

The Manager  
Companies Announcements Office  
Australian Securities Exchange

28 February 2017

Dear Sir/Madam,

**Positive re-valuation of biological assets and reporting delay**

Kangaroo Island Plantation Timbers Ltd (the Company) refers to its announcement on 15 December 2016 that it had commissioned a detailed inventory of its standing timber. This involves the physical measurement of trees in a series of sample plots. The inventory results have only recently become available. They support estimates of standing volume that have been used by the Company.

The Company's policy up to 30 June 2016 has been to carry its standing timber at \$0 and its land at a discount to alternate use (i.e. agricultural) value. The Board's assessment is that a deep-water wharf on Kangaroo Island is now probable. Accordingly, the Company announces that it intends to include a positive valuation on its timber in the forthcoming accounts for the half-year ended 31 December 2016.

To assist the Board in the determination of an appropriate value, the Company has commissioned an independent valuation of its timber inventory, undertaken by Mr David Geddes of Geddes Management Pty Ltd. Mr Geddes' report has been received.

The Board's decision to place a positive value on its standing timber also requires, under the relevant accounting standards, that the Company's land be carried at a value corresponding to the net present value of future timber crops, the anticipated future land use. The Company expects that this will lead to an increase in the carrying value of its land.

Unfortunately, the finalization of the timber inventory, originally scheduled for mid-February, was delayed by factors outside the Company's control, with the consequential effect of delaying the issue of the Company's Interim Report. The Company regrets that this will entail a brief suspension of the Company's shares from quotation, and will release the Interim Report at the earliest opportunity.

The carrying value of timber and land acquired by the purchase of the Forestry Investment Trust (FIT) estate on Kangaroo Island will not be recognised in the Company's accounts until that transaction has been completed. While Mr Geddes was not asked to value that timber, the



Company refers to its earlier statements that the FIT acquisition effectively triples the Company's standing timber and quadruples its landholding.

Yours faithfully

A handwritten signature in blue ink, appearing to read "V Allinson", with a horizontal line extending to the right.

Ms Vicky Allinson  
Company Secretary