



ASX Announcement

29 April 2022

Release of AstiVita's First Supplementary Target's Statement

AstiVita Limited (**AstiVita** or the **Company**) (ASX: AIR) refers to the recommended off-market takeover bid made by Tamawood Limited (**Tamawood**) to acquire all of the outstanding issued shares in AstiVita.

AstiVita has served on Tamawood and lodged with Australian Securities and Investments Commission, a first supplementary target's statement along with an updated independent expert's report. A copy of each is attached.

For further enquiries contact:

Rade Dudurovic

Sole Independent Director

AstiVita Limited

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This announcement is authorised for release by the Sole Independent Director of AstiVita Limited, Mr Rade Dudurovic.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

It should be read in its entirety, together with the Target's Statement dated 8 April 2022 and the Independent Expert's Report accompanying this First Supplementary Target's Statement. If you do not understand it or are in doubt as to its contents or how to act, please contact your professional adviser immediately.

FIRST SUPPLEMENTARY TARGET'S STATEMENT

This document is the First Supplementary Target's Statement under section 644 of the *Corporations Act 2001* (Cth) (**First Supplementary Target's Statement**) to the Target's Statement dated 8 April 2022 (Target's Statement) issued by **AstiVita Limited ACN 139 461 733**. This First Supplementary Target's Statement is dated 28 April 2022.

LEGAL ADVISER

GRT LAWYERS 

INTRODUCTION

This First Supplementary Target's Statement is issued by AstiVita Limited (**Target** or **AstiVita**) in relation to the off-market takeover offer to acquire all the shares in AstiVita by Tamawood Limited ACN 010 954 499 (**Bidder** or **Tamawood**). A copy of this First Supplementary Target's Statement has been lodged with ASIC on 28 April 2022. Neither ASIC nor any of its officers take any responsibility for the contents of this First Supplementary Target's Statement.

This document supplements, and should be read together with, both the Target's Statement lodged with the Australian Securities and Investments Commission (ASIC) on 8 April 2022 (**Target's Statement**) and the accompanying Independent Expert's Report lodged with ASIC. This First Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement, and the updated Independent Expert's Report accompanying it, prevails to the extent of any inconsistency with the Independent Expert's Report accompanying the Target's Statement lodged with ASIC on 8 April 2022.

Unless the context requires otherwise, terms defined in the Target's Statement have the same meaning in this First Supplementary Target's Statement. In addition, this First Supplementary Target's Statement uses the same headings, subheadings and numbering as is used in the Target's Statement.

INDEPENDENT DIRECTOR'S LETTER

The Independent Director has noted in the Target's Statement that AstiVita will not solicit any other offers, discussions and negotiations.¹ Nevertheless, this obligation is subject to the fiduciary duties of the Board and the Independent Director as referred to in clause 6.3 of the Bid Implementation Agreement.

In summary clause 6.3 provides that neither AstiVita, the Board nor the Independent Director will be restricted from taking or refusing to take any action with respect to a *bona fide* Competing Transaction or a proposed or potential *bona fide* Competing Transaction, if either has determined that:

- (a) the Competing Transaction is or is likely to be a Superior Offer; and
- (b) acting in good faith and after having taken advice from external legal advisers, failing to take that action or refusing to take that action would likely constitute a breach of fiduciary duties or statutory obligations of any AstiVita Director.

For these purposes 'Competing Transaction' is defined to mean an expression of interest, proposal, offer or transaction which if completed substantially in accordance with its terms would mean that a person other than Tamawood or its Related Bodies Corporate would:

- (a) directly or indirectly acquire relevant interest in 20% or more of AstiVita Shares, voting power, or all or a substantial part of AstiVita's business;
- (b) acquire control of AstiVita within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise acquire or merge with AstiVita or require an economic interest in the whole or a substantial part of AstiVita or its business or assets.

In addition, in the Target's Statement, the Independent Director strongly encouraged Shareholders to carefully read all the information contained in the Target's Statement (including the Independent Expert's Report attached to the Target's Statement) before making a decision about the Offer. An updated Independent Expert's Report is attached to this First Supplementary Target's Statement. Accordingly, the documents that Shareholders should now read and carefully consider before making a decision about the Offer, are the Target's Statement, this First Supplementary Target's Statement and the updated Independent Expert's Report which is attached to this First Supplementary Target's Statement. **In the meantime, all references to the Independent Expert's Report in the Target's Statement should now be read as the updated Independent Expert's Report attached to this First Supplementary Target's Statement.**

SECTION 1 DIRECTORS' RECOMMENDATIONS AND INTENTIONS

¹ See the fourth last paragraph of the Independent Director's Letter, and section 1.3 (d) of the Target's Statement.

1.3 Reasons to accept the Offer

Section 1.3(d) of the Target's Statement, notes that:

- (a) AstiVita's majority shareholder has advised that it intends to accept the Offer; and
- (b) according to the Bidder's Statement, Shareholders who collectively hold approximately 86% of the issued shares of AstiVita intend to accept the Offer (in the absence of a Superior Offer).

According to section 3.9 of the Bidder's Statement and Tamawood ASX announcements,² these Shareholders and their respective shareholdings are those set out in the below table:

Item	Shareholder	Number of Ordinary Shares held	Percentage (%) held of issued ordinary capital of AstiVita	Relevant interest in Bidder	Percentage (%) held of issued ordinary capital of Tamawood
1.	Rainrose Pty Ltd	7,997,654	32.62	holding 6,727,331 issued shares ³	22.59
2.	Sunstar Australia Pty Ltd	2,186,892	8.91	holding 265,930 issued shares ⁴	0.89
3.	Ankla Pty Ltd	6,591,549	26.88	holding 7,662,653 issue shares ⁵	25.73
4.	Mrs Mollika Winothai Mizikovsky as trustee for the Winothai Family (Mollika)	60,313	0.25	holding 17,813 issued shares ⁶	0.06
5.	Mr Lev Mizikovsky and Mrs Mollika Winothai Mizikovsky	41,667	0.17	holding 6,469 issued shares ⁷	0.02
6.	Odalreach Pty Ltd	3,333,334	13.59	N/A	N/A
7.	Joseph Mizikovsky –	988,725	4.03	N/A	N/A
8.	Stoddart Building Products Pty Ltd	220,394	0.90	557,644 ⁸	1.91

Table 1

Of these eight (8) Shareholders, the Independent Director believes that the first five (5) are entities related to Mr Lev Mizikovsky, being one of the directors of Tamawood (as well as being an AstiVita Director).

Mr Mizikovsky has advised the Independent Director that his associated entities intend to accept the Offer in respect of the AstiVita Shares they hold. The stated intention in respect of Mr Lev Mizikovski's associated entities not subject to a Superior Offer.

² See Tamawood ASX announcements dated 14 March 2022 and 30 June 2021.

³ Tamawood ASX Announcement – Change of Director's Interest Notice dated 14 March 2022.

⁴ Tamawood ASX Announcement – Change of Director's Interest Notice dated 14 March 2022.

⁵ Tamawood ASX Announcement – Change of Director's Interest Notice dated 14 March 2022.

⁶ Tamawood ASX Announcement – Change of Director's Interest Notice dated 14 March 2022.

⁷ Tamawood ASX Announcement – Change of Director's Interest Notice dated 14 March 2022.

⁸ Tamawood ASX Announcement - annual report to shareholders issued on 30 June 2021, page 61.

SECTION 2 – KEY INFORMATION

Section 2.5 What do the directors intend to do with their AstiVita Shares?

Section 2.5 of the Target's Statement notes that each of the AstiVita Directors (being Messrs Mizikovsky, Acton and Dudurovic) intends to accept the Offer. However as noted in section 1.2 of the Target's Statement, Mr Mizikovsky is also the director of Tamawood, while Mr Acton is the Chief Financial Officer and Company Secretary of Tamawood. Section 1.2 further notes that accordingly each of Mr Mizikovsky and Mr Acton owes duties to Tamawood (Mr Mizikovsky as a Tamawood director, and Mr Acton as one of Tamawood's company secretaries, and as another officer of Tamawood).

Notwithstanding those conflicts, the Independent Director believes that it is relevant to Shareholders' decision whether or not to accept the Offer, that they are aware of the intention of *all* of the Board members who are also Shareholders, regardless of whether or not they are conflicted as directors.

SECTION 4 INFORMATION ABOUT THE OFFER AND OTHER IMPORTANT ISSUES

4.2 – Bidder's voting power in AstiVita

As noted in Section 4.2 of the Target's Statement, the Bidder does not hold a relevant interest in any AstiVita Shares. However, according to the Bidder's Statement, the Bidder has received confirmation from AstiVita Shareholders holding approximately 86% of the AstiVita Shares that they intend to accept the Offer. AstiVita notes that some of these Shareholders also have a relevant interest in Tamawood. In particular:

- (a) Rainrose Pty Ltd, an entity controlled by Mr Mizikovsky, is the registered holder of 7,997,654 AstiVita Shares (being 32.62% of the outstanding issued share capital of AstiVita), and is also the registered holder of 6,727,331 issued Tamawood Shares (being 22.59 % of the outstanding issued share capital of Tamawood);
- (b) Ankla Pty Ltd, another entity controlled by Mr Mizikovsky, is the registered holder of 6,591,549 AstiVita Shares (being 26.88% of the outstanding issued share capital of AstiVita), and is also the registered holder of 7,662,653 issued Tamawood Shares (being 25.73% of the outstanding issued share capital of Tamawood);
- (c) Sunstar Australia Pty Ltd, another entity controlled by Mr Mizikovsky, is the registered holder of 2,186,892 AstiVita Shares (being 8.8% of the outstanding issued share capital of AstiVita), and is also the registered holder of 265,930 issued Tamawood Shares (being 0.89% of the outstanding issued share capital of Tamawood);
- (d) Mollika Winothai Mizikovsky <Winothai Family A/C>, another entity controlled by Mr Mizikovsky, is the registered holder of 60,313 AstiVita Shares (being 0.25% of the outstanding issued share capital of AstiVita), and is also the registered holder of 17,813 issued Tamawood Shares (being 0.06% of the outstanding issued share capital of Tamawood);
- (e) Mr Lev Mizikovsky and Mrs Mollika Winothai Mizikovsky, are the registered holders of 41,667 AstiVita Shares (being 0.17% of the outstanding issued share capital of AstiVita), and are also the registered holders of 6,469 issued Tamawood Shares (being 0.02% of the outstanding issued share capital of Tamawood); and
- (f) Stoddart Building Products Pty Ltd is the registered holder of 220,394 AstiVita Shares (being 0.90% of the outstanding issued share capital of AstiVita), and is also the registered holder of 557,644 issued Tamawood Shares (being 1.91% of the outstanding issued share capital of Tamawood).

As noted in Sections 4.2, 4.3 and 4.4 of the Target's Statement, AstiVita Shareholders holding approximately 87.36% of AstiVita Shares have indicated their intention to accept the Offer.⁹ Apart from the intentions of Mr Mizikovsky in respect of the AstiVita Shares held by his associated entities, as advised to the Independent Director, AstiVita has no information in relation to any other commitments. Such a high level of anticipated acceptance may dissuade third parties from approaching AstiVita with alternative proposals.

⁹ This information has been extracted from section 2.6 of the Bidder's Statement.

4.8 How to accept the offer

The following information is based upon Section 4 of the Bidder's Statement:

- (a) AstiVita Shareholders may only accept the Offer in respect of all (and not a lesser number) of your Shares. For example, if you have 10,000 AstiVita Shares and you wish to accept the Offer, you may only accept this Offer in respect of 10,000 AstiVita Shares.
- (b) You may accept this Offer at any time during the Offer Period.
- (c) To accept this Offer for AstiVita Shares held in your name, you must:
 - (i) complete and sign the Acceptance Form accompanying the Bidder's Statement (**Acceptance Form**) in accordance with the terms of the Offer and the instructions on the Acceptance Form; and
 - (ii) ensure that the Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.
- (d) Acceptance Form and Other Documents
 - (i) The Acceptance Form forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer.
 - (ii) For your acceptance of the Offer to be valid, you must ensure that your Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) are posted or delivered by email in sufficient time for it to be received by Tamawood at the address shown on the Acceptance Form before the end of the Offer Period.
 - (iii) The postage and transmission of the Acceptance Form and other documents is at your own risk.
 - (iv) When accepting the Offer, you must also forward for inspection:
 - A. if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
 - B. if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased AstiVita Shareholder, the relevant grant of probate or letters of administration.

SECTION 5 ABOUT ASTIVITA

Section 5.1 Background information on AstiVita

Section 5.1 of the Target's Statement provides that the 52-week trading range of AstiVita has been \$0.57 - \$1.00. AstiVita notes that this trading range refers to the trading period between (and including) 6 April 2021 and (including) 6 April 2022.

Section 5.3 Substantial shareholders and capital structure of AstiVita

As at the date of the First Supplementary Target's Statement, AstiVita had 24,519,143 shares on issue. The top 10 shareholders and their total issued ordinary shares of AstiVita as of the date of this document are summarised below:

Item	Shareholder	Number of Ordinary Shares held	Percentage (%) Held of Issued Ordinary Capital
1.	Rainrose Pty Ltd	7,997,654	32.62

2.	Ankla Pty Ltd	6,591,549	26.88
3.	Odalreach Pty Ltd	3,333,334	13.59
4.	Sunstar Australia Pty Ltd	2,186,892	8.92
5.	Mr Joseph Kevin Mizikovsky	913,715	3.73
6.	Mr Rade Dudurovic & Mrs Jacqueline Jeanette Dudurovic <R&J Superannuation Fund A/C>	306,667	1.25
7.	Stoddart Building Products Pty Ltd	220,394	0.90
8.	Rollee Pty Ltd	174,060	0.71
9.	K R Khatri (Dental) Pty Ltd <R K & K R Khatri S/F A/C>	166,667	0.68
10.	The L and R Super Fund Pty Ltd <The L&R Super Fund A/C>	154,254	0.63

Table 2

SECTION 6 ABOUT TAMAWOOD

6.2A Capital structure of Tamawood after successful completion of the Offer

If Tamawood was to successfully acquire 100% of the outstanding issued capital of AstiVita (and accordingly issue all of the Consideration Shares), then:

- (a) the enlarged share capital of Tamawood immediately following completion of the transaction; and
- (b) the percentage of the enlarged share capital of Tamawood held by the current AstiVita Shareholders, in aggregate,

would be as indicated in the following table:

	Tamawood Shares
Current	29,776,789
Consideration Shares	4,903,829
Total after Offer	34,680,618
% held by AstiVita Shareholders in the New Tamawood Group	14.14%

Table 3

SECTION 7 – INTERESTS OF DIRECTORS

7.1 Interests of Directors in AstiVita securities

As noted in Section 7.1 of the Target's Statement, all three Directors hold AstiVita Shares. Their respective shareholdings are in the below table:

Item	Directors	Number of Ordinary Shares held	Percentage (%) held of issued ordinary capital
1.	Lev Mizikovsky and entities associated with him	16,878,075	68.84
2.	Geoff Acton and entities associated with him	145,157	0.59
3.	Rade Dudurovic and entities associated with him	413,667	1.69

Table 4

SECTION 7A – GENERAL AND SPECIFIC RISKS

7A.1 Overview

There are various risks to AstiVita Shareholders no matter whether the Offer proceeds and completes or not.

If the Offer does not proceed, AstiVita Shareholders will continue holding the shares of AstiVita and they will be subject to various risks that have been impacting AstiVita and its future performance.

If the Offer does proceed and becomes unconditional, AstiVita Shareholders who accept the Offer will become Tamawood Shareholders. In those circumstances, AstiVita Shareholder will:

- (a) continue to be exposed to the risks associated to the investment in AstiVita as a result of their indirect interest in AstiVita through Tamawood;
- (b) be exposed to the risks which are specific to an investment in Tamawood; and
- (c) be exposed to additional risks relating to the Offer and the New Tamawood Group.

AstiVita Shareholders should read this Section carefully and consult their professional advisers before deciding whether to accept the Offer. This Section has been prepared without taking into account the individual financial objectives, financial situation and particular needs of AstiVita Shareholders.

7A.2 Risks if the Offer does not complete

(a) AstiVita profitability

In section 6.8 of the Independent Expert Report, the Independent Expert has prepared a profit and loss statement for AstiVita for the half year ending 31 December 2021 (the **Special Purpose Profit and Loss**), adjusted to remove the impact of VeganicSKN Ltd (**Veganic**)¹⁰.

As is clear from the Special Purpose Profit and Loss, AstiVita is currently profitable. However, as noted in the Independent Director's Letter and section 1.3(g) of the Target's Statement (and in various sections of the Independent Expert's Report), after accounting for the Veganic Demerger, 90% of AstiVita's revenue comes from sales to Tamawood. AstiVita is operating in a highly competitive industry dominated by well-established players who benefit from significant economies of scale from which AstiVita does not currently benefit. To quote the Independent Expert, "AstiVita is currently a marginally profitable business".

Accordingly, at present AstiVita's profitability depends entirely upon it maintaining its trading relationship with Tamawood. Should the Offer not complete, there is no guarantee that Tamawood will continue to purchase products from AstiVita at the same level of demand. Indeed this possibility is recognised by Tamawood itself in section 2.1 of the Bidder's Statement. Tamawood might for example reduce its demand for AstiVita's products in order to obtain lower prices from AstiVita's competitors, or even source

¹⁰ Veganic was the wholly-owned subsidiary of AstiVita, but at the 2021 Annual General Meeting, Shareholders resolved that control of Veganic would be disposed of by AstiVita through the issue of so many shares to eligible Shareholders such that AstiVita's interest was diluted to 0.0004% (**Veganic Demerger**).

those products directly from AstiVita's suppliers. This would have a material impact on AstiVita's profitability.

(b) Future access to capital

At its current level of profitability, AstiVita may have difficulties in accessing sources of capital necessary to expand its businesses. As noted elsewhere, AstiVita's competitors have the advantage of economies of scale while AstiVita operates a marginally profitable business. Accordingly, AstiVita is unlikely to be able to service significant amounts of debt, and it may not be able to attract significant amounts of further equity. Without access to such additional capital, AstiVita is unlikely to be able to establish sufficient economies of scale to be able to successfully compete with its competitors. Successful completion of the Offer would presumably mitigate this capital risk to some degree.

7A.3 Risks relating to the Offer if it proceeds

The business activities of Tamawood and the New Tamawood Group are subject to various risks that may impact on the future performance of Tamawood and the New Tamawood Group. The principal risk factors are explained below. These risks are not intended to be an exhaustive list of the risk factors to which Tamawood and the New Tamawood Group are exposed. By accepting the Offer, AstiVita Shareholders will be investing in Tamawood.

(a) Transaction completion risk

Tamawood seeks to acquire 100% of the issued capital of AstiVita by way of the Offer. The Offer is subject to conditions.¹¹ If any of the conditions are not satisfied or waived (except in relation to the Minimum Acceptance Condition which cannot be waived without the consent of AstiVita), or any of the counterparties do not comply with their obligations, completion of the Offer may be deferred or not occur.

(b) Transaction due diligence risk

Tamawood and its advisers have performed certain pre-acquisition due diligence on AstiVita. There is a risk that the due diligence conducted has not identified issues that would have been material to the decision by Tamawood to acquire AstiVita. A material adverse issue which was not identified prior to Tamawood's acquisition of AstiVita could have an adverse impact on the financial performance or operations of the relevant businesses and may have a material adverse effect on Tamawood.

(c) Issue of Tamawood Shares as considerations

AstiVita Shareholders are being offered specific quantities of Tamawood Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of Tamawood Shares at any given time.

In particular, Tamawood's operating results, economic and financial prospects and other factors will affect the trading price of the Tamawood Shares. In addition, the price of Tamawood Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general or Australian home builder stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Tamawood Shares.

Accordingly, the market value of the Tamawood Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer.

(d) Rollover relief

If Tamawood does not acquire a Relevant Interest in at least 80% of AstiVita Shares, scrip-for-scrip CGT rollover relief will not be available to AstiVita Shareholders.

¹¹ See Section 9 of Annexure A, Bidder's Statement.

(e) Sale of Tamawood Shares

Under the Offer, Tamawood will issue a significant number of new Tamawood Shares. Some holders of Tamawood Shares may not intend to continue to hold their Tamawood Shares and may wish to sell them. There is a risk that an increase in the number of people wanting to sell Tamawood Shares may adversely impact on the price of and demand for Tamawood Shares.

There can be no assurance that there will be, or continue to be, an active market for Tamawood Shares or that the price of Tamawood Shares will increase. As a result, AstiVita Shareholders may, upon selling their Tamawood Shares, receive a market price for their securities that is less than the price at the date of the Bidder's Statement.

(f) Acquisition of less than 90% of AstiVita Shares

It is possible that Tamawood could acquire a Relevant Interest of less than 90% of AstiVita Shares on issue under the Offer. The existence of a minority interest in AstiVita may have an impact on the operations of the New Tamawood Group, although the degree of this impact will depend upon the ultimate level of AstiVita ownership acquired by Tamawood.

7A.4 Risks relating to the New Tamawood Group after completion

This Section 7A.4 sets out risks that are specific to Tamawood, AstiVita and the New Tamawood Group.

(a) Risks in respect of Tamawood's current operations

(i) Supply chain risk

Tamawood and AstiVita each have a number of contractual arrangements with key suppliers and sub-contractors. Should any of these key suppliers or sub-contractors become unable to deliver the required product or service, this may impact Tamawood's ability to deliver products on time or on budget which may lead to a decline in profitability.

(ii) Loss of key management personnel

Tamawood's success largely depends upon key management personnel for the management of Tamawood as well as upon other management and technical personnel for the daily operation of Tamawood. Consequently, there is a possibility that Tamawood will be adversely affected if one or more of the key management personnel cease their employment.¹²

(iii) Tax rules

Tax law is complex and is subject to regular change. Changes in tax law, including various proposed but as yet not enacted changes in tax law may adversely impact Tamawood's future financial performance and position.

Resulting changes in tax arrangements may adversely impact Tamawood's future financial performance and position. In addition, future changes to other laws and regulations or accounting standards, which apply to Tamawood from time to time, could materially adversely affect Tamawood's future financial performance and position.

(iv) Competition risk

Tamawood is susceptible to competition for the provision of homes in the markets in which operates. Although Tamawood will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may positively or negatively affect the operating and financial performance of Tamawood's business.

(v) Economic Risks

¹² Bidder's Statement, section 8.3(a)(ii).

General economic conditions, movements in building material prices, interest and inflation rates may have an adverse effect on Tamawood's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of Tamawood's securities regardless of Tamawood's operating performance. Share market conditions are affected by many factors such as:

- A. general economic outlook;
- B. interest rates and inflation rates;
- C. currency fluctuations;
- D. the demand for, and supply of, capital; and
- E. war and other hostilities.

(vi) Force Majeure

Tamawood, now or in the future may be adversely affected by risks outside the control of Tamawood including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Tamawood will seek to mitigate these risks to the extent possible. However, Tamawood's ability to mitigate such risks may be limited to occurrences outside their control.

(vii) Additional Requirements for Capital

The capital requirements of the New Tamawood Group depend on numerous factors. Depending on the ability of the New Tamawood Group to generate income from its operations, the New Tamawood Group may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the New Tamawood Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

Section 8 – Correcting the Target's Statement

AstiVita notes that some of the statements in the Target's Statement should be corrected. The statements in the Target's Statement and the relevant corrections are summarised in the below table:

Item	Reference in the Target's Statement	Statement	Correction
1.	Percentage of AstiVita Shareholders who have indicated their intention to accept the Offer: <ul style="list-style-type: none"> • Page 5, Key Point 5 • Page 7, Independent Director's Letter • Section 1.3(d) • Section 4.2 • Section 4.3 • Section 4.4 	86%	87.36%
2.	Section 2.5 – percentage of issued ordinary capital of AstiVita held by Mr Mizikovsky and entities associated with him	67.94%	68.84%
3.	Section 6.2 - Tamawood issued securities	28,826,782	29,776,789 ¹³

¹³ Section 5.4 of the Bidder's Statement.

4.	Section 8.2 – AstiVita issued securities	24,841,974	24,519,143
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Table 5

Section 9 – Consents

The Directors have given and have not, before the date of this First Supplementary Target's Statement withdrawn its consent to the inclusion of the following information in this First Supplementary Target's Statement in the form and context in which it is included.

Section 10 – Additional information

As permitted by ASIC Class Order [CO 13/523], this First Supplementary Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published 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.

Section 10 – Interpretation

Words defined in the Target's Statement have the same meaning in this First Supplementary Target's Statement, unless the context requires otherwise. The definitions and interpretation set out in Section 9.1 of the Target's Statement also apply to this document, unless the context requires otherwise.

Section 11 – Authorisation

This First Supplementary Target's Statement is dated 28 April 2022 (being the date on which this First Supplementary Target's Statement was lodged with ASIC) and has been approved by a resolution passed by the Independent Director on 28 April 2022.

Signed for and on behalf of AstiVita Limited:

Rade Dudurovic

Rade Dudurovic

Independent Director

AstiVita Limited



AstiVita Limited
Independent Expert's Report
28 April 2022

Financial Services Guide

About us

Advisory Partner Connect Pty Ltd (“**Advisory Partner**”) a Corporate Authorised Representative of AP Lloyds Pty Ltd ACN 643 090 359 Australian Financial Services Licence (“**AFSL**”) 526061 has been engaged by AstiVita Limited (ASX:AIR) (“**AstiVita**”) or (“**the Company**”) to provide financial product advice in the form of an independent expert report (“**the Report**”) to express our opinion whether the offer to purchase AstiVita by Tamawood Limited (ASX:TWD) (“**TWD**”) on a scrip for scrip basis, 5 AstiVita for 1 TWD share is fair and reasonable (“**Offer**”). Our Report sets out our opinion as to the Fair Market Value of the shares in AstiVita. The Corporations Act 2001 (Cth) requires us to provide this Financial Services Guide (“**FSG**”) in connection with the attached Report prepared for AstiVita. You are not the party who engaged us to prepare this Report and we are not acting for any person other than AstiVita. This FSG provides important information designed to assist Shareholders in forming their views of the Offer and in understanding any general financial advice provided by Advisory Partner in this Report. Our Report is not intended to comprise personal retail financial product advice to retail investors or market-related advice to retail investors. This FSG contains information about our engagement by the directors of AstiVita to prepare this Report in connection with the Offer, the financial services we are authorised to provide, the remuneration we (and any other relevant parties) may receive in connection with the Engagement, and details of our internal and external dispute resolution systems and how these may be accessed.

Financial services we are authorised to provide

Advisory Partner, the holder of Australian Financial Services Licence number 526061, is responsible to you for the services provided under this FSG. Our Australian Financial Services Licence authorises us to provide the following services to both retail and wholesale clients, financial product advice in relation to securities, fixed income and derivatives.

General financial product advice

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. Where the advice relates to the application for or acquisition of a financial product, you should also obtain and read carefully the relevant offer document or explanatory memorandum provided by the issuer or seller of the financial product before making a decision regarding the application for or acquisition of the financial product.

Remuneration, commissions and other benefits

Advisory Partner charges fees for its services and will receive a fee of \$20,000 - \$22,000 (excluding GST) for its work on this Report. These fees have been agreed on, and will be paid solely by AstiVita, which has engaged our services for the purpose of providing this Report. Advisory Partner may seek reimbursement of any out of pocket expenses incurred in providing these services. Our advisers are directors and employees of Advisory Partner who are paid salaries and dividends by Advisory Partner and may also receive bonuses and other benefits from Advisory Partner. Our advisers may alternatively be paid by means of commission determined by a percentage of revenue written by the adviser.

Associations and relationships

Other than as set out in this FSG or this Report, Advisory Partner has no association or relationship with any person who might reasonably be expected to be capable of influencing them in providing advice under the Engagement. Advisory Partner, its officers and employees and other related parties have not and will not receive, whether directly or indirectly, any commission, fees, or benefits, except for the fees to be paid to Advisory Partner for services rendered in producing this Report. Advisory Partner, its directors and employees do not have an interest in securities, directly or indirectly, which are the subject of this Report. Advisory Partner may perform paid services in the ordinary course of business for entities, which are the subject of this Report.

Risks associated with our advice

This Advisory Partner advice is provided in connection with the attached Report relating to the Offer. The Report comprises general product advice and does not comprise personal retail financial product advice to retail investors or market-related advice to retail investors. The Report is an expression of Advisory Partner’s opinion as to whether the Offer is fair and reasonable. However, Advisory Partner’s opinion should not be construed as a recommendation as to whether or not to approve the Proposed Transaction. Approval or rejection of the Offer is a matter for individual Shareholders based on their own circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. Shareholders who are in any doubt as to the action they should take in relation to the Offer should consult their own independent professional advisers. Further information on the risks, assumptions and qualifications associated with the advice is contained within the Report.

Compensation arrangements

The law requires Advisory Partner to have arrangements in place to compensate certain persons for loss or damage they suffer from certain breaches of the Corporations Act by Advisory Partner or its representatives. Advisory Partner has internal compensation arrangements as well as professional indemnity insurance that satisfy these requirements.

Complaints

As an Australian Financial Services Licence holder, we are required to have an internal complaints-handling mechanism. All complaints can be addressed to us at Level 3, 349 Coronation Drive, Milton QLD 4064. You may contact us on T +61 7 3106 3399 or F +61 7 3054 0438, E: admin@advisorypartner.com.au. If we are not able to resolve your complaint to your satisfaction within 30 days of first lodging it with us, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA). You will not be charged for using the AFCA service. To contact the AFCA: Tel: 1800 931 678 or make a complaint at <https://www.afca.org.au/make-a-complaint>.

Privacy & use of information

We do not collect personal information on individual clients and are bound by the Advisory Partner Privacy Policy in the way that it governs personal information collected on clients. If you have any questions on privacy please see our privacy policy on our website.

28 April 2022

The Directors
AstiVita Limited
243 Milton Road
Milton QLD 4064

Dear Sirs

INDEPENDENT EXPERT’S REPORT – PURCHASE OF ASTIVITA LIMITED BY TAMAWOOD LIMITED

Introduction

On 16 March 2022, AstiVita Limited (“**AstiVita** or the **Company**”) entered into a Bid Implementation Agreement with Tamawood Limited (“**TWD**” or “**Tamawood**”) under which TWD will make an agreed off-market takeover bid for all the issues and outstanding shares in AstiVita on the basis of the issues of 1 share in Tamawood for every 5 shares in AstiVita (“**the Offer**”). AstiVita will become a wholly owned subsidiary of TWD. AstiVita shareholders will own approximately 15% of TWD, post the transaction. The directors have requested Advisory Partner Connect Pty Ltd (“**Advisory Partner**”) to prepare this report to assist the non-associated shareholders (“**the Shareholders**”) to make a decision on the Offer.

The Offer agreed between AstiVita and TWD has the following elements:

- AstiVita shareholders will be offered the basis of the issues of 1 (one) TWD share for every 5 (five) shares currently held in AstiVita;
- At or before the end of the Offer Period, TWD has a Relevant Interest in 90% of the aggregate of the AstiVita Shares on issue (on a fully diluted basis);
- The Offer being subject to (amongst other things) a strictly non-waivable minimum acceptance condition so as to ensure that TWD acquires 100% of AstiVita if the Offer is to proceed; and
- The shareholders TWD will consider matters relating to the Offer in an extraordinary general meeting.

AstiVita has engaged Advisory Partner to provide an independent expert report (the “**Report**” or “**IER**”), which will accompany the Target statement for the Shareholders, to be prepared by Directors of AstiVita.

Summary Opinion

In our opinion, the Offer is fair and reasonable for the Shareholders of AstiVita.

Fairness

In forming our opinion to the fairness of the Offer, we have valued each component of the proposal being the fair market value of an AstiVita share and the fair market value of the TWD consideration.

Table 1: Fair Value

Fair Value	Unit	Low Value	High Value
Fair Market Value of an AIR share on a controlling basis	\$	0.348	0.399
Consolidation ratio (5 AstiVita Shares for 1 TWD share)		5.0	5.0
Fair Market Value of an AstiVita share (Post Consolidation)	\$	1.739	1.994
Fair Value of TWD Share	\$	1.976	2.255
Premium / (Discount)		13.6%	13.1%

Source: AP Analysis

Advisory Partner assessed the fair market value of 5 AstiVita shares, on a control basis, is between \$1.739 and \$1.994 per share. By comparison, the assessed value of the consideration provided for under the Offer is between \$1.976 and \$2.255 per share. As demonstrated above, the value of the consideration being offered is higher than the value of an AstiVita share and as a result, the Offer is considered fair and in the Best Interests of AstiVita Shareholders.

We note that we have valued the AIR shares on a controlling basis, which allows for a 20% control premium, and the Offer represents a premium above the control premium of more than 13%.

Reasonableness

As the Offer is fair, it is also reasonable. To assist the Shareholders in their decision-making process we have summarized the following:

- The likely advantages and disadvantages associated with the Offer; and
- Alternatives, including the position of Shareholders if the Offer does not proceed.

Shareholders of AstiVita should read the full Report, where their matters are explained in more details.

Advantages of Approving the Offer

Set out below is a summary of the key advantages to the Shareholders of accepting the Offer.

- **Key customer risk**
TWD represents more than 90% of the revenue of AstiVita post the demerger of VeganicSKN Limited (“Veganic”). The acceptance of the Offer will remove the key customer risk.
- **Dividends**
AstiVita has not been paying dividends to its shareholders. If TWD retains its current dividend payout schedule moving forward, AstiVita shareholders will be paid dividends after the merger is complete.
- **Liquidity of AstiVita’s Shares**
AstiVita shareholders currently face illiquidity in the trading of their shares. On a typical trading day, AstiVita shares are thinly traded and have a wide bid-ask spread increasing price. As a result it is difficult to sell shares in AstiVita. Whilst TWD shareholders also face illiquidity, trading volumes are greater, and the bid-ask spread is typically much narrower.
- **Sub-Optimal industry dominated by a handful of well-established players**
AstiVita is currently a marginally profitable business (with the demerger of Veganic, as resolved at the Company’s annual general meeting) operating in a highly competitive industry dominated by well-established players. Unlike AstiVita, the well-established players (Bunnings, Reece, etc.) do benefit from significant economies of scale. Currently, AstiVita is sub-scale in a high-volume low margin business. With ongoing supply chain shortages, AstiVita’s ability to source replacement inventory may be compromised as suppliers will typically favour larger volume customers.

Disadvantages

- **Dilution of interest**
The Offer will result in the dilution of the shareholders 100% interest in AstiVita to 15% of the issued shares in TWD.

Other Considerations

- **Availability of alternative transaction**
AstiVita has signed a binding Bid Implementation Agreement with TWD which is an exclusive agreement and AstiVita will not solicit any other offers, discussions and negotiations during this period. The majority Shareholder has indicated it intends to accept the Offer. Given the fact, that

majority shareholder intends to accept the Offer, an alternative Offer is unlikely to emerge in these circumstances.

Shareholder circumstances

Advisory Partner has not considered the effect of the Offer on the particular circumstances of individual Shareholders. Some individual Shareholders may place a different emphasis on various aspects of Proposed Transaction from that adopted in this Report. Accordingly, individuals may reach different conclusions as to whether or not the Offer is in their individual best interests. The decision of an individual Shareholder in relation to the Offer may be influenced by their particular circumstances (including their taxation position) and accordingly, Shareholders are advised to seek their own independent advice.

Other matters

This Report has been requested by the AstiVita Directors to assist the Shareholders in their decision to accept or reject the Proposed Transaction.

This Report should not be used for any other purpose and Advisory Partner does not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our Report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

Advisory Partner acknowledges that this Report may be lodged by the Directors with the ASX.

Conclusion

Based on the above, we have concluded that the Offer is “fair” having assessed the consideration paid is greater than the value of a Consolidated AstiVita share, and as a result of being fair the transaction is also “reasonable”.

This opinion should be read in conjunction with the full text of this report which sets out our findings.

Yours faithfully



Brett Plant
Director

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Glossary of Terms

Table 2: Glossary of Terms

Term	Meaning
Advisory Partner or we or us or our	Advisory Partner Connect Pty Ltd
ASIC	Australian Securities and Investment Commission
AstiVita	AstiVita Limited
ASX	Australian Securities Exchange
Bid-Ask Spread	A bid-ask spread is the amount by which the ask price exceeds the bid price for an asset in the market.
Control Premium	An allowance made for the premium for control given the strategic benefit that a controlling interest would provide
Corporations Act	Corporations Act 2001
Dilution	Dilution refers to the reduction in the percentage of existing shareholders' ownership in a company when it issues new shares of stock.
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EBITDA Multiple	The ratio Enterprise Value: Earnings Before Interest Tax Depreciation and Amortisation
Engagement	Our engagement by the Directors of AstiVita to prepare this Report in connection with the takeover bid.
Enterprise Value	The total value of the business and is equal to Debt + Equity
FOS	Financial Ombudsman Service
Free Float	The shares of a company that can be publicly traded and are not restricted (ie., held by insiders).
FSG	Financial Services Guide
Future Maintainable Earnings Method	The capitalisation of estimated future maintainable earnings by an appropriate multiple.
FY	Financial Year
HY	Half Year
Liquidity	The ease in which an asset or security can be converted into ready cash without affecting its market price.
Merged Company	The combined company post-transaction where AIR shareholders will own approximately 15% of TWD
Net Debt	Current Portion of Debt + Non-Current Portion of Debt - Cash and Cash Equivalents
NPV	Net Present Value
NRV	Net Realisable Value
Report	This independent expert's report
RG 111	Regulatory Guide 111 - Content of Expert Reports
Script for Script Basis	Rather than a cash offer, TWD have offered AIR Shareholders 1 TWD share for every 5 AIR shares held
Statistical Outlier	An extremely high or extremely low data point relative to the nearest data point and the rest of the neighbouring co-existing values in a dataset.
Surplus Assets	Surplus assets are assets that form part of a business entity or company but do not contribute to the earnings or cash flow generation capacity of that business or company.
Target Statement	Statement of AstiVita under Part 6.5 of the Corporations Act

Source: AP Analysis

1.0 Outline of the Offer

1.1 Introduction and Background

AstiVita entered into a Bid Implementation Agreement with Tamawood Limited under which Tamawood will make an agreed off-market takeover bid for all the issues and outstanding shares in AstiVita on the basis of the issues of 1 share in Tamawood for every 5 shares in AstiVita.

Tamawood is proposing to acquire all of AstiVita’s shares subject to (amongst other things) a strictly non-waivable minimum acceptance condition so as to ensure that Tamawood acquires 100% of AstiVita.

The AstiVita Board proposes to recommend that AstiVita Shareholders accept the Offer in the absence of superior proposal.

Tamawood and AstiVita have agreed to implement the terms and conditions set out in the Bid Implementation Agreement, dated 16th of March 2022.

Tamawood Limited has proposed to AstiVita Shareholders to acquire their shares on a scrip for scrip basis 5 (five) AstiVita shares for 1 (one) TWD share.

1.2 Key steps and Conditions of the Offer

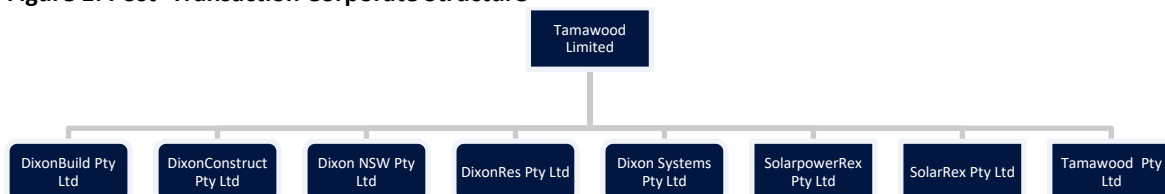
The Offer, subject to AstiVita’s shareholders approval has the following elements:

- AstiVita shareholders will be offered the basis of the issue of 1 (one) TWD share for every 5 (five) shares currently held in AstiVita;
- At or before the end of the Offer Period, TWD has a Relevant Interest in 90% of the aggregate of the AstiVita Shares on issue (on a fully diluted basis);
- The Offer being subject to (amongst other things) a strictly non-waivable acceptance condition so as to ensure that TWD acquires 100% of AstiVita if the Offer is to be accepted; and
- The shareholders of TWD will consider matters relating to the Offer in an extraordinary general meeting.

1.3 Outcome of the Offer

Should the Shareholders of AstiVita approve the Offer, the merged company of AstiVita and TWD will have a main focus in residential construction services in Australia.

Figure 1: Post- Transaction Corporate Structure



Source: TWD Annual Report and Advisory Partner Analysis

Following the Offer, the merged company will have 33,799,313 fully paid ordinary shares on issue. TWD Shareholders will hold 28,826,782 fully paid ordinary shares representing 85% and AstiVita Shareholders will hold 4,972,531 fully paid ordinary shares representing 15%.

Table 3: Post Merger Capital Structure Capital Structure

	Shares (Pre-Transaction)	Conversion Ratio	Shares Post Transaction	Shareholding
TWD	28,826,782	1	28,826,782	85%
AstiVita	24,862,654	5	4,972,531	15%
Total	53,689,436		33,799,313	100%

Source: AP Analysis

The top 10 shareholders and total issued capital post the merger are detailed below.

Table 4: Post Merger Top 10 Shareholders

Shareholder Name	Number of Ordinary Shares Held (TWD)	Percentage Held of Issued Ordinary Capital
RAINROSE PTY LTD	9,135,161	27.03%
ANKLA PTY LTD	7,400,885	21.90%
MUTUAL TRUST PTY LTD	1,680,457	4.97%
NOWCASTLE PTY LTD	1,333,216	3.94%
SUNSTAR AUSTRALIA PTY LTD	756,009	2.24%
ODALREACH PTY LTD	666,667	1.97%
STODDART BUILDING PRODUCTS PTY LTD	601,723	1.78%
RIPELAND PTY LTD	526,779	1.56%
MR ROBERT PATRICK LYNCH + MS SINEAD JOSEPHINE LYNCH <LYNCH FAMILY S/F A/C>	512,500	1.52%
MR TIMOTHY MARK BARTHOLOMAEUS <BART INC FAMILY A/C>	460,000	1.36%
MR ANDREW THOMAS + MRS TANIA THOMAS <AB THOMAS SUPER FUND A/C>	375,225	1.11%
Top 10 Shareholders	23,448,622	69.38%
Other Shareholders	10,350,691	30.62%
Total Issued Shares	33,799,313	100.00%

Source: AstiVita Shareholder Registry as of 31.08.2021 and TWD Shareholder Registry as of 30.06.2021

The top 10 shareholders, being predominantly existing TWD Shareholders, will hold approximately 69.38% of TWD following the Offer whilst the remaining shareholders will hold parcels of 30.62% of the total shares on issue.

2.0 Purpose, Scope and Basis of Assessment

2.1 Legislative requirements

Section 640 of the Corporations Law requires an expert opinion to be provided where the bidder is connected with the target company.

Section 640 provides that if:

- (a) the bidder's voting power in the target is 30% or more; or
- (b) for a bidder who is, or includes, an individual — the bidder is a director of the target; or
- (c) for a bidder who is, or includes, a body corporate — a director of the bidder is a director of target.

A target statement given in accordance with subsection 638 must include, or be accompanied by, a report by an expert that states whether, in the expert's opinion, the takeover offers are fair and reasonable and gives the reasons for forming that opinion.'

2.2 Purpose of the report

Advisory Partner has been appointed by the Directors to prepare this report to satisfy the request for the preparation of an IER as described above. This report is intended to accompany the target statement to be provided by the Directors to the Shareholders entitled to vote on the Offer ("**Target Statement**").

This report accompanies the Target Statement, required to be provided to the Shareholders, and has been prepared to assist the Directors in fulfilling their obligation to provide shareholders with full and proper disclosure to enable them to assess the merit of the Offer.

This report should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

For the purposes of our opinion, the term "fair market value" is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

2.3 Scope

The scope of the procedures we will undertake in forming our opinion on whether the Offer is in the best interests of the Shareholders will be limited to those procedures we believe are required in order to form our opinion. Our procedures, in the preparation of the report, will not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards issued by the Australian Auditing and Assurance Standards Board ("**AUS**") or its predecessors. Accordingly, Advisory Partner does not warrant that its inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose.

In preparing this report, we have relied on information provided by various officers of AstiVita. We have not undertaken any verification of the financial or other information provided by those officers, or other parties, as set out in this report. Advisory Partner believes the information provided to be reliable, complete and not misleading and has no reason to believe that any material facts have been withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming our opinion. Where Advisory Partner has relied on the views and judgement of management the information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

AstiVita has agreed to indemnify Advisory Partner and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided by AstiVita, which is false and misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

Advisory Partner is a Corporate Authorised Representative of AP Lloyds Pty Ltd ACN 643 090 359 Australian Financial Services Licence 526061. As a Corporate Authorised Representative of an Australian Financial Services Licence, we are required to provide a Financial Services Guide in situations where we may be taken as providing financial product advice to retail clients. A copy of Advisory Partner Financial Services Guide is set out in the beginning of this Report.

2.4 Basis of evaluation

In forming our opinion as to whether or not the Offer is fair and reasonable for the Shareholders of AstiVita, we have considered the following.

The Corporations Act does not define the expressions “fair” and “reasonable”. However, guidance is provided by the Regulatory Guides issued by ASIC, which establish certain guidelines in respect of independent expert’s reports required under the Corporations Act or commissioned voluntarily. In particular, Regulatory Guide 111 “Content of Expert Reports” (**RG 111**) has been considered.

RG 111 draws a distinction between “fair” and “reasonable”. An offer is fair if the consideration is equal to or greater than the value of the securities subject to the offer. The comparison must be made assuming 100% ownership of the target company irrespective of the percentage holding of the bidder or its associates in the target company.

RG 111 considers an offer to be “reasonable” if:

- The offer is “fair”; or
- Despite not being “fair”, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher offer.

RG 111 sets out some of the factors that an expert might consider in assessing the reasonableness of an offer including:

- The bidder’s pre-existing voting power in the target company;
- Other significant security holding blocks in the target;
- The liquidity of the market in the target’s securities;
- Taxation losses, cash flow or other benefits arising through achieving 100% ownership of the target;
- Any special value of the target to the bidder;
- The likely market price if the offer is unsuccessful; and
- The value to an alternative bidder and likelihood of an alternative offer being made.

In our opinion, the Offer will be fair if the value is greater than the market value of the securities in AstiVita Group, inclusive of an appropriate premium for control.

In considering whether the Offer is reasonable, other factors that have been considered include:

- Current financial performance and forecast performance;
- The likelihood of an alternative offer and alternative transactions;
- The likely market price of AstiVita Group shares in the absence of the offer; and

- Other advantages and disadvantages for AstiVita’s Shareholders of approving the Proposed Transaction.

We have not considered special value in forming our opinion. Special value is the amount which a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the potential acquirer of potential economies of scale, reduction in competition or other synergies arising from the acquisition of the asset not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchasers.

2.5 Reliance on Information

This Report is based upon financial and other information provided by AstiVita. Advisory Partner has considered and relied upon this information. Advisory Partner believes the information provided to be reliable, complete and not misleading, and has no reason to believe that any material facts have been withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Offer is fair and reasonable.

AstiVita has agreed to indemnify Advisory Partner, and the directors, partners and employees of Advisory Partner and any related entity against any claim arising out of misstatements or omissions in any material supplied by the AstiVita, its subsidiaries, directors or employees, on which Advisory Partner has relied.

Advisory Partner does not warrant that its inquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation. Preparation of this Report does not imply that Advisory Partner has audited in any way the financial accounts or other records of the Company.

It is understood that the accounting information provided to Advisory Partner was prepared in accordance with generally accepted accounting principles and except where noted, prepared in a manner consistent with the method of accounting used by the Company, in previous accounting periods.

An important part of the information base used in forming an opinion of the kind expressed in this report are the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

2.6 Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Accordingly, changes in those conditions may result in any valuation opinions becoming quickly outdated and in need of revision. Advisory Partner reserves the right to revise any valuation, or other opinion, in the light of material information existing at the date of this Report that subsequently becomes known to Advisory Partner.

2.7 Sources of Information

Appendix A to this Report sets out details of information referred to and relied upon by Advisory Partner during the course of preparing this Report and forming our opinion.

2.8 Assumptions

In forming our opinion, the following has been assumed:

- All relevant parties have complied, and will continue to comply, with all applicable laws and regulations and existing contracts and there are no alleged or actual material breaches of the same or disputes (including, but not limited to, legal proceedings), other than as publicly disclosed and that there has been no formal or informal indication that any relevant party wishes to terminate or materially renegotiate any aspect of any existing contract, agreement or material understanding, other than as publicly disclosed;
- That matters relating to title and ownership of assets (both tangible and intangible) are in good standing, and will remain so, and that there are no material legal proceedings, or disputes, other than as publicly disclosed;
- Information in relation to the Offer provided to the Shareholders or any statutory authority by the parties as part of the bidder's statement or the target's statement is complete, accurate and fairly presented in all material respects;
- If the Offer is accepted, it will be implemented in accordance with the Bid Implementation Agreement and its terms; and
- The legal mechanisms to implement the Offer are correct and effective.

3.0 Business Environment

In arriving at our valuation opinion, we have considered the outlook for the Australian economy and the relevant industry affecting both AstiVita's and TWD's operations.

3.1 Economic Analysis

The Australian economy had established solid momentum prior to the Omicron outbreak at the end of 2021. Domestic economic activity bounced back strongly in the December quarter, driven by a surge in household spending as restrictions relating to the Delta outbreak were eased. The spread of the Omicron variant will slow growth in the March quarter but is expected to have a much smaller impact on economic activity than previous waves of COVID-19; activity is forecast to regain momentum in coming quarters. In the central scenario, GDP is forecast to have grown by 5 per cent over 2021, and to grow by around 4¼ per cent over 2022 and 2 per cent over 2023. The unemployment rate is forecast to decline gradually over the forecast period, to 3¾ per cent by the end of 2023.

Inflation picked up in the second half of 2021, by more than expected at the time of the November *Statement*, and the outlook for inflation has been revised higher. Consumer price inflation in the December quarter was 1.3 per cent and 3½ per cent over the year, led by increases in the prices of new dwellings, durable goods and fuel.

Underlying inflation has also picked up in recent quarters and is forecast to increase further to 3¼ per cent in mid-2022, largely reflecting upstream cost pressures amid strong demand in housing construction and the durables goods sector. Further out, the drivers of inflation are anticipated to shift, with a steady pick-up in labour costs in response to strong labour market conditions forecast to sustain inflation in the top half of the 2 to 3 per cent target range.

At its recent meetings, the Reserve Bank Board considered the Australian economy's faster-than expected recovery from the 2021 lockdowns, particularly in the labour market. It also observed that inflation has picked up faster than anticipated and is now expected to remain above the middle of the 2 to 3 per cent target range for the next few years. If realised, the staff forecasts imply that the Bank's policy goals would be achieved sooner than previously envisaged.

3.2 Industry Analysis

AstiVita's and TWD's largest revenue source is derived from residential housing construction, therefore we have decided to analyse the House Construction industry in Australia for the purpose of this Report.

Australia's strong population growth and record-low residential home loan rates have underpinned demand for housing over the past five years. However, the outbreak of COVID-19 caused a slump in new housing commencements during the first half of 2020 as the economy slipped into recession and population growth eased as net immigration stalled. The introduction of the Federal Government's HomeBuilder scheme and record low interest rates supported dwelling commencements, which boosted investment in single-unit housing and home renovation. This is expected to lift industry revenue by 10.0% in 2021-22, to \$72.3 billion. The current upswing in the industry's performance is expected to underpin revenue growth at an annualised 2.3% over the five years through 2021-22.

The COVID-19 pandemic has required industry operators to alter their work practices to contain the virus. This has included limiting the number of workers on construction sites to ensure social distancing and compliance with guidelines for personal protective equipment (PPE) and workplace hygiene. Some builders have encountered disruptions in the supply chain for building materials, equipment and skilled labour due to lockdown restrictions.

The industry's performance is forecast to deteriorate sharply over the next two years, corresponding with the removal of the HomeBuilder stimulus and in response to the softening of underlying demand due to the weaker population growth. Furthermore, the escalation in house and land prices is likely to favour a return of investment in high-density apartment and townhouse developments and weaker demand for single-unit house construction. Despite the gradual recovery of demand for new housing construction from the deep cyclical trough in 2023-24, industry revenue is forecast to decline at an annualised 2.8% over the five years through 2026-27, to \$62.6 billion.



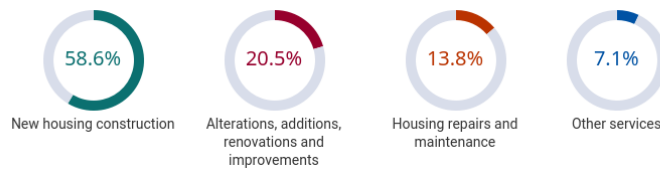
Key Trends in the Industry

- The HomeBuilder subsidy has positively influenced the industry's short-term performance;
- Historically low home loan interest rates have supported demand for housing;
- Industry profit margins have widened over the past five years on the back of the current surge in home building;
- The removal of the HomeBuilder stimulus is expected to significantly dampen the short-term performance;
- Modest underlying demand for new housing is projected to accompany the overall economic recovery;
- Industry profitability is expected to deteriorate in the face of weaker demand and fierce internal competition; and
- The HomeBuilder scheme and record low interest rates have boosted demand for house construction.

Industry segments and major players

The industry has a low concentration of ownership. The four largest home builders together contribute less than 10% of annual industry revenue. The major players typically operate in multiple locations across several states and many regional markets, although the industry's many small-scale firms that operate in narrow regional markets.

The vast majority of industry enterprises have a workforce of fewer than 20 people with 59.9% of businesses having no permanent employees and consisting mainly of sole proprietors and partners. Over half the industry enterprises generate annual revenue below \$200,000 (52.7%), while just 10.5% of businesses generate more than \$2.0 million.



House Construction
Source: IBISWorld

The annual Housing Industry Association's HIA-Colorbond Steel Housing 100 list includes a survey of housing commencements by major builders. The five largest single unit home builders included Metricon Homes, ABN Group, NXT Building Group (formerly MJH Group), Simonds Group and BGC Housing. The HIA survey shows that the industry's few medium- to large-scale contractors account for a significant share of industry activity. Australia's 100 largest house builders account for about 40% of the national housing market.

Key success factors

- *Membership of an industry organisation:* Industry operators must be members of umbrella organisations to ensure they are eligible for insurance and industry-based accreditation.
- *Access to highly skilled workforce:* Industry players that have access to skilled subcontractors or employees are better positioned to complete projects requiring specialist skills.
- *Having a high prior success rate (including completed prior contracts):* Homebuilders with a proven financial, managerial and technical ability for housing construction are more likely to receive referrals from satisfied clients.
- *Ability to expand and curtail operations rapidly in line with market demand:* Homebuilders that anticipate changes in market conditions and adjust their operations accordingly can benefit from a competitive advantage in the industry.
- *Access to the necessary amount of land/type of property:* Larger players typically develop and promote residential subdivisions. Consequently, these firms require access to suitable land for construction and property development activities.

4.0 TWD Company Profile

4.1 Company overview

TWD was incorporated in July, 1989 and is based in Rocklea, Australia. Tamawood has developed systems to deliver architect designed homes using a replicable, profitable, deliverable and marketable system. The company together with its subsidiaries, divide its operations into the following divisions:

- **Building & Construction**- housing design, project management and contract construction through Dixon Homes; and
- **Renewable Energy** - generating and trading renewable energy certificates covering technologies including solar panels and solar hot water systems.

4.2 Key Personnel

The Directors and officers of TWD are detailed below:

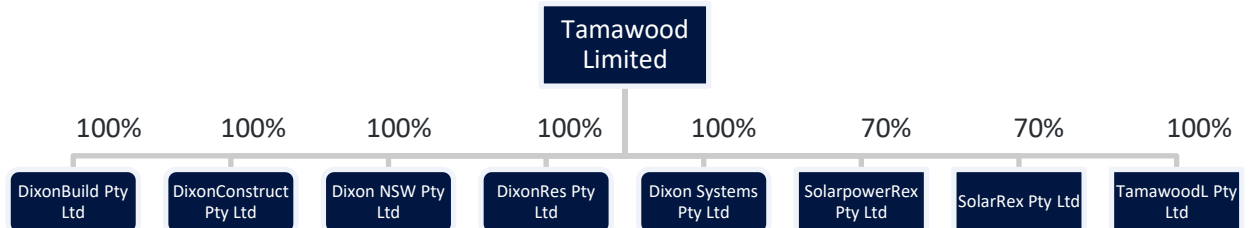
Table 5: Directors and Officers of TWD

Name & Position	Description
Lev Mizikovsky Non – Executive Director	Lev founded Tamawood Limited in July 1989 and served as its Managing Director from April 2003 to February 2010. Mr. Mizikovsky serves as Executive Chairman of AstiVita Limited, Non-Executive Chairman of Advance ZincTek Limited, Executive Chairman at SenterpriSys Limited. Mr. Mizikovsky has been in the building industry for many years.
Robert Lynch Non-Executive Chairman	Rob, LREA, Justice of the Peace, has been the Non-Executive Chairman of Tamawood Limited since November 2011 and has been its Non-Executive Director since July 18, 2008. He served as the President of the Housing Industry Association. Mr. Lynch has many years of housing construction experience and wealth of industry experience.
Geoffrey Acton Joint Company Secretary	Geoff has an in-depth knowledge of the renewable energy sector as head of the successful Renewable Energy Certificate trading business established in 2004. He is a Chartered Accountant and has a long history with Tamawood Limited in various capabilities including Director, Chief Financial Officer, Company Secretary and head of Tamawood Renewable Energy Certificates trading business, which he established in 2004. He is the CEO of Advance ZincTek Limited.
Timothy Bartholomaeus MD & Director	Tim has been the Managing Director and Director of Tamawood Ltd. since May 12, 2014 and served as its served as the Chief Operating Officer of Tamawood Ltd since 2010. He has been with the group since 1996 commencing as a Building Designer, since 2001 he held a number of management positions.
Narelle Lynch Joint Secretary	Narelle has been Joint Company Secretary of SenterpriSys Limited since November 9, 2018. Ms. Lynch has been a Joint Company Secretary of Advance ZincTek Limited since August 9, 2017, Tamawood Limited since May 24, 2013 and AstiVita Limited since May 24, 2013.

4.3 Ownership and Capital Structure

TWD has six 100% owned subsidiaries as detailed below. TWD also owns 70% in SolarpowerRex Pty Ltd and SolarRex Pty Ltd.

Figure 2: TWD’s Corporate Structure



Source: TWD Annual Report

As at the Offer, TWD had 28,826,782 shares on issue. The top 10 shareholders and total issued ordinary shares of TWD as at the Offer are summarised below.

Table 6: Top 10 Shareholders as at the Offer

Shareholder Name	Number of Ordinary Shares Held	Percentage Held of Issued Ordinary Capital
ANKLA PTY LTD	7,400,885	25.67%
RAINROSE PTY LTD	6,217,030	21.57%
MUTUAL TRUST PTY LTD	1,680,457	5.83%
NOWCASTLE PTY LTD	1,333,216	4.62%
STODDART BUILDING PRODUCTS PTY LTD	557,644	1.93%
RIPELAND PTY LTD	526,779	1.83%
MR ROBERT PATRICK LYNCH + MS SINEAD JOSEPHINE LYNCH <LYNCH FAMILY S/F A/C>	512,500	1.78%
MR TIMOTHY MARK BARTHOLOMAEUS <BART INC FAMILY A/C>	460,000	1.60%
MR ANDREW THOMAS + MRS TANIA THOMAS <AB THOMAS SUPER FUND A/C>	375,225	1.30%
SUNSTAR AUSTRALIA PTY LTD	318,631	1.11%
Top 10 Shareholders	19,382,367	67.24%
Other Shareholders	9,444,415	32.76%
Total Issued Shares	28,826,782	100.00%

Source: TWD Annual Report

4.4 Share Price Analysis

We have analysed TWD’s daily share close price and volume traded during the period from 1 March 2021 to 1 March 2022.

Figure 3: TWD Share Price Analysis

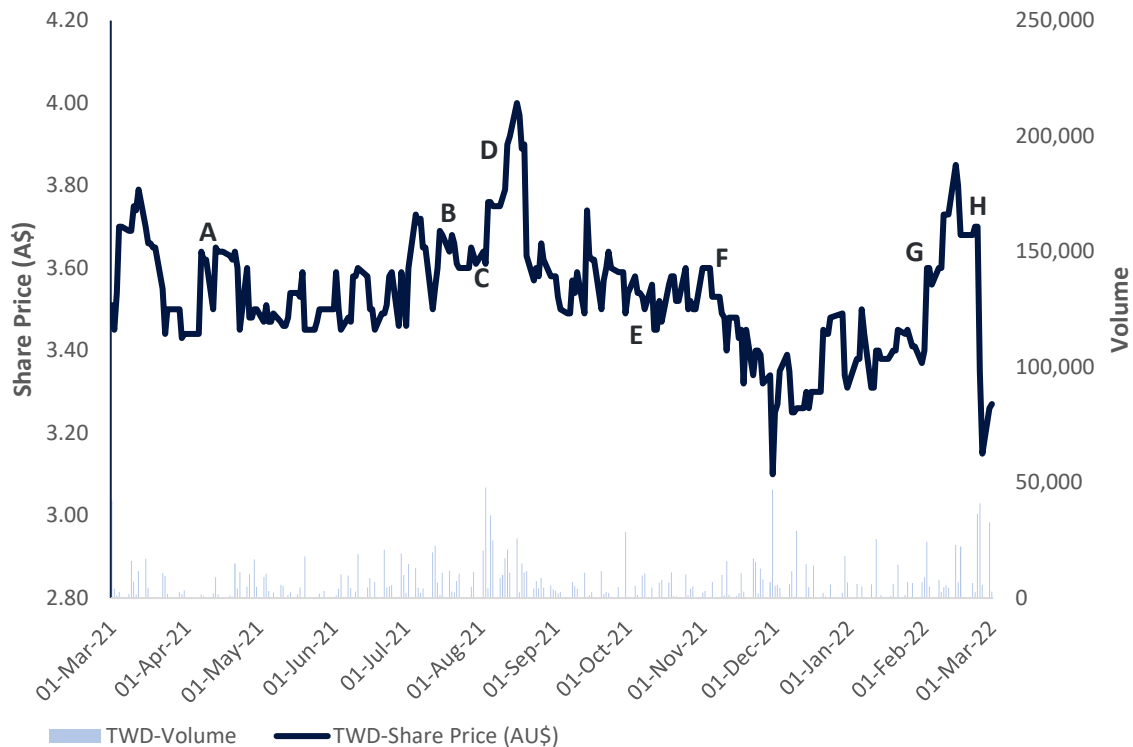


Table 7: TWD’s recent Company Announcements (Past Year)

Date	Chart Reference	Announcement Details
9th April 2021	A	TWD reiterates the company has invested significant resources into mitigating the current foreseeable housing conditions and the total fully franked dividend of 27c remains unchanged.
16th July 2021	B	TWD confirms that based on FY21 Unaudited Management Accounts the preliminary proposed fully franked dividend will be 13c taking the total to 24c for FY21.
2nd August 2021	C	Multiple announcements to the market (Dividend Distribution, Chairman's Letter, Appendix 4E) reporting FY 21's dividend of 24c and financial statements for FY21.
12th August 2021	D	TWD announced the Annual Report to the market.
1st October 2021	E	Notice of Annual General Meeting/Proxy Form.
4th November 2021	F	Chairman's address to shareholders discussing rising costs and FY22 Outlook.
8th February 2022	G	TWD announced the company's half year results and accounts.
16th February 2022	H	TWD announced the resignation of two Non-Executive Directors.

Source: Tamawood ASX Announcements

Table 8 below outlines TWD’s Free Float (Ordinary Shares Outstanding), average daily turnover and average weekly share volume turnover. The past two years of trading data was used to determine a fair average daily and weekly turnover. Based on this, it would take over 763 weeks for 100% of TWD’s stock to trade. Typically, the large sophisticated and founding shareholders of small-cap companies are not traders of their shares.

Table 8: TWD’s Share Trading Turnover

Company	Ticker	Ordinary Shares Outstanding (m)	Free Float (%)	Free Float (Ordinary Shares Outstanding)	Average Daily Turnover	Average Weekly Turnover	Trading Weeks to turnover 100% of Free Float
Tamawood	TWD	28.8	34.21	9.86	7,812	37,776	763

Source: Capital IQ and AP Analysis

Based on this analysis we have concluded that TWD is a thinly traded share and as a result we have not used the share price as our primary valuation method.

4.5 Historical Profit and Loss

We detail below the past 3 years Profit and Loss for TWD and the six months to 31 December 2021.

Table 9: TWD's Historical Profit and Loss

Income Statement (000's)	Actual			
	FY19	FY20	FY21	HY22 - DEC
Revenue				
Sales	102,349	91,451	97,370	52,379
Other income	597	750	738	398
Total Revenue	102,946	92,201	98,108	52,777
Cost of Sales	85,961	72,227	75,529	43,272
Total Cost of Sales	85,961	72,227	75,529	43,272
<i>Gross Profit</i>	<i>16,985</i>	<i>19,974</i>	<i>22,579</i>	<i>9,505</i>
Expenses				
Advertising expenses	718	393	553	287
Contractor/Consulting expenses	778	582	595	290
Employee expenses	7,258	7,076	7,844	4,053
Occupancy expense	877	148	146	92
Bad Debts	0	54	0	0
All other expenses	1,423	3,859	2,787	720
Total Expenses	11,054	12,112	11,925	5,442
EBITDA	5,931	7,862	10,654	4,063
Depreciation and Amortisation Expense	245	1,217	1,223	588
EBIT	5,686	6,645	9,431	3,475
Interest	0	241	209	94
NPBT	5,686	6,404	9,222	3,381
Income Tax Expense	1716	1927	2767	1014
NPAT	3,970	4,477	6,455	2,367

Source: TWD Annual/Half Year Reports

The segmented revenue as detailed in the 30 June 2021 Annual Report is as follows:

Table 10: TWD's Historical Segmented Revenue

Segmented Revenue (000's)	Actual			
	FY19	FY20	FY21	HY22 - DEC
Revenue				
Construction Contract Revenue	95,489	80,711	85,476	51,138
Un-Invoiced completed works adjustment	-4,131	2,719	9,885	200
Renewable energy certificates	10,350	7,343	1,163	484
Franchise Revenue	641	678	846	557
Total Sales	102,349	91,451	97,370	52,379

Source: TWD Annual/Half Year Reports

Construction contract revenue included \$85.5m (2020 \$80.7m) of revenue for residential construction which are accounted for over time using the input method. All other revenue is recognised at a point.

4.6 Historical Balance Sheet

We detail below the historical balance sheet for TWD as at 30 June 2019, 2020 and 2021 and 31 December 2021.

Table 11: TWD's Historical Balance Sheet

Balance Sheet	30-Jun 2019	30-Jun 2020	30-Jun 2021	31-Dec 2021
ASSETS				
Current Assets				
Cash and cash equivalents	4,309	8,163	3,808	4,557
Trade and other receivables	5,375	16,211	25,950	25,630
Inventory	8,834	813	707	998
Prepayments	29	105	397	765
Current tax assets	86	0	1,511	0
Total Current Assets	18,633	25,292	32,373	31,950
Non-Current Assets				
Intangible assets	45	26	9	0
Property, plant and equipment	831	5,289	4,878	4,446
Non-Current Tax Assets	370	434	714	523
Investments	815	815	430	430
Total Non-Current Assets	2,061	6,564	6,031	5,399
Total Assets	20,694	31,856	38,404	37,349
LIABILITIES				
Current Liabilities				
Trade and other payables	5,446	6,499	7,164	6,208
Current tax liabilities	0	14	0	203
Borrowings: Current	0	808	874	757
Provisions: Current	577	612	617	699
Total Current Liabilities	6,023	7,933	8,655	7,867
Non-Current Liabilities				
Deferred tax liabilities	2,413	3,223	6,269	6,285
Provisions: Non-Current	260	293	334	347
Borrowings: Non-Current	0	4,071	3,556	3,309
Total Non-Current Liabilities	2,673	7,587	10,159	9,941
Total Liabilities	8,696	15,520	18,814	17,808
Net Assets	11,998	16,336	19,590	19,541
Equity				
Reserves	-479	-479	-479	-479
Non-Controlling Interest	148	148	148	148
Share capital	7,647	7,647	11,426	12,757
Retained profits/accumulated losses	4,682	9,020	8,495	7,115
Total Equity	11,998	16,336	19,590	19,541

Source: Tamawood Annual/Half Year Reports and AP Analysis

5.0 Valuation of TWD

5.1 Valuation of TWD shares

As we have assessed the shares of TWD to be thinly traded, we don't consider the share price of TWD to be a reliable measure of the value of the company. We have considered other valuation methodologies and consider that Future Maintainable Earnings is the most appropriate value measure of TWD.

5.1.1 Future Maintainable Earnings

Future maintainable earnings ("**FME**") is the assessed level of sustainable profits, in real terms, that can be expected to be derived from the existing operations of the business regardless of short-term economic fluctuations and excludes any one-off profits or losses.

We have selected EBITDA as the appropriate measure of earnings. Earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation/amortisation accounting policies and effective tax rates. This allows a better comparison with earnings multiples of other companies.

Our estimate of the future maintainable earnings of TWD is based on an average of the past 3 Years Normalised EBITDA + Annualised FY22 Results. The half year results have been provided to December of FY21, there have been no announcements to the market with regard to profit forecast.

In arriving at FME and to ensure that it is a reasonable proxy for the underlying earnings power of TWD, we have considered the following:

- the historical operational and financial performance of TWD for the period from 30 June 2019 to 31 December 2021;
- the operational and financial performance of TWD compared to its competitors;
- Enquiry levels are in excess of what is needed to maintain TWD's expected earnings into the foreseeable future;
- Current contract prices are at levels that meet the current rising cost of materials and subcontractors and include provision for further increases;
- adjustment to EBITDA of \$0.185 million for the gain on disposal of equipment;
- an adjustment to EBITDA for a lease concession received;
- risk profile of TWD including specific company strengths, risks, opportunities and threats;
- consideration of the EBITDA for the first half of FY2022 of \$4.06 million;
- The non-material impact to all building sites that have been able to be inspected affected by the recent flooding event;
- The significant shortages of building materials and labour due to the COVID-19 impact, and other global issues resulting in the delay of construction;
- Extraordinarily high volumes of applications for bank loans have caused significantly slow approvals throughout FY21; and
- The anticipated revenue growth that further expansion of TWD's operations into regional markets within Queensland and Northern and regional New South Wales will generate.

5.1.2 Share market trading multiples

We have compiled share market trading multiples for companies comparable to TWD as of 9th March 2022. The historical and forecast earnings multiples of these companies are summarised in the following table.

Table 12: Share Market Trading Multiples

Company Name	Market Data		Valuation (LTM)		
	Ticker	Market Cap (\$M)	EV/Sales	EV/EBITDA	EV/EBIT
ASX Listed - Residential Home Builders					
CSR Limited	CSR	2,689.0	1.25x	9.05x	12.78x
Fleetwood Limited	FWD	179.0	0.40x	7.02x	36.14x
Simonds Group Limited	SIO	44.6	0.07x	2.33x	10.86x
ASX Listed - Construction and Engineering					
Johns Lyng Group Limited	JLG	2,068.4	3.03x	32.78x	40.10x
MAAS Group Holdings Limited	MGH	1,385.0	4.42x	20.39x	30.80x
SHAPE Australia Corporation Limited	SHA	170.6	0.15x	3.97x	4.47x
SRG Global Limited	SRG	245.2	0.41x	4.47x	8.60x
Tamawood Limited	TWD	94.0	0.90x	10.23x	11.74x
Residential Home Builders					
Average			0.57x	6.13x	19.93x
Median			0.40x	7.02x	12.78x
Residential and Construction and Engineering					
Average			1.39x	11.43x	20.54x
Median			0.41x	7.02x	12.78x

Source: Capital IQ Pro

General comments regarding the operations of the above companies, are set out in Appendix 3.

Our assessment of comparable companies has produced a range of earnings multiples which can be reduced to an average or median. In order to ascertain the appropriate multiple range to apply to TWD we have undertaken a limited review of the individual characteristics of the companies we consider most comparable to TWD. The multiple of any particular company will reflect its own unique circumstances and attributes.

We make the following observations with respect to the comparable companies:

- **CSR Limited (ASX: CSR)**, together with its subsidiaries, engages in the manufacture and supply of building products for residential and commercial constructions in Australia and New Zealand. CSR is considerably larger (Market Capitalisation) than TWD and is predominately focused on the supply of building products rather than residential construction;
- **Fleetwood Limited (ASX: FWD)** engages in the design, manufacture, and sale of modular accommodation units in Australia and New Zealand. FWD holds a similar market capitalisation to TWD and is predominantly focused on multi residential developments;
- **Simonds Group Limited (ASX: SIO)**, together with its subsidiaries, provides homebuilder and registered training services across the Australian Eastern Seaboard and South Australia. The company designs and constructs residential dwellings; develops and sells residential land; contracts for residential home construction, speculative home building, and the building of display home inventory; and provides registered training courses, payroll and asset services, and intellectual property services. SIO service offering is very similar to TWD's yet trades at a substantially lower multiple;
- **Johns Lyng Group Limited (ASX: JLG)** provides integrated building services in Australia and internationally. The company operates through four segments: Insurance Building and Restoration Services, Commercial Building Services, Commercial Construction, and Other;

- **MAAS Group Holdings Limited (ASX: MGH)**, together with subsidiaries, provides construction materials, equipment, and services for civil, infrastructure, and mining end markets in Australia and internationally. The company operates through four segments: Civil, Construction, and Hire; Real Estate; Manufacturing; and Construction Materials;
- **SHAPE Australia Corporation Limited (ASX: SHA)**, together with its subsidiaries, engages in the construction, fit-out, and refurbishment of commercial properties in Australia. It provides fit-out and refurbishment services to hospitality, healthcare, education, and retail sectors, as well as for commercial customers and governments;
- **SRG Global Limited (ASX: SRG)** provides engineering-led specialist asset, construction, and mining services. It operates through Construction, Asset Services, and Mining Services segments. The Construction segment supplies integrated products and services to customers involved in the construction of infrastructure, including bridges, dams, office towers, high rise apartments, shopping centres, hotels, car parks, recreational buildings, and hospitals.

Whilst there are some key differences between TWD and the identified companies, the analysis provides an indicative range of multiples that may be regarded relevant for the purpose of valuing TWD. We have placed particular emphasis on the trading multiples of Fleetwood Limited in considering the appropriate multiple.

In reaching our conclusion on the appropriate earnings multiple range to apply to TWD, a key component Advisory Partner has considered is TWD's ability to effectively ensure profitability through stringent margin control.

5.1.3 *Earnings Multiple*

The appropriate earnings multiple is usually assessed by collecting market evidence with respect to the earnings multiples of companies that are comparable. Such multiples are derived from:

- share market prices of comparable listed companies;
- initial offer prices of shares in comparable companies; and
- prices achieved in mergers and acquisitions of comparable companies.

We have determined that the appropriate earnings multiple to be in the range of 6.5 to 7.5 times EBITDA. In selecting this range we have had regard to:

- share market prices of comparable listed companies;
- prices achieved in mergers and acquisitions of comparable companies; and
- company specific factors relating to TWD.

Table 13: Share market trading multiples with the removal of JLG

Company Name	Valuation (LTM)		
	EV/Sales	EV/EBITDA	EV/EBIT
ASX Listed - Residential Home Builders			
CSR Limited	1.25x	9.05x	12.78x
Fleetwood Limited	0.40x	7.02x	36.14x
Simonds Group Limited	0.07x	2.33x	10.86x
ASX Listed - Construction and Engineering			
Johns Lyng Group Limited*	NA	NA	NA
MAAS Group Holdings Limited	4.42x	20.39x	30.80x
SHAPE Australia Corporation Limited	0.15x	3.97x	4.47x
SRG Global Limited	0.41x	4.47x	8.60x
Tamawood Limited	0.90x	10.23x	11.74x
Residential Home Builders			
Average	0.57x	6.13x	19.93x
Median	0.40x	7.02x	12.78x
Residential and Construction and Engineering			
Average	1.12x	7.87x	17.28x
Median	0.40x	5.74x	11.82x

*Removed JLG from Combined Average/Median

Source: Capital IQ Pro

In arriving at the lower EBITDA Multiple of 6.5x, Advisory Partner thought it most appropriate for the Average EV/EBITDA for ASX Listed Residential Home Builders to be used (6.13x EV/EBITDA). Despite this being a relatively small sample size, it constitutes ASX companies that operate in the same industry TWD is involved in.

In arriving at the higher EBITDA multiple of 7.5x, Advisory Partner deemed it most appropriate for the Average EV/EBITDA for both Residential Home Builders and other companies operating in the Construction and Engineering industry to be used (7.87x EV/EBITDA).

This value excludes the EV/EBITDA multiple of Johns Lyng Group Limited (32.78x) as this trading multiple was significantly singlehandedly impacting the average trading multiple of the data set. Advisory Partner deemed Johns Lyng Group Limited to be a statistical outlier and not directly comparable as the company's trading multiple was over 2 standard deviations from the mean. In a normally distributed data set, 95% of values fall within two standard deviations of the mean and result in a 95% confidence level.

5.1.4 Surplus assets

These are assets which, if sold, would not impact on the revenue or profit generating capacity of the entity.

We are of the opinion that there are no surplus assets in Tamawood.

5.1.5 Valuation conclusion

Advisory Partner's value of TWD derived from the capitalisation of future maintainable earnings is summarised as follows:

Table 14: Normalised EBITDA

Normalised EBITDA	FY 2019 Adjusted	FY 2020 Adjusted	FY 2021 Adjusted	HY 2022 Adjusted
NPBT	5,686	6,404	9,222	3,381
Depreciation & Amortisation	245	1,217	1,223	588
Interest Expense	0	241	209	94
EBITDA	5,931	7,862	10,654	4,063
<i>Add/(Less)</i>				
Net Gain on Disposal of Property, plant, equipment and associates	-	-	-185	-
Lease Concession	-	-	-144	-
Normalised EBITDA	5,931	7,862	10,325	4,063

Source: AP Analysis

Based on a review of the adjusted historical Earnings Before Interest Depreciation and Amortization ("EBITDA") of TWD for the past 3 financial years and annualised HY2022 Normalised EBITDA, we consider the most appropriate measure of future maintainable earnings to be based on an average of the last 3 financial years and annualised HY2022 figures for the following reasons:

- The building industry tends to operate in cycles;
- The Industry has benefited from government incentives relating to the COVID Pandemic and those incentives have been wound back; and
- Interest rates are expected to increase over future financial periods.

The basis for this is that they best reflect the current and future earnings capacity of the Company. We have determined the Maintainable EBITDA to be **\$8.061m**.

Table 15: TWD Net Debt Calculation

Net Debt (\$'000's)	
Current Portion of Debt	0
(+) Non-Current Portion of Debt	0
(-) Cash and Cash Equivalents	-4,557
Net Debt	-4,557

Source: Capital IQ Pro

Table 16: TWD Valuation

Tamawood Limited Valuation	LOW (\$000's)	HIGH (\$000's)
Maintainable EBITDA	8,061	8,061
EBITDA Multiple	6.5x	7.5x
Enterprise Value on a Minority Basis	52,397	60,458
<i>Add/(Less):</i>		
Surplus Assets	0	0
(Net Debt)	-4,557	-4,557
Fair Value of Equity on a Minority Basis	56,954	65,015

Source: AP Analysis

Table 17: TWD Valuation per Share

Tamawood Limited Per Share Valuation	LOW Value	HIGH Value
Fair Value of Equity on a Minority Basis (\$000's)	56,954	65,015
Fully Paid Ordinary Shares Outstanding	28,826,782	28,826,782
Equity Value Per Share	\$1.98	\$2.26

Source: AP Analysis

We have assessed the value of TWD based on the FME method to be in the range of approximately \$56.94 million to \$65.01 million equating to range of \$1.98 to \$2.26 per share.

5.1.6 Other Valuation Methods Considered

We considered several valuation methods and concluded that the most appropriate cross check was the multiple of revenue approach.

In table 8, section 4.4, our analysis indicated that TWD is a thinly trade share since it would take 763 trading weeks to turn over 100% of the Free Float Shares Outstanding. As such, utilising the share price as a cross check valuation method is not reliable, nor appropriate.

Utilising the net assets of TWD as of 31st December 2021, (19.541m) would not fully capture the true value, as the company is profitable post the restructure, resulting in goodwill value in the business. As such, net assets is not an appropriate cross check as it would undervalue the business.

We consider that the multiple of revenue valuation method using the enterprise value to revenue multiples of the three comparable companies identified in the primary method were the most suitable method to cross check the valuation.

Below, table 18 highlights TWD's average revenue for the past 4 years after annualising the 2022 FY.

Table 18: TWD Average Revenue

Revenue (000's)	Actual			
	FY19	FY20	FY21	HY22 - DEC
Revenue				
Total Sales	102,349	91,451	97,370	52,379
Annualised 2022	102,349	91,451	97,370	104,758
Average 4 years				98,982

Source: Tamawood Annual/Half Year Reports

We arrived at the revenue multiple average of 0.57x through taking the EV/Sales multiples of the three ASX Listed Residential Home Builders/Suppliers (CSR Limited, Fleetwood Limited, and Simmonds Group Limited). This is the same comparative group as used in determining the lower EV/EBITDA multiple in our primary method of valuation as explained below table 13, section 5.1.3. This sector average has been used for the revenue to enterprise value in the table below.

Table 19: ASX Residential Home Builders EV/Sales Multiples

Revenue Multiple	Valuation (LTM)
	EV/Sales
ASX Listed - Residential Home Builders	
CSR Limited	1.25x
Fleetwood Limited	0.40x
Simmonds Group Limited	0.07x
Tamawood Limited	0.90x
Residential Home Builders	
Average	0.57x
Median	0.40x

Source: Capital IQ Pro

Advisory Partner deemed it most appropriate to limit the analysis to these three companies and exclude the remaining companies in table 12, because these companies were the most similar in nature and operations to TWD. Our research (Capital IQ Pro Comparable Searches, IBIS World Industry Reports and General Research), indicated these three firms were the only ASX listed companies operating directly as a Residential Home Builder or indirectly supplying the Residential Home Building industry.

While this is a relatively small sample size to take an average from, but in our professional opinion deemed it inappropriate to include ASX listed Construction and Engineering companies in calculating our EV/Sales crosscheck multiple and opted for a small group of companies that are most similar to TWD.

Table 20: TWD Valuation

Tamawood Limited Cross Check Valuation	(\$000's)
Revenue Average	98,982
Revenue Multiple	0.57x
Enterprise Value on a Minority Basis	56,420
<i>Add/(Less):</i>	
Surplus Assets	0
(Net Debt)	-4,557
Fair Value of Equity on a Minority Basis	60,977

Source: AP Analysis

Table 21: TWD Valuation Per Share

Tamawood Limited Per Share Valuation	(\$000's)
Fair Value of Equity on a Minority Basis (\$000's)	60,977
Fully Paid Ordinary Shares Outstanding	28,826,782
Equity Value Per Share	\$2.12

Source: AP Analysis

Using the average revenue multiple of 0.57x we have assessed the value of TWD to be \$60.97M or \$2.12 per share, which we consider supports our primary valuation method.

6.0 AstiVita Company Profile

6.1 Company overview

AstiVita imports and distributes household and renewable energy products in Australia. The company offers bathroom products and photovoltaic panels. It also provides kitchen products, appliances, basins, hot water solar and photovoltaic inverters, stainless steel sinks, tapware products, and toilet suites.

As part of the Veganics demerger it no longer offers personal care products, as well as sunscreen and oral hygiene products.

6.2 Key personnel

The Directors and officers of AstiVita are detailed below:

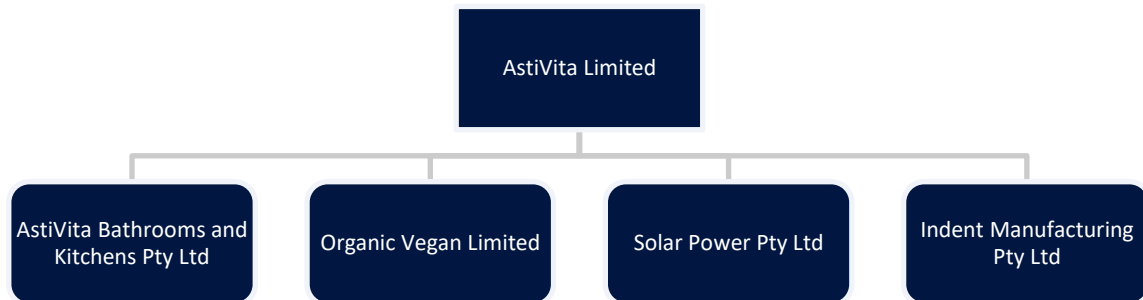
Table 22: Directors and Officers of AstiVita

Name & Position	Description
Lev Mizikovsky Executive Chairman	Lev founded Tamawood Limited in July 1989 and served as its Managing Director from April 2003 to February 2010. Mr. Mizikovsky serves as Executive Chairman of AstiVita Limited, Non-Executive Chairman of Advance ZincTek Limited, Executive Chairman at SenterpriSys Limited. Mr. Mizikovsky has been in the building industry for many years.
Geoffrey Acton Joint Company Secretary and non-executive Director	Geoff has an in-depth knowledge of the renewable energy sector as head of the successful Renewable Energy Certificate trading business established in 2004. He is a Chartered Accountant and has a many year history with Tamawood Limited in various capabilities including Director, Chief Financial Officer, Company Secretary and head of Tamawood Renewable Energy Certificates trading business, which he established in 2004. He is a CEO of Advance ZincTek Limited.
Narelle Lynch Joint Company Secretary	Narelle has been Joint Company Secretary of SenterpriSys Limited since November 9, 2018. Ms. Lynch has been a Joint Company Secretary of Advance ZincTek Limited since August 9, 2017, Tamawood Limited since May 24, 2013 and AstiVita Limited since May 24, 2013.
Joseph Mizikovsky Chief Executive Officer	Joe has been the Chief Executive Officer at AstiVita Limited since May 31, 2019.
Rade Dudurovic Non-Executive Director	Mr. Rade Dudurovic, B.Com. (Hons), L.L.B. (Hons), C.P.A., is Non-Executive Director at AstiVita Limited. Mr. Dudurovic is a Non-Executive Director of SenterpriSys Limited and a Non-Executive Director of Advance ZincTek Limited. Mr. Dudurovic has many years' experience in investment banking and private equity, including senior executive roles with PREMA Capital, Farallon Capital, ANZ Private Equity, PricewaterhouseCoopers Financial Advisory and Peregrine Investments Limited.

6.3 Ownership and Capital Structure

AstiVita has five 100% owned subsidiaries as detailed below.

Figure 4: AstiVita's Corporate Structure



As at 30 August 2021, AstiVita had 24,862,654 shares on issue. The top 10 shareholders and total issued ordinary shares of AstiVita as at 30 August 2021 are summarised below.

Table 23: Top 10 Shareholders as at 30 August 2021

Shareholder Name	Number of Ordinary Shares Held	Percentage Held of Issued Ordinary Capital
ANKLA PTY LTD	7,400,885	25.67%
RAINROSE PTY LTD	6,217,030	21.57%
MUTUAL TRUST PTY LTD	1,680,457	5.83%
NOWCASTLE PTY LTD	1,333,216	4.62%
STODDART BUILDING PRODUCTS PTY LTD	557,644	1.93%
RIPELAND PTY LTD	526,779	1.83%
MR ROBERT PATRICK LYNCH + MS SINEAD JOSEPHINE LYNCH <LYNCH FAMILY S/F A/C>	512,500	1.78%
MR TIMOTHY MARK BARTHOLOMAEUS <BART INC FAMILY A/C>	460,000	1.60%
MR ANDREW THOMAS + MRS TANIA THOMAS <AB THOMAS SUPER FUND A/C>	375,225	1.30%
SUNSTAR AUSTRALIA PTY LTD	318,631	1.11%
Top 10 Shareholders	19,382,367	67.24%
Other Shareholders	9,444,415	32.76%
Total Issued Shares	28,826,782	100.00%

Source: AstiVita Annual Report

6.4 SWOT Analysis

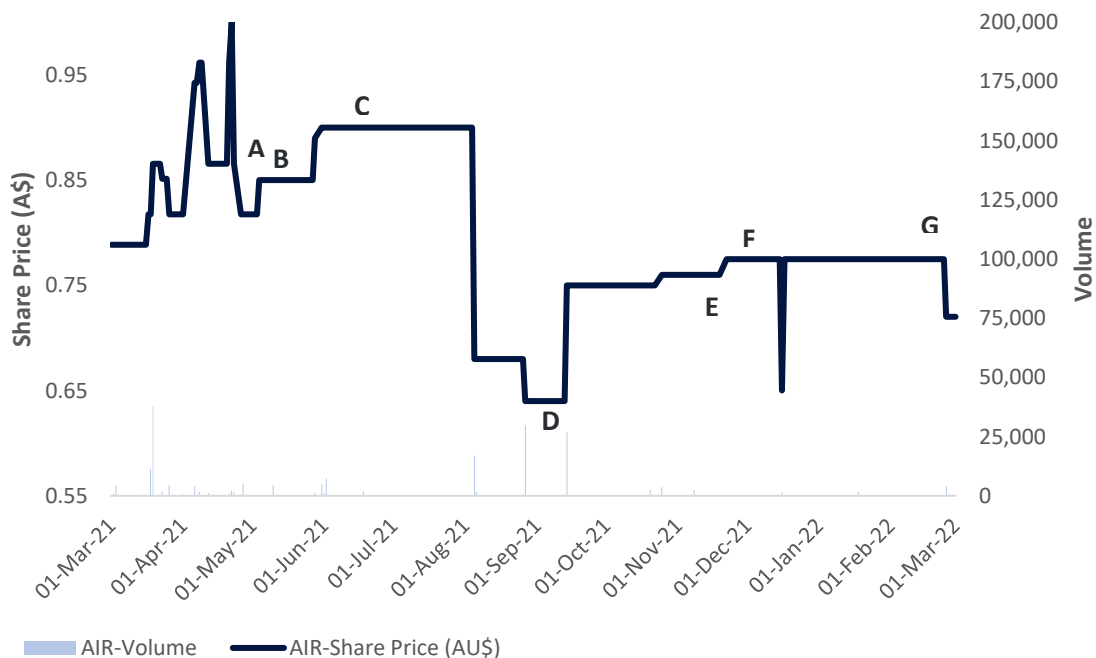
Table 24: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Long established supplier relationships • Availability of stock at a time of supply chain shortages • Long-term customer in TWD • Pronto ERP system which manages all operational and financial aspects of the company • Low overheads – minimal staffing requirements 	<ul style="list-style-type: none"> • Sub-scale in a high-volume low margin business • Reliance on a handful of key staff • Does not have exclusivity with its suppliers • Significant reliance on one key customer (TWD) • No marketing or sales staff so limited to nil ability to grow beyond existing customer-base
Opportunities	Threats
<ul style="list-style-type: none"> • Expand renewables offering to cater for growing demand for “green” building solutions • Identify niche building products to expand current kitchen and bathroom range • TWD sales will increase as supply chain issues are resolved, and this will drive revenue growth for AIR • Vertically integrate with one or more builders to offer a “captive” inhouse sourcing capability 	<ul style="list-style-type: none"> • Continued growth in Bunnings, a competitor with significant economies of scale, in trade sales • Loss of TWD as a major customer • Current suppliers bypass AIR and either deal directly with builders or supply alternative wholesalers <p>If supply shortages continue, AIR’s ability to source replacement inventory may be compromised as suppliers favour larger volume customers (i.e. Bunnings, Reece, etc.)</p>

6.5 Share Price Analysis

We have analysed AstiVita’s daily share close price and volume traded during the period from 1 March 2021 to 1 March 2022.

Figure 5: AstiVita Share Price Analysis



Source: Capital IQ and AP Analysis

Notable events disclosed by AstiVita’s company announcements during the trading period which may have impacted AstiVita’s share price movements and trading volumes are set out as follows:

Table 25: AstiVita’s Recent Company Announcements

Date	Chart Reference	Announcement Details
23rd April 2021	A	AstiVita announced a 1 for 3 non-renounceable entitlement offer of new AIR ordinary shares to raise approximately \$4,564,648 (Before costs).
10th May 2021	B	The AstiVita board proposed that AIR restructures itself by splitting into two separate corporate entities.
8th June 2021	C	AstiVita advised that the recent non-renounceable entitlement offer raised \$4,207,174.
31st August 2021	D	Annual Report to shareholders
4th November 2021	E	Chairman's Address discussing FY21 Milestones and FY22 Goals
5th November 2021	F	The Annual General Meeting was held, and shareholders approved the VeganicSKN Limited demerger.
28th February 2022	G	AstiVita announced the company's half year results and accounts.

Source: AIR ASX Announcements

Table 26 below outlines AstiVita’s Free Float (Ordinary Shares Outstanding), average daily turnover and average weekly share volume turnover. The past two years of trading data was used to determine a fair average daily and weekly turnover. Based on this, it would take over 1,169 weeks for 100% of AstiVita’s stock to trade. Typically, the large sophisticated and founding shareholders of small-cap companies are not traders of their shares.

Table 26: AstiVita’s Share Trading Turnover

Company	Ticker	Ordinary Shares Outstanding (m)	Free Float (%)	Free Float (Ordinary Shares Outstanding)	Average Daily Turnover	Average Weekly Turnover	Trading Weeks to turnover 100% of Free Float
Astivita	AstiVita	24.9	17.3	4.3	762	3,679	1,169

Source: Capital IQ and AP Analysis

Based on this analysis we have concluded that AstiVita is a thinly traded share and as a result we have not used the share price as our primary valuation method.

6.6 Historical Profit and Loss

We detail below the past 3 years Profit and Loss for AstiVita and the six months to 31 December 2021.

Table 27: AstiVita's Historical Profit and Loss

Income Statement (000's)	Actual			
	FY19	FY20	FY21	HY22 - DEC
Revenue				
Sales	4,647	4,325	3,700	2,381
Other income	230	133	219	388
Total Revenue	4,877	4,458	3,919	2,769
Cost of Sales	3,168	4,831	3,225	2,080
Total Cost of Sales	3,168	4,831	3,225	2,080
<i>Gross Profit</i>	<i>1,709</i>	<i>-373</i>	<i>694</i>	<i>689</i>
Expenses				
Accounting and legal fees	141	170	232	121
Advertising expenses	19	75	42	20
Director Fees	49	48	45	37
Employee expenses	726	340	196	295
Freight Charges	266	163	118	24
Insurance expense	110	82	47	19
IT & communication expenses	89	61	49	40
Occupancy expense	96	5	0	0
Impairment Expenses	0	449	0	0
All other expenses	784	1,015	308	607
Total Expenses	2,280	2,408	1,037	1,163
EBITDA	-571	-2,781	-343	-474
Depreciation and Amortisation Expense	262	227	189	57
EBIT	-833	-3,008	-532	-531
Interest	0	8	10	3
NPBT	-833	-3,016	-542	-534
Income Tax Expense	-250	4282	-512	2
NPAT	-583	-7,298	-30	-536

Source: AstiVita Annual/Half Year Reports

Table 28: AstiVita's Historical Segmented Revenue

Segmented Revenue (000's)	Actual			
	FY19	FY20	FY21	HY22 - DEC
Revenue				
Bathroom Products and Kitchen Appliances	2,681	1,693	1,595	758
Solarpower Products and REC's income	1,846	1,713	1,875	1,243
Personal Care Product Sales on Amazon	120	919	230	380
Total Revenue	4,647	4,325	3,700	2,381

Source: AstiVita Annual/Half Year Reports

6.7 Historical Balance Sheet

We detail below the historical balance sheet for AstiVita as at 30 June 2019, 2020 and 2021 and 31 December 2021.

Table 29: AstiVita's Historical and Current Balance Sheet

Balance Sheet (000's)	30-Jun	30-Jun	30-Jun	31-Dec
	2019	2020	2021	2021
ASSETS				
Current Assets				
Cash and cash equivalents	73	75	192	388
Trade and other receivables	1,077	551	558	723
Inventory	3,514	3,613	3,980	5,140
Prepayments	467	1,142	1,512	997
Total Current Assets	5,131	5,381	6,242	7,248
Non-Current Assets				
Intangible assets	542	193	853	954
Property, plant and equipment	54	246	637	799
Non-Current Tax Assets	4,368	0	500	500
Total Non-Current Assets	4,964	439	1,990	2,253
Total Assets	10,095	5,820	8,232	9,501
LIABILITIES				
Current Liabilities				
Trade and other payables	332	425	329	560
Borrowings: Current	0	147	59	0
Provisions: Current	181	397	351	220
Total Current Liabilities	513	969	739	780
Non-Current Liabilities				
Related party loans	369	2,994	1,511	3,266
Deferred tax liabilities	101	14	2	3
Provisions: Non-Current	40	19	31	37
Borrowings: Non-Current	0	50	0	0
Total Non-Current Liabilities	510	3,077	1,544	3,306
Total Liabilities	1,023	4,046	2,283	4,086
Net Assets	9,072	1,774	5,949	5,415
Equity				
Share capital	12,878	12,878	17,083	17,083
Retained profits/accumulated losses	-3,806	-11,104	-11,134	-11,668
Total Equity	9,072	1,774	5,949	5,415

Source: AstiVita Annual/Half Year Reports

6.8 Special Purpose Profit and Loss - VeganicSKN Limited Removed

We detail below the Special Purpose Profit and Loss for AstiVita with the removal of Veganic for the 6-month period ended 31 December 2021.

Table 30: AstiVita Special Purpose Historical Profit and Loss (Excluding Veganic)

Income Statement (000's)	Actual HY22 - DEC
Revenue	
Sales	2,000
Other income	379
Total Revenue	2,379
Cost of Sales	1,474
Total Cost of Sales	1,474
<i>Gross Profit</i>	905
Expenses	
Accounting and legal fees	61
Contractor/Consulting expenses	9
Director Fees	16
Employee expenses	122
Freight Charges	12
Insurance expense	13
IT & communication expenses	15
Motor vehicle expense	4
Occupancy expense	11
All other expenses	114
Total Expenses	377
EBITDA	528
Depreciation and Amortisation Expense	57
EBIT	471
Interest	3
NPBT	468
Income Tax Expense	2
NPAT	466

Source: AstiVita Special Purpose Financial Report

6.9 Current Balance Sheet - VeganicSKN Limited Removed

We detail below the Balance Sheet for AstiVita with the removal of Veganic as at 31 December 2021.

Table 31: AstiVita Special Purpose Current Balance Sheet (Excluding Veganic)

Balance Sheet (000's)	31-Dec 2021
ASSETS	
Current Assets	
Cash and cash equivalents	343
Trade and other receivables	808
Inventory	3,199
Prepayments	46
Other current assets	413
Total Current Assets	4,808
Non-Current Assets	
Property, plant and equipment	63
Non-Current Tax Assets	500
Total Non-Current Assets	563
Total Assets	5,371
LIABILITIES	
Current Liabilities	
Trade and other payables	580
Taxation liabilities	3
Provisions: Current	100
Total Current Liabilities	683
Total Liabilities	683
Net Assets	4,688
Equity	
Share capital	17,083
Consolidation Account	-2,591
Retained Profits Brought Forward	-10,270
Retained profits/accumulated losses	466
Total Equity	4,688

Source: AstiVita Special Purpose Financial Report

7.0 Valuation of AstiVita’s Shares

As we have assessed the shares of AstiVita to be thinly traded, we don’t consider the share price of AstiVita to be a reliable measure of the value of the company. We have considered other valuation methodologies and consider that Future Maintainable Earnings, excluding Veganic, is the most appropriate value measure of AstiVita.

7.1 Future Maintainable Earnings

Future maintainable earnings (“FME”) is the assessed level of sustainable profits, in real terms, that can be expected to be derived from the existing operations of the business regardless of short-term economic fluctuations and excludes any one-off profits or losses.

We have selected EBITDA as the appropriate measure of earnings. Earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation/amortisation accounting policies and effective tax rates. This allows a better comparison with earnings multiples of other companies.

Our estimate of the future maintainable earnings of AstiVita is based on the half year results to December 2022, adjusted for the demerger of Veganic, and then projected for a full year.

We believe that the 6-month trading period is representative of the future maintainable earnings of the enterprise going forward for the following reasons:

- The business in its previous form, pre the demerger of the Veganic division (2019), was loss making. This was due to a strategy of being a one stop shop, the business didn’t achieve the required scale to support this strategy. AstiVita has advised us that this division, in that format, did not make a profit ever; and
- The business in its current form, without the Veganic business, has significantly reduced overheads and product range which has resulted in an improved bottom line.

A 3-year historical analysis excluding the unprofitable business was not conducted, as enquiries with AstiVita management have indicated that the historical numbers are not reflective of the future business. We were also advised that there are no budgets or forecasts available.

Table 32: AstiVita’s Normalised EBITDA (Excluding Veganic)

AstiVita Limited Normalised EBITDA (Excluding Veganic)	HY 2022 \$000's
NPBT	468
Depreciation & Amortisation	57
Interest Expense	3
EBITDA	528
Annualised EBITDA	1,056

7.1.1 Earnings Multiple

The appropriate earnings multiple is usually assessed by collecting market evidence with respect to the earnings multiples of companies that are comparable. Such multiples are derived from:

- share market prices of comparable listed companies;
- initial offer prices of shares in comparable companies; and
- prices achieved in mergers and acquisitions of comparable companies.

We have determined that the appropriate earnings multiple to be in the range of 6.5 to 7.5 times EBITDA. In selecting this range we have had regard to:

- share market prices of comparable listed companies; and
- prices achieved in mergers and acquisitions of comparable companies.

Our view is that the most appropriate valuation multiple is the same valuation multiple applied to Tamawood (6.5 to 7.5 times EBITDA). The basis for this is that AstiVita is heavily exposed to the same sector dynamics that Tamawood is. Also, we have been advised that 90% of the revenue of AstiVita is from Tamawood.

7.1.2 Surplus assets

Surplus assets are assets that form part of a business entity or company but do not contribute to the earnings or cash flow generation capacity of that business or company. These are assets which, if sold, would not impact on the revenue or profit generating capacity of the entity. As a result of the demerger of Veganic there are no surplus assets in AstiVita.

7.1.3 Premium for Control

When valuing a controlling interest, an appropriate allowance should be made for the premium for control, given the strategic benefit that a controlling interest would provide. Empirical evidence on premiums for control indicates that these premiums tend to range between 15% and 40%¹. We have determined a premium for control of 20% due to the following factors:

- The company is not a growth company;
- The company does not have a strong position in the market;
- The business was loss making prior to the divestment of Veganic and it is subscale in the industry in its current form;
- The company is subscale to be able to carry the compliance costs and overhead of being a listed company;
- The company has limited ability to raise capital in its current form, due to illiquidity and low market capitalisation; and
- The company has not been paying dividends.

¹ **Empirical Evidence of Control Premia:**

CA ANZ Survey, September 2021: "For those using a standard control premium, the most common range adopted is 20-25%".

RSM Control Premium Study, 2021: "In the 15.5-year period ended 31 December 2020, the average implied 20-day pre-bid control premium for the Australian Market is 34.7%, whilst the median is 27.5%." The research also found premiums in the ranges of 9.5% to 40.6%.

Corporate Finance Institute, 2022: "Typically, control premiums can be in the 20%-30% range of the target's current share price and can sometimes go up to 70%".

Lonergan, Wayne, 'The Valuation of Businesses, Shares and Other Equity': "A typical control premium may be in the order of 25% to 40%".

Halligan & Co, Control Premium Research: "The median takeover premium on the 20-day pre-bid price is 30% based on our analysis of 605 takeovers over 14 years to FY2014".

Our view is that the circumstances mean that the control premium would be at the low end of the range and as a result we have selected 20%.

7.1.4 Valuation conclusion

Advisory Partner's value of AstiVita derived from the capitalisation of future maintainable earnings is summarised as follows:

Table 33: AstiVita Net Debt Calculation

Net Debt (\$000's)	
Current Portion of Debt	0
(+) Long Term Portion of Debt	0
(-) Cash	-343
Net Debt	-343

Table 34: AstiVita Valuation

AstiVita Limited Valuation	LOW (\$000's)	HIGH (\$000's)
Maintainable EBITDA Annualised	1,056	1,056
EBITDA Multiple	6.5x	7.5x
Enterprise Value on a Minority Basis	6,864	7,920
<i>Add/(Less):</i>		
Surplus Assets		
(Net Debt)	-343	-343
Fair Value of Equity on a Minority Basis	7,207	8,263
Control Premium	20%	20%
Fair Value of Equity on a Controlling Basis	8,648	9,916

Source: AP Analysis

Table 35: AstiVita Valuation per Share

AstiVita Limited Per Share Valuation	Low Value	High Value
Fair Value of Equity on a Controlling Basis (\$000's)	8,648	9,916
Fully Paid Ordinary Shares Outstanding	24,862,654	24,862,654
Equity Value Per Share	\$0.35	\$0.40

Source: AP Analysis

We have assessed the value of AstiVita based on the FME method to be in the range of \$0.35 to \$0.40 per share.

7.2 Share Valuation Cross Check

We have cross checked the fair market value of AstiVita based on a net asset valuation of AstiVita.

Valuation of net assets on a going concern basis involves:

- Separating the assets and liabilities; and
- Ascribing a fair value to each asset and liability.

In undertaking the valuation of AstiVita we have had regard to:

- The financial position of AstiVita as at 31 December 2021;
- Any assets not included as part of the Offer;
- Any adjustments required to the net asset value of AstiVita;
- The value of any assets or liabilities not fully reflected in the Company's balance sheet; and
- The applicability of a premium for control.

The recorded book value may not be the most appropriate value to be ascribed to an asset or liability. Accordingly, we have restated the balance sheet of AstiVita as at 31 December 2021 to reflect fair market value and to include any off balance sheet assets and liabilities.

Given that Veganic (Personal Care Business) will not be a part of the proposed transaction, adjustments to AstiVita's Balance Sheet must be made to determine a fair Net Tangible Asset Value for valuation purposes. Below, Table 36 depicts the adjustments Advisory Partner have ascribed to each asset or liability.

Table 36: AstiVita's Balance Sheet Adjusted for Veganic Demerger

Balance Sheet (000's)	Balance as at 31 December 2021		
	Book Value	Fair Market Value LOW	Fair Market Value HIGH
ASSETS			
Current Assets			
Cash and cash equivalents	343	343	343
Trade and other receivables	808	808	808
Inventory	3,199	3,199	3,199
Prepayments	46	46	46
Other Current Assets	413	413	413
Total Current Assets	4,808	4,808	4,808
Non-Current Assets			
Property, plant and equipment	63	63	63
Non-Current Tax Assets	500	500	1,557
Total Non-Current Assets	563	563	1,620
Total Assets	5,371	5,371	6,428
LIABILITIES			
Current Liabilities			
Trade and other payables	580	580	580
Taxation Liabilities	3	3	3
Provisions: Current	100	100	100
Total Current Liabilities	683	683	683
Total Liabilities	683	683	683
Net Assets	4,688	4,688	5,745

Source: AstiVita Special Purpose Financial Report, AP Analysis

In arriving at the market value of the net assets, we have considered the following:

- Cash: the nature of cash is such that cash is regarded as fairly stated in the accounts and reflects current market value;
- Property, plant and equipment: the book value of the plant and equipment approximates their fair market value.
- Trade creditors, provisions and other creditors: the book value of the liabilities approximates their fair market value.
- The lower value for Non-Current Tax Assets has been ascribed as the book value whilst \$1.557 million has been ascribed to the high value. This was calculated by taking the Australian Corporate Tax Rate of 25%, multiplying it by the unused tax losses balance as at 30th June 2020 (\$4.228m) and adding the book value of the Tax Losses (\$500,000) to the total.

Consideration has been given as to whether all assets and liabilities of the business of AstiVita are included in the balance sheet and we have concluded that all other assets and liabilities have been included.

7.3 Premium for Control

When valuing a controlling interest, an appropriate allowance should be made for the premium for control, given the strategic benefit that a controlling interest would provide. Empirical evidence on premiums for control indicates that these premiums tend to range between 15% and 40%. A net realisable asset valuation methodology is on a controlling basis so in this circumstance we have determined that no control premium is required.

7.4 Valuation Cross Check Conclusion

Advisory Partner's cross check of the value of AstiVita derived from the net asset realisation is summarised as follows:

Table 37: Summary of Valuation

AstiVita Limited Per Share Valuation	Fair Market Value (Low)	Fair Market Value (\$ High)
Equity Value of AstiVita (Adjusted Net Assets - \$000's)	\$4,688	\$5,745
Fully Paid Ordinary Shares Outstanding	24,862,654	24,862,654
Equity Value Per Share of AstiVita on a Control Basis	\$0.189	\$0.231

Source: AP Analysis

We have assessed the value of AstiVita based on the net realisable value (**NRV**) method in the range of \$0.189 and \$0.231 per share.

We believe that this supports our primary valuation of \$0.35 and \$0.40 per share.

8.0 Assessment of Fairness

In forming our opinion in relation to the fairness of the Offer, we have valued each component of the proposal being the fair market value of an AstiVita share and the fair market value of the TWD consideration.

Table 38: Fair Value

Fair Value	Unit	Low Value	High Value
Fair Market Value of an AIR share on a controlling basis	\$	0.348	0.399
Consolidation ratio (5 AstiVita Shares for 1 TWD share)		5.0	5.0
Fair Market Value of an AstiVita share (Post Consolidation)	\$	1.739	1.994
Fair Value of TWD Share	\$	1.976	2.255
Premium / (Discount)		13.6%	13.1%

Source: AP Analysis

Advisory Partner assessed the fair market value of 5 AstiVita shares, on a control basis, is between \$1.739 and \$1.994 per share. By comparison, the assessed value of the consideration provided for under the Offer is between \$1.976 and \$2.255 per share. As demonstrated above, the value of the consideration being offered is higher than the value of an AstiVita share and as a result, the Offer is considered fair and in the Best Interests of AstiVita Shareholders.

We note that we have valued the AIR shares on a controlling basis, which allows for a 20% control premium, and the Offer represents a premium above the control premium of more than 13%.

9.0 Qualifications, Declarations, and Consents

9.1 Qualifications

Advisory Partner provides corporate advisory 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's reports in connection with mergers and acquisitions, takeovers and schemes of arrangements. Advisory Partner's Director has prepared a number of public expert's reports.

The principal person responsible for preparing this Report on behalf of Advisory Partner is Brett Plant, BBus, MCom, FCA, he is a Director of Advisory Partner. Mr Plant has been actively involved in the preparation of this report. Mr Plant has in excess of 20 years experience in the commerce and the accountancy profession and has been involved in specialist corporate advisory services including company valuations, business sales, due diligence investigations, independent experts' reports as well as other corporate investigations for more than 10 years. Mr Plant has the appropriate experience and professional qualifications to provide the advice offered.

9.2 Declarations

It is not intended that this Report should be used or relied upon for any purpose other than as an expression of Advisory Partner's opinion as to whether the Offer is fair and reasonable and in the best interests of the Shareholders of AstiVita as a whole. Advisory Partner expressly denies any liability to any Shareholder who relies or purports to rely on this Report for any other purpose and to any other party who relies or purports to rely on this Report for any purpose.

This Report has been prepared by Advisory Partner with care and diligence and the statements and opinions given by Advisory Partner 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. However, no responsibility is accepted by Advisory Partner or any of its directors, officers or employees for errors or omissions however arising in the preparation of this Report, provided that this shall not absolve Advisory Partner from liability arising from an opinion expressed recklessly or in bad faith (unless the law otherwise requires).

9.3 Independence

Advisory Partner is entitled to receive a fee of \$20,000 to \$22,000 (exclusive of GST) for the preparation of this Report. Advisory Partner is also entitled to be reimbursed for any out-of-pocket expenses incurred in the preparation of this Report. Except for this fee and the reimbursement of these expenses, Advisory Partner has not received and will not receive any pecuniary or other benefit, whether direct or indirect, in connection with the preparation of this Report.

Neither the signatory to this Report nor Advisory Partner holds securities in AstiVita Limited or Tamawood Limited. No such securities have been held at any time over the last two years.

Neither the signatories to this Report nor Advisory Partner have had within the past two years any business relationship material to an assessment of Advisory Partner's impartiality with in AstiVita Limited or Tamawood Limited, or its associates.

Prior to accepting this engagement, Advisory Partner considered its independence with respect to AstiVita Limited and Tamawood Limited and any of its respective associates with reference to ASIC Regulatory Guide 112 entitled "Independence of Experts". In Advisory Partner's opinion, it is independent of in AstiVita Limited and Tamawood Limited and its associates.

A draft of this Report was provided to AstiVita and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this Report as a result of this review and there was no alteration to the methodology, evaluation or opinions set out in this Report as a result of issuing the draft.

9.4 Indemnity

Under the terms of our engagement, AstiVita has agreed that no claim shall be made by AstiVita or any of its subsidiaries against Advisory Partner, any of their directors, officers, partners, employees or agents (Indemnified Persons) to recover any loss or damage which AstiVita or any of its subsidiaries may suffer by reason of or arising out of anything done or omitted in relation to the provision of the services by Advisory Partner, provided that such loss or damage does not arise from the negligence or willful default of any of the Indemnified Persons. AstiVita has unconditionally indemnified Advisory Partner and their respective officers, employees and agents against any losses, claims, damages, liabilities, costs, expenses and outgoings whatsoever (Losses) which they may suffer or incur directly or indirectly arising out of:

- Advisory Partner relying on information provided by AstiVita or any of its employees, agents or advisers; or
- AstiVita failing to provide Advisory Partner with material information in relation to the Proposed Transaction.

Further, AstiVita must pay and must indemnify Advisory Partner against any Losses in relation to any investigations, enquiries or legal proceedings by ASIC or any other competent regulatory body arising out of, or in connection with, the Proposed Transaction, including reasonable legal expenses and disbursements incurred by Advisory Partner and fees payable to Advisory Partner attributable to time reasonably spent by its staff assessed at its hourly rates to the extent that investigation, enquiry or legal proceeding is not caused by an act or omission of the Indemnified Persons.

9.5 Consents

Advisory Partner consents to the issuing of this Report in the form and context in which it is to be included in the Notice of Meeting and Explanatory Memorandum to be sent to the Shareholders. Neither the whole nor any part of this Report nor any reference thereto may be included in, or attached to, any other document without the prior written consent of Advisory Partner as to the form and context in which it appears.

Advisory Partner takes no responsibility for the content of the Notice of Meeting and Explanatory Memorandum or any other documents provided to the Shareholders, other than this Report.

9.6 Other

The opinion of Advisory Partner is made at the date of this Report and reflects circumstances and conditions as at that date. In particular, Advisory Partner provides no representations or warranties in relation to the future value of shares of AstiVita.

Shareholders who are in any doubt as to the action they should take should consult their own independent professional advisers.

Advisory Partner has prepared a Financial Services Guide as required by the Act. The Financial Services Guide is set out at the beginning of this Report.

Appendix 1: Sources of Information

In preparing this report we have had access to and relied upon the following principal sources of information:

- audited annual reports of AstiVita and TWD for the years ended 30 June 2019 to 30 June 2021;
- half year audited report of AstiVita and TWD for the year ended 31 December 2021;
- half year report of AstiVita and VeganicSKN Limited split-up for the year ended 31 December 2021;
- details of AstiVita’s shareholders and share register as at 31 August 2021;
- details of TWD’s shareholders and share register as at 30 June 2021;
- historical trading volumes and prices of AstiVita’s and TWD’s ordinary shares traded on the Australian Stock Exchange (“ASX”);
- various ASX announcements;
- meeting with management and management working papers in relation to the transaction;
- IBIS World report E3011 on the House Construction in Australia from February 2022;
- IBIS World Company Profile of Tamawood Limited from 30 June 2021;
- Statement on Monetary Policy, Reserve Bank of Australia, February 2022;
- S&P Capital IQ; and
- other publicly available information on AstiVita and TWD.

In addition to the above, Advisory Partner has had various discussions with the management, officers and advisers of AstiVita regarding the nature of the AstiVita businesses, their operations, financial position and prospects.

Appendix 2: Valuation Methods

In conducting our assessment of the fair market value of the Company, the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow (“DCF”) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (“NPV”).

DCF is appropriate where:

- the businesses’ earnings are capable of being forecast for a reasonable period (preferably five to 10 years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Future Maintainable Earnings Method

This method involves the capitalisation of estimated future maintainable earnings by an appropriate multiple. Maintainable earnings are the assessed sustainable profits that can be derived by the vendor’s business and excludes any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Realisable Value of Assets

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business units or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- *orderly realisation*: this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- *liquidation*: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- *going concern*: the net assets on a going concern basis estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding company. Adjustments may need to be made to the book value of assets and liabilities to reflect their going concern value.

The net realisable value of a trading company's assets will generally provide the lowest possible value for the business. The difference between the value of the company's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where a company is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding company, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets.

Share Market Trading History

The application of the price that a company's shares trade on the ASX is an appropriate basis for valuation where:

- the shares trade in an efficient market place where 'willing' buyers and sellers readily trade the company's shares; and
- the market for the company's shares is active and liquid.

Constant Growth Dividend Discount Model

The dividend discount model works best for:

- firms with stable growth rates;
- firms which pay out dividends that are high and approximate free cash flow to equity;
- firms with stable leverage; and
- firms where there are significant or unusual limitations to the rights of shareholders.

Special Value

Special value is the amount which a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the potential acquirer of potential economies of scale, reduction in competition or other synergies arising from the acquisition of the asset not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchases.

Appendix 3: Description of Comparable Companies

Company	Description
CSR Limited	CSR Limited, together with its subsidiaries, engages in the manufacture and supply of building products for residential and commercial constructions in Australia and New Zealand. CSR Limited was founded in 1855 and is headquartered in North Ryde, Australia.
Fleetwood Limited	Fleetwood Limited engages in the design, manufacture, and sale of modular accommodation units in Australia and New Zealand. Fleetwood Limited was founded in 1964 and is based in Subiaco, Australia.
Simmonds Group Limited	Simonds Group Limited, together with its subsidiaries, provides homebuilder and registered training services in Australia. Simonds Group Limited was founded in 1949 and is based in Melbourne, Australia.
John Lyng Group Limited	Johns Lyng Group Limited provides integrated building services in Australia and internationally. The company was founded in 1953 and is headquartered in Doncaster, Australia.
MAAS Group Holdings Limited	MAAS Group Holdings Limited, together with subsidiaries, provides construction materials, equipment, and services for civil, infrastructure, and mining end markets in Australia and internationally. MAAS Group Holdings Limited was founded in 2002 and is headquartered in Dubbo, Australia.
Shape Australia Corporation Limited	SHAPE Australia Corporation Limited, together with its subsidiaries, engages in the construction, fit-out, and refurbishment of commercial properties in Australia. It provides fit-out and refurbishment services to hospitality, healthcare, education, and retail sectors, as well as for commercial customers and governments. The company was founded in 1989 and is based in Sydney, Australia.
SRG Global Limited	SRG Global Limited provides engineering-led specialist asset, construction, and mining services. SRG Global Limited was founded in 1961 and is headquartered in Subiaco, Australia.

Source: Capital IQ Pro