiaries, engages in land development, home building, construction, and property development activities in Australia. It develops and sells various real estate properties, including apartments and mixed use properties, hotel and office construction projects, residential construction projects, student accommodation, and aged care properties. The company was founded in 1983 and is headquartered in Hamilton, Australia. Devine Limited is a subsidiary of CIMIC Residential Investments Pty Limited.
Velocity Property Group Limited	Australia	Velocity Property Group Limited operates as a property development company. It focuses on developing residential multi-unit apartments; residential townhouses and homes; and mixed commercial developments. The company was incorporated in 2015 and is based in Bulimba, Australia.
Land & Homes Group Limited	Australia	Land & Homes Group Limited operates as a property investment and development company in Australia. It develops residential, commercial, and mixed-use apartments. The company is headquartered in Brisbane, Australia. Land & Homes Group Limited is a subsidiary of Telok Ayer Holdings Pte Ltd.
Desane Group Holdings Limited	Australia	Desane Group Holdings Limited operates as a property investment company in Australia. The company operates through Property Investment; Property Development; Property Project Management and Resale; and Property Services segments. It is involved in the rental of prime real estate investments. The company also develops, manages, and resells property projects, such as commercial, industrial, and residential properties principally in Sydney metropolitan areas, as well as provides property and related services. Desane Group Holdings Limited was incorporated in 1987 and is based in Rozelle, Australia.
Mustera Property Group Limited	Australia	Mustera Property Group Limited operates as a property investment and development company in Australia and internationally. It invests in and develops residential, commercial, industrial, hospitality, and mixed-use projects. The company was incorporated in 2010 and is based in Nedlands, Australia.
Axiom Properties Limited	Australia	Axiom Properties Limited engages in property investment and development business in Australia. The company's property portfolio comprises retail and commercial developments. It is also involved in fund management activities. The company is based in Adelaide, Australia.
Faster Enterprises Ltd	Australia	Faster Enterprises Ltd intends to engage in the business of property development and management in Melbourne, Australia. It focuses on operating in three divisions: Residential Property Development, Commercial Property Development, and Hotel and Serviced Apartment Development. The company was incorporated in 2015 and is based in Box Hill, Australia.
Ultima United Limited	Australia	Ultima United Limited operates as a property development company in Australia. It focuses on developing residential houses and apartment units in Western Australia. The company was formerly known as United Uranium Limited and changed its name to Ultima United Limited in November 2014. Ultima United Limited is based in Como, Australia.

Source: Capital IQ

Corporate Directory

ABN 12 009 134 114

Directors

Arthur Dew
Carena Fu
Marcus Seow

Company Secretary

Hai-Young Lu

Alternate Director

Mark Wong (to Arthur Dew)

Registered Office and Principal Place of Business

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Independent Expert

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Share Registry

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