

KPT Investor Presentation

10 November 2016

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Forward looking statements

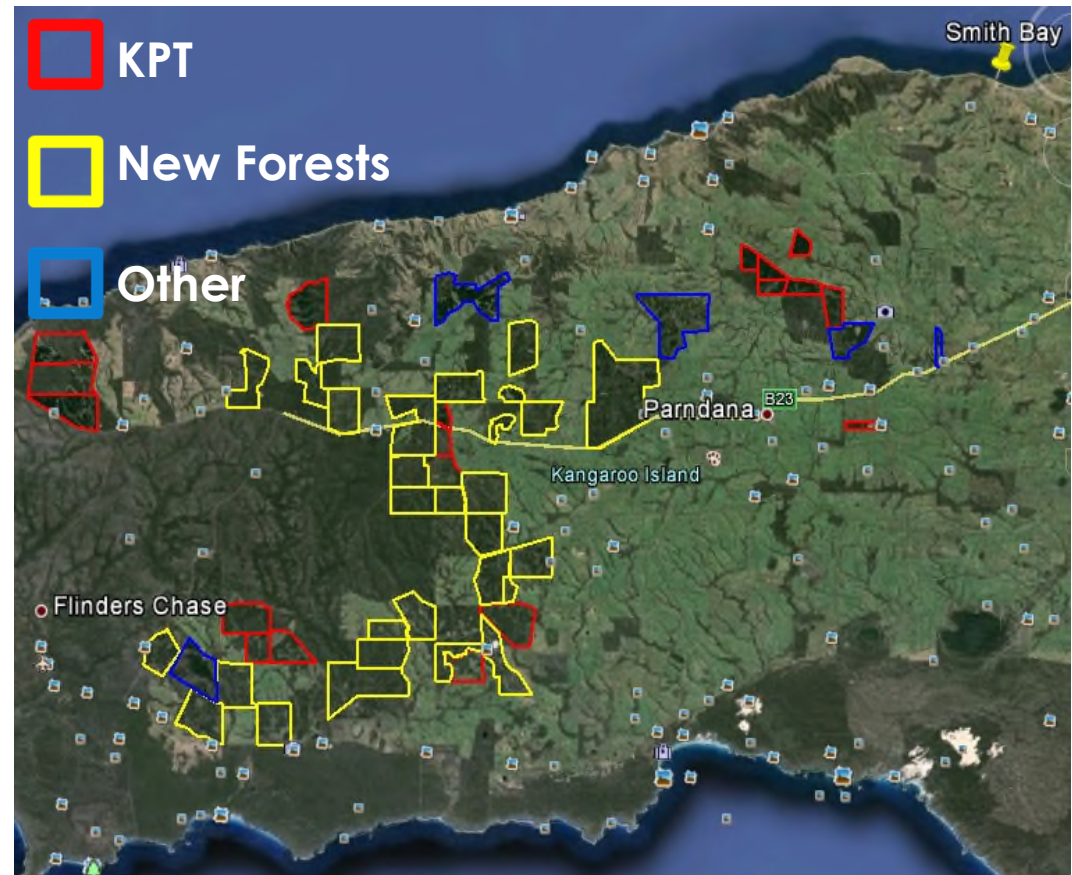
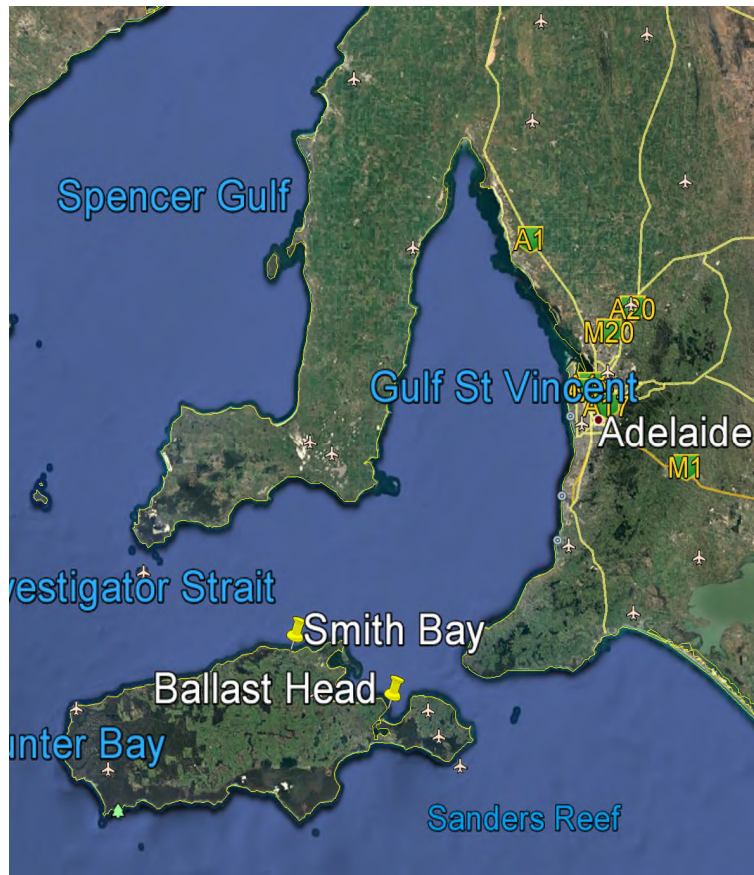
Certain statements in this Presentation may constitute forward-looking statements or statements about future matters that are based upon information known and assumptions made as of the date of this Presentation. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. These statements are subject to internal and external risks and uncertainties that may have a material effect on future business. A summary of some of the key risks of KPT's business is set out at the end of the Presentation. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this Presentation. As such, undue reliance should not be placed on any forward looking statement. Past performance is not necessarily a guide to future performance. Nothing contained in this presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

The KPT Opportunity



- Transformation from small timber grower to large timber grower and exporter
- Infrastructure owner: the sole deep water wharf on Kangaroo Island (KI)
- Equity funding requirement of up to \$50m:
 - \$13m to be raised via a fully underwritten, pro rata, accelerated non-renounceable entitlement offer
 - balance of up to \$37m to be raised following government, bank and other approvals
- Sustainable EBIT approx. \$20m, front loaded, from timber operations
- Capitalising on over \$200m spent by others to establish forestry on KI

KPT – New Forests (FIT) purchase, wharf location



Agenda

- Timberland as an asset class
- About KPT
- Company strategy
 - Gaining critical mass
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Timberland – a global investment class

- Land and timber are real tangible assets
- Timber is a good, uncorrelated long-term inflation hedge with a favourable risk-return profile²
- Timber prices are firm, global demand is growing, global supply is contracting²
- MIS-driven boom and bust effects now largely dissipated
- Profitability driven by MAI³ and cost to deliver to end users
- US\$100 billion invested in timberland², dominated by institutions
- KPT is only ASX traditional timberland company⁴



2. New Forests Timberland Investment Outlook 2015-2019

3. Mean Annual Increment = tonnes/hectare/annum

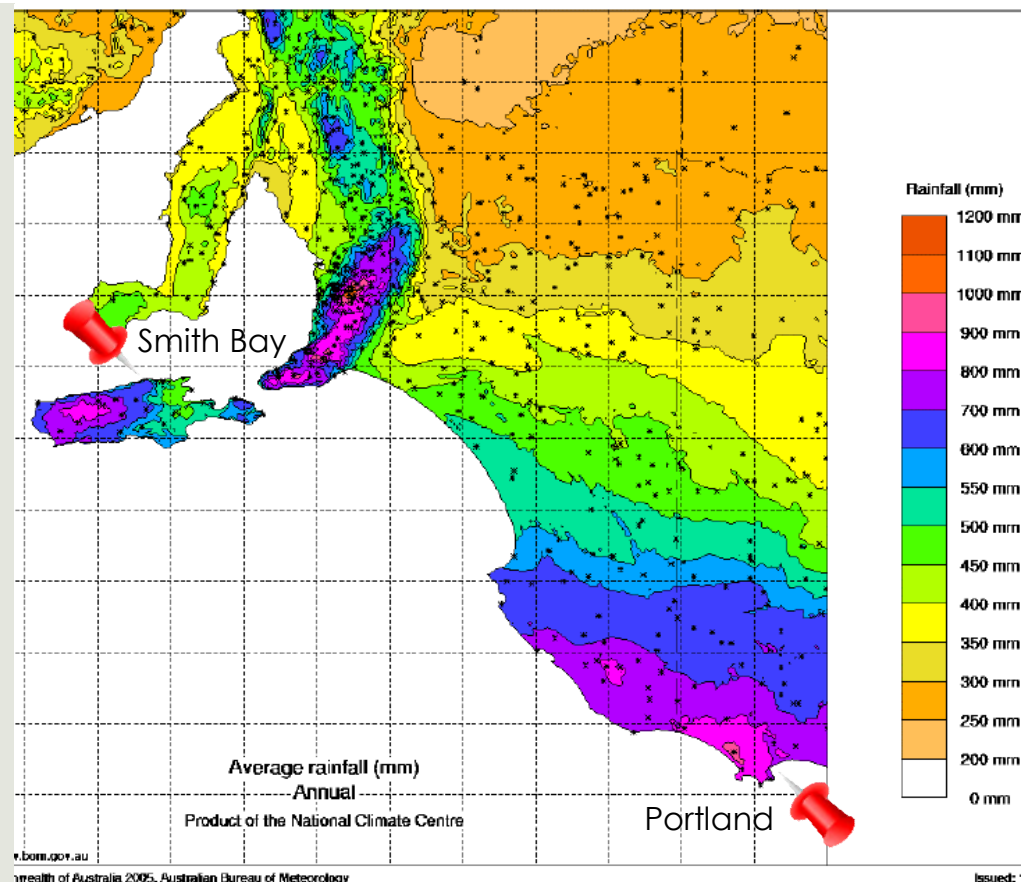
4. Excluding exotic species

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Western KI: a great place for trees

- High rainfall
- Low rainfall variability
- Mild summers, low evaporation
- No salinity issues
- High MAI (growth rates)
- Close proximity to proposed KPT wharf
- Plenty of land



KPT Board

25% of shares, subscribing in full

MD: John Sergeant

Professional manager,
biological sciences &
marketing background,
GAICD

Company Sec & CFO: Vicky Allinson

Adelaide-based investment,
resources & materials sector
background, ex Deloitte

Ind. NED: Shauna Black

KI-based finance journalist,
businessperson & industry
super fund trustee

Ind. NED: Graham Holdaway

former KPMG partner,
international infrastructure,
resources & logistics
background, tree grower

Ind. NED: Greg Boulton AM

Adelaide-based, logistics,
timber, investment, mining,
Port Adelaide Football Club,
FAICD

Chair: Paul McKenzie

Professional agribusiness
consultant & company
director, FAICD



Agenda

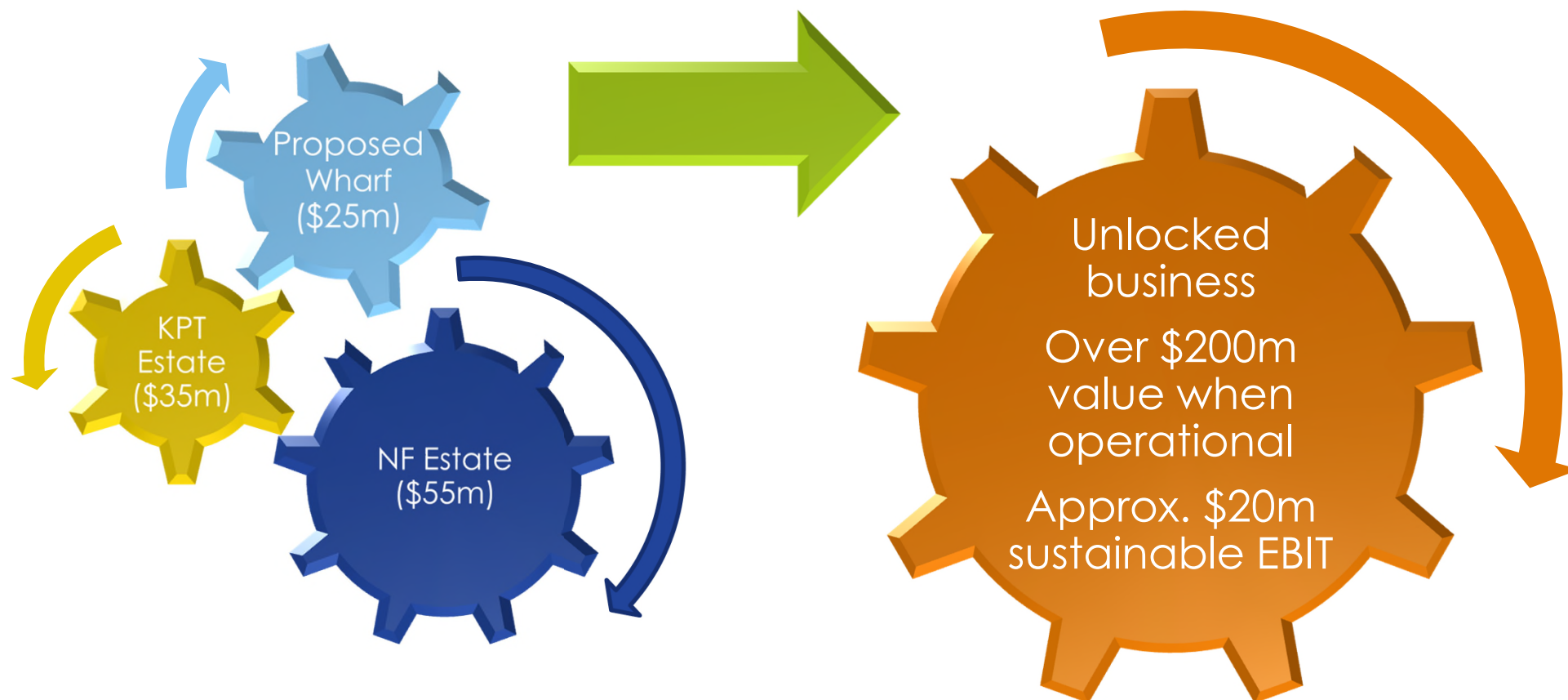
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KPT – Company Strategy

- ☑
 - ▣ Acquire New Forests' KI estate
 - ▣ Quadruples KPT's landholding
 - ▣ Triples KPT's volume of standing timber
 - ▣ Allows focus on superior wharf proposal
 - ▣ Acquired on mutually favourable terms
 - ▣ Price \$55m, expected completion 30 April 2017
- ▣ Then
 - ▣ Secure SA Government consent for Smith Bay wharf
 - ▣ Secure long-term offtake agreement(s)
- ▣ Create bottom quartile cost timber resource operation
- ▣ Become a reliable, predictable, profitable S&P/ASX 300 company



KPT – Unlocking the Opportunity



KPT - the economic opportunity

- \$60+ million per annum export revenue for SA from KI forestry
- Ongoing direct on-island employment of 118 FTE
- \$40+ million per annum direct expenditure in SA
- No government financial assistance sought



Significant, sustainable boost to
State and KI economy

KPT – Indicative timeline

Jul-Oct 16	Nov-Dec 16	Jan-Apr 17	Jun 17-Feb 18	Mar 18
<ul style="list-style-type: none"> New Forests acquisition Lodge preliminary wharf DA Expand board Complete pre-development studies 	<ul style="list-style-type: none"> Rights issue Complete PER Refine wharf design Share split 	<ul style="list-style-type: none"> Execute off-take agreement(s) Finalize terms and conditions for debt facilities Development consent Re-value standing timber Equity raising Draw-down 1st tranche of debt Complete NF purchase 	<ul style="list-style-type: none"> Construction Draw-down 2nd tranche of debt Finalize logistics contracts Transition to operating org. structure 	<ul style="list-style-type: none"> Export Manage estate for optimal long-term productivity Commence debt reduction and payment of dividends to shareholders



The timeline is indicative only. The Company reserves the right to vary dates above subject to meeting any necessary regulatory approvals and corresponding timelines or other requirements.

KPT - Why Smith Bay?

- More than a dozen potential sites investigated
- Closest practicable sheltered north coast site to timber resource: minimise transport costs (direct and indirect)
- Deep water, berthing large ocean-going vessels relatively close to shore
- Adjacent land is relatively flat, suitable for safe storage of cargo
- Adjacent land cleared and somewhat degraded, seabed disturbed
- No critical habitat loss, EPBC Act unlikely to be triggered
- Minimal conflict with tourism, marine national parks
- Availability of effective offsets for any environmental impact

KPT - Smith Bay Export Facility Design

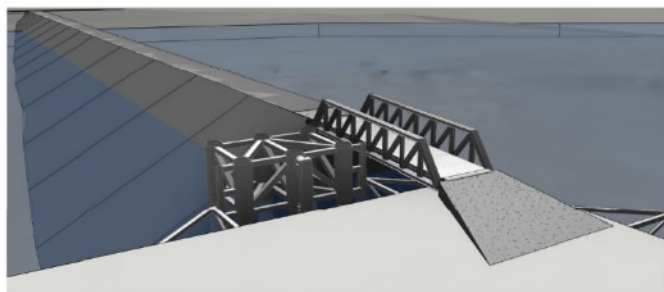
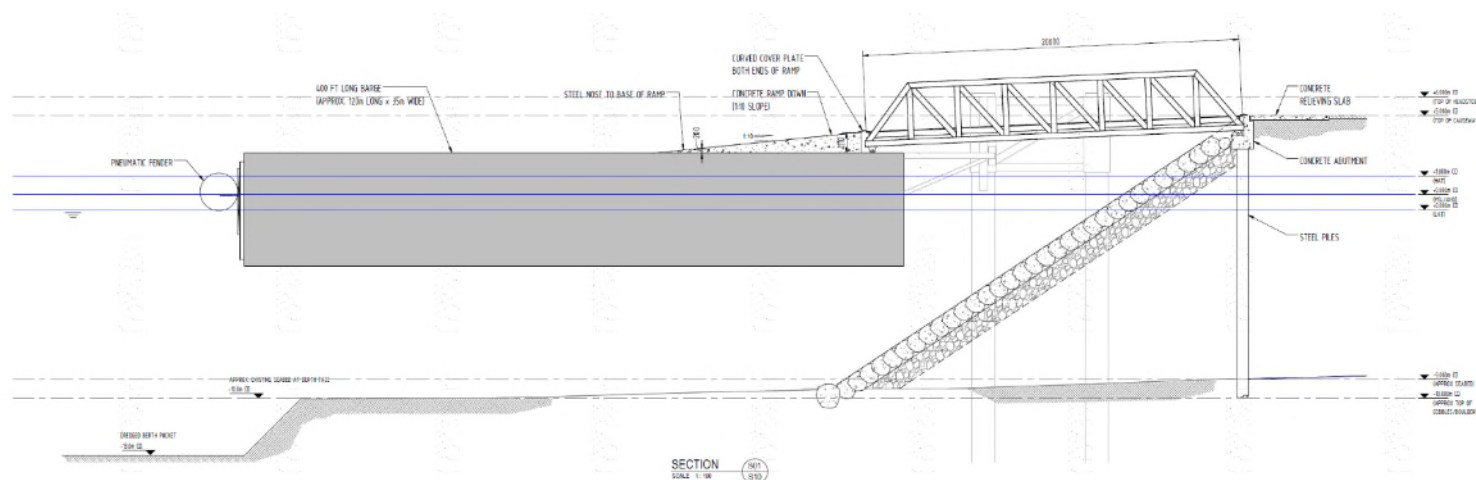
- Rock causeway & floating berth, to handle
 - Logs & wood chips
 - Containerized cargo
 - Import & Export
 - Panamax
 - Cruise liners
- Build cost approx. \$25m
- 6-9 month build



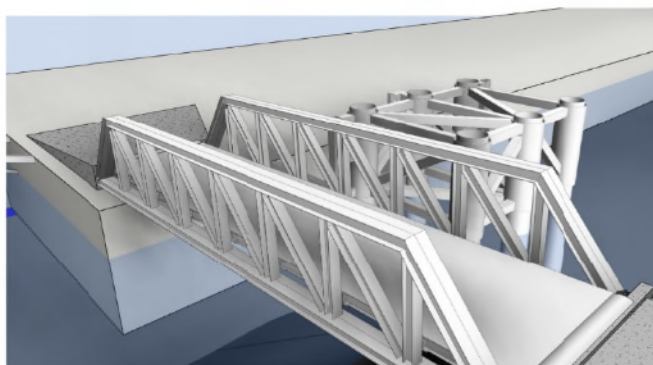
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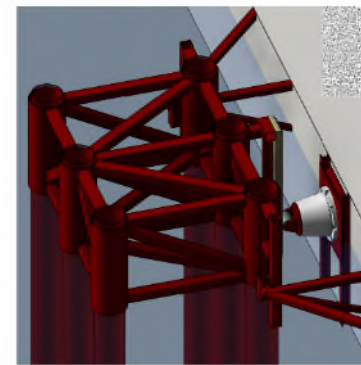
KPT - Smith Bay Wharf Linkspan & Ramp



ISOMETRIC VIEW - LINKSPAN AND RAMP 01



ISOMETRIC VIEW - LINKSPAN AND RAMP 02



KPT – Studies completed or in progress



- Geotechnical, geophysical
- Wave, tide and current
- Marine species survey
- Terrestrial species survey
- Traffic management study
- Berth harmonics
- EPBC Act referral
- Economic impact assessment
- Social impact assessment
- Mitigation of aquaculture impacts
- Barge purchase/fabrication feasibility

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KPT – Expected capital requirements

Application	Timing	Bank debt	New equity
1a. New Forests deposit	Imminent		\$5.8m
1b. Working capital & wharf pre-development	Imminent		\$7.0m
2016 Entitlement Offer			\$12.8m
2a. New Forests completion ⁵	April 2017	\$22m	\$30.0m
2b. Wharf construction ⁶	6-18 months	\$23m	\$7.0m
2c. Working capital		\$5m	
2017 debt and equity		\$50m	\$37.0m

5. Assumes completion as planned, by first due date. Price increases by up to \$13m if delayed.


6. Includes escalation allowance

KPT - Current Land and Timber

 Timber	Current 2016 ('000)	Clear-fell 2017-2025 ('000)	Current valuation ('000)
Softwood (m ³) est.	876	1,050	\$0
Hardwood (green tonnes) est.	435	490	\$0

 Land	Area (ha)	Current valuation ('000)
Plantable land	4,917	\$11,424
Native vegetation etc.	579	\$0
Smith Bay wharf site	12	\$650

New Forests' KI Estate

 Timber	Current 2016 ('000)	Clear-fell 2017-2025 ('000)	Stumpage value ('000)
Softwood (m ³) est.	0	0	
Hardwood (green tonnes) est.	2,373	3,879	>\$45/gt

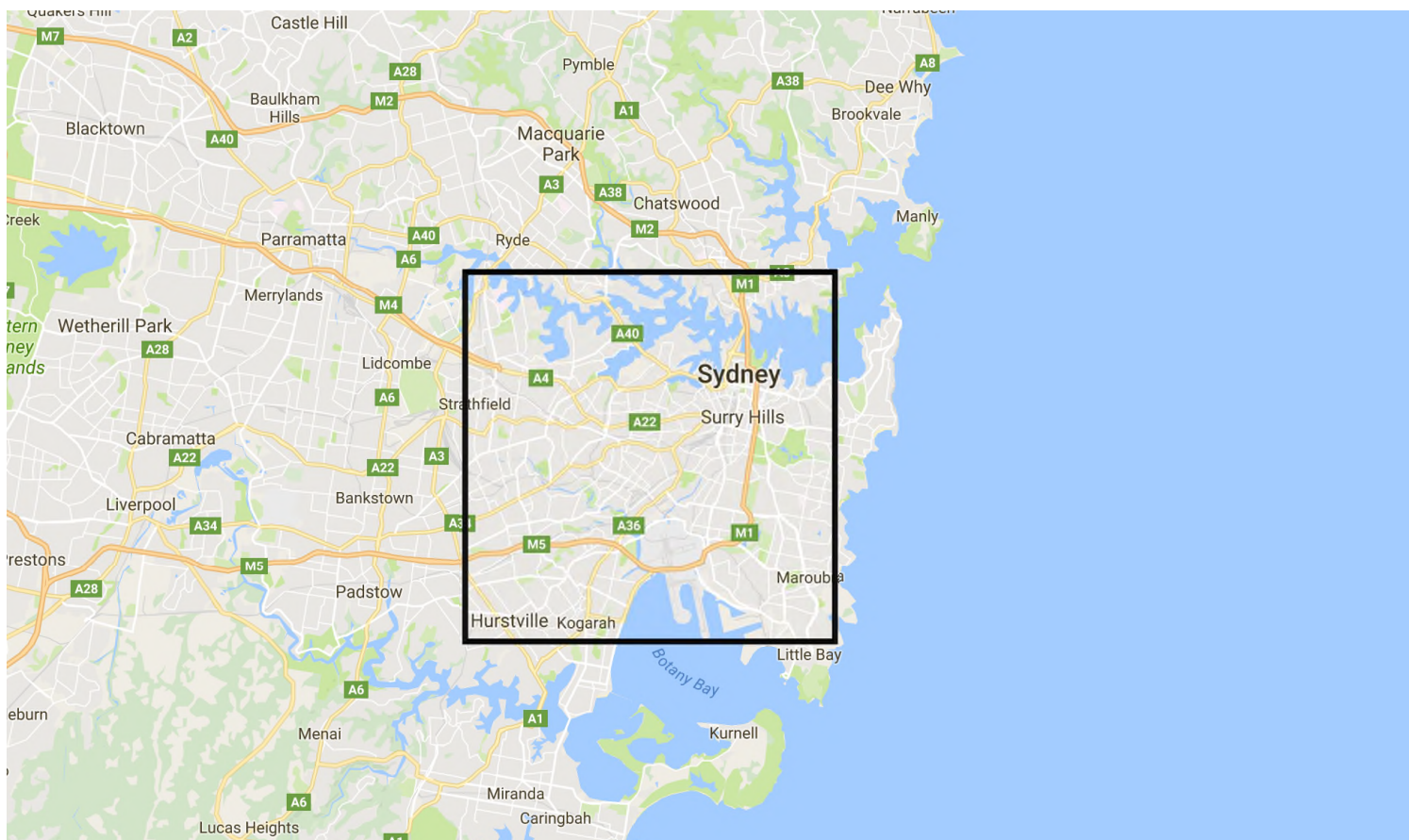
 Land	Area (ha)	Valuation ('000)
Plantable land	14,557	\$36,393
Native vegetation etc.	4,956	\$4,956
Ballast Head wharf site	20	\$650

The Combined Estate

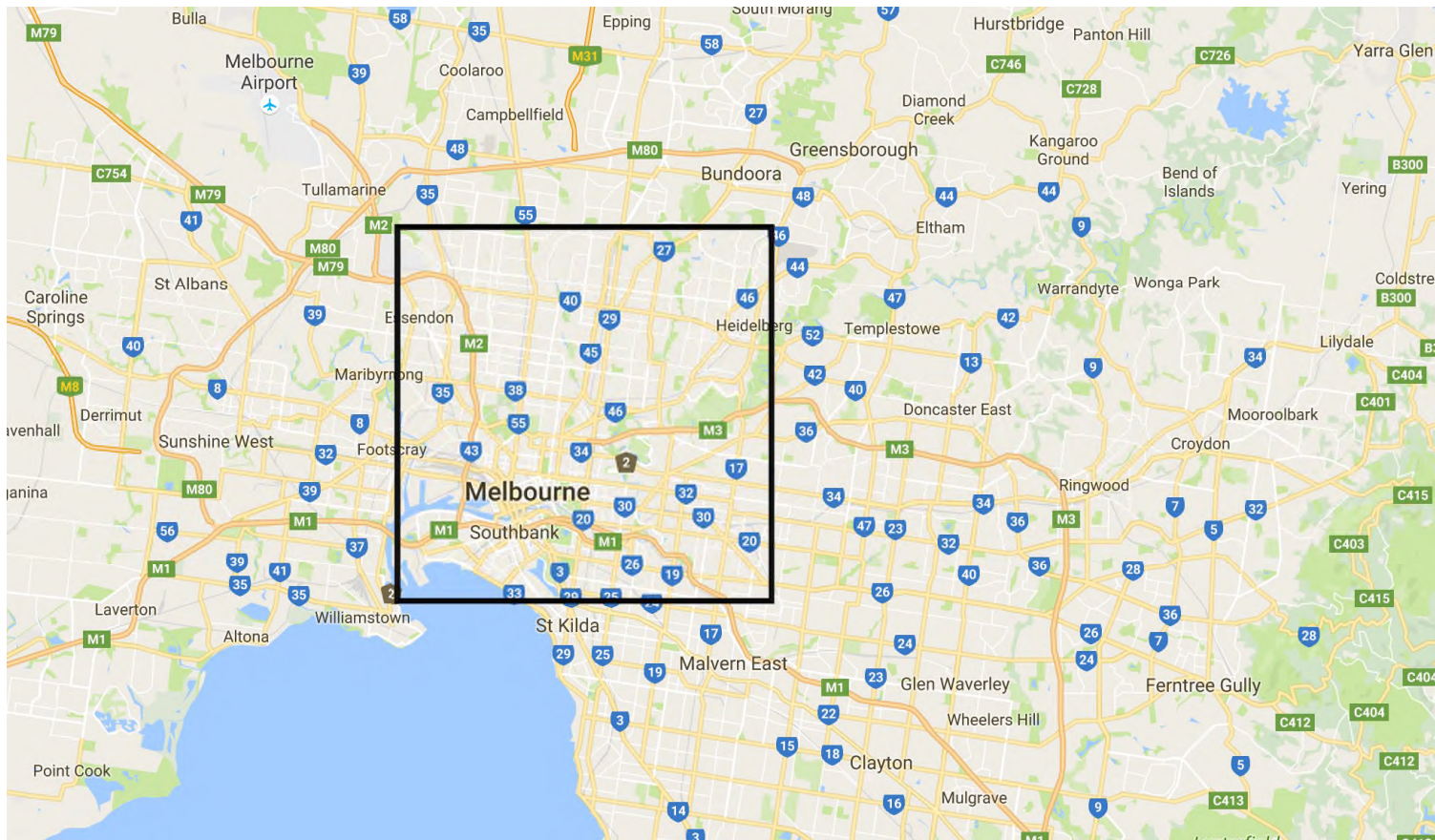
Timber	Current 2016 ('000)	Clear-fell 2017-2025 ('000)	Current stumpage ('000)
Softwood (m ³) est.	876	1,050	>\$35/m ³
Hardwood (green tonnes) est.	2,808	4,369	>\$45/gt

Land	Area (ha)	Value ('000)
Plantable land	19,474	\$48,685
Native vegetation etc.	5,535	\$5,535
Smith Bay wharf site	12	\$650
Surplus wharf site (Ballast Head)	20	\$650

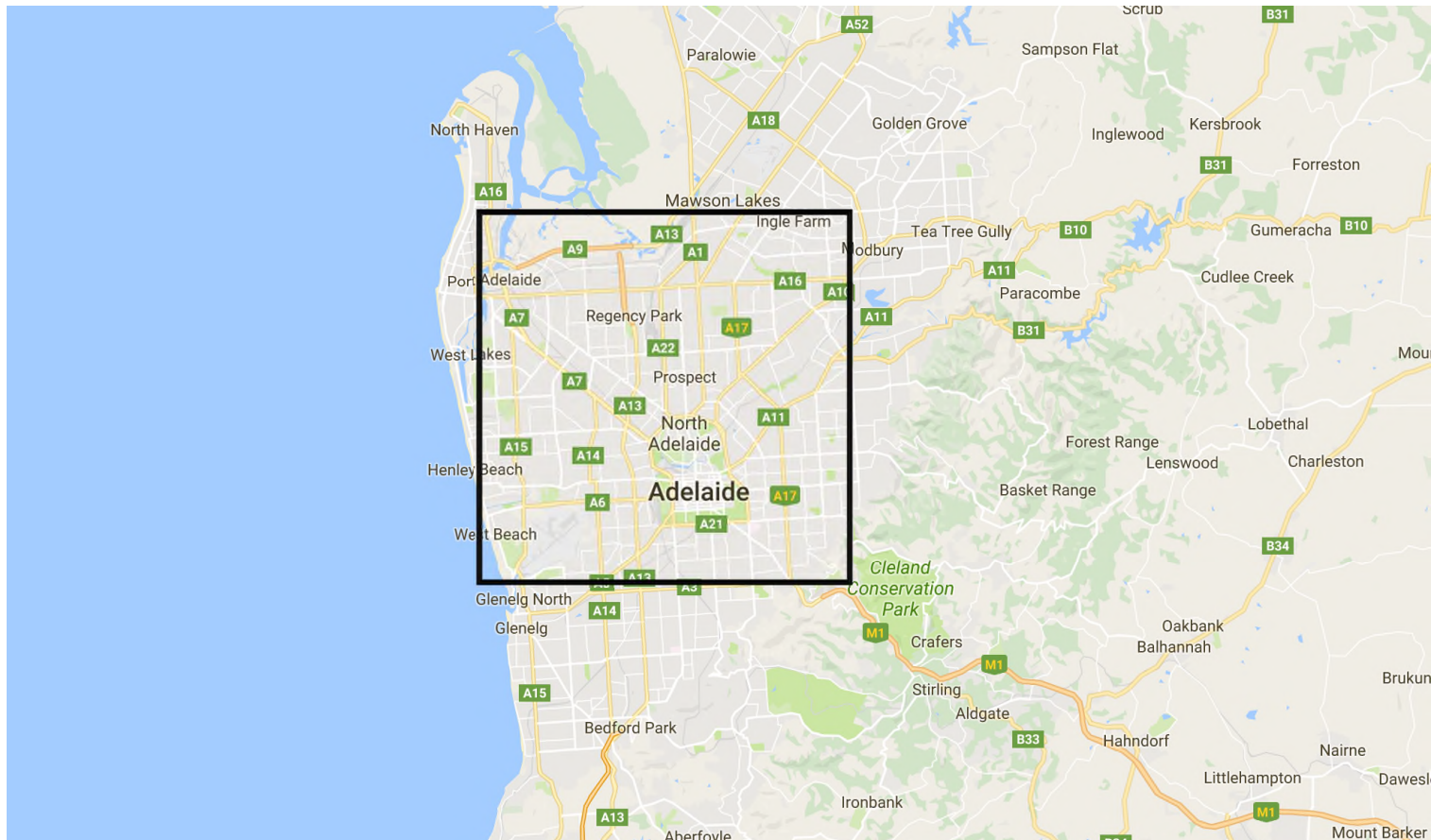
KPT- Size of landholding



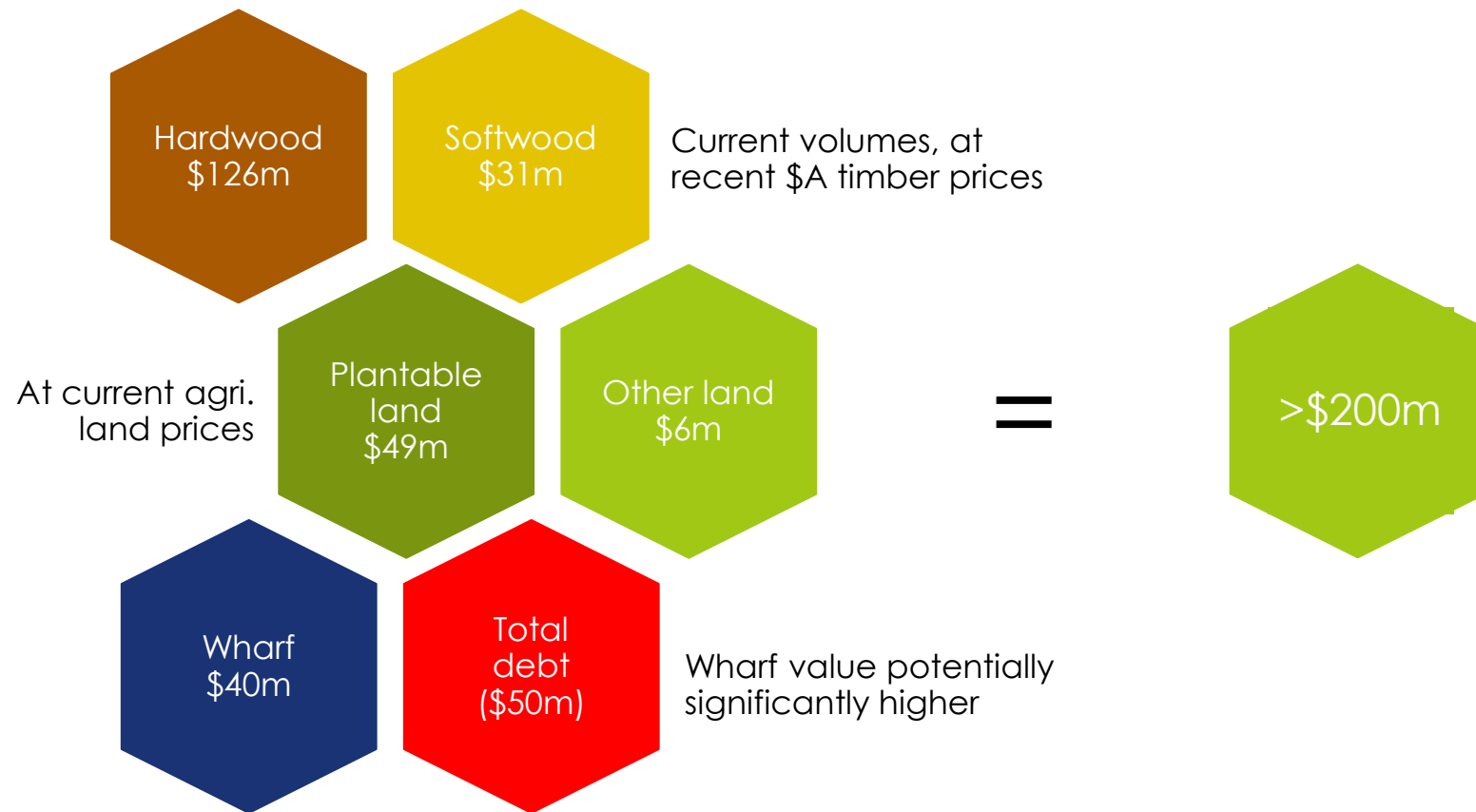
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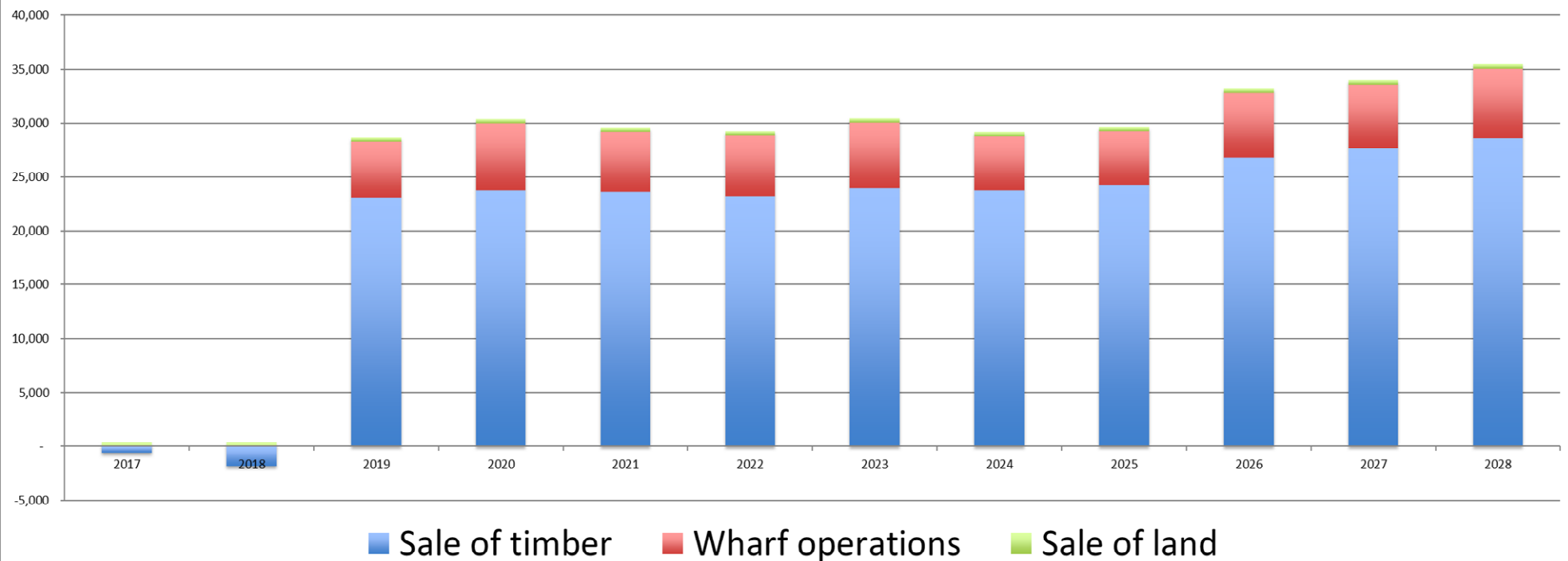
KPT – Value when fully operational



KPT – Operating income

(estimated, excludes non-timber cargoes)

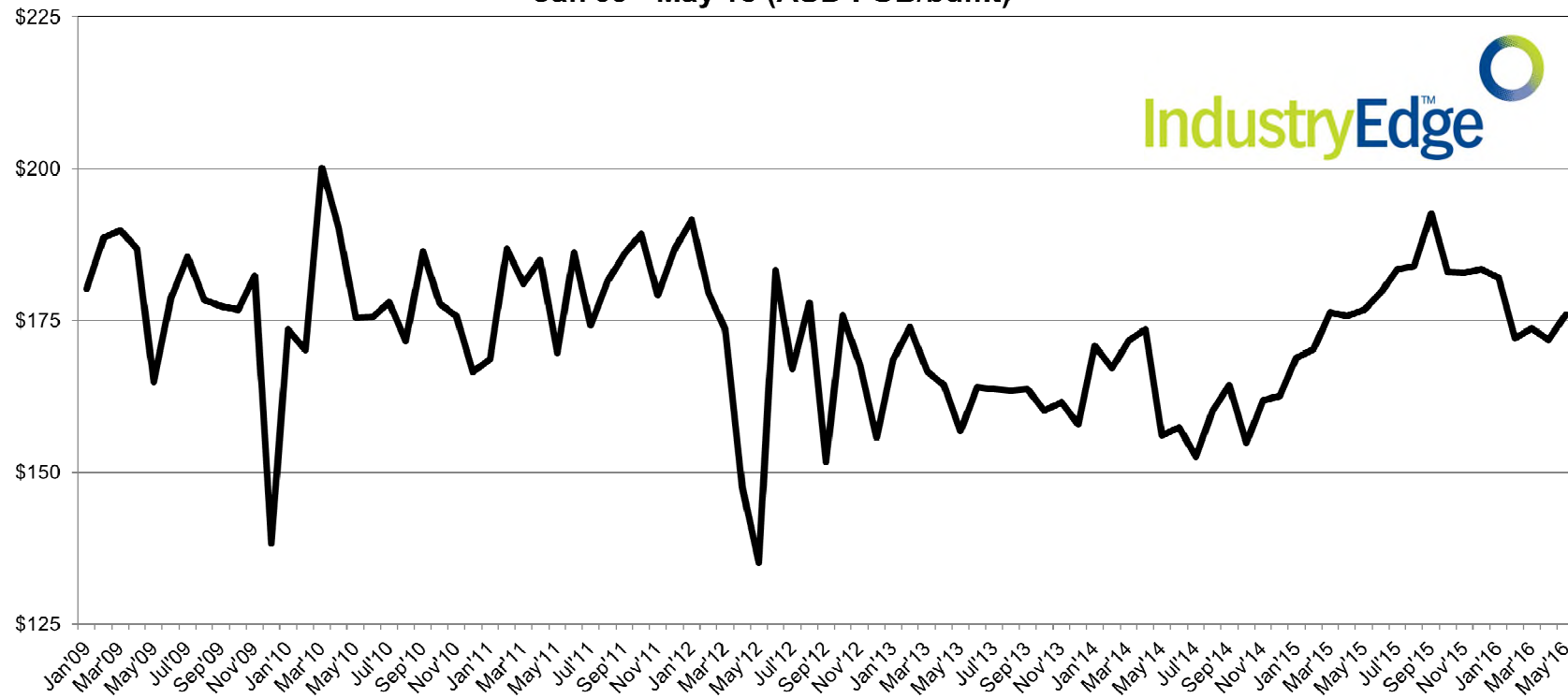
Sources of Operating Income
(\$'000)



Assuming no exports until July 2018. Based on net stumpage derived using May 2016 AUD FOB prices.

AUD hardwood chip price (all grades)

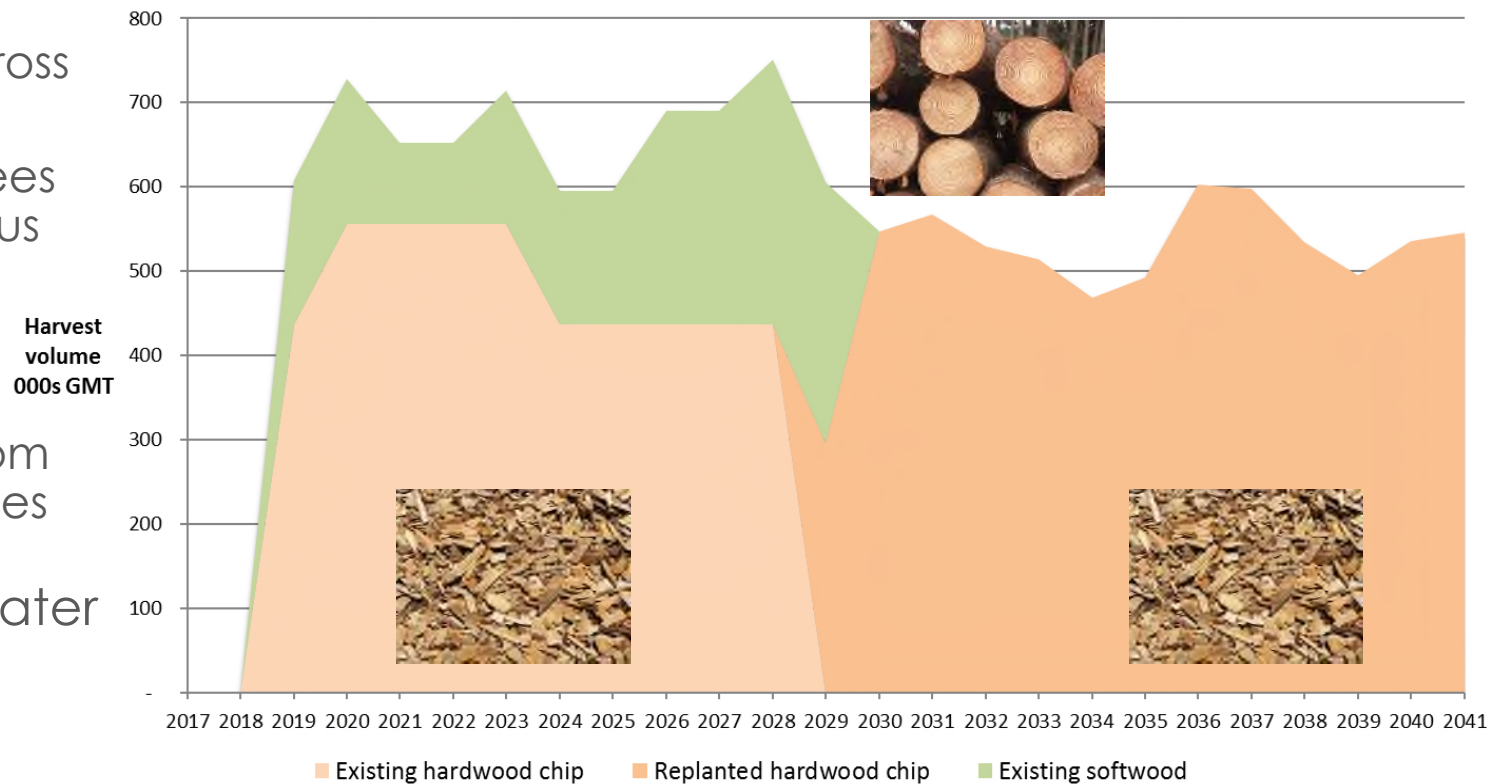
**Australian Hardwood Chip Exports:
Jan'09 - May'16 (AUD FOB/bdmt)**



KPT – Woodflow

- Early years
 - High volumes across wharf
 - Replace older trees with more vigorous ones
 - Sell into global shortfall 2018-23
 - Capture profit from harvest-ready trees
- Scope to smooth later years
 - Expand estate
 - Co-venture

Harvesting of the KI timber resource (by resource type)



KPT - table of benefits to Kangaroo Island

Benefit	Estimate
Direct permanent employment	118 FTE
Indirect permanent employment	111 FTE
KI Population	+344 people
Reduced farm input costs (fuel, fertilizer)	5-10%
Increased farm output prices (grain, pulses, wool)	5-10%
Land and housing prices	>25%
Improved public boat ramp	n/a
Direct construction employment	50 FTE
Indirect construction employment	97 FTE

KPT – a robust investment opportunity

- Western KI: one of the best places in Australia to grow trees – most of which are ready to harvest
- KPT: a timber company (not MIS promoter or funds manager) with
 - high interest cover and dividend yields, once wharf is in place
 - added security of land-backed investment
 - control over the supply chain
- KPT plans to operate responsibly on KI, benefiting its community and respecting its environment, for the long term
- KPT provides access to timberland and infrastructure, two essential real assets in any diversified investment portfolio ... along with potential future carbon credits



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Details of the Entitlement Offer

Offer structure and size	<ul style="list-style-type: none"> Fully underwritten 1 for 3.7 pro-rata accelerated non-renounceable entitlement offer 513,212 New Shares to be issued (equivalent to approx. 27.0% of existing shares on issue)
Offer price	<ul style="list-style-type: none"> Entitlement Offer will be conducted at \$25.00 per New Share (Offer Price) <ul style="list-style-type: none"> 13.4% discount to the last traded price of \$28.88 on Wednesday 9 November 2016 10.9% discount to TERP¹ of \$28.05
Use of proceeds	<ul style="list-style-type: none"> Proceeds from the Entitlement Offer will be used to repay the deposit funds for the acquisition of New Forests and working capital and associated transaction costs
Institutional investors	<ul style="list-style-type: none"> The Institutional Entitlement Offer will be conducted from Thursday 10 November 2016 to Friday 11 November 2016
Retail investors	<ul style="list-style-type: none"> The Retail Entitlement Offer will open on Thursday 17 November 2016 and close 5:00pm (AEDT) Monday 28 November 2016
Ranking	<ul style="list-style-type: none"> New Shares issued will rank equally with existing fully paid ordinary shares from the time of issue
Underwriting	<ul style="list-style-type: none"> Entitlement Offer is fully underwritten by Bell Potter Securities Limited

¹ The theoretical ex-rights price is the theoretical price at which KPT shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which KPT shares traded immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to KPT's closing price of \$28.88 per share on Wednesday, 9 November 2016 being the last trading day prior to the announcement of the Entitlement Offer.

Entitlement Offer timetable

Event	Date ¹
Trading halt and Entitlement Offer announced	Thursday, 10 November 2016
Institutional Entitlement Offer opens	Thursday, 10 November 2016
Institutional Entitlement Offer closes	Friday, 11 November 2016
Trading halt lifted and shares recommence trading on ASX	Monday, 14 November 2016
Record Date for determining entitlement to subscribe for New Shares	5:00pm (AEDT) ² Monday, 14 November 2016
Retail Entitlement Offer opens	9:00am (AEDT) ² Thursday, 17 November 2016
Retail Entitlement Offer Booklet despatched to eligible shareholders	Thursday, 17 November 2016
Settlement of Institutional Entitlement Offer	Thursday, 17 November 2016
Allotment and normal trading of New Shares under the Institutional Entitlement Offer	Friday, 18 November 2016
Retail Entitlement Offer closes	5:00pm (AEDT) ² Monday, 28 November 2016
Allotment and normal trading of New Shares issued under the Retail Entitlement Offer	Monday, 5 December 2016
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Tuesday, 6 December 2016

Notes: ¹ All dates and times are indicative and subject to change without notice. ² Australian Eastern Daylight Savings Time

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Key risks

An investment in the Company's securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company. An investment in the Company is not risk free. The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed but are key risks identified by the Board as being specific to the Company and its current operations as at the date of this presentation.

Primary Industry/Agriculture Risk

A major asset of the Company are trees that the Company owns directly. The trees generally have a long life and are subject to many risks including fire, frost, drought, other acts of God, disease, pests, technological advances, failure to achieve expected yields, reduced demand for timber products, difficulties or delays in concluding offtake agreements with customers, failure to achieve economic prices for the end products because of supply and other issues, changes in prices and costs particularly adverse price movements in the costs of harvesting, processing, transport, and ship loading, currency movements, government imposts and regulations and general economic and international issues.

In the event that there is any significant deficiency between actual and anticipated outcomes, or an agricultural or climatic event that reduces the number of trees available for harvest, the underlying business of the Company may be affected through the reduction in net cash flow.

Construction and development risk

The Company proposes to build a wharf at its Smith Bay Development site. Like any development, this project may be subject to unanticipated increases in costs or to unanticipated delays. Either of these eventualities would have a material effect on the Company's earnings, as would any delays in achieving the necessary government consent or a failure to achieve such consent.

Additional Requirements for Capital

The Company will need to raise additional capital funds through equity, debt or customer pre-payments, to fund the FIT Acquisition and route to market and any future expansion or to exploit new business opportunities. Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and/or scale back its expansion plans.

Low Liquidity

Currently, Samuel Terry Asset Management owns 41.7% of the Company. As a result, and generally, given the fact that a small number of shareholders hold a large proportion of the Company's shares, there may be relatively few potential buyers or sellers of the Company's Shares. This may increase the volatility of the market price of the Company's Shares.

Competitive Position and Market Trends

The Company operates in a competitive market. There can be no assurance that the actions of competitors or changes in customers will not adversely affect the Company's performance. Increased competition (especially in global wood fibre supply) could result in changes in the carrying value of assets, under-utilisation of personnel, reduced profit margins and loss of market share. Any of these could adversely affect the Company's operating and financial performance.

Key risks continued

Actual and potential acquisitions

As part of its business strategy, the Company may contemplate making further acquisitions of, or significant investments in complementary assets, companies, products or technologies. Any such future transactions would be accompanied by the risk commonly encountered in making acquisitions of assets, companies, products and technologies. These risks apply to the Company's recent purchase of the FIT Estate on Kangaroo Island.

Key personnel

The Company is exposed to the risk of non-availability of key staff.

Stock market fluctuations

Further, share market conditions in Australia and around the world may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital;
- (f) Political developments; and
- (g) terrorism or other hostilities.

Regulatory effects

The Company's operations and profitability are likely to be affected by regulatory decisions, by changes in applicable regulation or standards or by the application of, or changes to, environmental legislation, regulation and standards.

General economic conditions

Both Australian and world economic conditions may negatively affect the Company's performance. Any protracted slow-down in economic conditions or factors such as the level of production in the relevant economy, inflation, currency fluctuation, interest rates supply and demand and industrial disruption may have a negative impact on the Company's costs and revenue. These changes could adversely affect the Company's operations and earnings

Litigation

From time to time, the Company may become involved in litigation and disputes. If the Company becomes involved in material protracted litigation, this could adversely affect the Company's expenditures against budget and there is a further risk that liability could be imposed in respect of any such litigation.