

Introduction

This report provides a concise assessment of the operations in relation to the Paulownia Plantations at the Kiri Park Property. This Report relates to the following Managed Investment Schemes:

- Kiri Park Project (ARSN 091 158 897)
- Kiri Park Project No.2 (ARSN 096 225 400)
- Kiri Park Project No. 2 – Second Prospectus (ARSN 096 225 400)
- Kiri Park Projects (ARSN 107 747 348)
 - KPP04 Growers
 - KPP05 Growers
 - KPP06 Growers
 - KPP07 Growers
 - KPP08 Growers
- Kiri Timber Trust (ARSN 122 181 971)

Environmental Forest Farms Management Limited ("the Responsible Entity") is the Responsible Entity for each of these projects and as such is responsible for the operation and management of the Projects.

Any financial information contained in this report is based on management accounts and has not been audited nor, is it required to be audited.

For Audited Financial Reports of each Project, please see the appropriate Financial Statements, for the year ending 30 June 2009. Copies of the appropriate audited Financial Statements are available from the Responsible Entity's website at www.kiripark.com.au or in paper copy on request.

Key Achievements

The Board and Management of the Responsible Entity are pleased with the progress of the Plantation during the year ended 30 June 2009. Some of the significant developments at Kiri Park during this year include:

Kiri Park Trial Harvest

During the financial year the trial harvest for Growers in the Kiri Park Project (ARSN: 091 158 897) and Unitholders



in the Kiri Timber Trust was completed. Since the harvest, Growers and Unitholders in the relevant Projects have received a report detailing the results of this trial and the volume of timber produced.

Plantings

In November 2008 Woodlots for KPP-08 investors were planted. This was a successful year for plantings with over 9,060 new trees been added to the Kiri Park Plantation.

Pruning and Uplift of Plantation

All trees in the plantation have been assessed and pruned accordingly. By pruning the trees, farm managers can balance the tree crowns to improve growth and reduce stress on the trees. Kiri Park Farm Manager Laurie Jolly is an experienced tree surgeon who trains and supervises all farm staff who engage in pruning activities.

Nutrition

Kiri Park Farm Management conduct regular leaf and soil nutrition analyses to determine optimum fertigation regimes for the plantation. This growing season continued to show good nutrient results as in previous years.

Growth

The trees have continued to show good growth rates over this year. Over the growing season the diameters of over 1,000 trees at Kiri Park are measured on a monthly basis and at the end the growing season a volume analysis was conducted. Heights of the trees are also measured on a regular basis.

Growing Conditions for the Season

Kiri Park meets the criteria necessary to establish, maintain and operate successful Paulownia plantations. The key location factors for growing Paulownia timber include constant sunshine, ample water, sandy soils, nutrients and protection from severe winds. The average conditions at Kiri Park are as follows:

Average Maximum Temperatures

July: 17.3 °C	January: 34.3 °C
August: 19.2 °C	February: 32.9 °C
September: 20.8 °C	March: 30.0 °C
October: 24.4 °C	April: 28.4 °C
November: 24.1 °C	May: 24.3 °C
December: 29.3 °C	June: 18.7 °C

*Temperatures are obtained from the Bureau of Meteorology Gingin monitoring station (2008/09 data).

Nutrition

EFFM is committed to providing trees with the optimum amount of nutrients required for good growth. Tree nutrition was monitored throughout the growing season through laboratory analyses which were used to determine the correct application of fertilizers.

Wind/Storms

High winds experienced in July and October caused some minor crown damage. Trees have since fully recovered with some pruning and extra attention by management.

Pests

Some damage to seedlings from neighbours' cows kangaroos and rabbits was experienced early in the growing season. All the damaged seedlings will be replaced before the start of the next growing season.

Review of Operations

This section of the report provides Growers with a concise review of the operational activities that occurred at the Kiri Park Plantation. For the ease of reporting, the financial year has been segregated into quarterly periods.

July 2008 to September 2008

During this quarter, plantation managers continued with plantation duties including:

- Herbicide/pesticide/fungicide spraying
- Pruning
- Vermin control - fence improvements
- Replanting
- Harvesting
- Inter-row slashing
- Woodchipper operations
- Retic-line repairs
- Coppicing
- Ongoing maintenance on vehicles, machinery and bores
- Preparing new area for KPP-08 plantings
- Hand weeding
- Irrigation installation
- Plantation irrigation
- Night security

October 2008 to December 2008

This quarter saw all of the woodlots for the KPP-08 Growers planted.

During this quarter, plantation managers continued with plantation duties including:

- Inter-row slashing of weeds
- Herbicide/pesticide/fungicide spraying
- Vehicle, bore and machinery maintenance
- Reticulation line chlorination and flushing
- Coppicing
- Lateral growth removal
- Fire break maintenance
- Pruning and wood chipping
- Vermin control
- Plantation irrigation
- Irrigation installation
- Retic-line repairs

- Weed removal
- Night security
- Fertigation
- New block planting
- Fence repairs
- Leader selection

January 2009 to March 2009

During this quarter, plantation managers continued with plantation duties including:

- Irrigation
- General maintenance
- Reticulation line repairs
- Vermin control
- Inter-row slashing of weeds
- New blocked fertigation
- Lateral pruning
- Herbicide/pesticide/fungicide spraying
- Pruning
- Laneway maintenance
- Fertigation
- Woodchipper operations
- Night security
- Hand weeding
- Chlorinate wells
- Seedling transplanting

April 2009 to June 2009

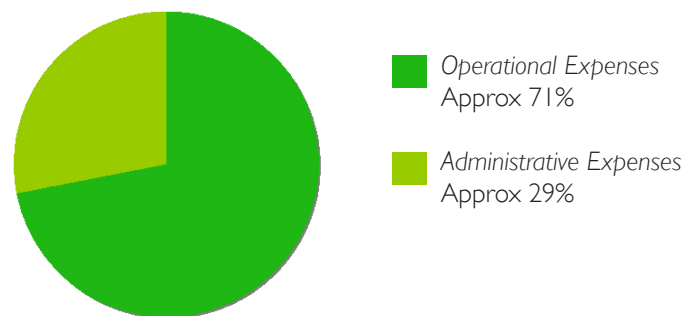
During this quarter, plantation managers continued with plantation duties including:

- Irrigation
- General maintenance
- Herbicide/pesticide/fungicide spraying
- Reticulation line repairs
- Vermin control
- Tree transplanting
- Pruning
- Hand weeding
- Chlorinate wells
- Boundary fence repairs
- Woodchipper operation
- Night security
- Filter flushing
- Ongoing maintenance on vehicles, machinery and bores

All activities are performed in accordance with the Company's procedures and best practice silviculture and forestry principles.

Expenditure

During the year ending 30 June 2009, the expenditure of Environmental Forest Farms Management Limited for the Kiri Park Projects was as follows:



EFFM has continued to improve the ratio between expenditure on plantation activities and administration. This is the result of a continual review of cost centres and the implementation of strategies designed to reduce, consolidate and internalise costs. It should be noted that much of the administration costs is related to ASIC and ATO compliance.

Future Developments

New developments expected for the Kiri Park plantations in the year to come, include;

- Planting of woodlots for KPP-09 Growers.
- Planning for establishment of timber milling shed and milling equipment at the Kiri Park Plantation.
- Finalisation of thinning and clear fell harvesting plans for Project I.

Compliance with the Lease and Management Agreements

During the financial year ending 30 June 2009 the Responsible Entity complied with all provisions of the existing Lease and Management Agreements.

Conclusion

This year has been a good one for the EFF Group and the Kiri Park Plantation. Compliance with best forestry practices meant the trees were supplied with adequate nutrients and were pruned in the most appropriate manner to ensure maximum growth.

Problems with feral animals were dealt with in an efficient manner to reduce any damage that might have been caused. This was done by improving fence lines, use of bait and insecticides.

Despite some unfavourable weather conditions and problems experienced with the bores, the plantation showed signs of good health and had a solid year achieving an average approximate 10% growth. Learning from the problems that were faced this year allows E.F.F to better cope with any future problems that arise and increases our knowledge of plantation management of Paulownia trees.

This year also saw the completion of the planting of the woodlots for the 2008 growing season and the preparation of land for future woodlots.

Harvesting plans for thinning Project 1, 2 and 2a are expected to be finalised by December 2009 for implementation in May/June 2010. Further details and proposals relating to Project 1, 2 and 2a are expected to be advised to Growers in each of these Projects by February 2010.

Environmental Forest Farms Management Limited

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