



# Kiri Timber Trust

ARSN 122 181 971

# 12

**Annual Report**

30 June 2012

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## Corporate Directory

### Directors

Sydney Chesson (Chairman)  
Simon Chesson (Director)  
Thomas Henn (Director)

### Company Secretary

Simon Chesson

### Registered Office

Level 1, AustAsia House  
412 - 414 Newcastle Street  
West Perth WA 6005

### Postal Address

PO Box 332  
West Perth WA 6903

### Telephone

08 9227 6300

### Facsimile

08 9227 6400

### Email

kpadmin@kiripark.com.au

### Web

www.kiripark.com.au

### Members of the Consolidated Group

EFF Limited  
ACN 077 014 594

Environmental Forest Farms Management Limited  
ACN 087 201 670

EFF Timber Pty Ltd  
ACN 082 882 960

Powton Land Holdings Limited  
ACN 087 201 652

A&N Enterprises Pty Ltd  
ACN 113 434 512

Forestry Finance Limited  
ACN 108 513 239

### Auditor

Carlton & Partners  
3 Alvan Street  
Mount Lawley WA 6050

### Unitholder Information

#### Unitholder Enquiries

Unitholders with queries about their investment, should contact the Responsible Entity:

### Environmental Forest Farms Management Limited

PO Box 332  
Leederville WA 6903  
Telephone +61 8 9227 6300  
Facsimile +61 8 9227 6400  
Email kpadmin@kiripark.com.au

### Change of Address

Should a Unitholder's registered address change, they should notify the Responsible Entity in writing immediately.

# Kiri Park

## INTRODUCTION

Kiri Park is located at Lot M1254 Hunter Road, Regan's Ford, in Western Australia. The Property consists of approximately 536 hectares of which over 200 hectares is suitable for Paulownia plantations. Approximately 198,180 Paulownia trees have already been successfully planted, managed and maintained on the Property.

## LOCATION

Kiri Park was selected by foresters as the location for a Paulownia Plantation on the criteria considered necessary to establish, maintain and operate successful Paulownia plantations. The key factors for growing Paulownia timber were determined to include constant sunshine, ample water, sandy well drained soils, nutrients, and protection from severe winds.

## THE KIRI TIMBER TRUST

The Kiri Timber Trust is operated as a Managed Investment Scheme registered with the Australian Securities and Investments Commission ("ASIC"). The Scheme has been issued with Australian Registered Scheme Number ARSN 122 181 971. The Scheme was registered on 25 October 2006.

Each investor in the Scheme is known as a Unitholder, and has entered into an Agreement with the Responsible Entity and the Plantation Manager to maintain, manage and harvest the Assets of the Trust.

The Scheme is set to operate for a 6 year period, expecting to expire in June 2013, unless extended by the Responsible Entity.

The Responsible Entity has agreed to pay all expenses in relation to the management of the Trust and the Trust's assets and will receive a fee in accordance with the Product Disclosure Statement when the trees are harvested.

## OTHER KIRI PARK SCHEMES

In addition to the Kiri Timber Trust (ARN 122 181 971), three other Kiri Park Schemes have been established specifically for the growth, development, harvest, promotion and sale of Paulownia timber.

The Kiri Park Schemes combine to total approximately 1,903 Woodlots, which have been planted and are managed for approximately 205 Growers. The schemes combine for a total of approximately 198,180 Paulownia trees, all of which are managed by Environmental Forest Farms Management Limited ("EFFM").

A total of approximately 95% of the plantable land is under plantation, which includes the landowner's plantation and the plantations of individual Growers.

# Directors' Report

## DIRECTORS

The name of the Directors of the Responsible Entity who have held Office, at any time during or since the end of the year are:

- Mr Sydney J. Chesson
- Mr Simon Chesson
- Mr Thomas F Henn

## INFORMATION ON DIRECTORS

At the date of this Annual Report, the Board of Directors have not established any specialist committees to take on specific roles and duties of the Board. As such, there are no special responsibilities assigned to any one Director.

### **SYDNEY CHESSON**

*Chairman*

M.B.A, C.R.E.M, C.S.M, F.A.I.C.D

Mr Chesson has been awarded a Master of Business Administration degree from the University of Notre Dame Australia, where he was admitted to the Vice Chancellors list for academic excellence. He is a licensed real estate agent and business broker, and a licensed finance broker. He has extensive experience in importing and exporting, production and manufacturing. He has over 30 years experience in real estate and over 40 years experience in business and commercial activities.

As a Fellow of the Australian Institute of Company Directors, Mr Chesson has considerable experience as a Director of listed and unlisted public companies, unlisted property trusts, and several private companies.

Mr Chesson is also the Chairman of EFF Limited, Forestry Finance Limited, Powton Land Holdings Limited and other subsidiaries of EFF Limited.

### **SIMON CHESSON**

*Director*

M.B.A (UWA), CPA, CFP, B.Comm, C.S.M, F Fin

Mr Simon Chesson has been awarded the degree of Master of Business Administration, and a Bachelor of Commerce. He is a qualified Certified Practising Accountant, a qualified Certified Financial Planner; and a Fellow of the Financial Services Institute of Australasia.

Mr Chesson has over 16 years experience in business accounting, and property industry. He has extensive experience as a Director and company secretary of numerous public and private companies.

Mr Chesson is also a Director of E.F.F. Limited, Forestry Finance Limited, Powton Land Holdings Limited and other subsidiaries of E.F.F Limited.

### **THOMAS HENN**

*Director*

GAICD, FTIA, TEP, MTax, LLB (UWA), LLB (Munich)

Before emigrating from Germany to Australia in the mid 90's, Mr Henn practiced as a lawyer in Munich. After finishing a law degree in Australia, Mr Henn, has worked for the Big 4 Accounting Firms and various law firms

## Directors' Report

in Perth in tax and commercial law. He is now Head of Taxation and Superannuation at HHG Legal Group. He was Managing Director of one of the first listed Australian law firms.

Mr Henn has a Master of Taxation from the University of Western Australia and a Bachelor of Laws Degree. He is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Taxation Institute of Australia. He has lectured for years taxation at various Universities in Western Australia.

Mr Thomas Henn is also a Director of E.F.F Limited, Forestry Finance Limited, Powton Land Holdings Limited, and other subsidiaries of E.F.F Limited.

### DIRECTORS' INTERESTS

At the date of this Report, the Directors had the following number of Unit interests in the Scheme:

	Direct Holding	Indirect Holding
Sydney Chesson	Nil	Nil
Simon Chesson	Nil	Nil
Thomas Henn	Nil	Nil

### FEE PAID TO THE RESPONSIBLE ENTITY

No fees were paid to the Responsible Entity from the Scheme Assets during the financial year.

### PRINCIPAL ACTIVITIES

The principal activity of the Scheme during the financial period was the management and maintenance of assets of the Trust comprising part of a commercial Paulownia plantation known as "Kiri Park" which is located at Lot M1254 Hunter Road, Regan's Ford, approximately 150 kilometres north of Perth, Western Australia.

There were no significant changes in the nature of these activities during the year.

### OPERATING RESULTS

The operating profit of the Kiri Timber Trust for the financial year was Nil (2011: Nil). There should be no income tax liability.

### REVIEW OF OPERATIONS

During the financial year, the Responsible Entity and its parent company (EFF Limited) continued to implement key strategies and infrastructure developments at the Kiri Park Property that were designed to benefit all of the plantations on the Property including the Kiri Timber Trust.

### REVIEW OF OPERATIONS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As at 30 June 2012, the Kiri Timber Trust consisted of 6,000,000 Units which have been issued and allotted to 23 Unitholders.

There were no significant changes in the state of the Scheme's affairs during the financial year .

# Directors' Report

## SIGNIFICANT AFTER BALANCE DATE EVENTS

There have been no significant events after reporting date.

## FUTURE DEVELOPMENTS

The Responsible Entity expects to continue to manage the assets of the Kiri Timber Trust in accordance with best practice silvicultural standards.

The Responsible Entity expects to continue reviewing and refining the cost centres in relation to the Kiri Timber Trust, which is expected to provide some benefits to Unitholders in the Scheme.

## ENVIRONMENT ISSUES

The operations of the Scheme currently meet all development, operational, and environmental conditions associated with the Scheme's operations.

## INDEMNIFYING OFFICERS

The Responsible Entity has not, during or since the financial year, in respect of any person who is or has been an Officer or auditor of the Scheme or of a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

## PROCEEDINGS ON BEHALF OF THE SCHEME

No person has applied for leave of Court to bring proceedings on behalf of the Scheme or intervene in any proceedings to which the Scheme is a party for the purpose of taking responsibility on behalf of the Scheme for all or any part of those proceedings.

The Scheme has not been a party to any such proceedings during the year.

## SCHEME WITHDRAWALS

There were no withdrawals from the Scheme during the financial year.

## AUDITORS' INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, the Directors of the Responsible Entity have obtained a declaration of independence from Carlton & Partners, the Scheme's auditors.

## DIRECTORS' AUTHORISATION

This Report is made in accordance with a resolution of the Board of Directors of the Responsible Entity and

# Directors' Report

is signed by authority for and on behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'S. Chesson', written in a cursive style.

**Sydney Chesson**

Chairman

Dated this 27 day of September 2012



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# CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 521 922 867

3 Alvan Street, Mount Lawley WA 6050

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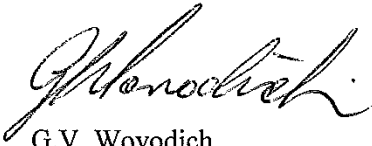
**Lead Auditor's Independence Declaration  
Under Section 307C of the Corporation Act 2001**

**To the Directors of Australian Real Estate Investment Limited as the Responsible Entity for  
the AREIT Augusta Development Fund**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporation Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

**Carlton & Partners**



G.V. Wovodich  
Registered Company Auditor

Dated this .....<sup>27</sup>.....day of .....September..... 2012 at Perth, Western Australia.

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TELEPHONE: (08) 9272 8611  
FAX: (08) 9272 3509

POSTAL ADDRESS:  
PO BOX 42  
.....

# Statement of Comprehensive Income

for the year ended 30 June 2012

	Economic Entity	
	2012	2011
	\$	\$
<b>REVENUE FROM OPERATING ACTIVITIES</b>		
Sale of Timber	-	-
Less:		
Harvest Fees	-	-
<b>Profit from operating activities</b>	-	-
<b>OTHER COMPREHENSIVE INCOME</b>		
Net gain on revaluation of land & building	-	-
Share of other comprehensive income of associates	-	-
Income tax relating to components of other comprehensive income	-	-
<b>Total comprehensive income for the period attributable to Unitholders</b>	-	-
Distributed to Unitholders	-	-
<b>Total Changes in Scheme Property</b>	-	-

The accompanying notes form part of these financial statements.

# Statement of Financial Position

as at 30 June 2012

	Economic Entity	
	2012	2011
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets</b>		
Biological Assets	772,661	772,661
<b>Total Non-currents Assets</b>	<b>772,661</b>	<b>772,661</b>
<b>TOTAL ASSETS</b>	<b>772,661</b>	<b>772,661</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade creditors and other payables	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>772,661</b>	<b>772,661</b>
<b>EQUITY</b>		
Contributed equity	6,000,000	6,000,000
Asset Revaluation Reserve	(5,227,339)	(5,227,339)
Retained Earnings	-	-
Capital Loss Carried Forward	-	-
<b>TOTAL EQUITY</b>	<b>772,661</b>	<b>772,661</b>

The accompanying notes form part of these financial statements.

# Statement of Recognised Income and Expense

for the year ended 30 June 2012

	Economic Entity	
	2012	2011
	\$	\$
<b>INCOME &amp; EXPENSES</b>		
Revaluation of Property, Plant and Equipment	-	-
Net change in fair value of available-for-sale financial assets	-	-
Net change in fair value of available-for-sale financial assets transferred to profit and loss	-	-
<b>Income and expense recognised directly in equity</b>	-	-
<b>Profit for the year</b>	-	-
<b>Total recognised income and expenses for the period</b>	-	-
<b>EQUITY</b>		
Attributable to:		
Equity holders of the Company	-	-
<b>Total recognised income and expenses for the year</b>	-	-
<b>RETAINED EARNINGS</b>		
<b>Impact on correction of prior year error on retained earnings</b>	-	-

The accompanying notes form part of these financial statements.

## Statement of Cashflows

for the year ended 30 June 2012

	Economic Entity	
	2012	2011
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Fund received from manager	-	-
<b>Net cashflows provided from operating activities</b>	-	-
<b>Net Increase/(Decrease) in Cash Held</b>	-	-
Cash at the beginning of the year	-	-
<b>Cash at the end of the year</b>	-	-

The above cashflow statement should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## NOTE 1 THE SCHEME

The Kiri Timber Trust ("the Scheme") was established pursuant to the terms of a Constitution made on 26 October 2006 and was registered with the ASIC on 26 October 2006. Subject to the provisions of the Constitution for early termination upon the earlier of final distribution of receipts to Unitholders following the sale of assets or winding up of the Scheme.

Environmental Forest Farms Management Limited (ACN 087 201 670) is the Responsible Entity of the Scheme and Powton Land Holdings Limited (ACN 087 201 652) the Lessor of the Land. The terms and conditions of the Constitution govern the relationship between the Responsible Entity, the Lessor and the Unit Holders.

The Responsible Entity will carry out or cause to be carried out such services and duties in relation to the Assets of the Scheme as set out in the Constitution and which are usual or necessary for carrying on the business of Paulownia tree farming.

The Scheme will conclude upon harvest of the trees and sale of timber. Under the terms of the Constitution, the Responsible Entity is also entitled to a harvest and marketing fees equivalent to 5.5% of the Gross Sale Proceeds from the timber sales.

## NOTE 2 STATEMENT OF ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporation Act 2001.

This financial report is for the Kiri Timber Trust (ARSN: 122 181 971) as an individual scheme, registered and domiciled in Australia.

The financial report of Kiri Timber Trust (ARSN: 122 181 971) as an individual entity complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the scheme in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

#### (a) Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### Accounting Policies

#### (a) Income Tax

Under current legislation, the Scheme is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to Growers.

## Notes to the Financial Statements

The Scheme fully distributes its distributable income, calculated in accordance with the Scheme's Constitution and applicable taxation legislation, to the Growers who are presently entitled to income under the Constitution.

### **(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short borrowings in current liabilities on the balance sheet.

### **(c) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as an item of the expense. Receivables and payables and payables in the balance sheet are shown inclusive of GST.

Cashflows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### **(d) Trade and Other Payables**

The management agreement states the manager is not to be remunerated until the fees are received by the Scheme. As a result a corresponding payable is not recognised in note 5 to the financial statements.

### **(e) Biological Assets**

It is the policy of the Responsible Entity to formally review the carrying value of its biological assets at the reporting date. External valuations of the biological assets are carried out in accordance with the Trust Constitution.

The valuations are measured at fair value being the amounts of which assets could be exchanged between knowledgeable willing parties at an arms length transaction.

The revaluation increment is recognised directly to the asset revaluation reserve, unless it is reversing a previous decrement charged as an expense in the income statement.

A revaluation decrement is recognized directly as an expense in the income statement, unless it is reversing a revaluation increment previously credit to, and still included in the balance of the asset revaluation reserve in respect of the same class of assets, in which case it is debited directly to the asset revaluation reserve.

The gain or loss on disposal of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at the balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

# Notes to the Financial Statements

## NOTE 3 RESPONSIBLE ENTITY

During the financial period, Environmental Forest Farms Management Limited was the Responsible Entity for the Scheme.

## NOTE 4 CUSTODIAN

The Australian Financial Services License of Environmental Forest Farms Management Limited (AFSL Number: 239 635) does not require the Responsible Entity to have an external custodian for the Project. The Constitution of the Responsible Entity details how the Responsible Entity must deal with Scheme Property.

## NOTE 5 TRADE AND OTHER RECEIVABLES

This Financial Report records the assets, liabilities, revenues and expenses of the Scheme. No application monies for the Scheme were received during the period. Rent and management fees were received during the period. As rent and management fees are immediately payable to the lessor or to the Responsible Entity, this money does not at any stage become property of the Scheme. Any management fees received by the Responsible Entity are immediately payable to the Manager (less money owing by the Manager to the Responsible Entity). Accordingly, this money is not recorded in the Scheme's Financial Report. Rent and management fees received by the Responsible Entity, this money does not at any stage become property of the Scheme. Any management fees received by the Responsible Entity are immediately payable to the Manager (less money owing by the Manager to the Responsible Entity). Accordingly, this money is not recorded in the Scheme's Financial Report.

## NOTE 6 BIOLOGICAL ASSETS

	Economic Entity	
	2012	2011
	\$	\$
<b>Paulownia Plantation</b>	<b>772,661</b>	<b>772,661</b>

At 30 June 2012 the standing timber comprised of approximately 38,915 trees that are 10 years old. The fair value of the plantation was determined to be \$6,000,000 by Independent Forester Mr Charles Peaty at the date of the Product Disclosure Statement 26 October 2006. In accordance with the policy of the Responsible Entity the plantation has been revalued by the Directors using calculations based on current stock from related plantations and the current market price at 30 June 2012.

## NOTE 7 FINANCIAL INSTRUMENTS

### (a) Interest Rate Risk Exposure

The Scheme is not exposed to interest rate risk as there are no Scheme assets which are financial instruments.

### (b) Net Fair Value

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial assets and liabilities as indicated in the Statement of Financial Position.



## Notes to the Financial Statements

### (c) Credit Risk Exposures

The Scheme's exposure to credit risk at 30 June 2012 in relation to each class of recognised asset is the carrying amount of those assets indicated in the Balance Sheet.

## NOTE 8 REMUNERATION AND RETIREMENT BENEFITS TO DIRECTORS

### (a) Remuneration of Directors

The Directors of the Responsible Entity did not receive any remuneration directly from the Scheme during the financial year. All Directors remuneration is paid by E.F.F Limited, the parent company of the Responsible Entity. During the financial year, the remuneration paid to Director's by E.F.F Limited for services relating to the Scheme were as follow in the table below.

### (b) Retirement Benefits

The Directors of the Responsible Entity did not receive any retirement benefits directly form the Scheme during the financial year. The Directors of the Responsible Entity did not receive any retirement benefits from the Responsible Entity nor the parent company of the Responsible Entity nor any other entity related to the Responsible Entity.

Director	Year	Salary & Fees \$	Superannuation \$	Other \$	Total \$
Sydney Chesson	2012	-	-	-	-
	2011	2,000	-	-	2,000
Simon Chesson	2012	-	-	-	-
	2011	300	-	-	300
Thomas Henn	2012	-	-	-	-
	2011	358	-	-	358

### (c) Directors Related Party Transactions

The following transactions between the Responsible Entity and Director related parties, for services in relation to the Scheme, occurred on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	30 June 2012 \$	30 June 2011 \$
Annual Report fees paid to AustAsia Group an entity an related to Syd Chesson	Nil	Nil

## NOTE 9 RELATED PARTY TRANSACTIONS

### (a) Responsible Entity

The Responsible Entity of the Kiri Timber Trust is Environmental Forests Farms Management Limited, whose immediate and ultimate parent company is E.F.F Limited.

## Notes to the Financial Statements

### (b) Directors

The Directors of Environmental Forests Farms Management Limited at the date of this Report are:

- Mr Sydney J. Chesson (Chairman)
- Mr Simon Chesson
- Mr Thomas F Henn

### (c) Fees

The following fees were paid to the Responsible Entity from the Scheme Assets during the financial year:

	30 June 2012	30 June 2011
	\$	\$
Harvest & Milling Costs	-	-
Marketing Fees	-	-
Maintenance & Management Fees	-	-

### (d) Unit Interests of Directors

The interests of Directors of the Responsible Entity as at 30 June 2012 have been disclosed in the Directors Report.

## NOTE 10 SEGMENT INFORMATION AND INDUSTRY INVESTMENT EXPOSURES

The Scheme operates in one business segment, being investment management. The Scheme also operates from one geographic location being Australia, from where its investing activities are managed. Revenue is derived from distributions and interest.

The Scheme has investment exposures currently only in Western Australia geographical market and all assets service the forestry industry.

## NOTE 11 NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is a result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013	No changes are expected to materiality affect the scheme.

## Notes to the Financial Statements

### NOTE 12 EVENTS SUBSEQUENT TO REPORTING DATE

Since 30 June 2012 no transaction or event of a material nature has occurred which is likely to significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme.

### NOTE 13 CONTINGENT LIABILITY

The Scheme has no major capital commitment and has no known contingent liability as at 30 June 2012.

### NOTE 14 REGISTERED SCHEME DETAILS

The registered office and principal place of business of the Scheme is at the office of the Responsible Entity:

**Environmental Forest Farm Management Limited**

Level 1, AustAsia House,  
412 - 414 Newcastle Street,  
West Perth, WA 6005  
Australia

## Directors' Declaration

In the opinion of the Directors of Environmental Forests Farms Management Limited, Responsible Entity of The Kiri Timber Trust:

1. The accompanying financial statements and notes are in accordance with the Corporations Act 2001, comply with the accounting standards, corporations regulation and other mandatory professional reporting requirements, and give a true and fair view of the Scheme's financial position at 30 June 2012 and of its performance for the year ended on that date.
2. At the date of this declaration, there are reasonable grounds to believe that the Scheme can meet its debts as and when they fall due.

The Company Secretary and the Directors of the Responsible Entity of the Kiri Timber Trust have each declared that:

- (a) the financial records of the Scheme for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.
- (b) the financial statements and notes for the financial years comply with the Accounting Standards.
- (c) the financial statements and notes for the financial year give a true and fair view.

Dated at West Perth this 27th day of September 2012.

Signed in accordance with a resolution of the Directors of Environmental Forest Farms Management Limited:



**Sydney Chesson**

Director

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# CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

3 ALVIN STREET MOUNT LAWLEY WA 6050

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the AREIT Augusta Development Fund

### Scope

We have audited the financial report of the AREIT Augusta Development Fund ("the Scheme") for the year ended 30 June 2012.

The Responsible Entity's directors are responsible for the financial report. We have conducted an independent audit of these financial reports in order to express an opinion on them to the members of the Scheme.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report are presented fairly in accordance with Accounting Standards so as to present a view which is consistent with our understanding of the Fund's financial position and the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion, the financial report of the AREIT Augusta Development Fund present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements and statutory requirements the financial position of the AREIT Augusta Development Fund as at 30 June 2012, and the results of its operations and its cash flows for the year then ended.

Carlton & Partners



G.V. Wovodich  
Registered Company Auditor

Dated this 27 day of September 2012 at Perth, Western Australia.

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