

MEDIA RELEASE
December 24, 2019

Fire damage for KIPT and independent growers

Kangaroo Island Plantation Timbers advises that the area affected by recent fires on Kangaroo Island is 891 ha, representing 6.4 per cent of the net stocked area. The insured value of standing timber in the affected area is \$11.6 million representing 10.1 per cent of the total insured value of the timber estate. The affected plantations included pines and eucalypts.

KIPT holds fire insurance, which covers the standing treecrop and allows for miscellaneous costs, including a contribution towards direct fire-fighting, clean-up, and replanting, among other things. The potential for salvage of fire damaged timber will not be determined until the fire ground is declared safe and public access is granted. The Company advises that its fire insurance policy has a \$5 million excess.

The fire will not impact upon KIPT's capacity to provide throughput for the proposed KI Seaport and chip handling facility at Smith Bay, as the affected areas can be prioritised for harvest and re-established in an orderly manner. This flexibility in the business model allows KIPT to reschedule harvesting for other plantations and reduce the apparent cost to the Company's biological asset value resulting from the fire.

Unfortunately, three independent tree-growers were also affected by the fires. Again, both pine and eucalypt treecrops were damaged. KIPT has already spoken with them about the potential for salvage and replanting operations, and will work closely with these growers to produce the best possible economic outcome.

KIPT operates to industry standards in preparing for and responding to wildfire. Throughout the week leading up to the recent fire that began on Friday December 20, KIPT staff were on active surveillance and prepared to respond as necessary. The Company is supported by its professional property manager PF Olsen, contract firefighting service providers Rencon Contracting and A&M Contracting, and on-island earth-moving contractor A&G Willson Earthmovers.

KIPT mobilised its resources, and those of its partners, under the direction of the South Australian Country Fire Service (CFS) and, with backup personnel made available from the mainland, provided 10 certified field personnel and two officers, one fire tanker and three mobile units, together with local contract earthmoving plant. KIPT will continue to provide support services under the CFS structure until the fire is declared over, after which it will continue with internal mop-up and remediation.

The Company thanks all members of the Island community, and those who came over from the mainland, who contributed to the effort to limit the spread of fire and to protect life and



property. The Company is pleased to report that all members of its own staff and those of its contractors stayed safe throughout the firefighting incident.

KIPT Managing Director Keith Lamb was on the Island for most of the period in which fires were active. With on-island Director Shauna Black, they have been assessing salvage opportunities, speaking with independent growers and supporting and thanking the fire-fighting team.