



ACN 091 247 166

RETAIL ENTITLEMENT OFFER

This is an offer to Eligible Shareholders to participate in an accelerated pro rata non-renounceable entitlement offer of up to approximately 10,721,564 Shares on the basis of 4 New Shares for every 9 Shares held on the Record Date at an issue price of \$2.00 per Share to raise approximately \$21.4 million (**Offer**).

This Offer comprises of two components: an Institutional Entitlement Offer and a Retail Entitlement Offer. This document provides information on the Retail Entitlement Offer only.

The Retail Offer is fully underwritten by Petra Capital Pty Ltd ACN 110 952 782.

This Retail Offer Booklet is important and requires your immediate attention

It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional advisor without delay.

This Retail Offer Booklet is not a prospectus under the Corporations Act. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this Retail Offer Booklet.

The Shares offered by this Retail Offer Booklet should be considered as speculative.

The Retail Entitlement Offer opens on 24 April 2017 and closes at 5:00pm Sydney time on 4 May 2017.

Please read the instructions in this Retail Offer Booklet and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

This Retail Offer Booklet is not for release in any country outside Australia or New Zealand.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

IMPORTANT NOTES

The Retail Offer Booklet is dated 18 April 2017 and has been prepared by Kangaroo Island Plantation Timbers Limited (ACN 091 247 166) (**KPT, Company**).

This Retail Offer Booklet is not a prospectus

This Retail Offer Booklet is not a prospectus under the Corporations Act (or any other law) and has not been lodged with ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document.

This Retail Offer Booklet including each of the documents attached to it and which form part of this Retail Offer Booklet are important and should be read in their entirety prior to making any investment decision. In particular, Shareholders should refer to the risk factors set out in Section 4 of this document.

No investment advice

This Retail Offer Booklet including each of the documents attached to it and which form part of this Retail Offer Booklet are not financial product advice. Potential investors should complete their own due diligence investigations before investing.

If you do not fully understand this Retail Offer Booklet or are in any doubt as to how to deal with it, you should consult your professional advisor.

Section 708AA of the Corporations Act

This Retail Offer Booklet has been prepared in accordance with Section 708AA of the Corporations Act, as amended by *ASIC Corporations (Non-traditional Rights Issues) Instrument 2016/84*. Section 708AA permits certain companies to undertake rights issues without being required to use or to provide shareholders with a prospectus or a disclosure document. Consequently, the level of disclosure in this Retail Offer Booklet is significantly less than the level of disclosure required in, and what would be expected in, a prospectus. Eligible Shareholders should complete their own due diligence investigations through their own knowledge of the Company and KPT's ASX disclosures and consult their professional advisors before deciding to accept the Offer.

No authorisation

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Retail Offer Booklet. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Eligibility under Retail Entitlement Offer

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form which accompanies this Retail Offer Booklet. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer and the Shortfall Facility.

Overseas Shareholders

This Retail Offer Booklet does not, and is not intended to, constitute an Offer to any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer or to issue this Retail Offer Booklet.

This Offer is not being extended to Shareholders with a registered address that is outside Australia and New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

New Zealand Shareholders

This Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption 2013. Shareholders resident in Australia or New Zealand holding shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the offer does not breach regulation in the relevant overseas jurisdiction. The return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those requirements.

IMPORTANT NOTES (CONTINUED)

United States Shareholders

The Retail Offer Booklet may not be released or distributed in the United States.

The New Shares to be offered under this Retail Offer Booklet have not been, and will not be, registered under the U.S. Securities Act of 1993, as amended or the securities laws of any State or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless the New Shares are registered under the U.S. Securities Act of 1993 or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the U.S. Securities Act of 1993 and applicable U.S. State securities law. The Company is under no obligation and has no intention to register the Shares in the United States.

Nominees

Nominees and custodians may not send copies of this Retail Offer Booklet or any other material relating to the Retail Entitlement Offer to persons in the United States or in any other jurisdiction outside Australia or New Zealand.

Nominees and custodians may not submit an application or otherwise accept the Retail Entitlement Offer on behalf of a person in the United States or any other country outside Australia or New Zealand.

Underwriter

Neither the Underwriter, nor any of its respective advisers nor any of its respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Retail Offer Booklet and they do not take any responsibility for the information set out in the Retail Offer Booklet or any action taken by you on the basis of such information.

To the maximum extent permitted by law, the Underwriter, each of its respective advisers and its respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Retail Entitlement Offer or this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

Neither the Underwriter nor any of its or respective advisers nor any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Retail Entitlement Offer, nor do they make any representations or warranties to you concerning the Offer, or any such information. You represent, warrant and agree that you have not relied on any statements made by the Underwriter, each of its respective advisers and their respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Offer generally.

Forward-looking Statements

This Retail Offer Booklet contains forward-looking statement that are identified by words such as 'may', 'could', 'believe', 'estimate', 'forecast', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as the date of this Retail Offer Booklet, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown factors, many of which are beyond the control of KPT, the Company's Directors and management.

KPT and its Directors cannot and do not give any assurances that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Retail Offer Booklet will actually occur and investors are cautioned not to place undue reliance on such forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Retail Offer Booklet, except where required by law.

Forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. Refer to Key Risks in the Investor Presentation included in Appendix A4 of this Retail Offer Booklet for a full summary of certain general and KPT specific risk factors that may affect KPT.

Privacy Act

If you complete an Application for Shares, you will be providing personal information to the Company (directly or by the Company's Share registry). The Company collects, holds and uses that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact number or website set out in this Retail Offer Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules and Procedures. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

Defined terms

Defined terms and abbreviations used in the Retail Offer Booklet are explained in Section 7.

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CHAIRMAN'S LETTER

Dear Shareholder

On 31 October 2016 Kangaroo Island Plantation Timbers Ltd (**KPT**) announced that it had signed a contract to purchase the entire Forestry Investment Trust (**FIT**) estate managed by New Forests Asset Management Pty Limited (**New Forests**) on Kangaroo Island, South Australia (**FIT Acquisition**). The Company now wishes to complete this purchase at the earliest opportunity and for the lowest possible price.

The Directors of KPT have pleasure, under this Retail Offer Booklet, to invite all Eligible Retail Shareholders to participate in a pro-rata accelerated non-renounceable entitlement offer. Approximately 5.2 million Shares will be offered to Eligible Retail Shareholders on the basis of 4 New Shares for every 9 Shares held at \$2.00 per Share. The Entitlement Offer (including Institutional Shareholders) will raise approximately \$21.4 million (**Offer**). In addition, Eligible Retail Shareholders will be offered Shortfall Shares at \$2.00 per Share.

Details of the Offer:

The Institutional Entitlement Offer closed successfully on 13 April 2017, raising \$11 million.

Under the Retail Entitlement Offer, eligible shareholders are entitled to acquire 4 New Shares for every 9 existing KPT ordinary shares (**Shares**) held on the record date, being 7:00pm (AEST) on 19 April 2017 (**Record Date**).

The Offer Price of \$2.00 per New Share (**Offer Price**) represents a discount of 13.8% to the theoretical ex-rights price (**TERP**) of \$2.32 per share.

New Shares issued under the Retail Entitlement Offer will rank equally with existing Shares.

The Retail Entitlement Offer is expected to raise approximately \$10.4 million. This Retail Offer Booklet relates to the Retail Entitlement Offer and Entitlements allotted under it (**Retail Entitlements**).

Placement

As well as successfully completing the Institutional Entitlement Offer, the Company has made a share placement of 6,028,467 shares at \$2.00 to raise \$12.1 million (**Institutional Placement**).

Recent developments

Since the Company last raised equity capital (\$12.8m at \$2.50 per share in November 2016), there has been a number of positive developments:

-) Bank funding has been secured to meet 50% of the remaining cost of the FIT Acquisition (\$25m) and 100% of the anticipated construction cost of the Company's proposed Smith Bay Wharf (\$30m), along with \$2.1m for working capital.
-) The Company has signed an MoU with its offtake partner Mitsui Bussan Woodchip Oceania Pty Ltd for 100% of the expanded timber resource that the Company will control post the FIT acquisition.
-) Substantial progress has been made on a draft Environmental Impact Statement to support the Company's proposed multi-user, deep-water Smith Bay Wharf.
-) The Company has documented and costed an interim barge solution to enable it to export timber in the event of unanticipated delays in wharf approval.
-) The Minister for Planning has declared that the Smith Bay Wharf project is a Major Project of significance to the State of South Australia.

-) The Company now considers it likely that it will be able to sell its timber on favourable terms and has recognised some of the value of its standing timber resource in its accounts.

The combined effect of these developments is to make the Company's position much more favourable than when it last raised equity capital.

How to apply

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement.

Two of the Directors (and their associates) have taken part of their Entitlement in the Institutional Entitlement Offer or intend to take it in the Retail Entitlement Offer. These substantial commitments are a tangible expression of your Board's confidence in the Company's future.

The Retail Entitlement Offer closes at 5:00pm (AEST) on 4 May 2017. To participate, you should ensure that you have completed your application by paying the relevant monies (Application Monies) before this time in a manner described in this Retail Entitlement Retail Offer Booklet.

Further information

Further information on the Retail Entitlement Offer and KPT's business is detailed in this Retail Offer Booklet. You should carefully read this Retail Entitlement Retail Offer Booklet in its entirety and consult your stockbroker, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the Key Risks set out in the KPT Investor Presentation included in Section 4 and Appendix A of this Retail Entitlement Retail Offer Booklet, which contains a summary of some of the key risks associated with an investment in KPT.

This is an exciting time for our Company, as it transitions from the timber growth phase to an expanded timber harvesting and sustainable export sales phase, and as it takes the final steps towards becoming the owner of an important piece of valuable wharf infrastructure. I thank you for your past support of the Company and invite you to participate in this Offer and in the Company's future.

Yours faithfully



Paul McKenzie
Non-Executive Chairman

1. DETAILS OF THE OFFER

1.1 The Offer

The Company intends to raise approximately \$21.4 million under the Offer.

Eligible Retail Shareholders are being offered the opportunity to acquire 4 New Shares for every 9 existing Shares held as at 7:00pm (AEST) on the Record Date (19 April, 2017), at the Offer Price of \$2.00 per New Share.

The Offer comprises two components:

1. **Institutional Entitlement Offer** - Eligible Institutional Shareholders (as defined in **Section 7**) were given the opportunity to take up all or part of their Entitlements. The Institutional Entitlement Offer has now been completed and this component of the Offer closed on 13 April 2017; and
2. **Retail Entitlement Offer** - Eligible Retail Shareholders (as defined in **Section 7**) will be offered Retail Entitlements under the Retail Entitlement Offer, which can be taken up in whole or part.

Fractional entitlements for the Offer will be rounded up to the nearest whole number.

The purpose of the Offer and the use of funds raised are set out in **Section 1.6** of this Retail Offer Booklet.

The Company has the followings Shares on issue:

	No. of shares
Shares on issue at the date of this Offer	24,123,520
Shares to be issued under Institutional Placement	6,028,467
Shares to be issued under Entitlement Offer: Institutional component	5,494,792
Shares to be issued under Entitlement Offer: Retail component (approximately)	5,226,772
Shares to be issued under Entitlement Offer (approximately)	10,721,564

The maximum number of Shares that can be issued under the Offer is 10,721,564.

The Retail Entitlement Offer is fully underwritten by the Underwriter. Further details on the Retail Entitlement Offer are set out below.

1.2 Institutional Entitlement Offer and associated Share Placement

On the 13 April 2017, KPT successfully conducted the Institutional Entitlement Offer at the Offer Price. The Institutional Entitlement Offer raised approximately \$11 million, including proceeds raised following the take up of certain Directors' Entitlements. The Company also placed 6,028,467 shares at the Offer Price

New Shares to be issued under the Institutional Entitlement Offer and Share Placement are expected to be quoted on 24 April 2017.

1.3 Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 4 New Shares for every 9 existing Shares held as at the Record Date at the Offer Price of \$2.00 per New Share.

The Offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens at 9:00am (AEST) on 24 April 2017 and will close at 5:00pm (AEST) on 4 May 2017.

The Retail Entitlements are non-renounceable. Accordingly, Retail Entitlements will not trade on the ASX, nor can they be transferred or otherwise disposed of.

In addition, Eligible Retail Shareholders are able to apply for additional Shares, refer to **Section 1.4** for further details on the Shortfall Facility.

An Entitlement and Acceptance Form and instructions on how to apply are set out in **Section 1.5**.

Eligible Retail Shareholders who do not take up all of their Entitlements will have their percentage shareholding in the Company diluted.

The following persons are not entitled to participate in the Retail Entitlement Offer:

-) any Eligible Institutional Shareholder or Ineligible Institutional Shareholder (other than a nominee to the extent that the nominee also holds on behalf of an Eligible Retail Shareholder); or
-) any Ineligible Retail Shareholder.

KPT, in consultation with its advisors, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

KPT may, in consultation with its advisors, extend the Retail Entitlement Offer to any Institutional Shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with applicable laws).

If you do not wish to take up any part of your Entitlement, you are not required to take any action. Any Entitlement not taken up pursuant to the Offer will form part of the Shortfall Shares, refer to **Section 1.4**.

1.4 Shortfall Facility

In addition to their Entitlement under this Retail Entitlement Offer, Eligible Retail Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for additional New Shares that are not subscribed for under the Retail Entitlement Offer (**Shortfall Shares**). New Shares offered under the Retail Entitlement Offer that are not applied for by each Eligible Retail Shareholders under their Entitlement will become part of the shortfall (**Shortfall**).

The Directors' have absolute discretion on the allocation of the Shortfall Shares.

The offer of the Shortfall Shares is a separate offer pursuant to this Retail Offer Booklet. The issue price of any Shares offered pursuant to the Shortfall Facility shall be \$2.00, being the price at which the Retail Entitlement Offer has been offered to Eligible Retail Shareholders pursuant to this Retail Offer Booklet.

If the Company receives Applications for Shortfall Shares that would result in the Retail Entitlement Offer being oversubscribed, the Company will scale back Applications received for Shortfall Shares on a basis to be determined by the Directors, having regard to the number of Shortfall Shares applied for by each Eligible Retail Shareholder.

No Shortfall Shares will be issued to an Applicant if such an issue would, to the extent of the knowledge of the Company, result in a breach of ASX Listing Rules or restrictions on obtaining or increasing relevant interests of greater than 20% of KPT's issued voting Shares under Chapter 6 of the Corporations Act or would otherwise be contrary to the Corporations Act or the ASX Listing Rules.

1.5 Entitlements and acceptance

The Entitlement of each Eligible Retail Shareholders to participate in the Retail Entitlement Offer will be determined on the Record Date, refer to **Section 1.7**.

A personalised **Entitlement and Acceptance Form** setting out your Entitlement and Shortfall Shares accompanies this Retail Offer Booklet. Eligible Retail Shareholders may apply for:

- all or part of their Entitlement under the Offer; and
- Shortfall Shares

Eligible Retail Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

Eligible Retail Shareholders can only apply for additional Shortfall Shares if they take up their Entitlement in full.

In the event of an Application for Shortfall Shares not being accepted, including because of a scale back, the Application monies (or the applicable portion if the Application is partly successful) received for an unsuccessful Application will be refunded to the Applicant, without interest, as soon as practicable.

1.6 Use of Funds

Completion of the Offer (\$21.4 million) and Placement (\$12.1 million) will result in an increase in cash in hand to approximately \$40 million (before the payment of costs associated with the Offer). Cash on hand at the 31 December 2016 amounted to \$6.5 million.

The Company intends to apply the funds raised from the Offer and Placement (total \$33.5 million) as follows:

Item of Expenditure	\$ million	%
Acquisition of Forestry Investment Trust Estate	\$25.0	75%
Acquisition costs	\$5.0	15%
Working capital/contingency and Offer costs	\$3.5	10%
TOTAL	\$33.5	100%

The use of funds is estimated based on current assumptions and these assumptions may change.

Loan facility

The Company has entered into a funding agreement with the Commonwealth Bank of Australia (CBA or the Bank). Subject to certain conditions precedent, the Bank will lend up to \$57.1 million in total, of which \$25 million will be used to part-fund the acquisition of the FIT Estate, in addition to \$25 million from the proceeds of the Offer. The Bank will also support 100% of the anticipated construction cost of \$25 million to \$30 million for the Company's proposed Smith Bay Wharf plus an allowance of approximately \$2.1 million for equipment finance and working capital.

Acquisition of FIT estate on Kangaroo Island

Under the transaction documents with FIT, the Company will purchase the entire FIT estate managed by New Forests on Kangaroo Island for \$55 million. The purchase includes the plantation land, the standing timber and the Ballast Head site which had been put forward by New Forests as an alternative site for a timber export facility. A deposit of \$5 million was paid to FIT when the purchase was announced in October, 2016.

The FIT estate

The estate includes almost 19,000ha of land, of which approximately 10,700 ha is planted with Tasmanian blue gum (*E. globulus*) in various stages of maturity. The current standing volume of timber is estimated at approximately 2.4 million green tonnes. Thus, the FIT Acquisition effectively quadruples the size of the Company's plantation area and triples its standing timber resource.

Export facility

The Company announced on 19 February 2017 that its Smith Bay Wharf project had been declared as a Major Development by the South Australian Government. Major Development status (under section 46 of the Development Act) allows the planning decision regarding the Company's proposed deep water wharf at Smith Bay to be determined by the Governor of South Australia, on the advice of the Minister for Planning, rather than at a local government level. Using this development pathway also removes any right of appeal by objectors against development consent.

The Company is committed to working with the South Australian Government to ensure that the benefits of the development to the community are maximised, and that any negative effects are minimised and, where possible, offset. With the assistance of the South Australian Government, the Company will seek to ensure that development consent is secured in a timely manner, with reasonable conditions. The Company is not seeking any direct financial assistance from the South Australian Government.

1.7 Indicative Timetable

Key events	Date ⁽ⁱⁱⁱ⁾
Trading halt commences and Entitlement Offer announced	12 April 2017
Institutional Entitlement Offer opening date	13 April 2017
Institutional Entitlement Offer closing date	13 April 2017
Institutional Bookbuild	13 April 2017
Institutional Entitlement Offer: announcement of results	19 April 2017
Trading halt is lifted and existing Shares resume trading	19 April 2017
Retail Entitlement Offer <u>Record Date</u> (7pm AEST)	19 April 2017
Settlement of applications in the Institutional Entitlement Offer	21 April 2017
Retail Entitlement Offer Opening Date	24 April 2017
Retail Offer Booklet Dispatched to Shareholders	24 April 2017
Quotation of New Shares issued in the Institutional Entitlement Offer	24 April 2017
Retail Entitlement Offer Closing Date (5pm AEST)	4 May 2017
Settlement of Applications in the Retail Entitlement Offer	10 May 2017
Issue date of Retail Entitlement Offer	11 May 2017
Quotation of New Shares issued in the Retail Entitlement Offer	12 May 2017

- (i) Subject to ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.
- (ii) These dates are indicative only and are subject to change at the discretion of the Directors in consultation with its advisors.

1.8 Directors' Interests

As at the date of this Offer, all of the Directors of KPT have a direct or indirect interest in Shares. At the date of the Retail Entitlement Offer, two of the Directors, Paul McKenzie and John Sergeant have subscribed for part of their Entitlement under the Institutional Entitlement Offer, being **630,320** New Shares. These Shares will be quoted on 24 April 2016. The remaining Directors will not be taking up their Entitlement. The Directors' shareholdings:

Director	Number of Shares in which the Director holds an interest			Voting Power of the Directors		
	As at the date of this Offer Document ⁽⁵⁾	Based on all Entitlements being taken up ⁽⁵⁾	Based on actual Entitlements take up ⁽⁶⁾	As at the date of this Offer Document ⁽⁵⁾	Based on all Entitlements being taken up ⁽⁵⁾	Based on actual Entitlements take up ⁽⁶⁾
Paul McKenzie ⁽¹⁾	2,265,660	3,272,620	2,395,980	9.39%	8.01%	5.86%
John Sergeant ⁽²⁾	2,502,970	3,615,402	3,002,970	10.38%	8.85%	7.35%
Graham Holdaway ⁽³⁾	855,750	1,236,084	855,750	3.55%	3.02%	2.09%
Shauna Black ⁽⁴⁾	446,670	645,190	446,670	1.85%	1.58%	1.09%
Gregory Boulton ⁽⁵⁾	76,230	110,110	76,230	0.32%	0.27%	0.19%
Total	6,147,280	8,879,406	6,777,600	25.48%	21.72%	16.58%

At the date the Offer was announced, being 12 April 2017 the Directors held the following Shares:

- (1) Paul McKenzie's Shares comprise:
 - a. 1,972,440 held by Aminac Pty Ltd AFT Agrarian Management S/F A/C of which Mr McKenzie is the Managing Director; and
 - b. 293,220 held by Agrarian Consulting Pty Ltd (The McKenzie Family Account No 2 A/C> of which Mr McKenzie is the Managing Director.
- (2) John Sergeant's Shares comprise:
 - a. 1,744,800 held by Phalaenopsis Pty Ltd ATF Sergeant Family Trust of which Mr Sergeant has effective control of his family trust;
 - b. 418,230 direct interest;
 - c. 327,230 held by Sergeant Family Superannuation Fund of which Mr Sergeant has effective control; and
 - d. 12,710 held by Ms J Sergeant; Ms Sergeant is Mr Sergeant's wife.
- (3) Graham Holdaway's Shares comprise:
 - a. 389,980 held by Mr Graham Ian Holdaway and Mrs Kristina Mary Irving Holdaway <G & K Super Fund A/C> of which Mr Holdaway has effective control; and
 - b. 465,770 held by Holdaway & Holdaway Pty Ltd of which Mr Holdaway has effective control, being a director and shareholder.
- (4) Shauna Black's Shares comprise:
 - a. 66,670 direct interest; and
 - b. 380,000 held by Black Stump Regional Pty Ltd ATF The Taybric Family Trust of which Ms Black has effective control.

- (5) Gregory Boulton's Shares comprise of 76,230 held by G Boulton Pty Ltd as Trustee of <Greg Boulton Family S F A/C>.
- (6) Shares on issue at the date of this Offer amount to 24,123,520, Shares after Offer assuming full Entitlements taken up amount to 40,873,551 (including 6,028,467 shares issued under placement) and assumes all Directors take up their full Entitlement.
- (7) Two directors have subscribed for part of their Institutional Entitlement, being 630,320 New Shares. The remaining Directors do not plan to take up their Entitlement.

1.9 Opening and Closing Dates

The Retail Entitlement Offer opens on the Opening Date, being 24 April 2017. The Company will accept Entitlement and Acceptance Forms until 5:00 pm Sydney time (AEST) on the Closing Date, being 4 May 2017, or such other date as the Directors, in consultation with their advisors, at their absolute discretion, shall determine, subject to ASX Listing Rules.

1.10 Issue and dispatch

The expected dates for issue of New Shares offered by this Retail Offer Booklet and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 1.7.

It is the responsibility of Applicants to determine the allocation and number of New Shares prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements do so at their own risk.

1.11 Shareholders outside Australia and New Zealand

This Retail Offer Booklet does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue the Retail Offer Booklet.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

1.12 ASX listing

The Company has applied for official quotation by ASX of the New Shares offered pursuant to this Offer Document. If approval is not obtained from ASX for any reason the Company will not issue any New Shares and will repay all Application monies for the New Shares, without interest.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

1.13 CHESS

The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely on paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Retail Offer Booklet. The notice

will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

1.14 Reconciliation

As in any entitlement offer, Shareholders may believe that they own more Shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all Eligible Retail Shareholders have the opportunity to receive their full Entitlement. If reconciliation is required, it is possible that KPT may need to issue a small quantity of additional New Shares (Reconciliation Shares) to ensure all Eligible Retail Shareholders have the opportunity to receive their full Entitlement. The price at which these Reconciliation Shares will be issued will be the same as the issue price under the Offer.

KPT also reserves the right to reduce the number of New Shares allocated to Eligible Retail Shareholders (or persons claiming to be Eligible Retail Shareholders), if their Entitlement claims prove to be overstated, or if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are not Eligible Retail Shareholders.

1.15 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Retail Offer Booklet. The Company, its advisors and its officers, do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax advisor in connection with subscribing for New Shares under this Retail Offer Booklet.

1.16 Market prices

The lowest and highest market post-split sale prices of Shares on the ASX during the three months preceding the date of this Retail Offer Booklet were \$2.35 and \$2.62 respectively. The closing price of KPT's Shares on the ASX, on 11 April 2017 (being the last day of trading prior to the announcement of the Offer) was \$2.55. The Offer Price of \$2.00 represents a discount of approximately 21.6% to the closing price on 11 April 2017 and a 20.8% discount to the five day volume weighted average price of KPT's shares traded on the ASX over the five trading days up to and including 11 April 2017 being \$2.53.

1.17 Risk factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company, which are described in the Investor Presentation set out in Appendix A (**page 23**).

1.18 Enquiries concerning Offer Documents

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions concerning the Offer please contact Vicky Allinson (Company Secretary) by emailing vicky.allinson@kipt.com.au or telephone on 08 8227 2482 (within Australia) and +61 8 8227 2482 (outside Australia) during Adelaide office hours. If you have any further questions, you should contact your stockbroker, accountant or other professional advisor.

2. EFFECT OF THE OFFER

2.1 Overview

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$21.4 million before deducting the capital raising fees of the Offer detailed in Section 1.5; and
- (b) increase the number of Shares on issue from 24,123,520 by approximately 10,721,564 to 34,845,084 following completion of the Offer (excluding Institutional Placement).

2.2 Impact on Company's capital structure

The table below shows the current structure of the Company and the capital structure on completion of the Offer.

	Number of Shares	% of post-Offer Shares
Existing Shares	24,123,520	59%
Placement New Shares	6,028,467	15%
Offer New Shares	10,721,564	26%
Total immediately after Offer	40,873,551	100%

2.3 Effect on control

The Offer comprises a non-renounceable pro-rata entitlement offer with a Shortfall Facility. The Retail Entitlement component is fully underwritten. If all Eligible Retail Shareholders take up their Entitlement, there will be no effect on the control of the Company. However, to the extent that an Eligible Retail Shareholder does not or is not entitled to take up their Entitlement under the Offer, the Shareholder's percentage holding will be diluted and there may be an effect on control of the Company. In addition, the Institutional Placement will also dilute Shareholder's percentage holding in KPT.

If some or all of the Shareholders do not take up their Entitlement under the Offer, and there is a Shortfall, the Shortfall Facility provides each Eligible Retail Shareholder that has taken up their Entitlement in full, the ability to participate further in the Shortfall Facility. The Underwriter will be required to subscribe for any remaining Shortfall Retail Shares after the allocation of Shares under the Shortfall Facility as outlined in Section 5. The direct percentage holdings that each Substantial Shareholder may acquire are set out in the table below.

The figures below demonstrate the potential effect of the Shortfall Facility.

Substantial Shareholder	Number of Shares in which the Substantial Shareholder holds an interest			Voting Power of the Substantial Shareholder		
	As at the date of this Offer Document	Based on all Entitlements being taken up ⁽⁵⁾	Based on actual Entitlements take up ⁽⁶⁾	As at the date of this Offer Document	Based on all Entitlements being taken up ⁽⁵⁾	Based on actual Entitlements take up ⁽⁶⁾
STAR ⁽¹⁾⁽⁷⁾	7,880,730	11,383,278	11,383,278	32.67%	27.85%	31.06%
Supervised Investments Ltd ⁽²⁾	3,294,510	4,758,739	3,294,510	13.66%	11.64%	8.06%
Paul McKenzie ⁽³⁾	2,265,660	3,272,620	2,395,980	9.39%	8.01%	5.86%
John Sergeant ⁽⁴⁾	2,502,970	3,615,402	3,002,970	10.38%	8.85%	7.35%

At the date of the Offer:

- (1) Samuel Terry Absolute Return Fund's (**STAR**) Shares comprise:
 - a. Mr Woollard is Managing Director of Samuel Terry as trustee of the STAR. 7,879,370 held by JP Morgan Nominees as custodian of the STAR; and
 - b. 1,360 directly held by Mr Woollard.
- (2) Supervised Investments Ltd's Share comprise:
 - a. 2,774,010 held by JP Morgan Nominees as custodian of Supervised Investments Ltd of which Ms Ida Constable is Director and Shareholder; and
 - b. 515,500 held by David Neil Constable
 - c. 5,000 held by Lola Lichter.
- (3) Paul McKenzie has taken up part of his Entitlement under the Institutional Entitlement Offer; Shares comprise:
 - a. 1,972,440 held by Aminac Pty Ltd AFT Agrarian Management S/F A/C of which Mr McKenzie is the Managing Director; and
 - b. 293,220 held by Agrarian Consulting Pty Ltd (The McKenzie Family Account No 2 A/C> of which Mr McKenzie is the Managing Director.
- (4) John Sergeant has confirmed he will not take up his Entitlement under the Institutional Entitlement Offer in full; Shares comprise:
 - a. 1,744,800 held by Phalaenopsis Pty Ltd ATF Sergeant Family Trust of which Mr Sergeant has effective control of his family trust;
 - b. 418,230 direct interest;
 - c. 327,230 held by Sergeant Family Superannuation Fund of which Mr Sergeant has effective control; and
 - d. 12,710 held by Ms J Sergeant; Ms Sergeant is Mr Sergeant's wife.
- (5) Shares on issue at the date of this Offer amount to 24,123,520, Shares after Offer assuming full Entitlements taken up amount to 40,873,551 (including 6,028,467 shares issued under placement).
- (6) Three substantial shareholders, STAR, Paul McKenzie and John Sergeant have subscribed for all or part of their Institutional Entitlement, being 4,815,898, 130,320 and 500,000 New Shares respectively. STAR subscription also includes 39,125 issued under the Institutional Placement.
- (7) STAR has entered in to an agreement with the Underwriter to sub-underwrite up to 2,976,773 Shares.

The Substantial Shareholders can only participate in the Institutional Entitlement Offer, which closed on 13 April 2017. At the date of this Retail Offer Booklet, STAR, Paul McKenzie and John Sergeant have taken up part of their Entitlements under the Institutional Entitlement Offer. Supervised Investments Ltd have not taken up any of their Entitlements under the Institutional Entitlement Offer and they are **not** eligible to participate in the Retail Entitlement Offer.

3. ACTION REQUIRED BY SHAREHOLDERS

3.1 How to Accept the Offer

The Entitlement of Eligible Retail Shareholders to participate in the Retail Entitlement Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Retail Offer Booklet.

Your acceptance of the Retail Entitlement Offer must be made by following the instructions on the Entitlement and Acceptance Form. Acceptances received above your maximum Entitlement as shown on the Entitlement and Acceptance Form will be deemed to be for your maximum Entitlement and you will be deemed to have applied for Shortfall Shares, under the Shortfall Facility (refer to Section 1.4 for details of the Shortfall Facility).

You cannot sell or transfer your Entitlement to another person.

You may participate in the Retail Entitlement Offer as follows:

- (a) if you wish to accept your Entitlement Shares:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount of the appropriate Application monies (at \$2.00 per Share); or pay via BPAY by following the instructions set out in the Entitlement and Acceptance Form;
- (b) if you wish to accept your Entitlement in full and apply for Additional Shares:
 - (iii) complete the Entitlement and Acceptance Form, filling in the number of Shares you wish to accept plus the number of Additional Shares (being more than your Entitlement as specified on the Entitlement and Acceptance Form); and
 - (iv) attach your cheque for the amount of the appropriate Application monies (at \$2.00 per Share); or pay via BPAY by following the instructions set out in the Entitlement and Acceptance Form; or.
- (c) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate Application monies (at \$2.00 per Share); or pay via BPAY by following the instructions set out in the Entitlement and Acceptance Form; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Shareholders wishing to apply for Shares in excess of their Entitlement may apply to participate in the Shortfall Facility. Please refer to Section 1.4 of this Retail Offer Booklet for further details regarding the Shortfall Facility.

All cheques must be drawn on an Australian Bank and made payable in Australian currency to "Kangaroo Island Plantation Timbers Ltd" and crossed "Not Negotiable".

Return your completed Entitlement and Acceptance Form payment slip and cheque to:

Computershare Investor Services Pty Limited
GPO Box 2987
Adelaide SA 5001

by no later than 5.00pm Sydney time on the Closing Date (**Section 1.7**).

If paying by BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form. If you do not wish to participate in the Offer you do not need to return the Entitlement and Acceptance Form.

It is your responsibility to ensure that your BPAY payment is received by the KPT Share Registry by no later than 5:00pm (AEST) on 4 May, 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

4. RISK FACTORS

4.1 Introduction

An investment in KPT involves a number of risks. A number of risks associated with an investment in KPT are set out in the “Key Risks” section of the Investor Presentation attached to this Retail Offer Booklet as Appendix A. You should consider these factors in light of your personal circumstances, including financial and taxation issues. Before making an investment decision, you should read this Retail Offer Booklet in full and should consult with your professional advisers. You should conduct your own independent review, investigation and analysis of the Shares. You should obtain any professional advice you require to evaluate the merits and risks of an investment in KPT before making any investment decision. The New Shares issued under this Offer should be considered speculative.

5. SUMMARY OF UNDERWRITING AGREEMENT

5.1 Underwriting of the Offer

The Retail Offer is fully underwritten by Petra Capital.

The Company and Petra Capital entered into the Underwriting Agreement pursuant to which the Underwriter will act as lead manager and bookrunner for the Offer and will underwrite the Offer on the terms and conditions set out in the Underwriting Agreement.

5.2 Termination events

The obligation of the Underwriter to underwrite the Retail component of the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement at any time prior to Completion on the occurrence of certain events, if such an event has, or is likely to have a material adverse effect on the success or settlement of the Offer, the willingness of investors to subscribe for New Shares, or the price at which Shares are sold on ASX. These events include, but are not limited to, the following:

- (a) **(Breach)** The Company fails to perform or observe any of its obligations under the Underwriting Agreement or any representation or warranty given or made by it under the Underwriting Agreement or the Mandate Letter proves to be, or has been, or becomes untrue or incorrect.
- (b) **(Misleading and deceptive statements)** any information supplied (including any information supplied prior to the date of this Underwriting Agreement) by or on behalf

of any member of the Group to the Underwriter in respect of the Retail Entitlement Offer, the Institutional Entitlement Offer or the Group is, or is found to be, misleading or deceptive in a material respect, or likely to mislead or deceive (including, by omission) in a material respect;

- (c) **(Adverse change)** There is an adverse change in, or an event occurs which gives rise to, or is likely to give rise to, an adverse change in the condition (financial or otherwise), assets, earnings, business, affairs, results of operations, management or prospects of the Company from the position disclosed in the information publicly available as at the date of the Underwriting Agreement or the Offer Materials.;
- (d) **(ASX approval)** Unconditional approval (or approval conditional only on customary conditions which are acceptable to the Underwriter acting reasonably) by the ASX for Official Quotation of the Retail Entitlement Shares is refused, or is not granted before the Second Settlement Date (or such later date agreed in writing by the Underwriter at its absolute discretion), or is withdrawn, qualified (other than by way of customary conditions) or withheld on or before the Second Settlement Date.
- (e) **(withdrawal)** the Company withdraws the Retail Entitlement Offer;
- (f) **(insolvency of the Company)** the Company is, or becomes, insolvent or any act occurs or any omission is made which may result in the Company becoming insolvent;
- (g) **(change in management)** a change in the Managing Director, Chief Financial Officer, other management named in this Retail Offer Booklet (or any other ancillary offer document) or the board of directors of the Company occurs before Completion without the prior written consent of the Underwriter ; or
- (h) **(Index change)** At any time the S&P/ASX 300 Index as published by ASX falls by 10% or more from the level as at the close of trading on the date of the Underwriting Agreement and is at or below that level at the close of trading:
 - (i) for 2 consecutive Business Days during any time after the date of the Underwriting Agreement; or
 - (ii) on the Business Day immediately prior to the Second Settlement Date.
- (i) **(Unable to issue)** The Company is prevented from issuing any of the Retail Entitlement Shares within the time required by the Timetable (unless otherwise agreed to by the Underwriter) or by or in accordance with the ASX Listing Rules, ASX, ASIC, applicable laws, a Government Agency or an order of a court of competent jurisdiction..

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

6. CORPORATE DIRECTORY

Registered Office

Aurora House, Suite 816,
147 Pirie Street,
Adelaide, South Australia 5000
Telephone: (08) 8227 2482
Facsimile: (08) 8223 1685

Directors

Paul Lawrence McKenzie (Chairman)
John David Sergeant (Managing Director)
Graham Ian Holdaway
Shauna Marie Black
Gregory Colin Boulton AM

Solicitors

MinterEllison
Level 10, Grenfell Centre,
25 Grenfell Street,
Adelaide, South Australia 5000

Underwriter

Petra Capital
Level 17,
14 Martin Place,
Sydney NSW 2000

Share Register

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street,
Adelaide SA 5000
Telephone: 1300 850 505

Company Secretary

Victoria Marie Allinson
Email: vicky.allinson@kipt.com.au

Auditor

Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street,
Adelaide, South Australia 5000

7. DEFINED TERMS

\$ or A\$ means an Australian dollar.

Applicant refers to a person who submits an Entitlement and Acceptance Form.

Application refers to the submission of an Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, where the context requires, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

Board means the board of directors of the Company from time to time.

Business Day means a day upon which ASX is open for trading in securities and trading banks in Sydney, NSW Australia are open for general banking business.

Closing Date means closing time for the Retail Entitlement Offer being 5.00pm Sydney time 4 May 2017.

Company means Kangaroo Island Plantation Timbers Limited (ACN 091 247 166) or KPT.

Completion will occur when all of the New Shares have been allotted and issued by the Company in accordance with the Offer.

Corporations Act means the Corporations Act 2001 (Cth) as amended.

Development Act means the Development Act 1993 (SA) as amended.

Directors means the directors of the Company.

Eligible Retail Shareholder means a Shareholder that is not an Institutional Shareholder; and with a registered address in Australia or New Zealand whose details appear on the Company's register of Shareholders as at the Record Date.

Eligible Shareholder means a Shareholder with a registered address in Australia or New Zealand whose details appear on the Company's register of Shareholders as at the Record Date.

Entitlement means the entitlement to subscribe for four (4) New Shares for every nine (9) Shares held by an Eligible Shareholder on the Record Date and **Entitlement Issue** and **Entitlements** has a corresponding meaning.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Retail Offer Booklet.

Entitlement Issue means the non-renounceable pro rata offer of New Shares at an issue price of \$2.00 each on the basis of four (4) New Shares for every nine (9) Shares held on the Record Date pursuant to this Retail Offer Booklet.

FIT means the Forestry Investment Trust estate on Kangaroo Island. The trustee of the trust is The Trust Company (Australia) Limited (ACN 000 000 993).

FIT Acquisition means the acquisition of entire FIT estate managed by New Forests on Kangaroo Island for consideration of \$55 million.

HoA means the Heads of Agreement between FIT and KPT in respect of the FIT Acquisition.

Ineligible Retail Shareholders are retail shareholders as at the Record Date who are not Eligible Retail Shareholders.

Ineligible Institutional Shareholders are institutional shareholders as at the Record Date who are not Eligible Retail Shareholders.

Institutional Entitlement Offer where offers have been made to qualifying institutional Shareholders for them to apply for their pro-rata entitlement.

Institutional Investor means an investor:

- J in Australia, to whom an offer of shares in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an "exempt investor" as defined in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84; or
- J in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgment of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which KPT is willing to comply with such requirements).

Institutional Placement where shares are offered to qualifying Institutional Investor; KPT has successfully completing the Institutional Placement of 6,028,467 shares at \$2.00 to Institutional Investors to raise \$12.1 million.

Institutional Shareholder means a Shareholder:

- J in Australia, to whom an offer of shares in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an "exempt investor" as defined in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84; or
- J in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgment of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which KPT is willing to comply with such requirements).

KPT means Kangaroo Island Plantation Timbers Limited (ACN 091 247 166); ASX Code KPT.

Major Development has the meaning as defined under section 46 of the Development Act SA (1993) SA.

New Forest and **NF** means New Forests Asset Management Pty Ltd (ACN 114 545 283), the entity that manages the FIT estate.

New Share means a new Share proposed to be issued pursuant to this Offer or Shortfall Facility.

Offer means the non-renounceable pro rata offer of New Shares at an issue price of \$2.00 each on the basis of four (4) New Shares for every nine (9) Shares held on the Record Date pursuant to this Retail Offer Booklet.

Opening Date means 24 April 2017.

Record Date means 7pm AEST 19 April 2017.

Retail Entitlement Offer, where offers will be made to Eligible Retail Shareholders for them to apply for their pro-rata entitlement.

Retail Offer Booklet means this Retail Offer Booklet dated 18 April 2017.

Retail Shareholder means a Shareholder other than an Institutional Shareholder.

Section means a Section of this Retail Offer Booklet.

Share means an ordinary fully paid Share in the capital of the Company.

Shareholder means a holder of Shares in Kangaroo Island Plantation Timbers Limited (ACN 091 247 166) as at the Record Date.

Shortfall means those New Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Facility means the offer for the Shortfall pursuant to this Retail Offer Booklet.

Shortfall Shares means any Shares available under the Shortfall because all Shareholders did not take up their full Entitlement.

Subsidiary a subsidiary of the Company as that term is defined in the Corporations Act.

Substantial Shareholder is defined by the ASX as a Shareholder holding more than 5% of the Company voting rights.

Sydney time means Australian Eastern Daylight Savings Time (AEST) or Australian Eastern Standard Time (AEST), as the case may be.

Timetable means the timetable set out in the Retail Offer Booklet.

Underwriter means Petra Capital Pty Ltd ACN 110 952 782.

Underwriting Agreement means the underwriting agreement between the Company and Petra Capital dated 13 April 2017.

Appendix A

ASX ANNOUNCEMENT AND INVESTOR PRESENTATION

KPT Equity Raising Presentation

12 April 2017

Important notice

This presentation ("Presentation") has been prepared by Kangaroo Island Plantation Timbers Ltd ACN091 247 166 ("KPT or the Company").

Summary information

This Presentation contains summary information about KPT and its activities current as at March 2017. The information in this Presentation does not purport to be complete or comprehensive, and does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with KPT's other periodic and continuous disclosure announcements lodged with ASX Limited ("ASX"), which are available at www.asx.com.au. This Presentation is not and does not contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or any other offering document under Australian law or any other law and will not be lodged with the Australian Securities and Investments Commission ("ASIC") or any foreign regulator.

Not an offer

This Presentation is not an offer or an invitation to acquire KPT shares or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only. This Presentation is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities (including shares in KPT) or any other financial product and neither this Presentation nor any of the information contained herein shall form the basis of any contract or commitment. In particular, this Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities referred to in this Presentation have not been, and will not be, registered under the US Securities Act of 1933 ("US Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States unless the securities have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions.

Not financial product advice

This Presentation does not constitute financial advice or a recommendation to acquire KPT shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. This Presentation is not intended to be used or relied upon as the basis for making an investment decision. In providing this presentation, KPT has not considered the investment objectives, financial position or needs of any particular recipients. Before making an investment decision, prospective investors should consider the appropriateness of the information in this Presentation (including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of KPT and the values and the impact that different future outcomes may have on KPT) having regard their own objectives, financial situation and needs and seek such legal, financial and/or taxation advice as they deem necessary or appropriate to their jurisdiction. KPT does not have a licence to provide financial product advice in respect of KPT shares. Cooling off rights do not apply to the acquisition of KPT shares.

Financial data

All dollar values are in Australian dollars ("\$"). Underlying profit measures included in the Presentation have been calculated in accordance with the FINSIA/AICD principles for the reporting of underlying profit. Underlying profit is non-IFRS financial information and is not subject to review or audit by the external auditors, but is derived from the financial statements by removing the impact of discontinued operations and items not related to ongoing operating performance.

Forward looking statements

Certain statements in this Presentation may constitute forward-looking statements or statements about future matters that are based upon information known and assumptions made as of the date of this Presentation. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. These statements are subject to internal and external risks and uncertainties that may have a material effect on future business. A summary of some of the key risks of KPT's business is set out at the end of the Presentation. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this Presentation. As such, undue reliance should not be placed on any forward looking statement. Past performance is not necessarily a guide to future performance. Nothing contained in this presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

Recent key milestones

- \$57.1m CBA debt facility agreed (subject to certain conditions precedent)
- MoU signed with Mitsui Bussan Woodchip Oceania Pty Ltd for timber offtake
- Substantial progress made on draft Environmental Impact Statement
- Smith Bay Wharf proposal designated as a Major Project
- Decision to settle FIT estate acquisition on 28 April 2017

Transaction overview

Capital Raising overview	<ul style="list-style-type: none"> ▪ Total of \$33.5m to be raised through a Capital Raising comprising a fixed price accelerated non-renounceable pro-rata Entitlement Offer and Institutional Placement ▪ Petra Capital is acting as Lead Manager and Bookrunner to the Offer and intends to underwrite the retail component of the Offer
Entitlement Offer	<ul style="list-style-type: none"> ▪ \$21.4m to be raised from 4-for-9 Entitlement Offer, comprising an accelerated Institutional component and non-accelerated Retail component
Placement	<ul style="list-style-type: none"> ▪ \$12.1m to be raised from an Institutional Placement to new and existing institutional shareholders ▪ The Placement will be conducted through the Company's capacity under ASX Listing Rules 7.1 and 7.1A ▪ Shares issued under the Placement will not be entitled to participate in the Entitlement Offer
Offer Price	<ul style="list-style-type: none"> ▪ Both the Entitlement Offer and Institutional Placement will be priced at \$2.00 per share, representing: <ul style="list-style-type: none"> ▪ 21.6% discount to last closing price of \$2.55 ▪ 20.8% discount to the 5 day VWAP of \$2.53 ▪ 19.1% discount to the 30 day VWAP of \$2.47 ▪ 14.0% discount to TERP of \$2.32
Ranking	<ul style="list-style-type: none"> ▪ New shares rank equally with existing shares in all respects including entitlement to future dividends

Sources and uses

Sources	A\$m
Placement	\$12.1m
Entitlement offer	\$21.4m
Total sources	\$33.5m

Uses	A\$m
Acquisition of Forestry Investment Trust Estate	\$25.0m
Acquisition costs	\$5.0m
Working capital/contingency and offer costs	\$3.5m
Total uses	\$33.5m

Indicative timetable

Event	Date
Trading halt commences and Entitlement Offer announced	Wednesday 12 April 2017
Institutional Entitlement Offer and Placement opening date	Thursday 13 April 2017
Institutional Entitlement Offer and Placement closing date	Thursday 13 April 2017
Institutional Bookbuild	Thursday 13 April 2017
Institutional Entitlement Offer: announcement of results	Wednesday 19 April 2017
Trading halt is lifted and existing Shares resume trading	Wednesday 19 April 2017
Retail Entitlement Offer Record Date (7pm AEST)	Wednesday 19 April 2017
Retail Entitlement Offer Opening Date	Monday 24 April 2017
Retail Offer Booklet Dispatched to Shareholders	Monday 24 April 2017
Settlement of applications in the Institutional Entitlement Offer and Placement	Monday 24 April 2017
Quotation of New Shares issued in the Institutional Entitlement Offer and Placement	Monday 24 April 2017
Retail Entitlement Offer Closing Date (5pm AEST)	Thursday 4 May 2017
Settlement of Applications in the Retail Entitlement Offer	Wednesday 10 May 2017
Issue date of Retail Entitlement Offer	Thursday 11 May 2017
Quotation of New Shares issued in the Retail Entitlement Offer	Friday 12 May 2017

Agenda

- About KPT and KI Forestry
- Strategic acquisition
- Export infrastructure
- Business metrics



The KPT opportunity

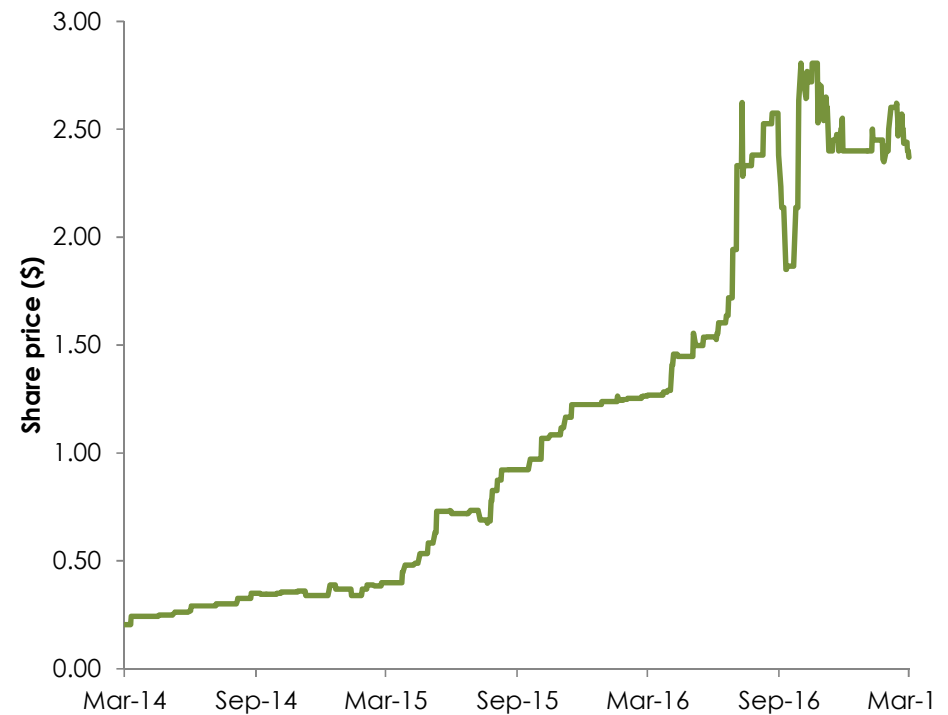
- Transformational acquisition from small timber grower, to large, low cost sustainable timber grower and exporter
- Post transaction, KPT will own standing timber (in which over \$200m has been invested), growing at above average rates due to KI ideal growing conditions
- Proposed deep water wharf (Smith Bay, Kangaroo Island) to be assessed under Major Projects Pathway
- Bank funding (CBA) agreed for 100% of wharf and ~50% of acquisition. Assessing debt terms sheets and other options to fully fund acquisition
- MOU for exclusive off-take agreement secured (Mitsui & Co Ltd)
- Timber prices are firm, with favourable supply/demand imbalance developing
- Timber is an uncorrelated long-term inflation hedge with a favourable risk-return profile.¹ Globally, US\$100 billion invested in timberland¹, dominated by institutions
- KPT is the only ASX listed traditional timberland company²



KPT corporate information

- 25.0m shares, fully diluted
 - 24.1m on issue
 - 0.9m board rights, subject to price, liquidity targets
- Approx. \$60m market capitalisation
- No debt, \$5m cash, no MIS, 100% ownership of land, timber and wharf site
- Substantial holders
 - 32.7% Samuel Terry Asset Management
 - 25.5% Directors
 - 14.2% Supervised Investments
- Directors recently bought new shares at \$2.50

Share price performance



Board



Chair: **Paul McKenzie** BSc (Agric), BCom, FAICD, AIAST
Professional agribusiness consultant & company director
Appointed to board April 2005, appointed Chair July 2009



Managing Director: **John Sergeant** BSc, BA(Hons I), FAMSRS, GAICD
Professional manager, biological sciences & marketing background, director Asset
Resolution (ASS), Appointed to board Mar 2013



Independent NED: **Shauna Black**
Kangaroo Island-based finance journalist, businessperson and industry super fund trustee
Appointed to board Mar ch2015



Independent NED: **Greg Boulton AM** BA(Acc.), FCA, FCPA, FAICD
Logistics, timber, Statewide Super, Port Adelaide Football Club, director Southern Gold
(SAU), Appointed to board November 2016



Independent NED: **Graham Holdaway** BCA, Dip Accy, ACA, MAICD
Former KPMG partner, infrastructure, resources & logistics background, tree grower
Appointed to board March 2015

Senior management



Managing Director: **John Sergeant**



CFO and Company Secretary: **Vicky Allinson**
Adelaide-based, investment, resources & materials sector background



Property and Forestry Operations Manager: **Stephen Connell**
Kangaroo Island

Kangaroo Island, SA

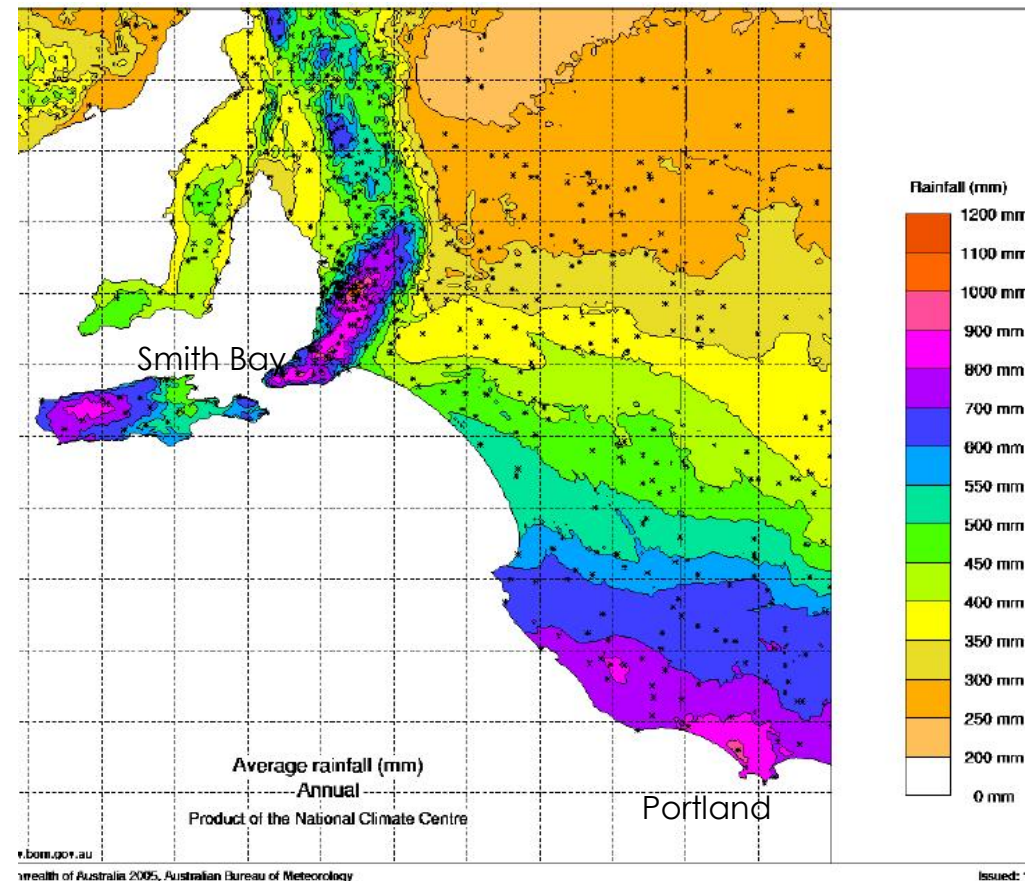


- ▣ 150km EW x 90km NS
- ▣ Land area 440,000 ha
- ▣ 14km to mainland (Sealink ferry service)
- ▣ Population 4,500
- ▣ Significant under-employment, under-utilisation of housing stock

- ▣ Over-dependence on seasonal employment
 - ▣ Tourism (via Sealink car ferry, airport and 19 cruise ship visits this summer)
 - ▣ Agriculture (grain, oilseeds, grazing)
 - ▣ Principal source of non-seasonal employment is government
- ▣ High input costs (diesel, fertilizer), low farm-gate prices, due to freight disadvantage = low land prices

KI: low cost timber production

- High rainfall (as shown)
- Low rainfall variability
- Mild summers, low evaporation
- No salinity issues
- Blue gum MAI (growth rate) approaching 25t/ha pa – over 25% more productive than mainland
- Close proximity to proposed KPT wharf – low transport costs
- Low cost structure



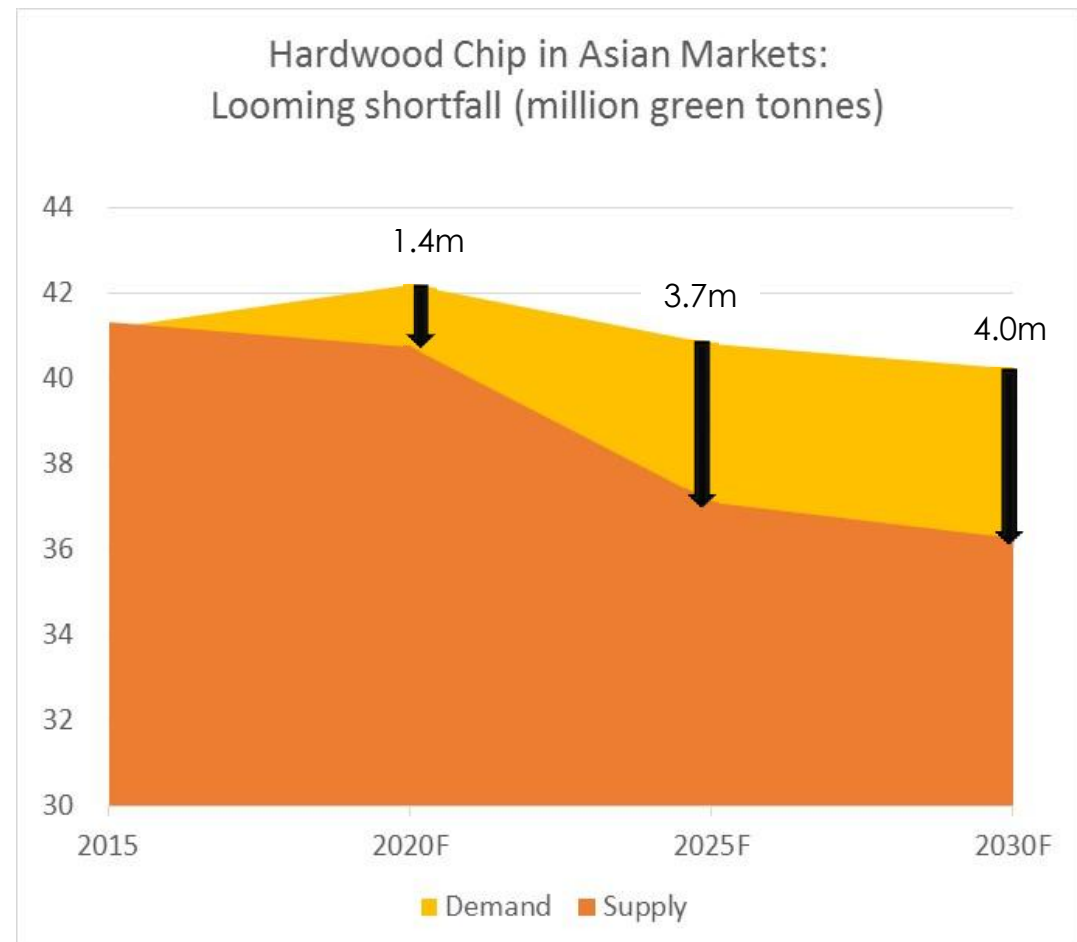
KI Forestry estate (all owners)



- Over \$200m has been spent establishing KI forestry over about 18,000ha planted
- Trees now largely ready to harvest
- 80% eucalypts, mainly e.globulus (Tasmanian Bluegum) = premium hardwood chip
- 20% p.radiata (Radiata Pine) = sawlogs and pulplogs
- Sustainable production 500,000 green tonnes pa, adding around 5% to Australia's timber exports. FOB value approx. \$55m per annum.
- Planned transition to near 100% e.globulus, now shown to be the optimal species on KI
 - Very high MAI
 - Coppicing to get second crop from developed root system
 - Most valuable product

Supply and demand

- Structural supply shortfall for hardwood chip
 - End of Aus. MIS bubble
 - Reduced native forest availability globally
- Long production time means no supply increase until (at least) 2030
- KI hardwood estate can produce around 1/10 of annual structural shortfall
- Price exposure is positive



Agenda

- About KPT and KI Forestry
- Strategic acquisition
- Export infrastructure
- Business metrics



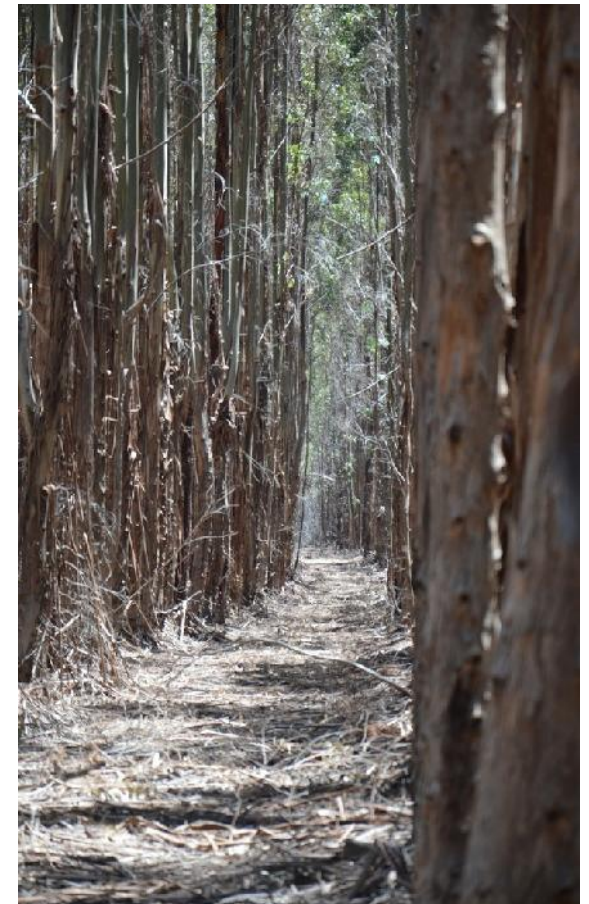
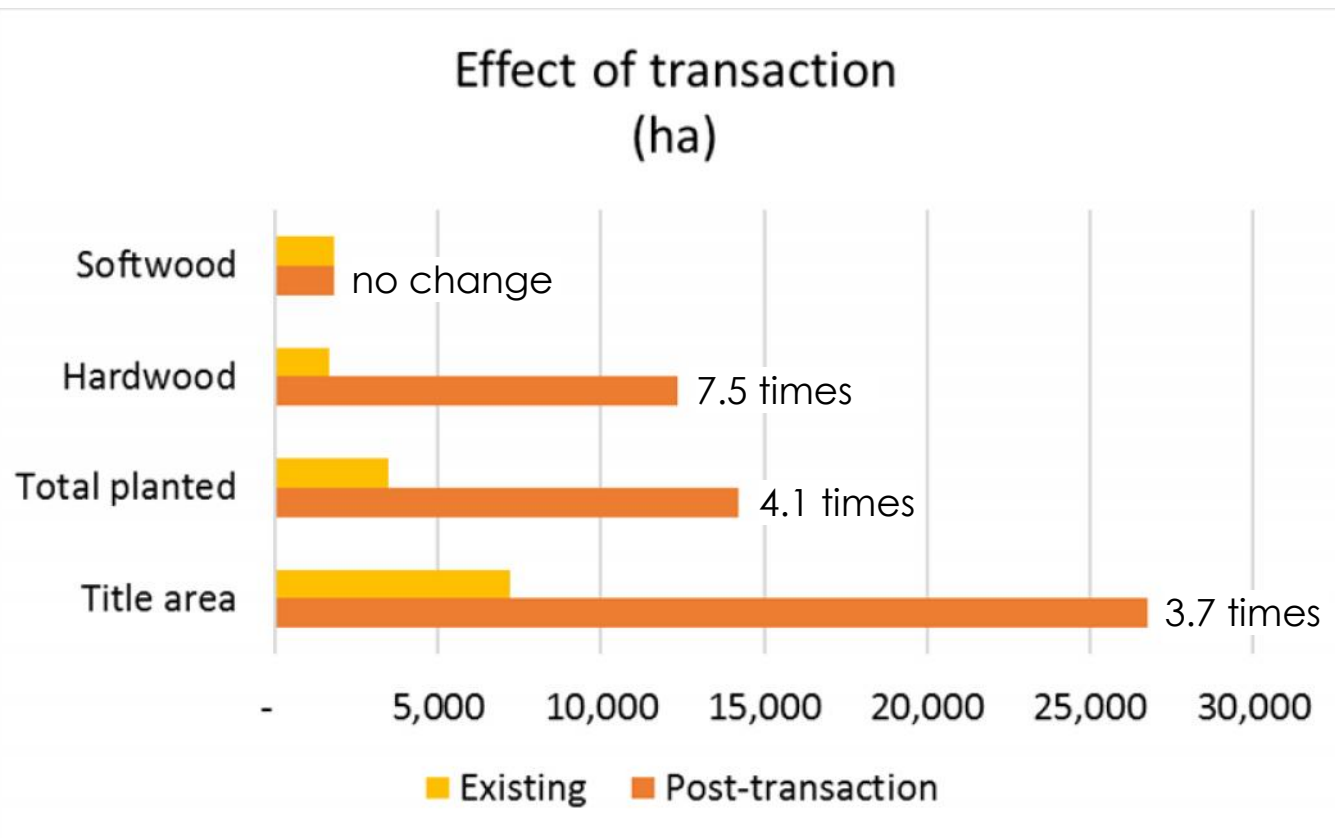
Strategic acquisition

- KPT has a contract to buy Forest Investment Trust KI estate
 - \$5.5m deposit paid October 2016
 - Quadruples KPT's landholding
 - Triples KPT's volume of standing timber
 - Price \$55m, expected completion 28 April 2017
- On even the most conservative valuation*, FIT estate is worth double the purchase price
- Other benefits of FIT estate acquisition
 - Allows focus on superior wharf proposal
 - Strong signal to SA government
 - Provides operational scale for contract harvesting and haulage
 - Improves resource profile



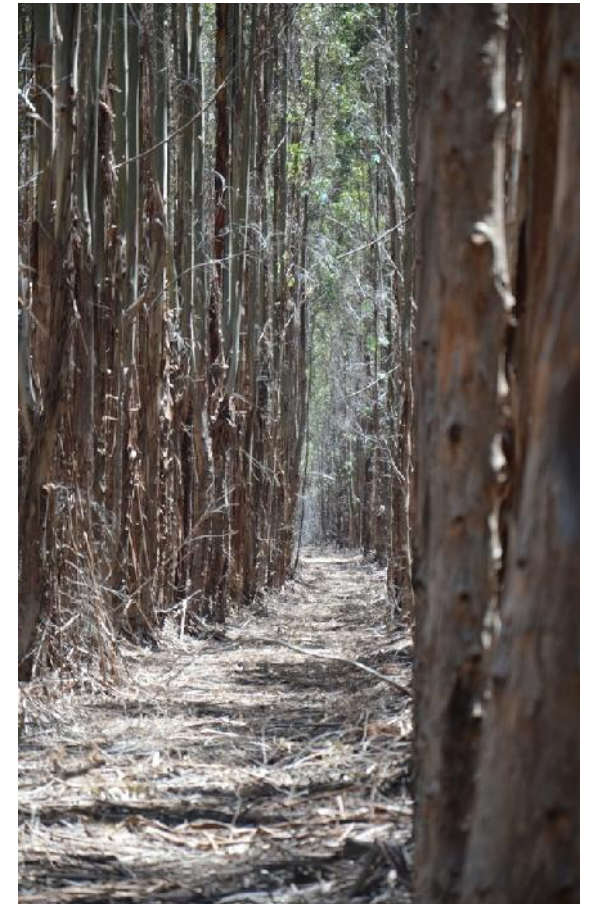
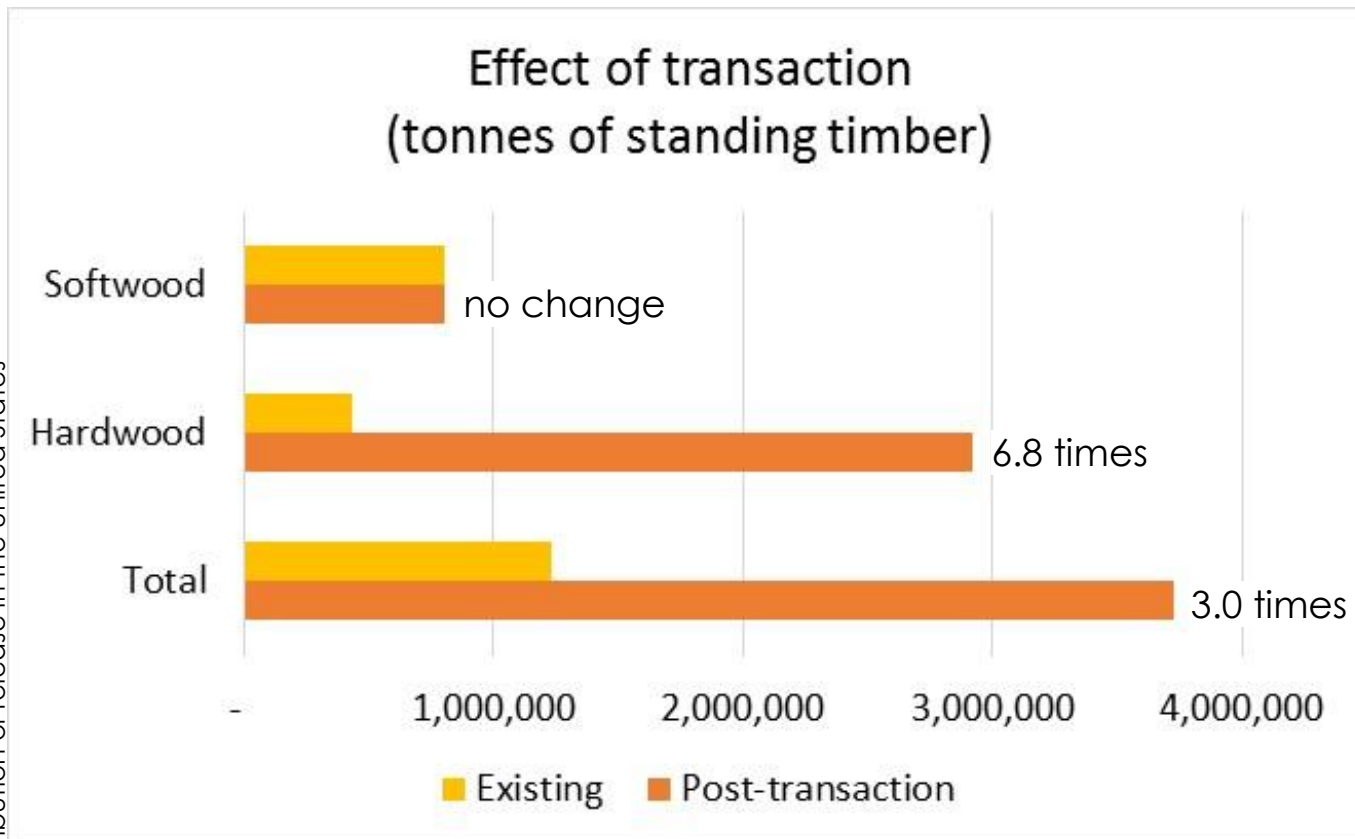
*Geddes Management report Feb 2017

KPT pre and post acquisition

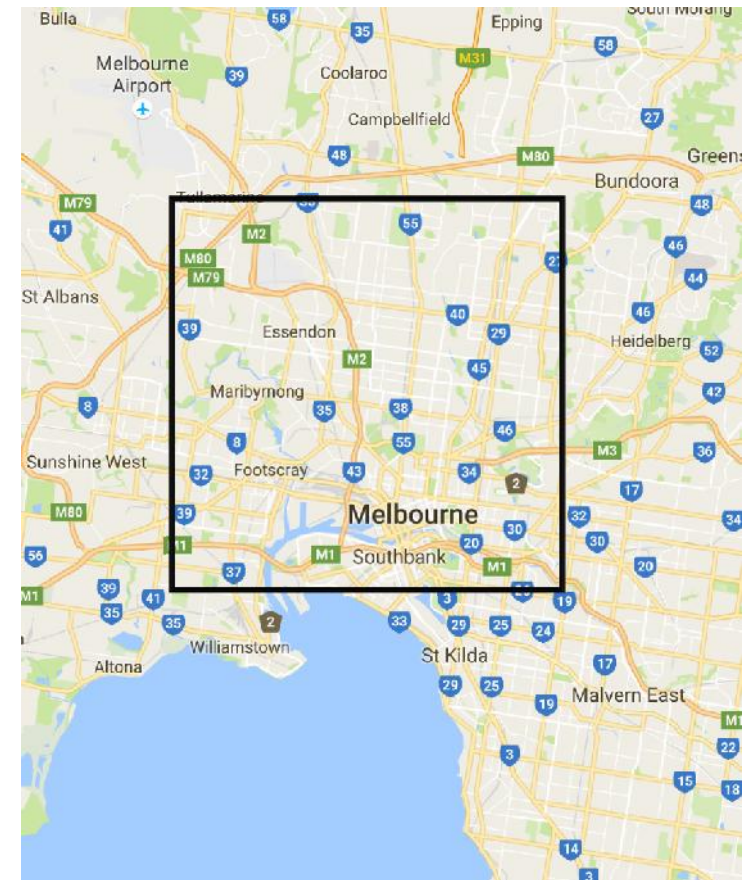
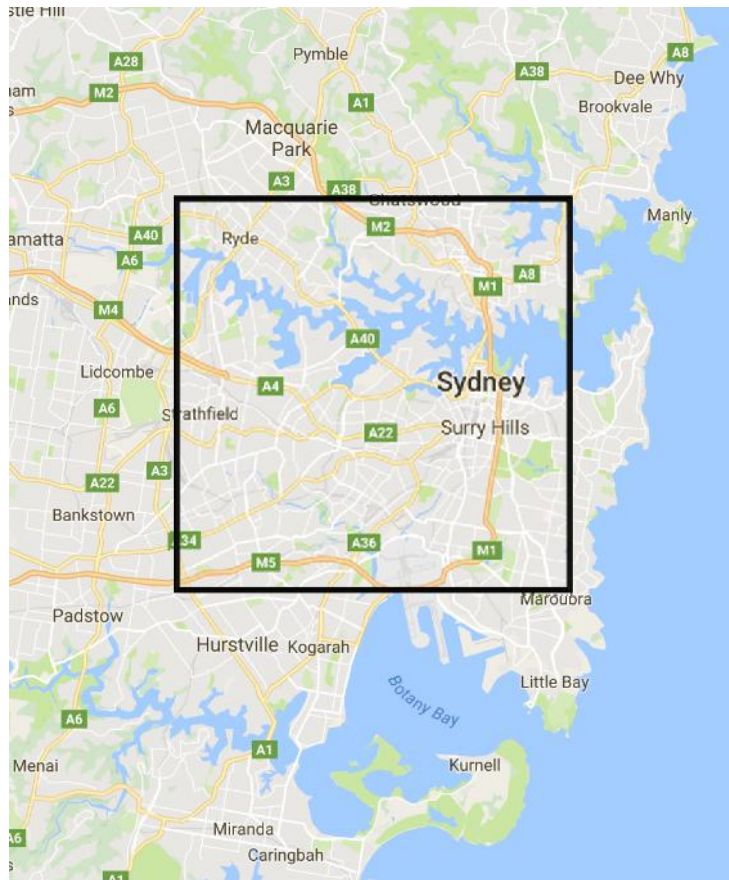


KPT pre and post Acquisition

Not for distribution or release in the United States



Size of landholding post acquisition



Strong partnerships



MITSUMI & CO.

- MoU signed with Mitsui Bussan Woodchip Oceania
- Exclusive arrangement
- Objective: supply contracts on rolling five-year terms

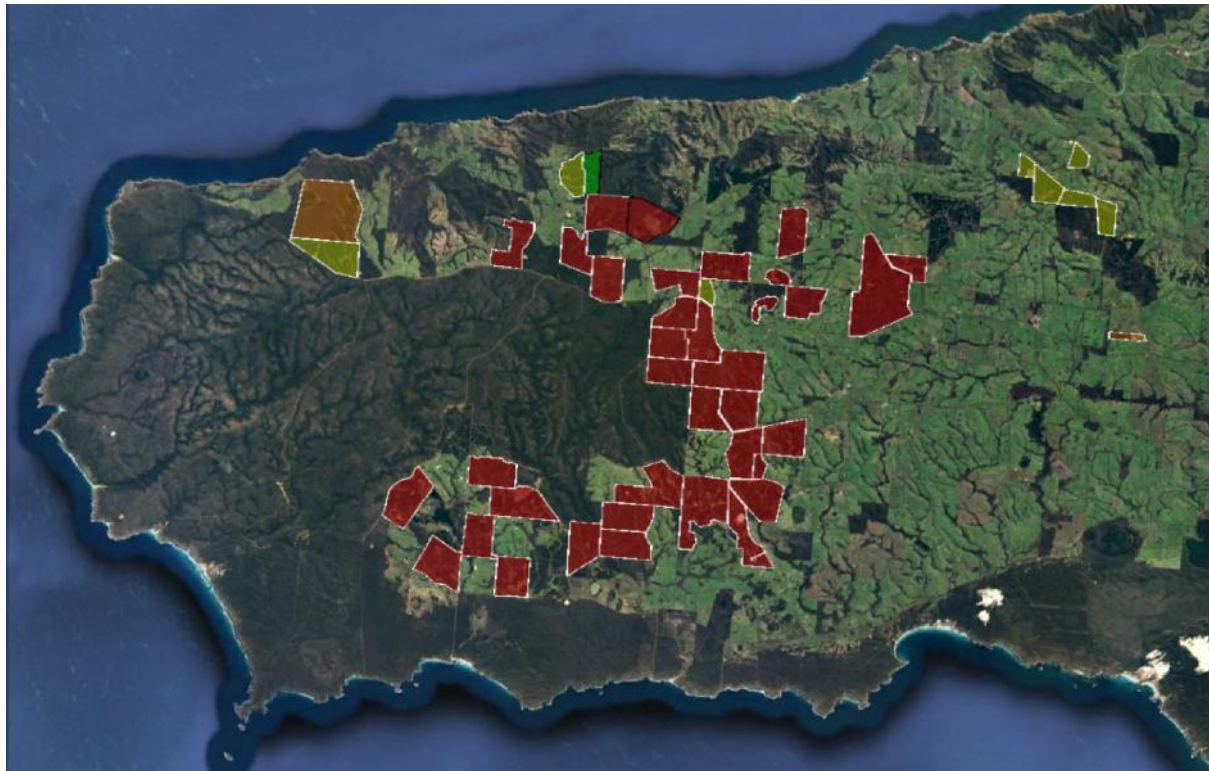
Inspecting the estate with Mitsui management



CommonwealthBank

Purpose	CBA facility
FIT acquisition	\$25.0m
Equipment, working capital	\$2.1m
Wharf construction (100%)	\$30.0m
Total bank funding	\$57.1m

Combined estate



- Softwood (pine)
- Hardwood (eucalypt)
- Mixed planting

Third party timberland
not shown

Agenda

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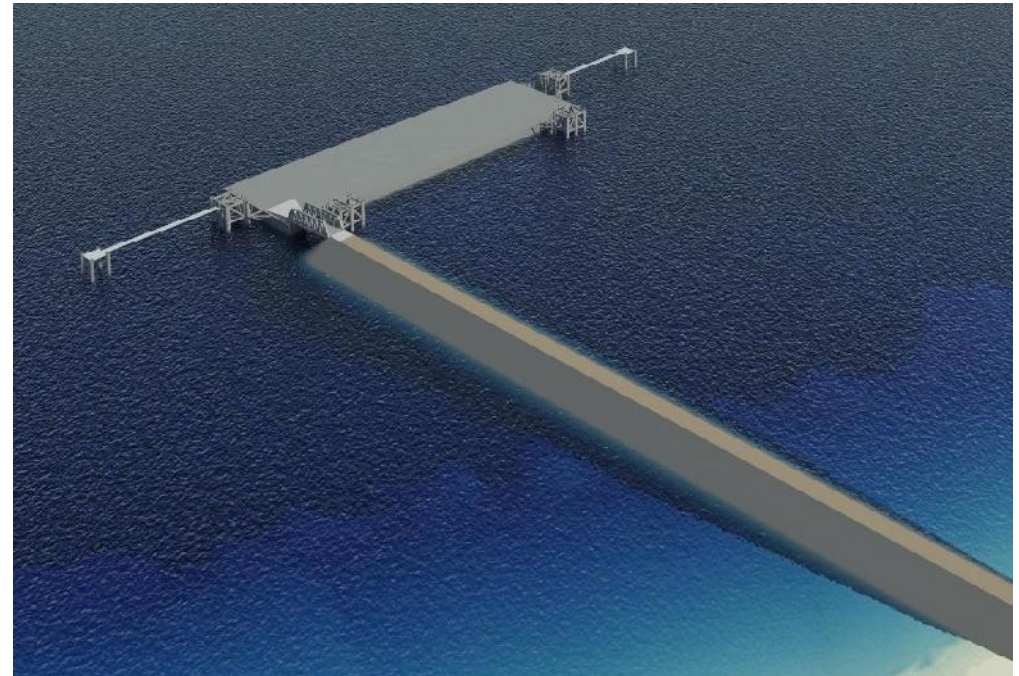
Export infrastructure

- Proposed rock causeway & floating berth, to handle:
 - Logs & woodchips
 - Containerized cargo
 - Import & export
 - Handymax – Super Panamax
 - Cruise liners
- Build cost \$25 - \$30m
- 6-9 month build
- Suitable floating pontoon barge available, on budget

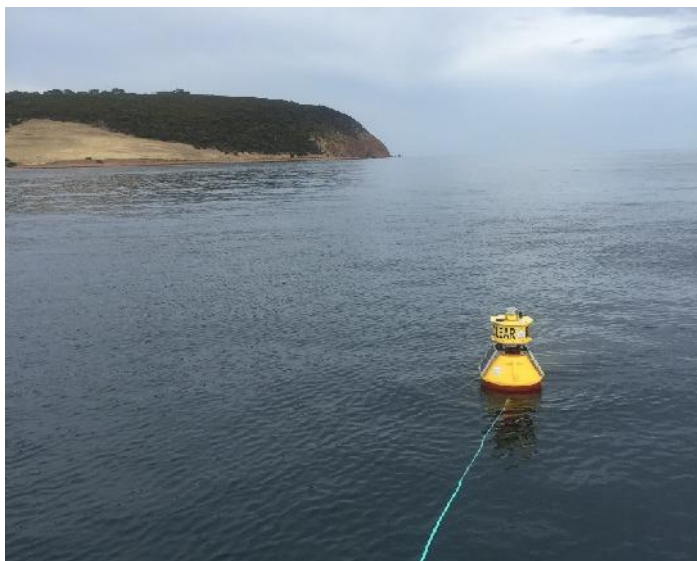


Export infrastructure

- Multi-user wharf to benefit whole island community, including sheltered boat ramp for general public
- No government funding sought
- Wharf construction facility signed with CBA \$30m (i.e. 100%)
- KPT poised to benefit from owning key infrastructure asset, available 300 days/annum for non-forestry users
- Facility not designed (or located) to compete with Sealink's domestic tourism and freight business



Export infrastructure



Monitoring conditions at Smith Bay

- Smith Bay Wharf application lodged October 2016
- Following DD, designated a state-significant development February 2017
 - Rigorous assessment process
 - Most state-significant developments have been approved
 - Decision is final, no appeal rights
- EIS and supporting studies largely complete, including time series data on coastal processes and water quality
- Earliest approval June 2017 ... but could take until June 2018
- KPT committed to maintain environmental water quality to allay concerns of aquaculture industry

Benefits to KI and SA

Benefit	Estimate
Direct expenditure on wharf development	\$25-30m
Direct construction employment	50 FTE
Indirect construction employment	86 FTE
Direct permanent, non-seasonal employment once operational	118 FTE
Indirect permanent, non-seasonal employment once operational	168 FTE
KI Population increase	430 people
Value of timber exports (to China and Japan) once operational	\$60m pa
Direct expenditure in South Australia once operational	\$40m pa
Total increase in economic activity in SA once operational	\$109m pa
Benefit to other wharf users of access based on incremental costs	Not quantified

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Key measure: sustainable operating cashflow

- Aim to operate at steady and sustainable production levels
 - No future dips in supply profile
 - Reliable supplier of premium FSC-certified* product to customers
 - Permanent, non-seasonal employment for on-Island workforce
 - Maintain inventory at steady levels
 - Maintain social licence
 - Support maintenance, harvest, haulage and stevedoring contractors
- Within production constraint, maximise operating cashflow, rather than statutory profit
 - Profit is too influenced by changes in inventory valuation
 - Profit is an opinion but cash is a fact
- High, sustainable operating cashflow is KPT's objective

Projected operating cashflow

Wharf available 2018

Operating Cash Flow
post tax paid, pre finance costs ('000)

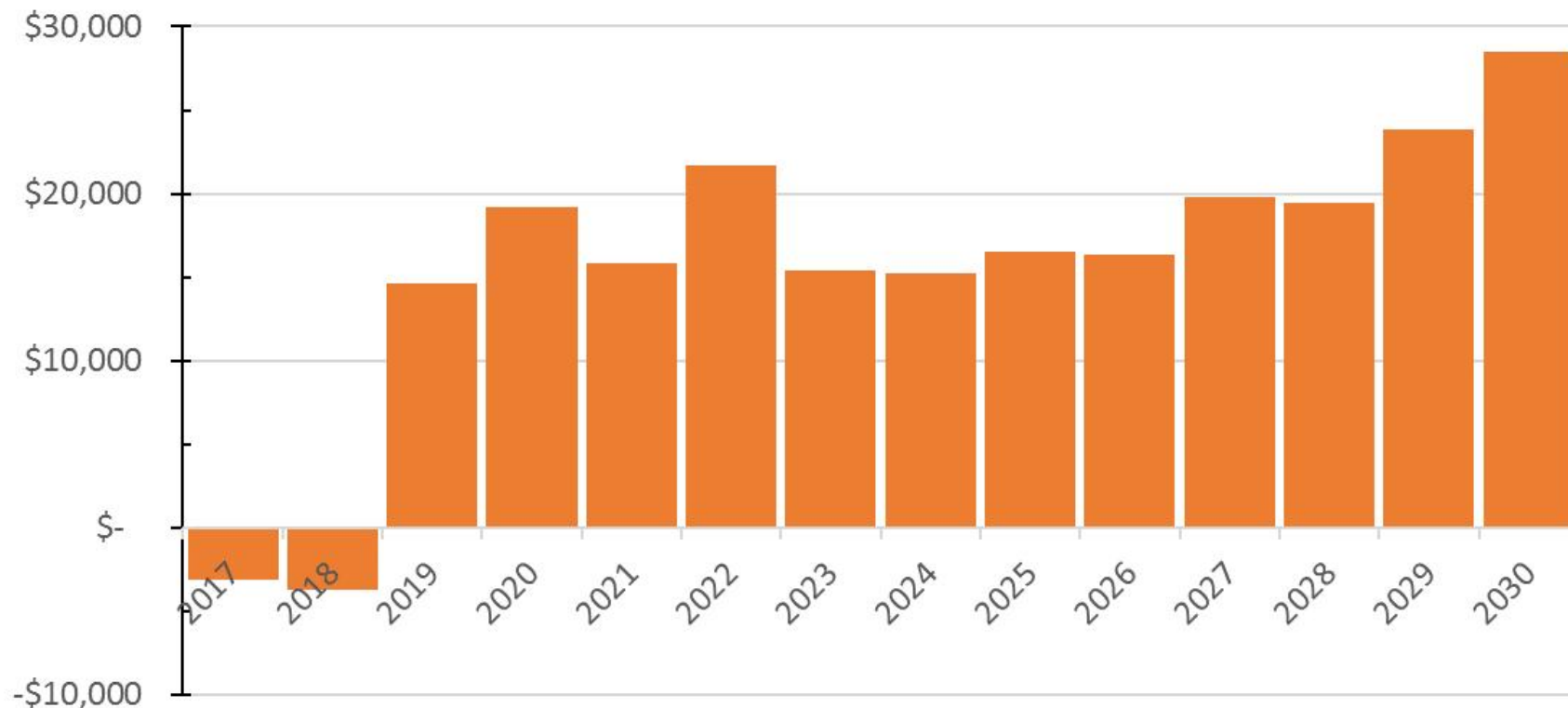


Chart shows projected operating cashflow, post tax paid, pre financing costs, no change in real \$A timber prices, despite looming shortfall.

If wharf approval delayed or denied ...

- Costed interim barging solution available
- Transshipment of logs to export vessel anchored at depth
- Additional ≈\$15/tonne materials handling
- Corresponding reduction in net stumpage
- Approx. 35% reduction in operating cashflow ... until wharf approved at another site
- Barging unacceptable as a long-term solution
 - Negative impacts on community
 - Value-leakage for KPT



Appendices

- ▣ Wharf site selection
- ▣ Key risks



Wharf site selection

- Closest practicable sheltered north coast site to timber resource: minimise transport costs (direct and indirect)
- Deep water, berthing large ocean-going vessels relatively close to shore
- Adjacent land is relatively flat, suitable for safe storage of cargo
- Adjacent land cleared and somewhat degraded, seabed disturbed
- No critical habitat loss
- Minimal conflict with tourism, marine national parks
- Availability of effective offset for environmental impact
- KPT has secured access to alternative sites but strongly prefers Smith Bay

Key risks

Investment speculative

An investment in the Company's securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company. An investment in the Company is not risk free. The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed but are key risks identified by the Board as being specific to the Company and its current operations as at the date of this presentation.

Primary Industry/Agriculture Risk

A major asset of the Company are trees that the Company owns directly. The trees generally have a long life and are subject to many risks including fire, frost, drought, other acts of God, disease, pests, technological advances, failure to achieve expected yields, reduced demand for timber products, failure to achieve economic prices for the end products because of supply and other issues, changes in prices and costs particularly adverse price movements in the costs of harvesting, processing, transport, and ship loading, currency movements, government imposts and regulations and general economic and international issues. In the event that there is any significant deficiency between actual and anticipated outcomes, or an agricultural or climatic event that reduces the number of trees available for harvest, the underlying business of the Company may be affected through the reduction in net cash flow.

Construction and development risk

The Company proposes to build a wharf at its Smith Bay Development site. The Company believes that development approval is likely but neither the outcome nor the timing can be guaranteed. Like any development, this project may be subject to unanticipated increases in costs or to unanticipated delays. Either of these eventualities would have a material effect on the Company's earnings.

Low Liquidity

Given the fact that a small number of shareholders hold a large proportion of the Company's shares, there may be relatively few potential buyers or sellers of the Company's Shares. This may increase the volatility of the market price of the Company's Shares.

Competitive Position and Market Trends

The Company operates in a competitive market. There can be no assurance that the actions of competitors or changes in customers will not adversely affect the Company's performance. Increased competition (especially in global wood fibre supply) could result in changes in the carrying value of assets, under-utilisation of personnel, reduced profit margins and loss of market share. Any of these could adversely affect the Company's operating and financial performance.

Key risks continued

Actual and potential acquisitions

As part of its business strategy, the Company may contemplate making further acquisitions of, or significant investments in complementary assets, companies, products or technologies. Any such future transactions would be accompanied by the risk commonly encountered in making acquisitions of assets, companies, products and technologies. These risks apply to the Company's recent purchase of the FIT Estate on Kangaroo Island.

Key personnel

The Company is exposed to the risk of non-availability of key staff.

Stock market fluctuations

Further, share market conditions in Australia and around the world may affect the value of the Company's quoted securities regardless of the Company'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) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital;
- (f) Political developments; and
- (g) terrorism or other hostilities.

Regulatory effects

The Company's operations and profitability are likely to be affected by regulatory decisions, by changes in applicable regulation or standards or by the application of, or changes to, environmental legislation, regulation and standards.

General economic conditions

Both Australian and world economic conditions may negatively affect the Company's performance. Any protracted slow-down in economic conditions or factors such as the level of production in the relevant economy, inflation, currency fluctuation, interest rates supply and demand and industrial disruption may have a negative impact on the Company's costs and revenue. These changes could adversely affect the Company's operations and earnings

Litigation

From time to time, the Company may become involved in litigation and disputes. If the Company becomes involved in material protracted litigation, this could adversely affect the Company's expenditures against budget and there is a further risk that liability could be imposed in respect of any such litigation.