

6 July 2018

The Manager  
Companies Announcements Office  
Australian Securities Exchange

Dear Sir/Madam,

**Valuation of biological assets**

The Board of Kangaroo Island Plantation Timbers (KPT) believes that information about the carrying value of its standing timber assets may be considered market sensitive and therefore makes the following announcement in advance of the anticipated release of its preliminary final report on or before Friday 31 August. At 30 June 2017, the Board determined that approval for the proposed KI Seaport was more probable than not and that timber should therefore be valued on this basis.

The directors are required to determine the carrying value of the Company's standing timber in accordance with the relevant accounting standards governing the treatment of biological assets. In reaching its valuation, the Board considered independently-conducted inventory measurement and valuation analysis.

At 30 June 2018, the Board have adopted a standing timber valuation that uses timber prices approximately 5% below current headline FOB prices, a forward USD/AUD exchange rate of 0.79 and a real discount rate of 11.65% per annum.

The value adopted for standing timber is \$107.8 million, an increase of \$26.9 million over the corresponding 2017 valuation. The increase has largely been driven by strengthening prices for hardwood chip and softwood logs.

There will be no material change in the carrying value of land.

Yours sincerely,



Ms Vicky Allinson  
Company Secretary