

25 October 2019

Chairman's Address

- The Board of TWD has made a decision to increase the distribution to 27 cents with a combination of a minimum 12 cents fully franked dividend and an in specie distribution of SenterpriSys shares to maintain the dividend yield compared to FY19. The final fully franked dividend for the full financial year 18/19 was paid with the interim dividend on 18 April 2019 which totalled 33 cents (including a special dividend of 6 cents). The Tamawood Board took the decision to pay both the interim and final dividend prior to the Federal Election given the heightened uncertainty around franking credits.
- The timetable for the distribution will be discussed by the Board and its advisors and the plan is to have a timetable in early December with the interim dividend payment and the in specie distribution to happen in April 2020.

The results for the year for Tamawood Limited was a net profit after tax attributable to members of \$3.970 million (2018:\$8.692 million).

2019 Highlights

- Tamawood remains debt free with a cash balance of \$4.309 million at 30th June 2019.
- Tamawood has implemented a number of strategies to improve performance in FY20.

Housing Market Outlook FY20

The housing market continues to struggle, with housing approvals down in our main Queensland market to 21,511 for the FY19. This is the lowest level since FY13 and a drop of 19% from the previous year. This drop has had a significant effect on house builders in general and as can be seen from the result, we were not immune from this.

The implementation of key strategic initiatives, particularly in sales and marketing has resulted in an increase in appointments up 36% for the first three months of FY20, compared to the same period last year. Contract signings are up 30+% for the same period. The Queensland market is showing slight signs of recovery, with many builders struggling with the slow market combined with the onerous levels of compliance from the State Government and Local Councils. The improvement in sales suggests we may be increasing market share.

The result of our increase in sales will have minimal impact on the first half of FY20 due to the increasing time lag in getting approvals from both banks and local authorities. This however is only a timing issue and we anticipate the increased sales flowing through to a significantly improved result in the second half of the year. As a consequence we see no reason, at this point, not to achieve a much improved result for FY20 compared to FY19.

I would like to take this opportunity to thank our new Directors, Laurie Lefcourt and Linda Horgan for their contributions to the business since their appointments. The diversity of the Board and opinions has greatly contributed to the increase in sales in the past 6 months.

I want to thank Tim Bartholomaeus who has made a significant contribution to the business in an environment which has been difficult for all builders over the past 12 months.

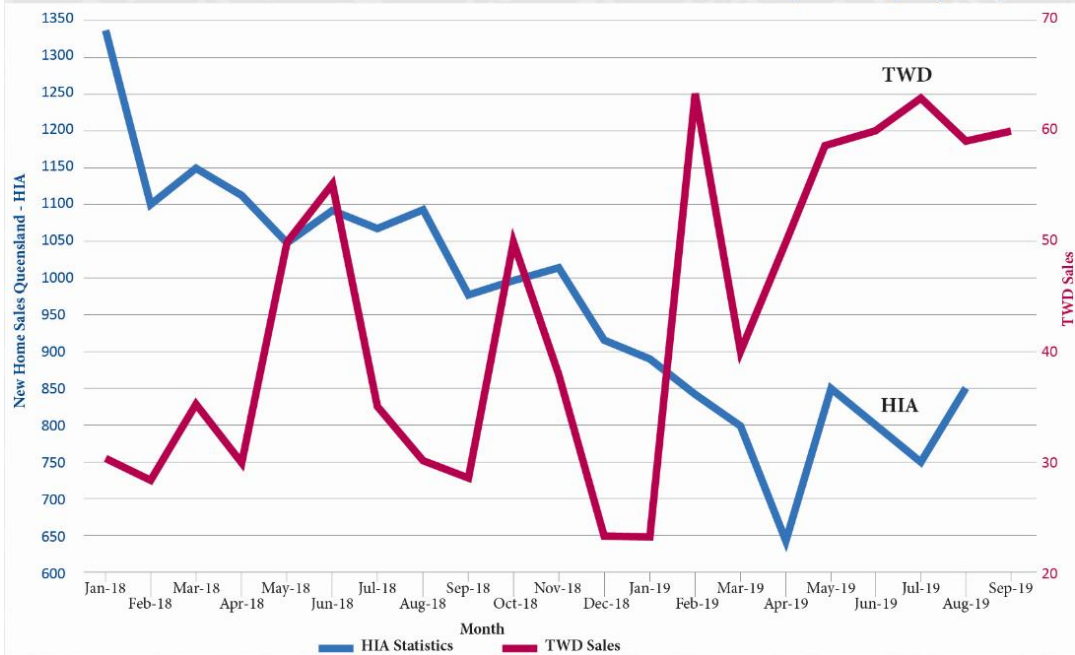
I want to thank all staff and the sales team for their contributions in FY19.

Initial Sales Appointments



* TWD appointments include SEQ and NSW regional but do not include Franchise areas.

TWD Sales vs HIA Private House Sales QLD (Seasonally Adjusted)



* HIA statistics obtained from HIA New Home Sales April 2019 (a monthly update on the sales of new homes)

** TWD sales include SEQ and NSW regional but do not include Franchise areas

***TWD sales for past 2 months adjusted based on historical data of gross vs net.

R. Lynch.

Robert Lynch
Chairman