



The Manager
Companies Announcements Office
Australian Securities Exchange

12 April 2017

Dear Sir/Madam,

Settlement of Kangaroo Island FIT Estate purchase

Kangaroo Island Plantation Timbers Ltd (KPT or the Company) is pleased to announce that it intends to give notice to the Vendor that it will complete the purchase of the Kangaroo Island FIT estate at the first opportunity, (on 28 April 2017). The execution of the contract for the acquisition was announced on 31 October 2016 and a 10% deposit was paid at that time.

The early settlement, for \$55.0m, thereby avoids the significant extension fee (\$10.3m) that would have been incurred under the agreement, had settlement taken place at a later date. The balance payable for settlement, including all costs, fees and stamp duty, is expected to be approximately \$54.5m.

The Company believes that settling the purchase at this time, and on these terms, is manifestly in the interests of shareholders, not just because of the financial saving but also because it establishes the Company as the owner of the vast majority of the timber plantations on Kangaroo Island. This situation means that the Company is well-placed to work with government and the community to develop an export solution in the form of its proposed Smith Bay wharf.

The Company has access to a bank debt facility from CBA of \$25m (announced 8 March 2017) to assist in completing the purchase. Funds from a placement and rights issue announced today will be used for the balance of the acquisition costs and for working capital.

The Company will recognise the value of the FIT Estate in its Annual Accounts.

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



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