



Kangaroo Island Plantation Timbers Limited

Notice of General Meeting

ABN 19 091 247 166

Date: Friday 24th February 2017

Commencing: 10:00 am (CDT)

Location: Grant Thornton's offices
Level 3, 170 Frome Street,
Adelaide, South Australia 5000.

THIS IS AN IMPORTANT DOCUMENT
If you are in doubt as to what to do
with this document please contact your
legal, financial or other professional advisor



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Part A: Letter to Shareholders

23rd January 2017

Dear Shareholder

The Board of Kangaroo Island Plantation Timbers Limited and its subsidiary undertakings (the “**Company**”) has pleasure in inviting you to the Company’s General Meeting (“**GM**”) to be held on Friday 24th February 2017 at 10:00am (CDT). The Company’s General Meeting is to be held at Grant Thornton’s office at Level 3, 170 Frome Street, Adelaide, South Australia 5000.

The Board is aware that many Shareholders are located in other States and overseas. To this end, if requested, the GM will be audio-cast to enable interstate and overseas Shareholders to attend audio cast virtually.

Acquisition

At this GM, the Board has pleasure in seeking the approval of the acquisition of the entire Forestry Investment Trust (**FIT**) estate managed by New Forests Asset Management Pty Limited on Kangaroo Island, South Australia (**Acquisition**). The Company has now entered in to the transaction documents relating to the Acquisition and paid the initial deposit and is now working towards completion of the Acquisition. Kangaroo Island Plantation Timbers Limited believes this Acquisition is an exciting opportunity to quadruple the area of its plantations and to progress the development of a route to market for its valuable timber resources.

Share Split

The Board is seeking a share split on the basis of 10 Shares for every 1 Share held. The Share Split is intended to benefit all Shareholders by creating improved liquidity and turnover in the trading of Shares and to increase affordability of the Shares to investors.

Appointment of Non-Executive Director

The Board has appointed Mr Greg Boulton AM to the Board. Mr Boulton offers new skills and experience that will assist the board fulfilling its goals. Shareholders now have the opportunity to vote on Mr Boulton’s appointment to the Board.

Performance Rights 24th February 2017 Maximum Shares 89,999

The Board is also pleased to seek the approval of Performance Rights Plan (**Plan**) rights dated 24th February 2017 that are aimed at aligning the Boards’ interests more closely with those of the Shareholders. The Board is seeking approval of performance rights issues under the Plan.

The aim of these performance rights is to incentivize the Board to achieve volume-weighted average (VWAP) Share prices of \$37.00, \$42.50 and \$50.00 based on 100,000 traded Shares. Share prices and volumes would be adjusted accordingly if the Share Split is approved at the meeting.

Attached is the Kangaroo Island Plantation Timbers Limited Notice of General Meeting and accompanying Explanatory Memorandum.

Full details of the above Resolutions are provided in the accompanying Explanatory Memorandum.

Please consider carefully the contents of this Notice of Meeting, including, without limitation, the Explanatory Memorandum. If you are in any doubt as to any matter, please consult your legal, financial or other professional adviser.

Yours faithfully

Mr Paul McKenzie
Chairman
Kangaroo Island Plantation Timbers Limited



Part B: Notice of General Meeting

Notice is hereby given that the General Meeting ("**GM**") of the Shareholders of Kangaroo Island Plantation Timbers Limited (the "**Company**") will be held at Grant Thornton's office Level 3, 170 Frome Street, Adelaide, South Australia 5000 on Friday, 24th February 2017 at 10:00am (CDT) (Adelaide local time).

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form. The completed Proxy Form must be received at the Company's share registry or the registered office of the Company, before 10:00am (CDT) Wednesday, 22nd February 2017. The details of the Company's share registry and registered office are set out in the attached Proxy Form.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Shareholders are advised to read these documents in full as important background information is included.

Where permitted by the Corporations Act, the Chairman will cast undirected proxy votes held by him in favour of the Resolutions.

BUSINESS

i. **Chairman's address on significant events since the last general meeting.**

ii. **Proposed Ordinary Resolutions:**

Resolution 1	Approval of the Forestry Investment Trust estate acquisition
Resolution 2	Share Split
Resolution 3	Election of Gregory Boulton as a Non-Executive Director
Resolution 4	Approval of Non-Executive Directors' Share Plan
Resolution 5-6	Approval of issue of Shares to Directors under the Performance Rights Plan for performance rights dated 24 th February 2017



AGENDA

Business of the Meeting

Proposed Ordinary Resolutions

1. Approval of the Forestry Investment Trust estate acquisition

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary Resolution**:

“That approval is given for the Company to acquire Forestry Investment Trust estate managed by New Forests Asset Management on Kangaroo Island, South Australia.”

Voting Exclusion Statement for Resolution 1

The Company will disregard any votes cast in respect of this Resolution by a person (and any such associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of securities, if this Resolution is passed and any associate of those persons. However, the Company need not disregard a vote if it cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Share Split

To consider and if thought fit to pass, with or without amendment, the following as an **ordinary Resolution**:

“That in accordance with Section 254H of the Corporations Act 2001 (C’th), the Company convert all fully paid ordinary shares in the issued capital of the Company into a larger number on the basis that every 1 fully paid ordinary share be subdivided into 10 fully paid ordinary shares with effect from 2 March 2017, and that any rights, financial instruments or options on issue or in existence at the time in respect of ordinary shares in the Company be adjusted in accordance with the ASX Listing Rules.”

There are no voting exclusions in relation to this Resolution.

3. Election of Mr Gregory Boulton AM as a Non-Executive Director

To consider and if thought fit to pass, with or without amendment, the following as an **ordinary Resolution**:

“That Mr Gregory Boulton be elected as a Non-Executive Director of the Company.”

There are no voting exclusions in relation to this Resolution.

4. Approval of Non-Executive Directors’ Share Plan

To consider and if thought fit to pass, with or without amendment, the following as an **ordinary Resolution**:

“That the issue of securities in the Company under the Non-Executive Directors’ Share Plan be approved for the purposes of the ASX Listing Rule 7.2, exception 9.”

5. Approval of issue of additional Shares to the Executive Director under the Performance Rights Plan for performance rights dated 24th February 2017

To consider and, if thought fit, to pass the following Resolution as an **ordinary Resolution**:

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to allot and issue up to a further 38,571 shares to the Executive Director and/or their nominees, being an Eligible Employee under the Performance Rights Plan subject to the terms and conditions set out in the Explanatory Memorandum.”



6. Approval of issue of additional Shares to each Non-Executive Director under the Performance Rights Plan for performance rights dated 24th February 2017

To consider and, if thought fit, to pass the following Resolution as an **ordinary Resolution**:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to allot and issue up to a further 12,857 shares to each Non-Executive Director in office at 24 February 2017 and/or their nominees being Eligible Employees under the Performance Rights Plan subject to the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement for Resolutions 4 to 6

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast on Resolutions 4 to 6 in respect of these Resolutions by the directors and any associates of those persons.

However, the Company need not disregard a vote if:

-) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
-) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

A person appointed as proxy must not vote on Resolutions 4 to 6 on the basis of that appointment if:

-) that person is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
-) the appointment does not specify how the proxy is to vote on the proposed Resolution;

unless the person appointed is the Chairman of the meeting and the appointment expressly authorises the Chairman to exercise the proxy even if the proposed Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel of the Company.

General Business

Chairman's Report on current activities

By Order of the Board

Victoria Marie Allinson
Company Secretary
Kangaroo Island Plantation Timbers Limited
23rd January 2017



Background Information

To assist you in deciding how to vote on the above Resolutions, further details as background information to the Resolutions are set out in the Explanatory Memorandum forming part of this Notice of Meeting.

Glossary

Words defined in the Explanatory Memorandum have the same meaning when used in this Notice of Meeting unless the context requires otherwise. For assistance in considering the Notice of Meeting, the following words are defined here:

Acquisition means the acquisition of entire FIT estate managed by New Forests on Kangaroo Island for consideration of \$55 million and subject to certain provisions as disclosed to the ASX on 21 October 2016.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited.

Board means all or some of the directors of the Company acting as a board.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (C'th)*.

Company means Kangaroo Island Plantation Timbers Limited ABN 19 091 247 166.

Corporations Act means the *Corporations Act 2001* (Commonwealth).

Explanatory Memorandum means the Explanatory Memorandum accompanying this Notice of Meeting.

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).

GM means the general meeting

HoA means Heads of Agreement between the Company and FIT.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the official listing rules of the ASX.

ND Plan means the Non-Executive Directors' Share Plan

Notice or **Notice of Meeting** means this notice of general meeting.

Plan means the Performance Rights Plan approved by Shareholders at 2016 AGM.

Rights 24 February 2017 means the rights dated 24th February 2017 issued under the Plan.

Share means a fully paid ordinary share in the capital of the Company.

Share Split means a reconstruction of Shares on basis of 10 Shares for every 1 held.

Shareholder means the holder of a Share in the Company.



Entitlement to Vote and Attend

In accordance with the Corporations Act, the Company has determined that the shareholding of each person for the purpose of determining entitlements to attend and vote at the meeting will be the entitlement of that person set out in the Company's share register as at 6:30pm (CDT) 22nd February 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

How to Vote

Voting in person

A Shareholder who is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act.

If you are eligible and wish to participate in the meeting via audio-cast please email the Company Secretary, Victoria Allinson at vicky.allinson@kipt.com.au before 5pm (CDT) 17th February 2017 and she will email the audio-cast login details prior to the meeting.

Voting by proxy

If you do not wish to attend the meeting, you may appoint a proxy to attend and vote on your behalf. A body corporate may also appoint a proxy. A proxy need not be a Shareholder.

You are entitled to appoint up to 2 proxies to attend the meeting and vote on your behalf. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the reverse of the proxy form.

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

By online voting:	www.investorvote.com.au
By fax	1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)
By post	Computershare Investor Services Pty Ltd GPO Box 242, Melbourne VIC 3001

or **for Intermediary Online subscribers only** (custodians), cast the shareholder's vote online by visiting www.intermediaryonline.com.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy, Shareholders and their proxies should be aware of the requirements under the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

-) if proxy holders vote, they must cast all directed proxies as directed; and
-) any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

-) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
-) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and



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-) if the proxy is the chairman of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 -) if the proxy is not the chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chairman proxy to chairman in certain circumstances

Section 250BC of the Corporations Act provides that, if:

-) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
-) the appointed proxy is not the chairman of the meeting; and
-) at the meeting, a poll is duly demanded on the resolution; and
-) either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.



Part C: Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting (“GM”) of the Company to be held at Grant Thornton’s office Level 3, 170 Frome Street, Adelaide, South Australia 5000 on Friday, 24th February 2017 at 10:00am (CDT) (Adelaide local time).

A copy of the Notice of Meeting (including Explanatory Memorandum) was lodged with the ASX on 23rd January 2017. The ASX does not take any responsibility for the content of the Notice of Meeting (including Explanatory Memorandum).

This Explanatory Memorandum forms part of the Notice of Meeting and must be read together with that Notice. The purpose of this Explanatory Memorandum is to provide Shareholders with an explanation of the business of the Meeting and of the Resolutions to be proposed and considered at the Meeting and to assist Shareholders in determining how they wish to vote on each of the Resolutions.

As far as legally possible, the Board intends to support each of the Resolutions.

Resolution 1 – Acquisition of Forestry Investment Trust estate

The Company announced on the 31st October 2016 that it has executed the transaction documents giving effect to the Company’s acquisition of the Forestry Investment Trust (“FIT”) estate managed by New Forests Asset Management (New Forests) on Kangaroo Island, South Australia (“**Acquisition**”). The purchase includes all of the plantation land, standing timber and the Ballast Head site proposed by New Forests as a multi-user export facility, as per the Heads of Agreement (“**HoA**”) announced on Friday 21 October 2016.

The transaction document’s key terms:

- (i) The consideration for the FIT estate will be \$55 million, if settled by 28th April 2017.
- (ii) If Settlement is delayed, and Kangaroo Island Plantation Timbers Limited notifies FIT prior to 31st March 2017, then a \$10.464 million extension fee is payable, at the time of settlement, and the new settlement date will be 30th June 2017.
- (iii) In the event that settlement takes place on or after 3rd July 2017 but before 29th September 2017 the total amount payable at Completion will be automatically increased in accordance with the following formula:

) Amount payable = PP+EF+IC-ID-AD

Where:

) PP = Purchase Price of \$55,000,000;

) EF = Extension Fee of \$10,464,000;

) IC = Interest Charge of (N x \$12,913.45) where N is the number of days between 3rd April 2017 and the Completion Date.

) ID = Initial Deposit

) AD = Additional Deposit

- (iv) A deposit of 10% is payable, being:

) The ID of

i. 5% of purchase price payable on signing of HoA (paid on 21st October 2016); and

ii. 5% of purchase price payable on exchange of the Agreement to give effect to the HoA (paid on 31st October 2016); and

) AD of 10% of the extension fee is payable upon notice of extension.



The Forestry Investment Trust estate on Kangaroo Island

The estate includes approximately 19,000 ha of land of which more than 10,700 is planted with Tasmanian blue gum (*eucalyptus globulus*). The current standing volume of timber is estimated at 2.4m green metric tonnes. Thus, the FIT estate acquisition will effectively quadruple the size of the Company's plantation area and triple its standing timber resource.

Export facility

The Company announced on 21st October 2016 that it had lodged an application for Major Development Status with the South Australian Government. Major Development status (under section 46 of the Development Act) will allow the planning decision regarding the Company's proposed deep water wharf at Smith Bay to be determined by the Minister for Planning, on the advice of the Development Assessment Commission, rather than at a local government level. Using this development pathway also removes any right of appeal by objectors against development consent.

Prior to the proposed FIT acquisition, the existence of an alternative proposal at Ballast Head had delayed acceptance and consideration of the Company's application. As a result of the proposed FIT Acquisition, the Ballast Head proposal will be suspended and, following completion of the Smith Bay wharf, the Company will seek to dispose of the Ballast Head site.

The Company is committed to working with the South Australia 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 Australia 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 Australia Government.

The export facility is expected to cost between \$25 million and \$30 million, which will be funded by a combination of debt, equity and, if possible, pre-payment by timber customers.

Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1. Each Board member intends to vote in favour of the Resolution in respect of the Shares held by them.

The Chairman intends to vote all available proxies in favour of Resolution 1.

Resolution 2 - Share Split on the basis of 10 for every 1 Share held

A Share Split is intended to benefit all Shareholders by creating improved liquidity and turnover in the trading of Shares and increasing affordability of the Shares to investors.

The Company's Share price has over the past two years increased from \$3.89 to a high of \$28.88; with recent Share prices being around \$24.00. The Company has previously announced the potential need to raise funds to complete the Acquisition and the Wharf Development (refer to Resolution 1 for further details).

The effect of the Resolution

Section 254H of the Corporations Act 2001 (Cth) enables a company to convert all or any of its shares into a larger number of shares by a resolution passed at a general meeting. It is proposed that the Company subdivide all its fully paid capital on issue at 7:00pm (CDT) on 1st March 2017 on the basis that every one ordinary Share is divided into 10 fully paid ordinary Shares, to take effect on that date ("**Share Split**"). If the resolution is approved, normal settlement trade of the post-Share Split Shares will recommence from the start of trading on 9th March 2017.



Immediately after the Share Split takes effect, each Shareholder will still hold the same proportion of the Company's Share capital as before the Share Split. Each performance right, option or other share-denominated financial instrument on issue at the time under the Company's share plans will be split into 10.

Assuming no further Shares or performance rights are issued by the Company on or after the date of the accompanying Notice of Meeting, the Share Split will result in the total number of fully paid ordinary Shares increasing from 2,412,352 to 24,123,520. The performance rights, if approved under Resolutions 5 and 6, will, subject to all the performance criteria being met, result in the total performance rights Shares that can be issued increasing from 89,999 ordinary (pre-split) Shares to 899,990 (post-split) Shares.

Australian income tax considerations

It is generally expected that there will not be any Australian income tax consequences for Shareholders resulting from the Share Split. However, the Company strongly recommends that Shareholders seek and obtain their own specific advice in respect of the Share Split that takes into account their own particular circumstances. Neither the Company, the Directors nor the Company's advisors accept any responsibility for any individual Shareholder's taxation consequences of the Share Split.

Timetable

If the Share Split is approved by the Company's Shareholders in accordance with the proposed Resolution 2 in this Notice of Meeting, the following indicative timetable will apply:

Action	Key dates
Meeting of members Company notifies ASX of Share Split approval	24 th February 2017
Last day for trading in pre-Share Split securities	27 th February 2017
Trading in post-Share Split securities recommences on a deferred settlement basis	28 th February 2017
Record date of Share Split	1 st March 2017 @ 7:00pm CDT
Registration of securities on a post-Share Split basis	2 nd March 2017
A notice and holding statements sent to Shareholders Deferred settlement trading ends	8 th March 2017
Normal trading commences	9 th March 2017

The above timetable is indicative and, subject to the ASX Listing Rules, may be varied. The Company will announce any date changes to the ASX.

Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2. Each Board member intends to vote in favour of the Resolution in respect of the Shares held by them.

The Chairman intends to vote all available proxies in favour of Resolution 2.



Resolution 3 - Election of Mr Gregory Boulton AM – Non-Executive Director

Mr Boulton was appointed by the Board as a Non-Executive Director of Kangaroo Island Plantation Timbers Ltd on 1st November 2016.

Mr Boulton's work history and experience is outlined below.

Greg Boulton AM BA (Accounting), FCA, FCPA, FAICD (Independent Non-Executive Director).

Mr Boulton has extensive commercial experience spanning more than 30 years as CEO and Non-Executive Director for many Private and Public companies. He has broad experience in capital raisings, acquisitions and commercial negotiations and is a Fellow of the Institute of Chartered Accountants, CPA Australia and the Australian Institute of Company Directors. Mr Boulton is currently on the board of Statewide Superannuation Trust, ASX Listed Southern Gold Limited and other South Australian private companies.

Recommendation

The Board (other than Mr Boulton) unanimously recommends that Shareholders vote in favour of Resolution 3. Each Board member intends to vote in favour of the ordinary Resolution in respect of the Shares held by them.

The Chairman intends to vote all available proxies in favour of Resolution 3.

Resolution 4 – Approval of Non-Executive Directors' Share Plan

ASX Listing Rule 7.1 prohibits the Company issuing equity securities which, in aggregate, exceed 15% of the fully paid ordinary Share capital of the Company in any 12-month period.

ASX Listing Rule 7.2 exception 9 provides that ASX Listing Rule 7.1 does not apply to the issue of securities by the Company under an employee incentive scheme if the scheme has been approved by Shareholders within three years from the date of issue of the relevant securities.

This Resolution 4 seeks to refresh Shareholder approval for a further three years so that securities issued pursuant to the Non-Executive Directors' Share Plan ("**ND Plan**") are not included within the 15% of issued Shares that can be issued without Shareholder approval.

In accordance with ASX Listing Rule 7.2, exception 9, a summary of the key terms of the ND Plan and the number of securities issued under the plan is set out below.

Overview of the ND Plan

The "RuralAus Investments Limited Non-Executive Directors' Share Scheme" (the original ND Plan) was approved by Shareholders at the 28th June 2013 General Meeting.

The objective of the ND Plan is to enable certain initiatives for creating a stronger link between directors' performance and reward, and increasing shareholder value, through the provisions of the plan.

Eligible participants in the ND Plan are those Non-Executive Directors who are invited by the Company to participate in the ND Plan.

Subject to the ND Plan, each Non-Executive Director shall participate in the ND Plan.

Terms of offer under the ND Plan are subject to the ND Plan rules and the terms of the specific offer from time to time.

Shares issued under the ND Plan will rank equally with all other existing Shares in all respects including voting rights and entitlement to participate in dividends and in future rights and bonus issues.



A Non-Executive Director must not dispose of any Shares acquired under the ND Plan before the end of the restriction period which is subject to the plan rules and the terms of the specific offer from time to time.

Subject to the ASX Listing Rules, the rules of the ND Plan may be amended by resolution of the Board.

The ND Plan shall be administered by the Board which has the power to:

- (a) determine appropriate procedures for administration of the ND Plan consistent with its terms;
- (b) resolve conclusively all questions of fact or interpretation in connection with the ND Plan;
- (c) delegate the exercise of any of its powers or discretions arising under the ND Plan to any one or more persons for such period and on such conditions as the Board may determine; and
- (d) suspend or terminate the ND Plan by giving written advice to eligible employees.

The total number of shares issued under the ND Plan since the ND Plan was approved at the 28th June 2013 General Meeting are set out below:

Director	Value of Shares paid in lieu of director's fees	Shares Number
John Sergeant	\$100,000	34,722
Paul McKenzie	\$162,500	52,084
Graham Holdaway (appointed 17 March 2015)	\$39,168	6,667
Shauna Black (appointed 17 March 2015)	\$39,168	6,667
Frederick Woollard (resigned 17 March 2015)	\$85,832	31,180
Gregory Boulton (appointed 1 November 2016)	\$-	-
Non-Executive Director total	\$426,668	131,320

Recommendation

The Executive Director recommends that Shareholders vote in favour of Resolution 4.

The Non-Executive Directors, being interested parties, make no recommendation in respect of Resolution 4.

The Chairman intends to vote all available proxies in favour of Resolution 4.

Resolutions 5 and 6 - Approval of issue of Shares to Directors under the Performance Rights Plan for performance rights dated 24th February 2017

Under ASX Listing Rule 10.14 the Company must seek Shareholder approval to grant securities to directors under an employee incentive scheme. The Company seeks to issue ordinary Shares in the Company to the Directors, John Sergeant, Paul McKenzie, Shauna Black, Graham Holdaway and (subject to Resolution 3) Gregory Boulton under the Performance Rights Plan ("**Plan**") for performance rights dated 24th February 2017 ("**Rights 24 February 2017**").

Resolutions 5 and 6 seek approval of Shareholders to permit the Company to issue up to 89,999 Shares in aggregate to the Directors, to be calculated in accordance with the conditions set out below.

In accordance with ASX Listing Rule 7.2, exception 9, a summary of the key terms of the Rights 24 February 2017 and the number of securities issued under the Plan is set out below.



Overview of the Rights 24 February 2017

The objective of the Rights 24 February 2017 is to create a stronger link between executive and employee performance and reward, and increasing shareholder value, through the provisions of the Plan.

Eligible participants in the Rights 24 February 2017 are directors of the Company in office at that date, subject to certain employment restrictions.

Subject to the terms of the Plan, each Director, being an Eligible Employee, shall participate in the Plan.

Terms of offer under the Plan are subject to the Plan rules and the terms of the specific offer from time to time.

The Board seeks Shareholder approval to augment directors' existing remuneration through the issue of performance rights, triggered by meeting the following performance condition:

- the volume-weighted average price (VWAP) of the Company's Shares exceeds the relevant price, based on the most recently-traded 100,000 shares.

If the Rights 24 February 2017 are approved by Shareholders, all the non-executive directors and the managing director in office at 24th February 2017 and remaining in office until the performance condition is met would be granted performance rights at no cost to the participants under the proposed Plan Rights 24 February 2017, the details of which are summarized in the table below:

Tranche	100,000 Share VWAP	Shares to be issued to Managing Director	Shares to be issued per Non-Executive Director	Total Shares to be issued	Vesting	Escrow period
1	\$35.00 or above	16,071	5,357	37,499	(1)	12 months
2	\$42.50 or above	12,858	4,286	30,002	(2)	12 months
3	\$50.00 or above	9,642	3,214	22,498	(3)	12 months
TOTAL		38,571	12,857	89,999		

Vesting:

- (1) Tranche 1 vests upon meeting the \$35.00 VWAP and volume condition;
- (2) Tranche 2 vests on the later of:
 - a. upon meeting the \$42.50 VWAP and volume condition; or
 - b. on or after the first business day of July in the financial year following the one in which Tranche 1 vested, providing the most recent 20-day VWAP at the vesting date is at or above \$42.50.
- (3) Tranche 3 vests on the later of:
 - a. upon meeting the \$50.00 VWAP and volume condition; or
 - b. on or after the first business day of July in the financial year following the one in which Tranche 2 vested, providing the most recent 20-day VWAP at the vesting date is at or above \$50.00.

A Director is eligible for the Rights 24 February 2017, if they are in office from the date approved by Shareholders to the date the price and volume conditions are first met.

Performance Conditions to be achieved

At the date of the Notice, the total performance rights to be issued if and when the Plan performance conditions have been met, to each Director or their respective nominees, is set out in the table below:



Director	Value of Shares to be issued based on VWAP	Shares Number
Director		
John Sergeant	\$1,591,050	38,571
Executive Director total	\$1,591,050	38,571
Paul McKenzie	\$530,350	12,857
Graham Holdaway	\$530,350	12,857
Shauna Black	\$530,350	12,857
Gregory Boulton (subject to Resolution 3)	\$530,350	12,857
Non-Executive Director total	\$2,121,400	51,428
Total	\$3,712,450	89,999

Disclosures

Listing Rule 10.15 requires that, in addition to the information presented above, the following information must be provided to Shareholders in respect of Resolutions 5 and 6:

- The maximum number of Shares to be issued to each Non-Executive Director under Rights 24 February 2017 is 12,857 Shares.
- The maximum number of Shares to be issued to each Executive Director under Rights 24 February 2017 is 38,571 Shares.
- The following 180,000 Shares have already been issued to the following directors in the period since Shareholders approved the rights at the 2016 Annual General Meeting:

Director	Number of Shares received in the period from 5 th October 2016 to 24 th February 2017	Share Price
John Sergeant ⁽¹⁾	35,000	\$19.20
Paul McKenzie ⁽¹⁾	11,667	\$19.20
Graham Holdaway ⁽¹⁾	11,667	\$19.20
Shauna Black ⁽¹⁾	11,667	\$19.20
Total at \$19.20	70,001	\$19.20
John Sergeant ⁽²⁾	30,000	\$22.00
Paul McKenzie ⁽³⁾	10,000	\$22.00
Graham Holdaway ⁽³⁾	10,000	\$22.00
Shauna Black ⁽³⁾	10,000	\$22.00
Total at \$8.00	60,000	\$22.00
John Sergeant ⁽³⁾	25,000	\$27.10
Paul McKenzie ⁽³⁾	8,333	\$27.10
Graham Holdaway ⁽³⁾	8,333	\$27.10
Shauna Black ⁽³⁾	8,333	\$27.10
Total at \$8.00	49,999	\$27.10

- (1) Shares in the Company to the Directors, John Sergeant, Paul McKenzie, Shauna Black and Graham Holdaway under the Plan for performance rights dated 18th January 2016 following the achievement of all conditions including a VWAP threshold of \$15.00;



- (2) Shares in the Company to the Directors, John Sergeant, Paul McKenzie, Shauna Black and Graham Holdaway under the Plan for performance rights dated 18th January 2016 following the achievement of all conditions including a VWAP threshold of \$20.00;
- (3) Shares in the Company to the Directors, John Sergeant, Paul McKenzie, Shauna Black and Graham Holdaway under the Plan for performance rights dated 18th January 2016 following the achievement of all conditions including a VWAP threshold of \$25.00;
- (iv) John Sergeant (being the Executive Director of the Company) is a person entitled to participate in the Plan.
- (v) Paul McKenzie, Shauna Black, Graham Holdaway and, subject to Resolution 3, Greg Boulton (being the Non-Executive Directors of the Company) are the persons entitled to participate in the Plan.
- (vi) A voting exclusion statement is included in the Notice of Meeting.
- (vii) No loan for an acquisition of Shares will be granted under the Plan.
- (viii) The Company may issue Shares under the Rights 24 February 2017 no later than 12 months after the upcoming meeting to be held on the 24th of February 2017; and.
- (ix) Shares issued under the Rights 24 February 2017 will rank equally with all other existing Shares in all respects including voting rights and entitlement to participate in dividends and in future rights and bonus issues.

ASX Listing Rule 10.15A

The Company will, in accordance with ASX Listing Rule 10.15A, publish details of shares issued pursuant to the Rights 24 February 2017 in each annual report of the entity relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14.

Persons who might otherwise become entitled to participate in the Plan after the resolution was approved and who are not named in the notice of meeting will not participate unless and until approval is obtained under ASX Listing Rule 10.14.

Voting Exclusion

The Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.

No recommendation

The directors, being interested parties, make no recommendation in respect of Resolutions 5 and 6 and the corresponding grant of Performance Rights and, ultimately, Shares to each Director.

However, the Chairman intends to vote all available proxies in favour of Resolutions 5 and 6.

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

XX



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:00am (CDT) Wednesday 22 February 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Kangaroo Island Plantation Timbers Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Kangaroo Island Plantation Timbers Limited to be held at Grant Thornton's offices Level 3, 170 Frome Street, Adelaide, South Australia 5000, Friday 24 February 2017 at 10:00am (CDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 4, 5 & 6** (except where I/we have indicated a different voting intention below) even though **Items 4, 5 & 6** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 4, 5 & 6** by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
1 Approval of the Forestry Investment Trust estate acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Share Split	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Mr Gregory Boulton AM – Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Non-Executive Directors' Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of issue of additional Shares to the Executive Director under the Performance Rights Plan for performance rights dated 24th February 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of issue of additional Shares to each Non-Executive Director under the Performance Rights Plan for performance rights dated 24th February 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /