

The Manager
Companies Announcements Office
Australian Securities Exchange

18 May 2017

Dear Sir/Madam,

Proposed change in management incentives

Kangaroo Island Plantation Timbers Ltd (KPT or the Company) refers to its announcement of 5 May 2017, in which it advised that Mr Graham Holdaway would become a full-time executive director of the Company.

Mr John Sergeant, the Managing Director, has suggested to the Company that he would prefer that the performance rights granted to him and Mr Holdaway at the most recent General Meeting be shared equally.

The Board has accepted Mr Sergeant's suggestion and announces that it intends to seek the necessary shareholder consent at the next general meeting of the Company. The effect of the proposed change is shown below.

	Threshold	Current number	Proposed number
John Sergeant	\$3.50	160,710	107,140
	\$4.25	128,580	85,720
	\$5.00	96,420	64,280
Graham Holdaway	\$3.50	53,570	107,140
	\$4.25	42,860	85,720
	\$5.00	32,140	64,280

There is no change proposed either to the total number of performance rights or to those held by the other three directors. The threshold share price is determined by reference to the 1,000,000 share VWAP. All figures have been adjusted for the recent share split.

In the event that the conditions for the issue of shares under the scheme are met before the proposal can be put to shareholders for approval, Mr Sergeant's allocation would be reduced voluntarily, pending the outcome of the next general meeting.

Yours sincerely,



Victoria Allinson
Company Secretary