



## KEWEENAW SENDS LETTER TO SHAREHOLDERS

*Your Board is Successfully Executing on a Strategy to Drive Lasting Value*

*Discard All Proxy Cards from Cornwall Capital*

*Urges Shareholders to Vote on the **GREEN** Proxy Card to Protect Investment in Keweenaw*

February 28, 2018

Dear Shareholders,

At the Annual Meeting of Shareholders on April 12, 2018, you will be faced with a critical decision that will determine the path forward at Keweenaw. You will have two options:

- ✓ Elect the highly-qualified current Keweenaw Board to continue carrying out strategic initiatives to create long-term value for shareholders; or
- ✗ Put your investment at risk by electing the three nominees put forward by New York hedge fund Cornwall Capital Management LP ("Cornwall"), and therefore permitting Cornwall to gain majority control of the Keweenaw Board.

In advance of being faced with this important decision that will impact the value of your investment in the Company, we urge you to consider the following points:

**Keweenaw is focused on creating and implementing strategic steps forward to increase the value of your investment – and has demonstrated results that its plan is working.**

- ✓ Keweenaw is engaged in a strategic plan with a variety of strategic initiatives to maximize cash flows and better position the Company for future success. These initiatives include:
  - Planning to convert to a REIT effective for the 2018 tax year, which will result in an increased ability to distribute earnings from the sale of timber in a tax efficient manner while also eliminating built-in gains on timberlands within the next five years;
  - Reviewing the Company's cost structure;
  - Pursuing the potential sale of a conservation easement on recently acquired lands in Wisconsin, which will allow the Company to monetize the bare-land / development values of properties;
  - Continuing efforts to creatively monetize non-core assets.
- ✓ Keweenaw has developed and pursued a growth strategy which has added productive timberlands and divested lower quality and highest and best use properties to better provide scale to current operations and decrease overall management costs.

- ✓ Keweenaw is driving value with its current strategy, evidenced by record performance.
- Timber harvest reached record levels in 2017, and this productivity has continued into 2018.
  - The Company's current timber harvest equates to four times what it was 25 years ago.
  - Keweenaw's 2017 comprehensive timber cruise, performed by a third-party forestry consulting firm, indicated that the Company has higher standing timber volumes than previously recognized.
    - This measurement demonstrates that timber is growing even faster than expected.
    - The total standing timber volume was approximately 25% higher than current internal forest growth and yield models were projecting.
    - Based on these results, the Company is positioned to materially increase future annual harvests.

**Cornwall is more concerned with its own interests than the best interests of all Keweenaw shareholders – and if Cornwall gains control of the Company your investment would be at risk.**

- ✗ If Cornwall's three nominees are elected to the Board, they will join the two existing Cornwall designees that already sit on the Keweenaw Board, effectively gaining control of the Company.
- This result would mean that five out of nine board members, or more than half of the Board will be made up of Cornwall designees.
  - A well-functioning board requires diverse perspectives and experience. Cornwall gaining control of the Keweenaw Board would put all other shareholders at a disadvantage by inhibiting independent voices on the Board.
  - A Cornwall controlled board could also mean a sweeping aside of current management and a possible forced departure of the CEO, leaving the Company in turmoil and without essential industry experience and knowledge in operating a timberland business.
- ✗ Cornwall's only "strategy" for Keweenaw may be a sale of the Company at a distressed price to exit their investment – harming other shareholders.
- In 2014, Cornwall conducted an appraisal on Keweenaw property to determine timber and timberland values without the knowledge of Keweenaw. The resulting appraisal contained numerous flaws which resulted in faulty analysis by Cornwall.
  - This 2014 action is concrete evidence of Cornwall prioritizing personal, short-term gain at the expense of long-term value creation for all other shareholders.
- ✗ Cornwall's expertise lies in financial engineering, not timber valuation, which is the core of Keweenaw's business.
- The current Board has a deep understanding of the timber business and how it is valued, with directors who have a broad and diverse background in industry experience, including manufacturing, international forestry, real estate and environmental, social and governance (ESG) investment experience.

**Keweenaw values shareholder communication and continues to constructively engage with shareholders – including Cornwall, whose two designees on the current Board have supported strategic decisions made at Keweenaw.**

- ✓ Keweenaw conducts an independent third party appraisal of its timberlands every three years and then publishes the results to assist shareholders in understanding the value the Company's timberland assets.
  - Many of Keweenaw's peers do not engage in this same process, which has been standard practice at the Company over the last twenty years.
- ✓ Keweenaw and Cornwall have constructively engaged in the past, resulting in the appointment of designee Jan Loeb to the Board as part of a settlement in 2016.
  - Both Jan Loeb and James ("Jamie") Mai have been included in all strategic decisions occurring at the Company in the past year.
- ✓ As part of its strategic vision, Keweenaw engaged Stifel, a highly-qualified investment bank, in 2017 to explore the possibility of a sale. Ultimately, the Board – including Cornwall designees Jamie Mai and Jan Loeb – agreed that the proposed offers presented did not reflect the true value of the Company and this route would not be beneficial to shareholders.

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Your Board has the right mix of industry knowledge and experience to continue creating and implementing strategic initiatives intended to place the Company on a path to value creation. Cornwall's nominees do not have the industry knowledge or expertise to create lasting value at the Company and are more concerned with personal gain than with the best interests of Keweenaw shareholders.

In order to protect your investment, vote for your current Board to continue carrying out the strategic vision that has already led to record results for the Company and its stakeholders.

**VOTE FOR YOUR BOARD ON THE GREEN PROXY CARD TODAY!**

**DO NOT SIGN ANY PROXY CARD SENT TO YOU BY CORNWALL CAPITAL MANAGEMENT LP**

Sincerely,

The Board of Directors of Keweenaw Land Association, Limited

If you have any questions, or need assistance voting  
your **GREEN** proxy card, please contact:



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