

1<sup>st</sup> April 2021

The Manager  
Companies Announcements Office  
Australian Securities Exchange

Dear Sir/Madam,

**Kangaroo Island Plantation Timbers Board Rejects \$20 million Offer for Land**

A recent conditional offer made by KI Phoenix Pty Ltd to purchase the land assets of Kangaroo Island Plantation Timbers (KPT, or the Company) for \$20 million is well below its book value. The KPT Board has considered and rejected the offer.

Managing Director Keith Lamb said “KPT periodically receives approaches from interested parties seeking to acquire land located in high rainfall productive regions such as ours on Kangaroo Island. Following the bushfires of 2019-20, there was an increase in interest by those seeking to opportunistically acquire land at distressed prices. These approaches were not fully formed and certainly not capable of acceptance by the board. Subsequently interest settled down as we progressed our business recovery plan.

“While the Company is open-minded to approaches it receives, the board is squarely focussed on maximising shareholder wealth and with this in mind, offers are considered on merit. This resolve has not altered since the tragic fires of 2019-20.

“The land value recorded on KPT’s balance sheet is \$59.28 million, based on independent expert advice provided by leading rural valuers. The latest valuation was set at June 2020, following the fires of 2019-20 and is benchmarked below equivalent land value on mainland South Australia. Since June 2020 land values around the country have risen.

“The conditional offer made by KI Phoenix is substantially less than book value. This demonstrates the bidder does not understand the value proposition available to the company, through salvaging its forest produce by careful extraction and clever marketing, and the consequential benefit for shareholders in preserving underlying land value.”

Forestry is the highest and best use of KPT land, and complements agriculture in providing regional economic diversification to Kangaroo Island, just as it does in other South Australian forestry hubs such as Mount Gambier and Adelaide Hills.

While KPT continues to promote its proposed Seaport at Smith Bay as an investment towards future prosperity, the Company has achieved recent success in placing product with mainland sawmill customers, and developing new export markets, via existing facilities at Kingscote and Penneshaw.

Market conditions are favourable, and feedback from customers has been positive, recognising the intrinsic value of our products, despite the impact of fire on the forests from which they arise.

“The Company is well on its way in achieving its goal to monetise its forest assets, and preserve land value. We have already started to re-establish the next forest crop.

“We have assembled a highly competent team with skills and experience in forest management, timber production and supply-chain logistics.

“If KI Phoenix has access to skills and a strategy to complement our own, it is welcome to return with a proposition that recognises the full value of the land and the Company strategy which will see the treecrop harvested while preserving land value. Our foremost motivation is to preserve and enhance shareholder wealth, not accept opportunistic offers for productive land”, said Mr Lamb.

By authority of the Board,



Ms Vicky Allinson  
Company Secretary