

The Manager
Companies Announcements Office
Australian Securities Exchange

31 October, 2016

Dear Sir/Madam,

Execution of transaction documents and payment of deposit

The Board of Kangaroo Island Plantation Timbers Ltd (the Company or KPT) is pleased to announce that it has executed the transaction documents giving effect to the Company's acquisition of the Forest Investment Trust (FIT) estate on Kangaroo Island, as per the Heads of Agreement announced on Friday 21 October 2016.

The Company has also announced, on Friday 21 October 2016, that it has mandated Bell Potter to conduct an entitlement issue to raise approximately \$12,000,000. These funds will in part be used to repay loans taken out by the Company to enable it to pay the \$5,500,000 deposit due on execution of the transaction documents.

The loans that were used to enable the deposit to be paid in advance of the entitlement issue are from a major shareholder and from three of the directors and their associated entities:

Amount	Source	Security
\$2,750,000	Samuel Terry Asset Management Pty Ltd	Recourse to rights issue
\$1,295,195	Entities associated with John Sergeant	Unsecured
\$627,146	Entities associated with Paul McKenzie	Unsecured
\$425,723	Entities associated with Graham Holdaway	Unsecured
\$401,933	From cash on hand	
<u>\$5,500,000</u>		

Mr Sergeant, Mr McKenzie and Mr Holdaway, who are all directors of the Company, intend that their loan amounts be applied, in due course, for the subscription for new shares to be issued under the forthcoming entitlements issue. The details of the entitlements issue will be announced as soon as they are finalised.

Yours faithfully



Ms Vicky Allinson
Company Secretary