



The Manager
Companies Announcements Office
Australian Securities Exchange

26 April 2021

Dear Sir/Madam,

Letter to shareholders

Please find attached a copy of the latest in a series of letters that the Managing Director of the Company addresses to its shareholders.

The letter is intended to provide background information on the Company's activities and highlight the progress that has been made, while providing some insight into the Board's rationale for the Company's actions and its plans.

Yours sincerely,

Ms Vicky Allinson
Company Secretary



Suite 805, Aurora House, 147 Pirie Street
Adelaide SA 5000
T (08) 8227 2482 F (08) 8312 2020
kipt.com.au
ACN 091 247 166

Dear Shareholder

As you will be aware from our regular updates to the Company website, and periodic announcements to the ASX, over the past 12 months KIPT has made substantial progress in repositioning for recovery and growth, focusing on the fundamentals of the business:

- A substantial land bank in high rainfall country, that has the proven capacity to support high-productivity forestry, agriculture or a combination of both (so-called agroforestry);
- Potential to generate value from carbon credits from trees under forestry or soil under agriculture;
- Development rights to a major infrastructure project pending approval;
- A substantial woody biomass resource now being salvaged at a time of historic high domestic demand for timber, and rising prices in the export market;
- Substantial cash reserves and access to a Federal government grant to support an innovative bioenergy development on a brownfield site owned by the Company;
- A competent and experienced Board with expertise in forestry, timber processing and agriculture;
- An innovative and entrepreneurial management team with complementary skills in project management, engineering, supply chain logistics, risk and compliance, supported by a wider Adelaide and interstate network of stakeholders and associates;
- Shareholders who understand and support the business and share its vision for future growth.

While building on these strengths, we recognise the risks and frustrations inherent in the business:

- A history of wildfire from neighbouring lands, with particular exposure to risk from national park land on the west end of Kangaroo Island, now subject to heightened awareness and commitments towards improved management by government;

- A lengthy approvals process for the Smith Bay project, expected to soon reach its conclusion;
- Limited capability alternative export infrastructure, which with modest improvements are capable of providing a short-term opportunity to support salvage operations while the transition is made to Smith Bay.

These strengths and limitations have recently been recognised by an entity which seeks to take advantage of the trauma created by the fires of 2019-20 and the continued delay in port approval, to publicly criticise the Board's actions in serving the best interests of shareholders. The Board is aware of such activity in the media and does not intend to respond to it.

When trading in the Company shares resumed March 2020, after dealing with the immediate impact of the wildfires, the Board prepared for the possibility that opportunistic parties might take advantage of the trauma created by the fire and the delay in port approval, to seek to acquire Company assets below fair value. The Board formed the view that it was and remains in the best interests of shareholders to maintain its commitment to the development approval pathway for the proposed Smith Bay Port, while taking action to preserve and recover value from the fire-affected forests and re-position for the future of the business.

While awaiting the decision by government for the proposed port at Smith Bay, we have used our time and resources wisely. Our actions to establish a route to market for commercial grade logs salvaged from the fire affected forests via existing infrastructure, were necessary to maximise value before degradation reduces price below cost of supply, and to minimise the cost of preparing land for the future investment.

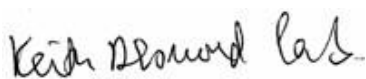
We have identified on-island processing opportunities and received assistance towards that goal from the Australian government by way of a financial grant.

We have also taken the time to revise and challenge our operating assumptions and prepare strategies for Board consideration which realistically account for the strengths and limitations of continuing to operate a forestry business on Kangaroo Island.

Be assured that in all our planning and endeavours, we have and will continue to maintain the best interests of shareholders as our primary goal, while taking into account the views of wider stakeholders, in seeking to maximise returns from all the assets held by the Company.

The Board is strongly aligned with shareholders, and collectively owns over 10% of the Company's shares. The Board's commitment is matched by the loyalty of our employees, many of who are also shareholders, worked through the entire fire campaign to protect Company assets, and together with myself were on duty when the Ravine Fire emerged from the Flinders Chase National Park to over-run the western end of Kangaroo Island.

In my experience, very few companies can demonstrate the levels of bravery, commitment and diligence shown by your Board and employees at Kangaroo Island Plantation Timbers during and following the fires of 2019-20, and I maintain our commitment to act in your best interests at all times into the future.



Keith Lamb
MFor, MBA, GAIDC, MIFA
Managing Director

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