

11 August 2021

The Manager  
Companies Announcements Office  
Australian Securities Exchange

Dear Sir/Madam,

- **Minister declines Kangaroo Island Seaport development**
- **KPT adopts agricultural strategy**
- **Jones Lang LaSalle independent and “as-is” land valuation of \$51.4m**
- **On-market buyback**

#### **Minister Declines Kangaroo Island Seaport development**

Kangaroo Island Plantation Timbers Limited (“the Company”, “KPT”) announces it has been formally advised by the Hon. Vickie Chapman MP, Minister for Planning, that the Company’s development application for the Kangaroo Island Seaport at Smith Bay has been declined.

The Company wishes to thank everyone who has supported it in this process.

#### **KPT adopts agricultural strategy**

The Company has adopted a new strategy to remove the treecrop and convert its land for more traditional agricultural use. This reversion strategy will require significantly less capital, and will revert the Company’s 18,696 Ha of high rainfall land to a productive agricultural estate over a shorter period of time. KPT will however continue to pursue any salvage harvest opportunities - particularly for softwood plantations - if they present attractive risk-adjusted returns to shareholders.

The agricultural strategy does not require new port infrastructure on Kangaroo Island. KPT will begin reversion activities immediately.

Reverting timberland to a more traditional agricultural use is a proven process. Since the failure of the MIS experiment, more than 100,000 Ha of former forestry plantations have been reverted to agriculture in Australia.

Chairman Paul McKenzie said:

*“Today marks a major turning point for KPT. By undertaking this lower risk and well-trodden strategy, we will in turn develop our land into an institutional grade, conventional agricultural estate. The Company’s vast, high rainfall landholding is unique and is expected to command a premium valuation in due course.”*

### Independent land valuation

The Company commissioned Jones Lang LaSalle Advisory Services Pty Ltd (“JLL”) to conduct a valuation of its land under the new agricultural strategy. JLL’s independent as-is valuation of \$51.4m at 30 June 2021 was derived after estimating a total reversion cost. The Board has adopted this valuation in the 2021 accounts.

### 2021 Results

As a result of the new strategy, KPT’s 2021 results will include the following pre-tax adjustments:

- The wharf asset of \$18.2 million will be revalued to net realisable value, resulting in a pre-tax loss of \$12-\$14 million;
- The biological assets previously valued at \$5.9 million are deemed to have a fair value of nil, resulting in a pre-tax loss of \$5.9 million; and
- The land has been revalued as explained above at \$51.4 million, resulting in a reduction in the Company’s revaluation reserve of \$7.8 million before tax;

At 30 June 2021 the Company had no debt and cash at bank of \$32.7m. In addition, KPT’s insurer has retained \$4m in respect of the insurance claim for the damage caused by wildfires against the potential for KPT to obtain a positive margin on salvage of timber.

The company expects to release its 2021 Preliminary Report on or before 31 August 2021.

### On-market buyback

The new agriculture strategy has lower capital requirements. The Company is in a position to return surplus capital to shareholders and take advantage of the market discount to NTA. Accordingly, the Board is pleased to announce an on-market buyback of up to a maximum of 5.65 million shares, representing 10% of ordinary shares on issue. Further details of the share buyback will be contained in an Appendix 3C.

Released by authority of the Board.



Victoria Allinson  
Company Secretary