



9 January 2017

Dear Shareholder

Shareholders would be aware that the Board and Management of Kemp & Denning Limited have been recently conducting a review of the Company's operations at a time of great change in the timber and hardware retail sector in Tasmania.

One of the key factors taken into account in the review is the addition of significant new retail floor space added to this State in recent times. It is evident there is now an over-supply in relation to the size of the market.

As a result of this comprehensive review the freehold of our Glenorchy store has been sold, but we have entered into a lease-back arrangement with the new owner and we will remain on this site until December 2017. However, due to the extreme competition in the Retail space, the Retail operation will close on or around 31 March 2017.

Our Businesses in the Hobart CBD, Kingston, Cambridge and Devonport are not affected and they remain operating as normal, servicing our Retail and Trade markets.

These decisions are driven entirely by the market realities facing us. The Company's financial position remains strong, and while sadly, these decisions impact on parts of our workforce, affected staff will receive their full entitlements and additional assistance as well.

The transformation of our Glenorchy store allows the Company to focus on the Trade side of the business.

Should you have any enquiries please do not hesitate to call me. I shall update you again as developments occur.

Kind regards

Greg Goodman  
Chairman  
Kemp & Denning Limited  
☎ 0419 122 061

