

KI Plantation Timbers Ltd (ASX:KPT)

Annual General Meeting

10 am CDT
Friday, 10 November 2017

Grant Thornton House
170 Frome Street
Adelaide SA 5000

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 March 2013



P/T Executive Director: **Shauna Black**
Director of Community Engagement KI-based finance journalist, businessperson and industry super fund trustee. Appointed to board March 2015



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



F/T Executive Director: **Graham Holdaway** BCA, Dip Accy, ACA, MAICD
Director of Operations Former KPMG partner, infrastructure, resources & logistics background, tree grower, director Asset Resolution (ASS). Appointed to board March 2015

Management



Approvals Manager: **Peter Lockett**
Adelaide, former senior public servant and management consultant



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



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



Construction Project Manager **Andy Kitchin**. Experienced civil and marine project manager.



Accountant **Allie Zubizarreta**. Experienced management accountant.



Agenda

2017 results

- Kangaroo Island forestry
- Progress
 - 30 June 2016 snapshot
 - 30 June 2017 snapshot
 - 30 June 2018 expectations
- Consideration of resolutions
- Questions and discussion



2017 results

| | 2016 ('000) | 2017 ('000) |
|----------------------|----------------|------------------|
| Comprehensive income | (\$2,696) | 36,313 |
| Earnings per share* | (17c) | 148c |
| Net cash | \$895 | \$6,045 |
| Total assets | \$13,418 | \$140,731 |
| Total liabilities | \$861 | \$45,665 |
| Net assets | \$12,557 | \$95,066 |
| Shares on issue* | 17,029 | 40,875 |
| Net assets/share* | 73c | 233c |

* Post-split basis

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KI Forestry



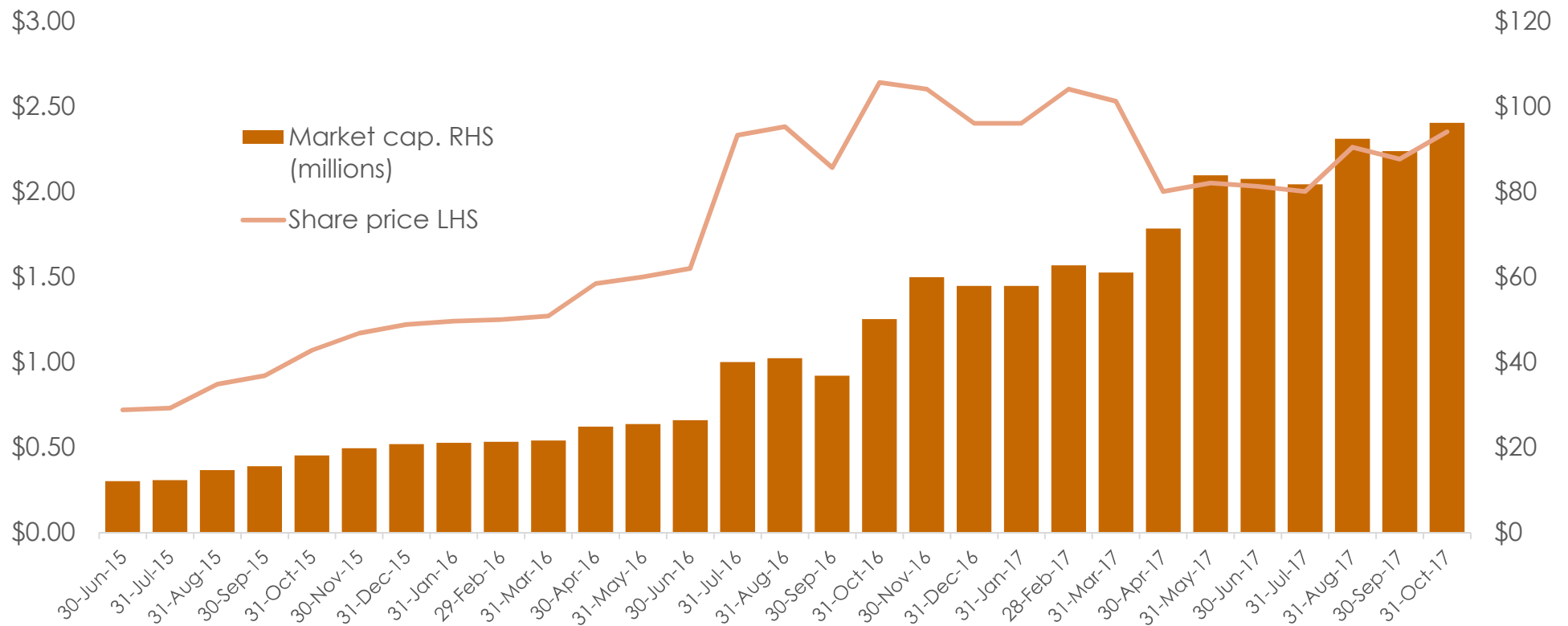
- 80% eucalypts, mainly e.globulus (Tasmanian Bluegum) = premium hardwood chip
- 20% p.radiata (Radiata Pine) = sawlogs and pulplogs
- Sustainable production 500,000 green tonnes pa, adding around 6% to Australia's timber exports
- Planned transition to near 100% e.globulus, now shown to be the optimal species on KI
 - Very high productivity
 - Coppicing to get second crop from developed root system
 - Most valuable and versatile product
- Community scepticism about timber beginning to change

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A transformative year



KPT at 30 June 2016

- Share price \$1.55*, market cap. \$26m
- KPT owned about 20% of KI timberland
- There were two, stalled, wharf proposals
- Timber valued at \$0 ... and rightly so
 - No immediate prospect of route to market
 - Potential for value capture by New Forests
 - No accurate inventory data
- Four-person board, limited management capacity

KPT at 30 June 2017

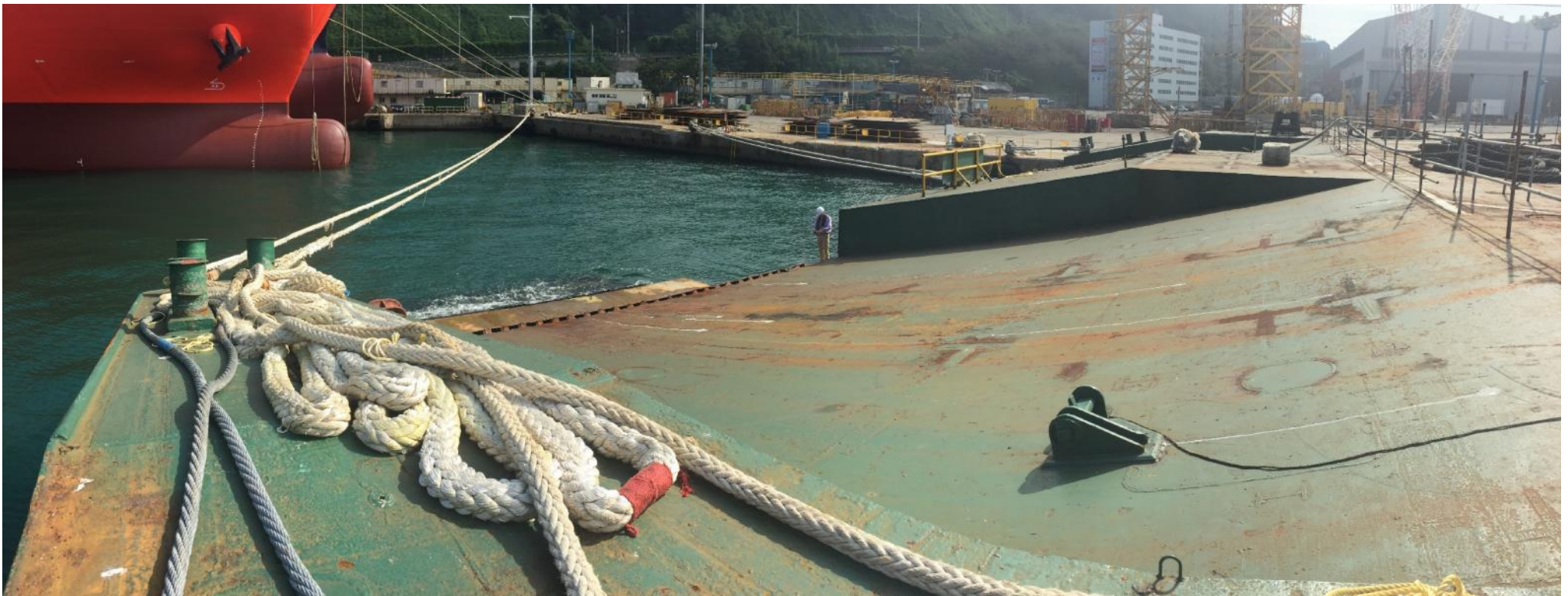
- Share price \$2.03, market cap. \$83m
- KPT owns more than 80% of KI timberland
- There is only one wharf proposal
 - Declared a Major Project
 - Sensible EIS guidelines issued
 - Most scientific studies completed
- KPT committed to protect the environment and the ecological communities and businesses that rely on it
- Pontoon purchased, over spec. and ahead of time



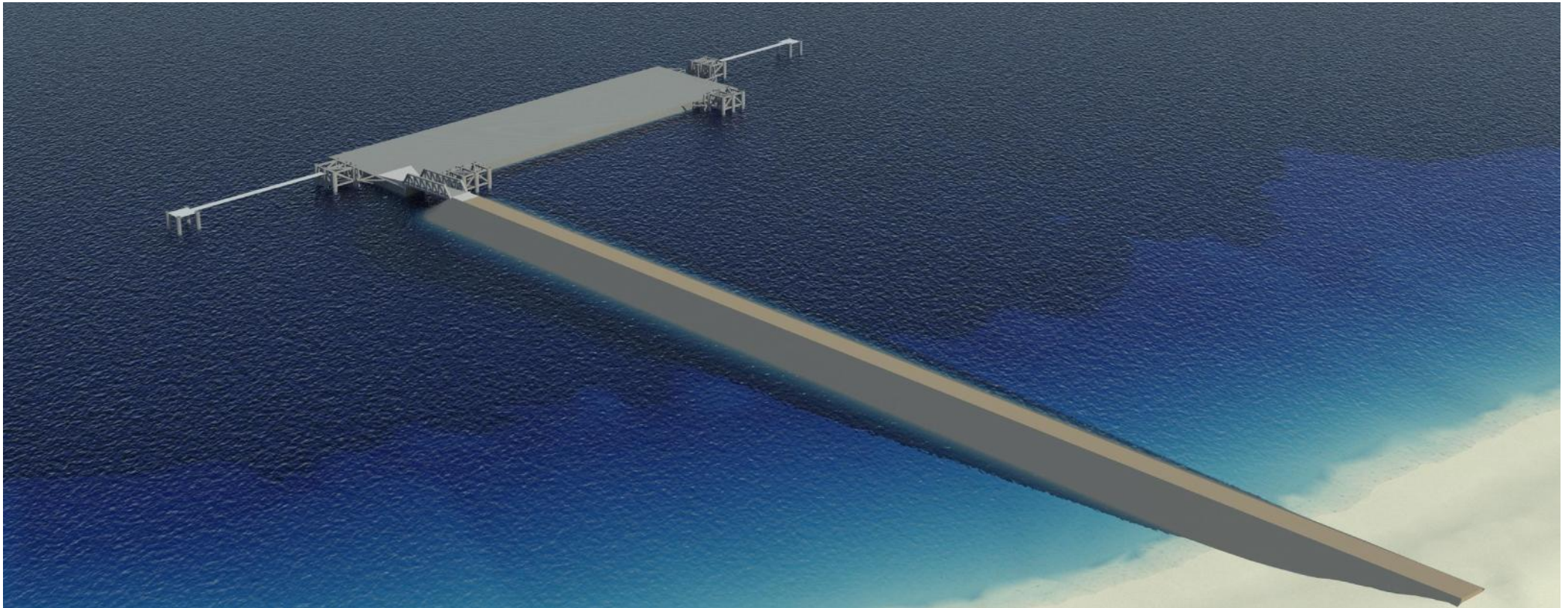
Ramps at stern of pontoon



Ramps at stern of pontoon



Smith Bay Wharf Design



KPT at 30 June 2017 (cont.)

- Relationship with Mitsui Bussan Woodchip Oceania
 - Exclusive marketing arrangement signed
 - High levels of cooperation and knowledge-sharing
- CBA project funding
 - \$25m used to fund the FIT estate acquisition
 - \$30m available for construction – once wharf approved
 - Further asset finance and working capital available
- More than \$46m equity capital raised for deposit and settlement of FIT estate acquisition, shares split 10 for 1

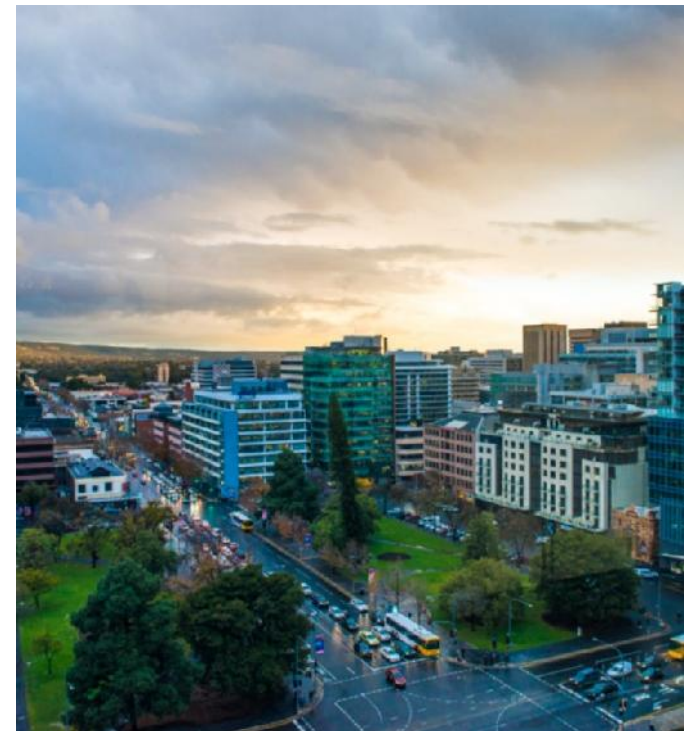


KPT at 30 June 2017 (cont.)

- Plantation Management Agreement executed with PF Olsen
- Forestry operations planning well underway
- Timber valued (conservatively) at \$81m
 - Accurate inventory now available
 - Route to market now highly likely
 - Insured for \$101m
- EconSearch report on wharf and export plantation operation
 - 234 jobs, \$41m pa to KI economy, population growth
 - Further benefits at state and national level

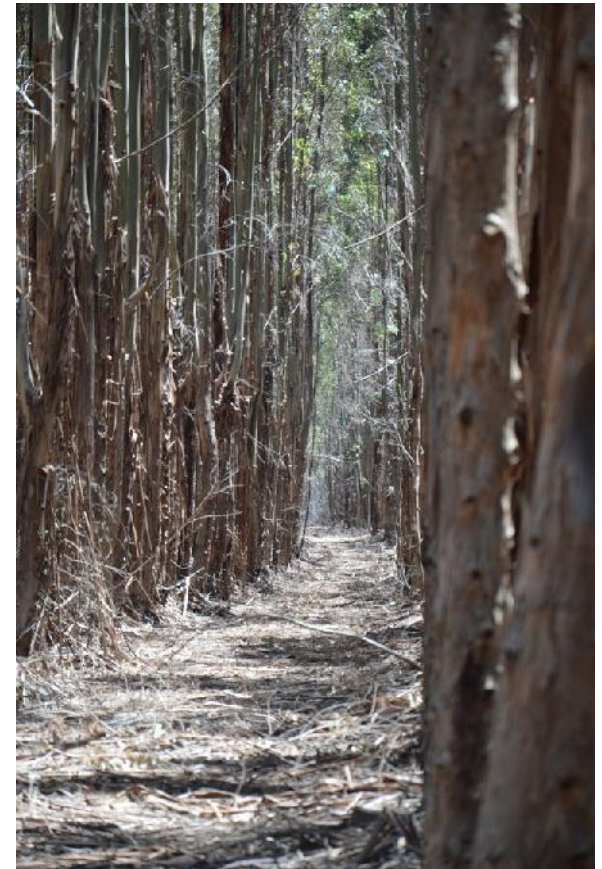
KPT at 30 June 2017 (cont.)

- Board strengthened by independent NED Greg Boulton AM
- Management team expanded
 - Operations
 - Approvals
 - Community engagement
 - Project management
- New temporary head office in Aurora House, Adelaide (pictured)
- New office in main street of Kingscote, Kangaroo Island
 - Eventual location of head office



Company strategy

- Operate timberland and wharf profitably and sustainably
 - Keep productivity high and costs low
 - Care for the environment, our neighbours and the community
- Deal fairly and openly with private growers
- Conduct ourselves with the humility warranted by the past failure of timber companies on KI



KPT at 30 June 2018 ... ?

- Smith Bay Wharf approved or nearing approval, with reasonable conditions
 - Neighbours Yumbah protected by strict water and air quality requirements
- Offtake agreements in place for hardwood chip and softwood logs
- Key road upgrades underway, supported by all three levels of government
- Pontoon reconditioned, refitted and ready for deployment
- A sense of optimism in the KI community
- KPT included in All Ordinaries Index

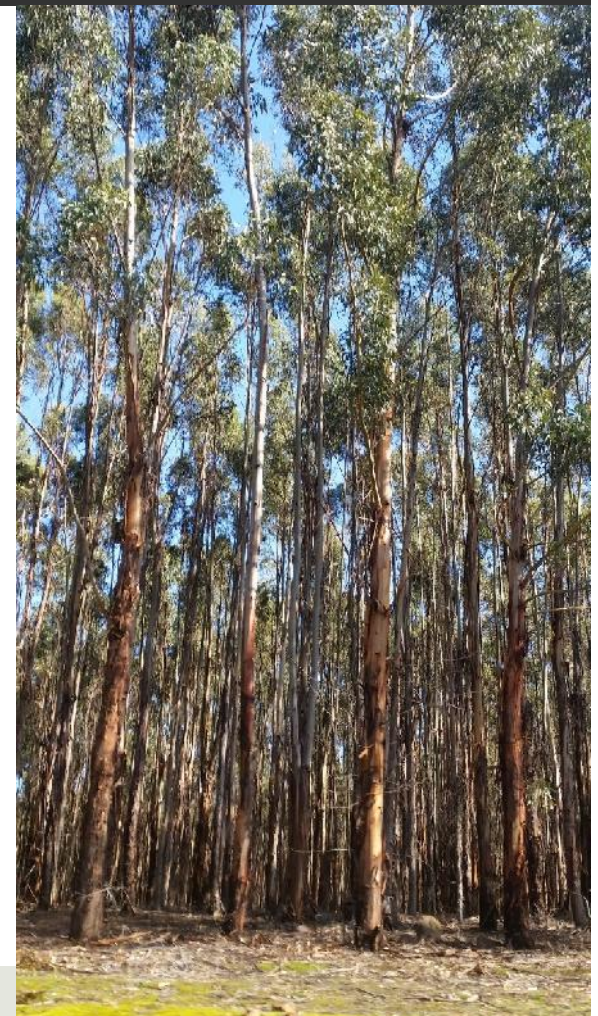
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Consideration of resolutions

0. Presentation of FY17 audited accounts
1. Adopt Remuneration Report
2. Re-elect NED, Paul McKenzie
3. Ratify institutional share placement
4. Reallocate performance rights to Graham Holdaway
5. Performance rights to F/T EDs
6. Performance rights to P/T ED & NEDs
7. Increase share issue capacity



Proxy Summary

| | | For | | Against | | Discretionary | | Abstain |
|----|--------------------------------------|------------|-------|---------|------|---------------|------|---------|
| | Resolutions | Votes | % | Votes | % | Votes | % | Votes |
| 1. | Remuneration Report | 17,459,624 | 99.51 | 36,620 | 0.21 | 49,456 | 0.28 | 5,300 |
| 2. | Re-elect McKenzie | 20,695,062 | 99.80 | 400 | 0.00 | 42,456 | 0.20 | 5,188 |
| 3. | Ratify institutional share placement | 18,781,028 | 99.41 | 69,622 | 0.37 | 42,456 | 0.22 | 100,000 |
| 4. | Reallocate perf. rights to Holdaway | 17,347,248 | 98.85 | 159,272 | 0.91 | 42,456 | 0.24 | 21,510 |
| 5. | Performance rights to F/T EDs | 16,844,592 | 95.98 | 660,792 | 3.77 | 43,592 | 0.25 | 21,510 |
| 6. | Performance rights to P/T ED & NEDs | 16,803,523 | 95.75 | 672,997 | 3.84 | 72,456 | 0.41 | 21,510 |
| 7. | Increase share issue capacity | 20,610,062 | 99.39 | 85,588 | 0.41 | 42,456 | 0.20 | 5,000 |

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