



The Manager  
Companies Announcements Office  
Australian Securities Exchange

21 October, 2016

Dear Sir/Madam,

### **Acquisition of Forestry Investment Trust estate on Kangaroo Island**

#### **The agreement**

Kangaroo Island Plantation Timbers Ltd (KPT or the Company) is pleased to announce that it has agreed and signed a conditional binding Heads of Agreement under which KPT commits to purchase the entire Forestry Investment Trust (FIT) estate managed by New Forests Asset Management (New Forests) on Kangaroo Island, South Australia (KI). 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.

The agreed purchase price is \$55m, which is to be apportioned between the land and timber assets on an appropriate allocation. The major terms of the agreement include that KPT will pay a 10% non-refundable deposit with completion due on or by 28 April 2017. If KPT gives notice that it requires more time to complete the purchase, the price will be adjusted to \$65.464m, with a corresponding change in the 10% deposit, and completion can be extended to being on or before 30 June 2017 without interest being payable. Completion may be further extended to being on or by 29 September 2017, the latest agreed date for completion, with interest accruing at a rate of \$12,913.45 per day (equivalent to 8%pa on the amount outstanding), backdated to 3 April 2017. The final purchase price will therefore be between \$55.0m and \$67.8m, depending on the final date of completion.

Both KPT and New Forests remain committed to the sustainable commercialisation of Kangaroo Island plantation forestry, agreeing with the South Australian Government that the construction of a single multi-user export facility is the most effective way to achieve this goal.

#### **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 KPT's plantation area and triple its standing timber resource.

#### **Capital requirements**

The Company will make further announcements about its capital requirements arising from the transaction, and relating to its proposal to construct a deep water wharf at its Smith Bay site.



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**Request to lift trading halt**

The Company requests that the trading halt in its securities be lifted forthwith, and is not aware of any reason why this request should not be granted.

Yours faithfully

A handwritten signature in blue ink, appearing to read "V Allinson", with a horizontal line extending to the right.

Ms Vicky Allinson  
Company Secretary