

Agricultural Land Trust

ARSN 096 588 046



Annual Report
30 June 2014

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TERMS AND ABBREVIATIONS

This report uses terms and abbreviations relevant to the Trust's activities and financial accounts. The terms "Agricultural Land Trust", "Trust" and "Group", unless indicated otherwise, refer to the consolidated entity comprising the parent entity (being the Agricultural Land Trust) and its subsidiaries. In some instances the term "Agricultural Land Trust" refers to the parent entity and not the consolidated entity however, where applicable, this has been disclosed in the report.

The terms "Agricultural Land Management Limited" and "Responsible Entity" are used in this report to refer to Agricultural Land Management Limited.

The terms "the year" and "2014" refer to the twelve months ended 30 June 2014 unless otherwise stated. Similarly, references to 2013 refer to the twelve months to 30 June of that year.

CORPORATE DIRECTORY

Responsible Entity	Agricultural Land Management Limited ABN 16 072 899 060 Level 13, 20 Hunter Street Sydney NSW 2000 Phone: (02) 8277 0000 Facsimile: (08) 8580 5700 Australian Financial Services Licence Number: 225064
Postal Address	PO Box R1471 Royal Exchange NSW 1225
Registered Address	Level 13, 20 Hunter Street Sydney NSW 2000
Directors	Justin Epstein (Chairman) Frank Tearle (Director) Elizabeth Reddy (Director)
Secretary	Frank Tearle
Registry	Computershare Investor Services Pty Limited Level 5, 115 Grenfell Street Adelaide SA 5000 Phone: 1300 727 620 Facsimile: 1300 534 987
Auditor	Ernst & Young Ernst & Young Building 121 King William Street Adelaide SA 5000
Bankers	Westpac Banking Corporation National Australia Bank Australia and New Zealand Banking Group Limited
ASX code	AGJ
Website	www.agriculturallandtrust.com.au

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CHAIRMAN'S REPORT

The 2014 financial year and the interval leading to the date of this report were again turbulent and challenging yet extremely rewarding as we completed the trust's restructure in March 2014. This completion step represented the culmination of many months and countless hours of work by not only our advisors but the (then) Board and Management team too. As incoming Chairman, I can only express my gratitude to the level of commitment all involved displayed. I sincerely thank all those involved.

For the year, the net loss of the Trust was \$2.9 million (2013: \$6.0 million). This loss included an asset devaluation adjustment of \$24.8 million (2013: \$9.4 million) reflecting the reduction in rural forestry values and the cancellation of the remaining lease over the Linkletters property in Esperance, Western Australia. Cash flow from operating activities was up on last year (218%) at \$10.85 million.

In March 2014, the trust completed a successful rights issue that resulted in the issue of 27,083,009 units. This exercise provided additional cash flow to the trust of \$2.3 million. A significant portion of these funds has been earmarked to pay for remediation costs of the Linkletters property.

The Directors have determined the Trust will pay a distribution of 0.528 cents per unit for the 2014 year (2.82 cents per unit in 2013).

As reported to the market in the first half of the financial year, four properties, classified at 30 June 2013 as held for sale (Current Asset), were realised. The write down to net realisable value on those four properties upon sale was \$8,400,000. The Board was satisfied that, based on the Colliers valuations and based on other independent advice from their advisors, the proceeds from these sales represented fair value of the properties.

As a result of the above mentioned completion of disposals in the 2014 year and the revaluation of the Linkletters property, the book value of the Trust's remaining investment property is \$12.9 million (2013: all properties were classified as held for sale: \$41.75 million).

The remaining iconic property in Esperance, WA "Linkletters Place" is now no longer available on the market for sale due to planned remediation over the next two years that will enable a return to grazing and crop producing activities. The remediation steps are a key component of the new syndicated debt facility loan agreement. Quarterly progress reports on remediation to the banking syndicate are a key feature of those conditions.

The Board thanks the previous management team for their endeavours' during the past year and reiterates its commitment to all unit holders to build on initiatives over the coming twelve months.



Justin Epstein
Chairman
Agricultural Land Management Limited
Sydney, 7 August 2014

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REVIEW OF OPERATIONS

Financial Results

The net loss attributable to unit holders of the Trust for the year was \$2.9 million (2013: loss \$6.0 million). The net loss resulted largely from reductions in the values of the Trust's investment properties of \$24.8 million (2013 \$9.36 million) offset by various forms of compensation including \$9.6m lease compensation, \$4.3m debt forgiveness and \$7.9m unit cancellation.

The Trust's cash flow from operations increased during the year to \$10.9 million (2013: \$3.4 million).

The total assets of the Trust reduced during the year to \$16.5 million (2013: \$46.1 million) due to the sale of three investment properties and a reduction in the value of the remaining property. The Trust's net assets as at 30 June 2014 were \$5.8 million (2013: \$12.6 million).

Distributions to Unit holders

The Directors have determined that the distribution payable for the 2014 year will be 0.528 cents per unit (2013: 2.82 cents per unit).

The value of distributions reinvested during the year pursuant to the Trust's Distribution Reinvestment Plan was \$2,232,680 (2013: \$149,450) which resulted in the issue of 26,359,851 units (2013: 1,123,686 units).

Market Performance

During the year, units in the Trust traded within a range of 7.3 cents per unit to 12 cents per unit. Based on the closing price of 8 cents per unit as at 30 June 2014, the Trust had a market capitalisation of \$7.5 million (2013: \$14.2 million); the distribution yield for the Trust for the year was 6.6% (2013: 20.14%).

Funding

As at 30 June 2014, the syndicated loan facility balance was \$10.0 million (2013: \$20.86 million). During the year, the Trust made repayments of \$10.861 million (2013: \$30.7 million) to the banking syndicate.

The syndicated loan facility, which expired on 31 July 2013 was extended to 31 July 2016; this extension was conditional on prepayment of interest of \$1.8 million and which occurred on 28 March 2014.

During the period under review, the Trust's subordinated loan facility with Elders Finance Pty Limited was extinguished. Repayments totalling \$5.0 million (2013: \$0.3 million) were made to Elders Finance Pty Limited from properties sold; and Elders Finance Pty Ltd forgave \$4.3 million under the terms of the restructure; refer to the market announcement dated 7 March 2014.

Total subordinated loan interest expense for the period 1 July 2013 until 7 March 2014 was \$378,092; \$353,696 of the interest expense was included in the aforementioned sum forgiven; interest of \$24,396 was paid in cash to Elders Finance Pty Ltd. As at 30 June 2014, the balance of the loan was \$nil (2013: \$8.97 million).

In March 2014, the Trust completed a successful rights issue that resulted in the issue of 27,083,009 units. This exercise provided additional cash flow to the trust of \$2,302,056.

During the period under review, the Trust cancelled 60,536,628 units as was announced to the market on 7 March 2014. Elders or an Elders related entity held all units cancelled. Cancellation of these units was an integral step in the completion of the restructure.

As at 30 June 2014 the Trust's gearing ratio (debt to total assets) was 60.8% (2013: 64%).

Rural Property Assets

During the period, four properties classified at 30 June 2013 as held for sale (Current Asset) completed settlement. The write down to net realisable value on those four properties held for sale was \$8,400,000. In addition lease compensation revenue was received of \$7.7million at the time of the sale.

As a result of the various disposals in the 2014 year and the revaluation of the Linkletters property (refer below), the book value of the Trust's remaining investment property is \$12.9 million (2013: properties were classified as held for sale: \$41.75 million).

AGRICULTURAL LAND TRUST ANNUAL REPORT 2014 REVIEW OF OPERATIONS

Revaluations

The Trust received in July 2014 a full valuation of the Linkletters property as of 30 June 2014. The valuation was obtained in accordance with the valuation policies contained within the loan agreement with the Trust's banking syndicate.

The directors have considered the June 2014 valuation, dated 21 July 2014, prepared by Colliers International as the basis for their determination of fair value. The valuation assesses the current fair value of the property to be \$12.9 million. The directors have adopted a fair value for the Trust's property portfolio of \$12.9 million (2013: \$41.75 million) based on their assessment of the value of the property.

For further information refer accounting policy note 2(g) and note (9).

Responsible Entity Fees

The Responsible Entity fees for the year were \$183,420 (2013: \$471,740).

Change of the responsible entity

On 4 July 2014, ALML, the responsible entity for the Trust was acquired by OIG. OIG as the current parent company of ALML has decided to restructure the fund's operations to respond to ASIC's financial requirement for responsible entities. ALML wishes to transition its responsible entity role for the Trust, to remove any uncertainty as to ALML's compliance with its AFSL obligations and to transfer the role to a financially stronger responsible entity. In respect of the Trust, it is proposed that (1) Agricultural Land Management Limited will resign as responsible entity of the Trust and (2) be replaced by One Managed Investment Funds Limited, a subsidiary of OIG, as the new responsible entity of the Trust. On 1 August 2014 a meeting of unit holders was held where the two resolutions were each passed. The Directors await ASIC's approval for the change in responsible entity. As at the date of signing this document, ASIC's approval has not yet been received.

Outlook

The Trust's performance in 2015 compared to 2014 will be impacted by the absence of rental income and the remediation works to be performed on the Linkletters property. These works are vital to facilitate the generation of agistment and cropping income in subsequent periods. As the remediation works are completed, opportunities to lease remediated land portions for grazing and cropping become available; conversely, the property is expected to increase in value as these works are completed.

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DIRECTORS AND SECRETARIES

The directors and secretary of Agricultural Land Management Limited comprise the following:

Justin Epstein (age 34)

(Chairman, Executive Director: appointed 4 July 2014)

Mr Epstein is a founding director of One Investment Group Pty Ltd ("OIG"). Prior to founding OIG in 2009, Mr Epstein was the investment director of one of Australia's most significant private investment houses. The investment house was diversified in terms of asset class, geographical and economic sector investment and had significant international investments in sectors including banking and financial services, petroleum, aviation and property. Mr Epstein was responsible for sourcing and leading investment opportunities. In this role, Mr Epstein was also Head of Corporate Finance for Global Aviation Asset Management, one of the world's largest aircraft lessors managing a modern portfolio of 53 aircraft in long term operating leases to airlines around the world.

Mr Epstein has previously worked in group strategy and business development for a major Australian investment bank, for the corporate finance restructuring division of Ernst & Young and for a specialised private property finance and investment group. Mr Epstein is a director of a private investment company primarily focused on equity investments and distressed debt opportunities.

Mr Epstein holds a Bachelor of Commerce (with Distinction) from the University of New South Wales and is a Fellow of the Financial Services Institute of Australia.

Frank Tearle (age 46)

(Executive Director & Company Secretary: appointed 4 July 2014)

Mr Tearle is a founding director of OIG. Prior to founding OIG, Mr Tearle served in various roles at Allco Finance Group, including Head of Business Transition and Operations, Managing Director of the Hong Kong Office, Director of the corporate finance team and general counsel.

Mr Tearle has been a non-executive director of several companies, including manager of a Singapore listed property trust and an APRA regulated insurance company. Mr Tearle has more than 10 years' experience working in major law firms in Australia and the United Kingdom, specialising in merges and acquisitions, capital markets, funds management and corporate governance.

Mr Tearle has a Master's Degree in International Business Law from the University of Technology, Sydney and a Bachelor of Law (with Honours) from the University of Leicester.

Elizabeth Reddy (age 49)

(Director: appointed 4 July 2014)

Ms Reddy is an experienced corporate and commercial lawyer, having practised as a lawyer for in excess of 10 years both in the private and commercial arenas.

Ms Reddy specialises in the Corporations Act, contractual disputes, merges and acquisitions, equitable claims, trade practices and insolvencies. Ms Reddy is also experienced in compliance and risk management issues.

Ms Reddy spent a number of years practising at both of Freehills and Atanaskovic Hartnell prior to undertaking a number of commercial roles.

Ms Reddy holds a Diploma in law.

Tom Pascarella (resigned 4 July 2014)

(Chairman, Non Executive Director / Independent)

Mr Pascarella was appointed a Director on 31 December 2012. Mr Pascarella is a very well qualified and experienced banker having previously held the positions of Managing Director and CEO of the Bank of America N.A. Sydney Branch and Head of Corporate Banking for Bank of America Merrill Lynch Australia. He is an experienced director, a graduate of Princeton University in the USA and has an Executive MBA from Oxford University. He is a member of the Australian Institute of Company Directors, Finance and Treasury Association of Australia and the Financial Services Institute of Australia.

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Peter Zachert (resigned 4 July 2014)
(Non Executive Director / Non Independent)

Mr Zachert is a Chartered Accountant and Company Director. He is currently a director of Terramin Australia Limited and a number of private companies including Chairman of Elders Forestry Management Limited and APT Projects Limited. His executive background is primarily in Resources and Diversified Industrials in Australia and overseas. Mr Zachert is currently the CFO of Alpha Australia LLC and previous positions held include CFO of Elders Limited (ceasing June 2009), director and CFO of Cyprus Australia Coal Company, CFO of Delta Gold Limited and senior roles in Prodeco SA and Exxon Coal and Mineral Company Limited. Peter is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Management and a member of the Australian Institute of Company Directors. He was appointed an executive director of Agricultural Land Management Limited on 2 July 2007 however has assumed a non executive and non independent role since 1 July 2009.

Robert Michael Walter (resigned 4 July 2014)
(Director, Non Executive / Independent)

Mr Walter is an experienced executive with a background in the agribusiness sector and rural banking. He is currently Director of National Business Development for Elementree Limited. His executive background includes roles of General Manager at Elders Banking, General Manager Rural Lending at Rabobank and General Manager Lending at Primary Industry Bank of Australia (PIBA). Mr Walter has extensive experience in and knowledge of the agricultural industry in Australia and New Zealand as a result of 44 years commercial exposure with diversified experience across all rural inputs, banking and finance sectors involved in farm production and finance performance analysis. Mr Walter was appointed a Director of Agricultural Land Management Limited on 28 May 2010.

Justin Nelson (resigned 4 July 2014)
(Joint Company Secretary)

Mr Nelson has extensive experience in the listed company environment. From 2004 – 2012 he was the Australian Securities Exchange (ASX) State Manager, SA and Manager, Listings (Adelaide). He is company secretary of four ASX listed companies and is currently undertaking specialist studies in governance, (Graduate Diploma of Applied Corporate Governance) with the Chartered Secretaries Australia. Mr Nelson is experienced in corporate governance procedures, company meeting practice, the ASX Listing Rules and all other aspects of ASX related matters. He is an advisor to both public and private entities on a full range of corporate law issues. Mr Nelson was appointed Joint Company Secretary of Agricultural Land Management Limited on 18 January 2013.

Craig Porter (resigned 4 July 2014)
(Joint Company Secretary)

Mr Porter holds a Bachelor of Laws and Legal Practice and is a member of the Law Society of South Australia, the Australasian compliance Institute and an affiliate member of the Chartered Secretaries of Australia. Mr Porter is currently employed as Manager – Risk Compliance and Insurance for Elders Ltd. He was appointed Joint Company Secretary of Agricultural Land Management Limited on 24 February 2012.

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CORPORATE GOVERNANCE

The Agricultural Land Trust is a registered managed investment scheme under the Corporations Act 2001 ("Corporations Act"). Agricultural Land Management Limited is the Responsible Entity for the Trust and establishes the corporate governance policies of the Trust. The Responsible Entity holds an Australian Financial Services Licence authorising it to operate the Trust and has a duty to act in the best interests of unit holders of the Trust. As a registered managed investment scheme under the Corporations Act, the Trust has a compliance plan that has been lodged with the Australian Securities and Investments Commission ("ASIC"). A copy of the compliance plan can be obtained from ASIC.

The Australian Securities Exchange Limited ("ASX") Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles"), in conjunction with the ASX listing rules, require the Trust to disclose in its annual report the extent to which its corporate governance practices follow the ASX Principles and to give reasons why any recommendations have not been followed. The Responsible Entity complies with a majority of the ASX Principles. Where it does not, it is largely in respect of matters where the nature of the regulation of the Trust or of the Trust's business is such that the board of the Responsible Entity considers that compliance is not appropriate or required and that there is no detriment to unit holders of the Trust from non-compliance.

Relationship between the Responsible Entity and Elders Limited

At 30 June 2014 the Responsible Entity was a wholly owned subsidiary of Elders Limited. However, as advised to the market on 4 July 2014, the Responsible Entity was acquired by One Investment Group Pty Ltd on 4 July 2014. Elders Finance Pty Ltd is still, however, a substantial unit holder in the Trust (6.06% as at 30 June 2014). Further information regarding the relationship and transactions with Elders Limited is detailed in Note 18 in the notes to the financial statements.

Compliance with ASX Corporate Governance Principles and Recommendations

Principle 1 - Lay solid foundations for management and oversight

Recommendation 1.1 – Establish and disclose the functions reserved to the board of the Responsible Entity and those delegated to management.

The relationship between the board and management is a partnership that is crucial to the long-term success of both the Responsible Entity and the Trust. The separation of responsibilities between the board and management is clearly understood. The respective roles of the board and management of the Responsible Entity are set out in the Trust's compliance plan. The Trust's compliance plan sets out the key processes, systems and measures the Responsible Entity will apply to ensure compliance with the Corporations Act and the constitution of the Trust. In addition, the board of the Responsible Entity has adopted a board charter and a delegation of authority designed to emphasise the responsibilities of the board in managing the Trust in a manner which protects and builds wealth for the unit holders, taking into account other stakeholders such as employees, customers, suppliers, lenders and the wider community. Through to 4 July 2014 the board had delegated responsibility for the day-to-day operation and administration of the Trust to the Acting General Manager. Since that date the Board has delegated responsibility to the management of Agricultural Land Management Limited. Various responsibilities, including those detailed below, cannot be delegated to management and accordingly remain the responsibility of the board:

- Responsibility for overall corporate governance of the Trust
- Strategic decisions
- Adoption of budgets
- Acquisition and disposal of rural property assets
- Selection of Auditors
- Equity raisings
- Entering into new borrowing arrangements
- Provision of security
- Entering into contracts with external service providers with a cost greater than \$50,000
- Trust distributions

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CORPORATE GOVERNANCE

Recommendation 1.2 – Disclose the process for evaluating the performance of senior executives.

No amounts are paid by the Trust directly to senior executives of the Trust. These amounts have been paid directly from the then ultimate holding company of the Responsible Entity, Elders Limited. Consequently performance of key executives of the Responsible Entity were reviewed in accordance with Elders Limited's group policy. Pursuant to the Responsible Entity's Board Charter, the board has a responsibility to assess the performance of the Chief Executive Officer and executive team.

Principle 2 - Structure the board of the Responsible Entity to add value

Recommendation 2.1 - A majority of the board of the Responsible Entity should be independent directors.

The board of the Responsible Entity currently comprises two executive directors. Details of the directors are set out on page 5 of this Report. Given that the board is not independent, the Trust is required to have a Compliance Committee.

The Compliance Committee established by the new Board comprises the following persons:

- Mr Marcus Elsum
- Mr Angus Finney
- Mr Bledbyn Gambold

Principle 3 - Promote ethical and responsible decision making

Recommendation 3.1- Establish a code of conduct and disclose the code or a summary of the code as to:

- 3.1.1 the practices necessary to maintain confidence in the Trust's integrity;
- 3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- 3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Trust has established a Code of Conduct that sets out conduct and ethical standards expected of directors, management and employees. By articulating these standards directors, management and employees are held accountable for their actions should they fall short of these standards.

The Trust's compliance plan also sets out the arrangements the Responsible Entity has to ensure that breaches of the Corporations Act, constitution of the Trust, Australian Financial Services Licence conditions, or internal standards are identified, reported and rectified if necessary. The Trust's compliance with its compliance plan is audited annually.

Due to the relative size and nature of the Trust's activities the Responsible Entity does not consider it appropriate to adopt Recommendations 3.2 (establish a policy concerning diversity), 3.3 (disclose the measurable objectives for achieving gender diversity) and 3.4 (disclose the proportion of women employees, senior executives and board members).

Principle 4 - Safeguard integrity in financial reporting

Recommendation 4.1 – The board should establish an audit committee

The ASX listing rules do not require the Trust to establish an audit committee. The relative size of the board and expertise of each director allows the full board to also perform an audit committee function. Accordingly, the board does not consider it necessary to establish a separate committee for this purpose.

The board monitors the independence of the external auditor who is required to confirm such independence on a semi-annual basis. The board monitors the performance and terms of the audit engagement on an annual basis. The auditor and the audit firm are prohibited from providing any non-audit services that may affect their independence. The board has established a non audit services policy to assist with the maintenance of auditor independence.

The Compliance Plan prescribes that it is expected that management provide a written declaration to the board that, to the best of their knowledge and belief, the Trust's financial report presents a true and fair view in all material respects of the Trust's financial condition and operating results and is in accordance with applicable accounting standards.

For the reasons noted above and due to the relative size and nature of the Trust's activities the Responsible Entity does not consider it necessary to adopt Recommendations 4.2 (structure of audit committee) and 4.3 (audit committee should have a

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CORPORATE GOVERNANCE

formal charter).

Principle 5 - Make timely and balanced disclosure

Recommendation 5.1 - Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose a summary of those policies.

The Responsible Entity is committed to complying with the continuous disclosure obligations of the Corporations Act and the ASX listing rules and has systems in place to ensure timely disclosure of price sensitive information to the market.

The Responsible Entity has established a continuous disclosure and communications policy designed to ensure timely and full disclosure to unit holders and the market in general, and to ensure that all stakeholders have an equal opportunity to receive and obtain information issued by the Trust.

The guiding principle contained within the continuous disclosure and communications policy is that the Responsible Entity will immediately notify the market via an announcement to the ASX of any information concerning the Trust that a reasonable person would expect to have a "material" effect on the price or value of the Trust's securities.

Principle 6 - Respect the rights of unit holders

Recommendation 6.1 – Design and disclose a communications strategy to promote effective communication with unit holders and encourage effective participation at general meetings.

The Responsible Entity has established a continuous disclosure and communications policy designed to ensure timely and full disclosure to unit holders and the market in general, and to ensure that all stakeholders have an equal opportunity to receive and obtain information issued by the Trust. All important announcements are available on the ASX announcement platform on the ASX website.

The Trust is not required to hold an Annual General Meeting, however from time to time the board considers whether investor meetings should be held. The auditor and the compliance plan auditor are expected to attend any meeting of unit holders of the Trust and be heard on any item of business that concerns them.

Principle 7 - Recognise and manage risk

Recommendation 7.1 – The Trust should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Responsible Entity has established a risk management policy based on the standards set out in Australian Risk Management Standard AS/NZS 4360.

The risk management policy addresses both compliance risks and business risks. The Trust's risk management framework is summarised in the compliance plan.

The risk management policy, in conjunction with the compliance plan, ensures that risks are identified and assessed, and that measures to monitor and manage each material risk are implemented. Operation of the Trust in accordance with the risk management policy and compliance plan is intended to protect the rights and interests of unit holders.

Recommendation 7.2 – The board reviews the risk management and internal control system to manage the Trust's material business risks. Management reports to the board on whether those risks are being managed effectively. The board should disclose whether such review has taken place, and further, the effectiveness of the company's management of its material business risks.

Management designed the Responsible Entity's risk management policy. In accordance with the risk management policy the Compliance Officer is required to provide a quarterly risk report to the board.

A statement as to the effectiveness of the Trust's management of its material business risks is incorporated in the declaration by management referred to under Recommendation 4.1 that has been received by the board for the financial year.

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CORPORATE GOVERNANCE

Recommendation 7.3 – The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control that the system is operating effectively in all material respects in relation to financial reporting risks.

A statement that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control that is operating effectively is incorporated in the declaration by the Acting General Manager referred to under Recommendation 4.1 which has been received by the board for the financial year.

Principle 8 – Remunerate fairly and responsibly

Remuneration expenses of the Responsible Entity are not borne by the Trust. As directors and management of the Responsible Entity are not remunerated by the Trust, unitholders have no direct exposure to those remuneration expenses.

In accordance with the Corporations Act, the right of the Responsible Entity to be remunerated and indemnified by the Trust is set out in the constitution of the Trust. The Responsible Entity's fee is prescribed in the constitution of the Trust and any change to that fee would require the approval of unitholders. The constitution is available from the Responsible Entity and is also available from ASIC.

There are no equity incentive schemes in relation to the Trust.

For the reasons noted above and due to the relative size and nature of the Trust's activities the board does not consider it necessary to adopt Recommendations 8.1 (the board should establish a remuneration committee), 8.2 (remuneration committee structure to consist of a majority of independent directors, independent chair and at least three members), and 8.3 (Companies should clearly distinguish the structure of non executive directors' remuneration from that of executive directors and senior executives).

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated 2014 \$'000	Consolidated 2013 \$'000
Continuing operations			
Rent received		2,769	8,055
Lease compensation revenue		9,647	1,335
Debt forgiven		4,313	-
Other income		51	62
Interest income		65	58
Consideration for lease cancellation	4	7,870	-
Revenue		24,715	9,510
Finance costs	3	(1,464)	(4,271)
Responsible entity fees		(183)	(472)
Other expenses		(841)	(1,449)
Net decrement in fair value of investment properties	8 & 9	(24,800)	(9,359)
Net loss from continuing operations		(2,573)	(6,041)
Discontinued operations			
Net loss from discontinued operations	12	(357)	-
Net loss for the year		(2,930)	(6,041)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,930)	(6,041)
Basic and diluted loss per unit (cents)		(2.67)	(5.99)
Basic and diluted loss per unit (cents) from continuing operations		(2.34)	(5.99)
Basic and diluted loss per unit (cents) from discontinued operations		(0.33)	-

The accompanying notes form part of the financial statements

AGRICULTURAL LAND TRUST
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	Consolidated 2014 \$'000	Consolidated 2013 \$'000
Current Assets			
Cash and cash equivalents	5	1,687	1,549
Trade and other receivables	6	3	2,709
Prepayments	7	922	50
Investment properties classified as held for sale	8	-	41,750
Total Current Assets		2,612	46,058
Non Current Assets			
Prepayments	7	951	-
Investment property	9	12,900	-
Total Non Current Assets		13,851	-
Total Assets		16,463	46,058
Current Liabilities			
Trade and other payables	10	621	3,628
Interest bearing loans and borrowings	11	-	29,827
Total Current Liabilities		621	33,455
Non Current Liabilities			
Interest bearing loans and borrowings	11	10,000	-
Total Non Current Liabilities		10,000	-
Total Liabilities		10,621	33,455
Net Assets Attributable to Unit Holders		5,842	12,603
Represented By			
Units		54,988	58,323
Retained losses		(49,146)	(45,720)
Total Unit Holders Interests		5,842	12,603

The accompanying notes form part of the financial statements

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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT
HOLDERS
FOR THE YEAR ENDED 30 JUNE 2014

	Profit / (loss)	Units	Net Assets Attributable to Unit Holders
	\$'000	\$'000	\$'000
Consolidated			
At 1 July 2012	(36,827)	58,174	21,347
Net loss attributable to unit holders before distributions to unit holders	(6,041)		(6,041)
Units issued in Trust under DRP		149	149
Distributions	(2,852)		(2,852)
At 30 June 2013	(45,720)	58,323	12,603
At 1 July 2013	(45,720)	58,323	12,603
Net loss attributable to unit holders before distributions to unit holders	(2,930)		(2,930)
Units issued in Trust under DRP		2,233	2,233
Units issued in Trust under Rights issue		2,302	2,302
Units cancelled post completion		(7,870)	(7,870)
Distributions	(496)	-	(496)
At 30 June 2014	(49,146)	54,988	5,842

The accompanying notes form part of the financial statements

**AGRICULTURAL LAND TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	Consolidated 2014 \$'000	Consolidated 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rent received		4,532	9,866
Lease surrender compensation		9,647	1,335
Interest received		63	58
Other receipts		1	134
Interest and borrowing costs paid		(1,345)	(5,172)
GST (paid) / refund ATO		(288)	(764)
Other expenses paid		(1,756)	(2,044)
Net Cash Flows from / (used in) Operating Activities	5(a)	10,854	3,413
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment properties		5,275	28,150
Net Cash Flows from / (used in) Investing Activities		5,275	28,150
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid to unit holders		(2,852)	(3,180)
Distributions reinvested by unit holders		2,233	149
Rights issue		2,302	-
Repayment of subordinated loan		(5,007)	(349)
Repayment of syndicated loans		(10,861)	(30,709)
Prepaid syndicated bank loan interest		(1,806)	-
Net Cash Flows from / (used in) Financing Activities		(15,991)	(34,089)
Net increase / (decrease) in Cash and Cash Equivalents		138	(2,526)
Cash and cash equivalents at beginning of period		1,549	4,075
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5(b)	1,687	1,549

The accompanying notes form part of the financial statements

AGRICULTURAL LAND TRUST ANNUAL REPORT 2014 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. TRUST INFORMATION

Agricultural Land Trust is an Australian registered scheme. Agricultural Land Management Limited, the Responsible Entity of the Trust, is incorporated and domiciled in Australia.

The financial report of Agricultural Land Trust for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity as at the date of signing the Directors' Declaration.

The registered office and principal place of business of the Responsible Entity is located at Level 13, 20 Hunter Street, Sydney, New South Wales 2000. The nature of the operations and principal activities of the Trust are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the Constitution of the Agricultural Land Trust and the Corporations Act 2001, including applicable Australian Accounting Standards and other mandatory professional reporting requirements. For the purposes of preparing the Financial Statements, Agricultural Land Trust is a for-profit entity.

The financial report has been prepared on a historical cost convention except for the investment property that has been measured at fair value based upon directors' valuation. Independent valuations are conducted annually and by the 31 December each year and are considered by the Directors of the Responsible Entity when determining fair values (refer accounting policy note 2(g) and note 9).

Since 1 July 2013 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2013.

Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group:

AASB 10, 12, 13, 2012-2, 2012-5, 2011-4.

After taking into account all available information, the Directors have concluded that there are reasonable grounds to believe:

- the Trust will be able to pay its debts as and when they become due and payable, and
- the basis of preparation of the general purpose interim financial report on a going concern basis is appropriate.

The financial report is presented in Australian dollars and all values have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Trust in accordance with ASIC Class Order 98/0100.

b) Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Group has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, for the annual reporting period ending 30 June 2014.

Details of these are outlined in the table below.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Group
AASB 1031	Materiality	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework</i> (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p>	1 January 2014	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2014
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets, and (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p> <p>The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:</p>	1 January 2018	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2018

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		<ol style="list-style-type: none"> 1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures 2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time 3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018. 			
AASB 2012-3	Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i>	AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2014
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i> . The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	<p>These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 <i>Business Combinations</i> when it obtains control of another entity.</p> <p>These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.</p> <p>These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.</p>	1 January 2014	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2014
AASB 2014-1 Annual Improvements 2010–2012 Cycle	AAS B 2014-1 Annual Improvements to IFRS's 2010–2012 Cycle	<p>This standard sets out amendments to Australian Accounting Standards (AASB) and the related bases for conclusions and guidance made during the Australian Accounting Standards Board's Annual Improvements process.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> ▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ▶ AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 37. ▶ AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ▶ AASB 116 & AAS 138 - Clarifies that the 	1 July 2014	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2014

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		<p>determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.</p> <p>► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.</p>			
AASB 2014-1 Annual Improvements 2011-2013 Cycle	AAS B 2014-1 Annual Improvements to IFRS's 2011- 2013 Cycle	<p>This standard sets out amendments to Australian Accounting Standards (AASB) and the related bases for conclusions and guidance made during the Australian Accounting Standards Board's Annual Improvements process.</p> <p>The following items are addressed by this standard:</p> <p>► AASB 13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.</p> <p>► AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.</p>	1 July 2014	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2014

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Group
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.</p> <p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 <i>Hedge Accounting</i> into AASB 9 <i>Financial Instruments</i>.</p>	1 January 2014	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2014
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	<p>IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 January 2016
IFRS 15	Revenue from Contracts with Customers	<p>IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.</p> <p>IFRS 15 supersedes:</p> <ul style="list-style-type: none"> (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p>	1 January 2017	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2017

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c) Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of parent entity Agricultural Land Trust and its subsidiaries as at 30 June each year.

The financial statements of subsidiaries are prepared for the same reporting period as parent entity Agricultural Land Trust using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which parent entity Agricultural Land Trust has control.

d) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on the various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies from which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Investment Properties – Operating Leases

As of 30 June 2014, there are no longer any leases in place generating rental income; all have been cancelled in the reporting period.

(ii) Investment Properties - valuations

An Independent valuation of the property is conducted annually and before 31 December each year and forms the basis for determination of the fair value of the property by the directors of the Responsible Entity when determining fair value (see notes 2(g) and 9).

(iii) Classification of assets as held for sale

The Trust classified assets as held for sale when the carrying amount was deemed to be recoverable through a sale transaction. The assets must be available for immediate sale and its sale must be highly probable within one year.

e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and short-term deposits with an original maturity of three months or less. They are stated at their nominal values.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2014 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

g) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties have been measured at fair value based on directors' valuations. Independent valuations are conducted at intervals of not more than three years and are considered by the directors of the Responsible entity when determining fair values. Gains or losses arising from changes in fair values of investment properties are recognised in profit and loss in the year in which they arise.

Where assets have been revalued, the potential effect of the capital gains tax ("CGT") on disposal has not been taken into account in determination of the revalued carrying amount. The Trust does not expect to be ultimately liable for CGT in respect of the sale of assets as all realised gains would be distributed to unit holders.

h) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction. For an asset or disposal group to be classified as held for sale it must be available for sale in its present condition and its sale must be highly probable within one year. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use.

A discontinued operation is a component of the Group that has been discontinued, disposed of or is classified as held for sale and that represents a separate major line of business or is part of a single coordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately on the face of the income statement.

i) Investments and other financial assets

Financial assets in the scope of AASB 139 "Financial Instruments: Recognition and Measurement" are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value. The Trust determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

The Trust's direct investments in its subsidiaries are carried at cost less any provision for impairment. Balances and transactions between the Trust and the subsidiaries have been eliminated in preparing the consolidated financial report.

j) Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are included in the Statement of Comprehensive Income.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2014 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

k) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are recognised and carried at the nominal amount due. These amounts are interest free and are generally payable on 30 day terms.

l) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being fair value of the consideration received net of issue costs associated with the borrowings.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method including any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

m) Borrowing costs

Borrowing costs directly attributable to the acquisition of assets that necessarily takes a substantial period of time to get ready for sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

n) Leases

Leases are classified at their inception as either operating or finance leases; there are no finance leases.

Operating Leases

As at 30 June 2014, all rental leases had been cancelled, the last of these being the Linkletters lease as was advised to the market on 7 March 2014.

o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable. The following specific recognition criteria must also be met before revenue is recognised:

Rental income:

Rental and other property income is recognised as income when receivable under the terms of the rental agreement. Contingent rentals are recognised as revenue in the period in which they are earned.

Interest:

Revenue is recognised as the interest accrues using the effective interest method.

p) Provision for distribution

In accordance with the Trust's Constitution, the Trust fully distributes its distributable income to unit holders. Distributable income includes capital gains, where applicable, arising from the disposal of investments.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2014 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

q) Taxation

Under current Australian income tax legislation, the Trust is not liable for income tax provided that its taxable income (including taxable capital gains, if any) is fully distributed to unit holders each year.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i). where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii). receivables and payables are stated inclusive of the GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

r) Terms and conditions on units

Units in the trust are classified as equity instruments. Each unit issued confers upon the unit holder an equal interest in the Trust. A unit does not confer any interest in any particular asset or investment of the Trust. Unit holders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- (i). receive income distributions;
- (ii). attend and vote at meetings of unit holders;
- (iii). participate in the termination and winding up of the Trust; and
- (iv). all units have identical features and do not include any contractual obligations to deliver cash or another financial asset other than the unit holder's rights to a pro rata share of the Trust's net assets in the event of the Trust's liquidation.

The rights, obligations and restrictions attached to each unit are identical in all respects.

s) Earnings per unit (EPU)

Basic EPU is calculated as net profit / (loss) attributable to unit holders of the Trust divided by the weighted average number of ordinary units. Diluted EPU is calculated as net profit / (loss) attributable to unit holders of the Trust divided by the weighted average number of ordinary units adjusted for the effects of all dilutive potential ordinary units.

t) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations, which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

AGRICULTURAL LAND TRUST **ANNUAL REPORT 2014** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2014**

3. FINANCE COSTS

	Consolidated 2014 \$ '000	Consolidated 2013 \$ '000
Finance costs expensed		
- interest expense continuing operations	1,343	3,890
- other finance costs continuing operations	121	381
	<u>1,464</u>	<u>4,271</u>

4. CONSIDERATION FOR LEASE CANCELLATION

On 7 March 2014, 60,536,628 units previously held by subsidiaries of Elders Limited were cancelled as part of the consideration paid to the Trust in exchange for the cancellation of a long-term lease held by a subsidiary of Elders Limited over the Linkletters property.

5. CASH AND CASH EQUIVALENTS

Cash at bank	278	1,549
Short term deposits	1,409	-
	<u>1,687</u>	<u>1,549</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Term deposit earns interest based on the applicable 30 day term rate and as at 30 June the applicable rate on funds invested was 3.05%.

Cash and cash equivalents are recorded at fair value being \$1,686,857 (2013: \$1,549,215).

Consolidated 2014 \$ '000	Consolidated 2013 \$ '000
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STATEMENT OF CASH FLOWS

(a) Reconciliation of net loss

Net loss	(2,930)	(6,041)
Net decrement / (increment) in fair value adjustment	24,800	9,359
Units cancelled	(7,870)	-
Subordinated debt forgiven	(4,313)	-
Decrease / (increase) in receivables	1,464	1,049
(Decrease) / increase in payables	(297)	(954)
Net operating cash flow	<u>10,854</u>	<u>3,413</u>

(b) Reconciliation of cash

Cash at bank	278	1,549
Short term deposits	1,409	-
	<u>1,687</u>	<u>1,549</u>

6. TRADE AND OTHER RECEIVABLES

Rent receivable	-	1,484
Other receivables	3	1,225
	<u>3</u>	<u>2,709</u>

Terms and conditions relating to the above financial instruments:

Other receivables comprise interest receivable on the term deposit that is due to mature on 4 July 2014.

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7. PREPAYMENTS

Current Asset	771	-
Prepaid banking syndicate interest		
Other prepayments	151	50
	922	50
Non-Current Asset	838	-
Prepaid banking syndicate interest		
Other prepayments	113	-
	951	-

Prepayments comprises in the main, the unamortised banking syndicate interest. This was prepaid on 28 March 2014 until 31 July 2016.

8. HELD FOR SALE

Investment properties classified as held for Sale	-	41,750
	-	41,750

Reconciliation of carrying amounts 2014	Carrying amount at start of year \$'000	Transfer to Investment properties \$'000	Disposals \$'000	Increment/ (decrement) from fair value adjustments \$'000	Carrying amount at end of year \$'000
	41,750	(29,300)	(4,050)	(8,400)	-
	41,750	(29,300)	(4,050)	(8,400)	-

Reconciliation of carrying amounts 2013	Carrying amount at start of year \$'000	Transfer from Investment properties \$'000	Disposals \$'000	Increment/ (decrement) from fair value adjustments \$'000	Carrying amount at end of year \$'000
	39,134	40,300	(29,375)	(8,309)	41,750
	39,134	40,300	(29,375)	(8,309)	41,750

Investment properties held for sale as at 30 June 2014 have been classified on the basis that it is the Board's intent to retain the Linkletters property long term. The directors' fair value of the Investment Properties classified as held for sale is \$nil (2013: \$41.750 million). The directors of the Responsible entity, when determining fair value, have considered an independent valuation referred to in Note 9.

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9. INVESTMENT PROPERTY

		Consolidated 2014 \$ '000	Consolidated 2013 \$ '000
(a) Property investment			
Investment property at fair value		12,900	-
	9 (b)	12,900	-

b) Reconciliation of carrying amounts	Carrying amount at start of year \$'000	Transfer from Properties classified as held for sale \$'000	Disposals \$'000	Increment/ (decrement) from fair value adjustments \$'000	Carrying amount at end of year \$'000
2014					
Rural Properties	-	29,300	-	(16,400)	12,900
	-	29,300	-	(16,400)	12,900

	Carrying amount at start of year \$'000	Disposals \$'000	Increment/ (decrement) from fair value adjustments \$'000	Properties classified as held for sale (see Note 8 above) \$'000	Carrying amount at end of year \$'000
2013					
Rural Properties	41,350	-	(1,050)	(40,300)	-
	41,350	-	(1,050)	(40,300)	-

Rental income from the investment properties (including those classified as held for sale) during the year was \$2,768,664 (2013: \$8,055,472). Direct operating expenses (including repairs and maintenance) for the investment property for the year was \$34,385 (2013: \$nil).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties have been measured at fair value based on directors' valuations. Independent valuations are conducted at intervals of not more than three years and are considered by the directors of the Responsible entity when determining fair values. Gains or losses arising from changes in the fair values is recognised in profit and loss in the year in which they arise.

Colliers International valued the remaining property as at 30 June 2014 in accordance with AASB 13. The directors have considered the valuation as the basis for their determination of the fair value. The Directors have determined the fair value of the Trust's investment property to be \$12.9 million; the value of investment properties in 2013 were zero as a result of all properties being treated as held for sale at that time.

The Colliers International valuation considers the following inputs in determining the fair value:

Level 2 inputs – comparable land sales in addition to comparable evidence requiring adjustment, reliance was placed on transactions of other rural properties within the region to establish market parameters for land and structures.

Level 3 inputs – discount rates and depreciated replacement cost estimates used to calculate impairment arising from leases in place.

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9. INVESTMENT PROPERTY (CONT.)

The most significant input is the rate per hectare of land based mostly on comparable land sales for forestry land and partly on comparable land sales for cleared grazing land. In assessing the highest and best use of the uncleared land the valuation has used rates per hectare for comparable land sales for forestry land as apposed to grazing land so as to maximise the relevant observable inputs used to assess fair value. Any change in the rate per hectare for comparable land sales would result in a movement in the fair value of this investment property.

In light of the use of significant Level 3 inputs, the fair value measurement is categorised as a Level 3 in the hierarchy. As this is the first year of application of AASB 13, there have been no transfers between the levels of the fair value hierarchy. Also the Trust has determined it's policy to be to apply all transfers from the end of the reporting period.

Where assets have been revalued, the potential effect of the capital gains tax ("CGT") on disposal has not been taken into account in determination of the revalued carrying amount. The Trust does not expect to be ultimately liable for CGT in respect of the sale of assets, as all realised gains would be distributed to unit holders.
The property is pledged as security to secure the syndicated bank loan (see note 11).

10. TRADE AND OTHER PAYABLES

	Consolidated 2014 \$ '000	Consolidated 2013 \$ '000
Trade creditors	52	116
Distribution payable	496	2,852
Amounts payable to related parties:		
- associated entities	14	481
Other payables:		
- accrued interest	-	51
- other accruals	59	128
	621	3,628

Terms and conditions relating to the above financial instruments:
Trade creditors are non-interest bearing and generally on 30-day terms.

11. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated 2014 \$'000	Consolidated 2013 \$'000
CURRENT		
Secured:		
- Term Loans - Note i)	-	20,861
Unsecured:		
- Related Party Loan - Note ii)	-	8,966
	-	29,827
NON CURRENT		
Secured:		
- Term Loans - Note i)	10,000	-
	10,000	-

Financing facilities

Total facilities used – Bills of Exchange	10,000	20,111
Total facilities unused – Bills of Exchange	-	-
Total facilities used – Related party loan	-	8,966
Total facilities unused – Related party loan	-	4,034
Total facilities	10,000	33,111

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11. INTEREST BEARING LOANS AND BORROWINGS (CONT.)

- (i) As announced to the market on 31 March 2014, the syndicated banking facility expired on 31 July 2013 and an extension was subsequently renegotiated to 31 July 2016. As at 30 June 2014 the facility balance was \$10.0 million (2013: \$20.9 million). The fair value approximates the current value of \$10.0 million.

During the year, the Trust made repayments of \$10.9 million (2013: \$30.7 million) to the banking syndicate. The Linkletters property is pledged as security for the loan.

- (ii) During the period under review, the Trust's subordinated loan facility with Elders Finance Pty Limited was extinguished.

Repayments totalling \$5.0 million (2013: \$0.3 million) were made to Elders Finance Pty Limited from properties sold.

Elders Finance Pty Ltd forgave \$4.3 million under the terms of the restructure as was announced to the market on 7 March 2014.

Total subordinated loan interest expense for the period 1 July 2013 until 7 March 2014 was \$378,092; \$353,696 of interest expense was included in the aforementioned sum forgiven; \$24,396 was paid in cash to Elders Finance Pty Ltd.

As at 30 June 2014, the balance of the loan was \$nil (2013: \$8.97 million).

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12. DISCONTINUED OPERATIONS

Discontinued operations include the operations of the following entities, which form part of the consolidated Trust: The Kalgoorlie Apartment Hotel Syndicate and Murray Street Mall Property Trust.

The operations of these syndicates are considered discontinued as their property assets have been sold and the entities are in the process of being wound up.

This note shows the results of the continuing businesses and the discontinued businesses for comparative purposes only.

Year ended 30 June	Continuing 2014 \$'000	Discontinued 2014 \$'000	Consolidated 2014 \$'000	Continuing 2013 \$'000	Discontinued 2013 \$'000	Consolidated 2013 \$'000
Rental income	2,769	-	2,769	8,055	-	8,055
Interest income	65	1	66	58	-	58
Unit cancellation	7,870		7,870			
Lease surrender comp	9,647		9,647			
Debt forgiven	4,313		4,313			
Other income	51	-	51	1,397	-	1,397
Total revenue and other income	24,715	1	24,716	9,510	-	9,510
Finance costs	(1,464)	-	(1,464)	(4,271)	-	(4,271)
Diminution in investment	(24,800)	-	(24,800)	(9,359)	-	(9,359)
Responsible entity fees	(183)	-	(183)	(472)	-	(472)
Other expenses	(841)	(358)	(1,199)	(1,449)	-	(1,449)
Net loss before non controlling interests	(2,573)	(357)	(2,930)	(6,041)	-	(6,041)
Net profit / (loss) attributable to non controlling interests	-	-	-	-	-	-
Net loss attributable to unit holders of the Trust	(2,573)	(357)	(2,930)	(6,041)	-	(6,041)
Distribution to unit holders	(496)	-	(496)	(2,852)	-	(2,852)
Rights Issue	2,302	-	2,302	-	-	-
Units cancelled post completion	(7,870)	-	(7,870)	-	-	-
Distributions reinvested	2,233	-	2,233	149	-	149
Changes in net assets attributable to unit holders of the Trust	(6,404)	(357)	(6,761)	(8,744)	-	(8,744)

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13. UNITS ON ISSUE

	Consolidated 2014 Number '000	Consolidated 2013 Number '000
Units on issue at beginning of the year	101,128	100,004
Units issued during the year		
- Rights issue - Note (i)	27,083	-
- Distribution reinvestment plan - Note (ii)	26,360	1,124
Units cancelled during the year - Note (iii)	(60,537)	-
Units on issue as at the reporting date	94,034	101,128

Rights and restrictions over Ordinary units:

- Each unit ranks equally with all other ordinary units for purpose of distributions and on termination of the Trust, and
- Ordinary units entitle the holder to one vote, either in person or by proxy, at a meeting of the Trust.

When managing capital, the Responsible Entity's objective is to ensure that the Trust continues as a going concern and maintains optimal returns to unit holders and optimal benefits for other stakeholders. The Responsible Entity monitors its gearing ratio (debt / total assets) when assessing capital management requirements. The Trust is not subject to any externally imposed capital requirements however, it is required to meet certain Loan to Value financial covenants pursuant to the loan agreement with its syndicated financiers.

- (i) The Trust completed a successful rights issue during the period under review; the results were announced to the market on 14 March 2014. Under the terms of the rights issue, 27,083,009 units were allotted (i.e. 3 for 4 units held as of the record date of 18 February 2014 and based on a rights issue price of 8.5 cents per unit); cash proceeds from the rights issue were \$2,302,056.
- (ii) The Trust has in place a Distribution Reinvestment Plan ("DRP") which assists the Responsible Entity with the management of its capital requirements. The DRP allows unit holders to elect to reinvest their distribution into new units of the Trust. The issue price of units under the DRP is the average trading price (weighted by volume) of the Trust's units traded on the Australian Stock Exchange during the 10 trading days from, and including the date on which the Trust's units trade ex-distribution, less a discount of up to 10% as determined by the Directors at their absolute discretion. The value of distributions reinvested relating to the 2014 year was \$2,232,680 (2013: \$149,450) which resulted in the issue of 26,359,851 units (2013: 1,123,686 units).
- (iii) During the period under review, the Trust cancelled 60,536,628 units as was announced to the market on 7 March 2014. Elders or an Elders related entity held all units cancelled. Cancellation of these units was an integral step in completion of the restructure. Further, cancellation of these units represented a part of the consideration paid to the Trust in exchange for the cancellation of a long term lease held by a subsidiary of Elders Limited over the Linkletters property, owned by the Trust.

14. AUDITOR'S REMUNERATION

	Consolidated 2014 \$	Consolidated 2013 \$
Amounts received or due and receivable by Ernst & Young for:		
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	35,998	50,033
- other services in relation to the entity and any other entity in the consolidated entity:		
- compliance plan audit	10,310	9,970
	46,308	60,003

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15. DISTRIBUTIONS TO UNITHOLDERS

	Distributions \$ '000	Number of units '000	Distributions cents per unit
2014			
Interim Distribution	-	-	-
Final Distribution – payable September 2014	<u>496</u>	<u>94,034</u>	<u>0.528</u>
	<u>496</u>		<u>0.528</u>

	Distributions \$ '000	Number of units '000	Distributions cents per unit
2013			
Interim Distribution	-	-	-
Final Distribution – paid Sept 2013	<u>2,852</u>	<u>101,128</u>	<u>2.82</u>
	<u>2,852</u>		<u>2.82</u>

	Consolidated 2014	Consolidated 2013
16. EARNINGS PER UNIT		
Earnings per unit from continuing operations attributable to ordinary unit holders		
Basic profit / (loss) per unit (cents)	(2.34)	(5.99)
Diluted profit / (loss) per unit (cents)	<u>(2.34)</u>	<u>(5.99)</u>
Earnings per unit from discontinued operations attributable to ordinary unit holders		
Basic profit / (loss) per unit (cents)	(0.33)	-
Diluted profit / (loss) per unit (cents)	<u>(0.33)</u>	<u>-</u>
Earnings per unit attributable to ordinary unit holders		
Basic profit / (loss) per unit (cents)	(2.67)	(5.99)
Diluted profit / (loss) per unit (cents)	<u>(2.67)</u>	<u>(5.99)</u>

Earnings per unit and diluted earnings per unit are calculated by dividing the net profit attributable to members of the Trust by the weighted average number of ordinary units on issue during the year. The weighted number of units in the calculation of earnings per unit is 109,926,742 (2013: 100,820,284).

17. NET ASSET BACKING PER UNIT	Consolidated 2014	Consolidated 2013
Basic net asset backing per unit (\$)	<u>0.06</u>	<u>0.12</u>

Basic net asset backing per unit is calculated by dividing the unit holder interests by the number of units on issue at the year-end.

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18. RELATED PARTY DISCLOSURES

(a) Responsible Entity

The Responsible Entity of Agricultural Land Trust at 30 June 2014 was Agricultural Land Management Limited whose immediate parent entity at 30 June 2014 was Prestige Property Holdings Pty Limited and its ultimate parent entity was Elders Limited.

The Responsible Entity fees for the year were \$183,420 (2013: \$471,740).

The Responsible Entity's entitlement to fees is contained in the Constitution of the Trust. The Responsible Entity is entitled to be paid annual fees calculated on the following basis:

(a) 0.25% of the gross value of assets of the Trust calculated at the end of each month and paid quarterly in arrears.

(b) 3.5% of the Net Income of the Trust calculated after adding back the following items:

- Depreciation, building allowances and other non-cash expenses;
- Interest, finance and other borrowing expenses;
- Leasing, legal and professional fees;
- Administration expenses, including auditing, accounting, Custodians' fees, outgoings and expenses and management fees;
- Costs of issuing any Disclosure Documents;
- Marketing and promotional expenses; and
- The fee is paid quarterly in arrears.

(c) 3.5% of the increase in the market value of each asset owned by the Trust calculated from the start of a financial year, or the date of acquisition, to the end of the Financial Year. This fee will be payable annually. No fees were charged during the year in relation to this item.

The Responsible Entity is also entitled to be paid a fee of up to 5% of the purchase price of any authorised investment acquired for the Trust. This fee is payable on the day of the acquisition of the relevant investment and is in consideration for the co-ordination of the acquisition. The Responsible Entity is also entitled to a fee of up to 5% of the application money raised under a Disclosure Document where the purpose for raising the application money is not to acquire an authorised investment. This fee is payable within 7 days of the issue of Units for which the application money is received. This fee is for the co-ordination of the relevant capital raising. No fees were charged during the year in relation to these items.

At 30 June 2014, an estimated balance of \$13,560 was payable to the Responsible Entity (2013: \$120,110).

(b) Related party transactions

The consolidated financial statements include the financial statements of parent entity Agricultural Land Trust and the subsidiaries listed in the following table:

Name	Equity interest held by consolidated entity	
	2014	2013
	%	%
Kalgoorlie Apartment Hotel Syndicate	100.00	100.00
Murray Street Mall Property Trust	100.00	100.00
ALT No 1 Trust	100.00	100.00

The above subsidiaries are domiciled in Australia and have balance dates of 30 June, consistent with the Trust.

All related party transactions are conducted on normal commercial terms and conditions. Related party receivables and payables, unless otherwise stated, are unsecured, receivable or payable within 30 days and do not bear interest.

Rental income

During the year controlled entities of the parent entity Agricultural Land Trust were entitled to rental income and reimbursement of outgoings of \$2,768,664 (2013: \$8,055,472) which was received or receivable in relation to leased properties.

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18. RELATED PARTY DISCLOSURES (CONT.)

(b) Related party transactions (cont.)

Eligible Undertaking

On 7 November 2011 the Australian Securities Investment Commission (ASIC) released new financial requirements for Responsible Entities that apply from November 2012 for responsible entities of registered managed investment schemes. The changes are being implemented through Class Order 11/1140 and are outlined in the updated version of Regulatory Guide 166 Licensing: Financial requirements.

One Investment Group Pty Ltd ("OIG") as the current parent company of Agricultural Land Management Limited ("ALML") has decided to restructure the fund's operations to respond to ASIC's financial requirement for responsible entities. ALML wishes to transition its responsible entity role for the Trust, to remove any uncertainty as to ALML's compliance with its AFSL obligations and to transfer the role to a financially stronger responsible entity. In respect of the Trust, it is proposed that (1) Agricultural Land Management Limited will resign as responsible entity of the Trust and (2) be replaced by One Managed Investment Funds Limited, a subsidiary of OIG, as the new responsible entity of the Trust. On 1 August 2014 a meeting of unit holders was held where the two resolutions were each passed. The Directors await ASIC's approval for the change in responsible entity. As at the date of signing this document, ASIC's approval has not yet been received.

Subordinated Loan

During the period under review, the Trust's subordinated loan facility with Elders Finance Pty Limited was extinguished.

Repayments totalling \$5 million (2013: \$0.3 million) were made to Elders Finance Pty Limited from properties sold; Elders Finance Pty Ltd forgave \$4.3 million under the terms of the restructure as was announced to the market on 7 March 2014.

Total subordinated loan interest expense for the period 1 July 2013 until 7 March 2014 was \$378,092; \$353,696 of the interest expense was included in the aforementioned sum forgiven; \$24,396 was paid in cash to Elders Finance Pty Ltd.

As at 30 June 2014, the balance of the loan was \$nil (2013: 8.97 million).

Contractual Arrangements

During the year the Trust entered into contractual arrangements with Mammoth Construction Pty Ltd, an entity associated with Mr A Caratti. Mr Caratti is a substantial unitholder of the Trust holding units through his associated entities Westralia Properties Holdings Pty Ltd, Richtide Investments Pty Ltd and Indian Ocean Capital (WA) Pty Ltd.

(c) Details of Key Management Personnel

Directors

The names of the Directors of the Responsible Entity in office during the financial period and until the date of this report are:

- Justin Epstein (appointed 4 July 2014)
- Frank Tearle (appointed 4 July 2014)
- Elizabeth Reddy (appointed 4 July 2014)

- Tom Pascarella (resigned 4 July 2014)
- Peter Zachert (resigned 4 July 2014)
- Robert Michael Walter (resigned 4 July 2014)

Other key management personnel in office during the financial period of the Responsible Entity and until the date of this report are:

- Frank Tearle (Company Secretary) – appointed 4 July 2014

- Alan Herald (Acting General Manager) – resigned 4 July 2014
- Justin Nelson (Joint Company Secretary) – resigned 4 July 2014
- Craig Porter (Joint Company Secretary) – resigned 4 July 2014

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18. RELATED PARTY DISCLOSURES (CONT.)

(d) Compensation of Key Management Personnel

No amounts are paid by the Trust directly to directors and key management personnel of the Trust. Directors of the Responsible Entity receive remuneration in their capacity as directors of the Responsible Entity. Elders Limited has paid remuneration to other senior management in the financial year ended 30 June 2014. Consequently, no compensation, as defined in AASB 124: Related Party Disclosures is paid by the Trust to its key management personnel. Agricultural Land Management Limited, as Responsible Entity of the Trust, is deemed for disclosure purposes to be a key management personnel of the Trust. Compensation is payable to the Responsible Entity in the form of fees disclosed in Note 17 which are not paid in reference to costs incurred by the Responsible Entity.

(e) Units in the Trust held by Key Management Personnel

Key management personnel do not directly hold any units in the Trust at year-end, nor have they held any units in the Trust during the reporting period. As at 30 June 2014, former Director Peter Zachert held an indirect interest in 127,777 units in the Trust and current director Justin Epstein has an indirect interest in 214,729 units in the trust.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust's principal financial instrument is a secured term loan (bills of exchange) secured over the Linkletters property. The main purpose of the loan is to finance the sole remaining investment property, Linkletters. The Trust has various other financial instruments such as cash and cash equivalents, trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the year, the Trust's policy that no trading in financial instruments shall be undertaken. The main risks from the Trust's financial instruments are interest rate risk, credit risk and liquidity risk. The Board's policies for managing each of these risks are summarised below. Management's expectations are that the carrying amounts of financial assets and financial liabilities approximate their fair values due to their short-term maturity.

Interest rate risk

The Trust's exposure to market risk for changes in interest rates relates primarily to the Trust's long-term debt obligations. The Trust reviews its banking facilities on a regular basis to ensure an efficient and effective mix of fixed and variable debt. The mix of financial assets and liabilities is summarised in notes 5, 6, 10 & 11. Given that the Trust has prepaid interest on borrowings and has not entered into any hedging arrangements, changes in interest rates are not likely to have an effect on the carrying values of financial assets. Accordingly, the impact on net equity resulting from changes in interest rates is likely to be limited to the impact on profit summarised below.

The analysis below considers the impact on net profit of BBSY being 1% higher and 1% lower than the applicable BBSY as at 30 June 2014 of 2.87%.

Consolidated	2014 BBSY higher 1% \$'000	2014 BBSY lower 1% \$'000
Rental Income	-	-
Net Interest	(83)	83
Net impact on profit	(83)	83

Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Trust's receivables from its customers. It is noted the Trust has no lease agreements in place as of year-end.

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19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

Liquidity risk

The Trust's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Trust updates and reviews its cash flow forecasts to assist in managing its liquidity. The remaining contractual maturities of the Group's financial assets and liabilities are summarised in the tables below.

The remaining contractual maturities of the Group's financial assets and liabilities are

	< 12 months 2014 \$'000	1 – 5 years 2014 \$'000	> 5 years 2014 \$'000	Total 2014 \$'000
Consolidated Financial Assets				
Cash and cash equivalents	1,687	-	-	1,687
Other receivables	3	-	-	3
	1,690	-	-	1,690
Consolidated Financial Liabilities				
Trade and other payables	621	-	-	621
Interest bearing loans and borrowings	-	10,000	-	10,000
	621	10,000	-	10,621
Net maturity	1,069	(10,000)	-	(8,931)

The remaining contractual maturities of the Group's financial assets and liabilities for the 2013 year were

	< 12 months 2013 \$'000	1 – 5 years 2013 \$'000	> 5 years 2013 \$'000	Total 2013 \$'000
Consolidated Financial Assets				
Cash and cash equivalents	1,549	-	-	1,549
Trade and other receivables	2,759	-	-	2,759
	4,308	-	-	4,308
Consolidated Financial Liabilities				
Trade and other payables	3,628	-	-	3,628
Interest bearing loans and borrowings	31,876	-	-	31,876
	35,504	-	-	35,504
Net maturity	(31,196)	-	-	(31,196)

20. CAPITAL COMMITMENTS

There is \$nil (2013: \$nil) estimated capital expenditure contracted for at 30 June 2014 but not provided for.

21. SEGMENT REPORTING

The Trust operates wholly within Australia and will become a crop and grazing producing business after completion of remediation works on its sole investment property in Esperance, Western Australia.

AGRICULTURAL LAND TRUST **ANNUAL REPORT 2014** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2014**

22. SUBSEQUENT EVENTS

On 4 July 2014, ALML, the responsible entity for the Trust was acquired by OIG. OIG as the current parent company of ALML has decided to restructure the fund's operations to respond to ASIC's financial requirement for responsible entities. ALML wishes to transition its responsible entity role for the Trust, to remove any uncertainty as to ALML's compliance with its AFSL obligations and to transfer the role to a financially stronger responsible entity. In respect of the Trust, it is proposed that (1) Agricultural Land Management Limited will resign as responsible entity of the Trust and (2) be replaced by One Managed Investment Funds Limited, a subsidiary of OIG, as the new responsible entity of the Trust. On 1 August 2014 a meeting of unit holders was held where the two resolutions were each passed. The Directors await ASIC's approval for the change in responsible entity. As at the date of signing this document, ASIC's approval has not yet been received.

No other matter or circumstance has arisen since the end of the financial period which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in the subsequent financial period.

23. LITIGATION

The Trust pursued a legal claim in relation to losses reported by the Trust associated with its 2002 investment in the Kalgoorlie Apartment Hotel Syndicate (KAHS). The Supreme Court (2 May 2014) found there was no case against the former Director's for losses KAHS claimed to have incurred. Accordingly, the action was terminated in June 2014 after an agreement was reached with the former Director's to cover some of their legal costs incurred in their defence. The settlement sum was \$80,000.

24. PARENT ENTITY INFORMATION

The financial information in relation to the Trust's parent entity, Agricultural Land Trust, is summarised in the table below.

	2014	2013
	\$'000	\$'000
Current assets	4,744	3,150
Total assets	13,414	50,876
Current liabilities	571	10,195
Total Liabilities	7,572	10,195
Net Assets Attributable to Unitholders and Minority Interests	5,842	40,681
Represented By:		
Issued Capital	54,988	58,324
Retained earnings	(49,146)	(17,643)
Total Unitholders' equity	5,842	40,681
Profit of the parent entity	(31,008)	2,782
Total comprehensive (loss) income of the parent	(31,008)	2,782
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	None	None
Details of any contingent liabilities of the parent entity	None	None
Details on any contractual commitments by the parent entity for the acquisition of property, plant or equipment	None	None

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Agricultural Land Management Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Trust's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board of Agricultural Land Management Limited.



Justin Epstein
Chairman
Agricultural Land Management Limited
Sydney, 7 August 2014

AGRICULTURAL LAND TRUST

ANNUAL REPORT

DIRECTORS' REPORT

The directors of Agricultural Land Management Limited (ABN 16 072 899 060), the Responsible Entity of the Agricultural Land Trust ("the Trust"), submit their report, for the Agricultural Land Trust and its controlled entities for the year ended 30 June 2014.

DIRECTORS

The names of the directors of the Responsible Entity in office during the financial year and until the date of this report are:

- Justin Epstein (appointed 4 July 2014)
- Frank Tearle (appointed 4 July 2014)
- Elizabeth Reddy (appointed 4 July 2014)
- Tom Pascarella (resigned 4 July 2014)
- Peter Zachert (resigned 4 July 2014)
- Robert Michael Walter (resigned 4 July 2014)

The directors were in office from the beginning of the year until the date of this report, unless otherwise stated. Director qualifications and experience is found under the heading "Directors and Secretaries", page 5.

MEETINGS OF DIRECTORS

The number of meetings of the Responsible Entity's directors held during the year ended 30 June 2014, and the number of meetings attended by each director, are:

Number of Directors meetings held: **11**

Number of meetings attended:

Tom Pascarella	11
Peter Zachert	8
Robert Michael Walter	10

Number of Special Directors meetings held: **0**

Number of meetings attended:

Tom Pascarella	0
Peter Zachert	0
Robert Michael Walter	0

DIRECTORS' UNITS

No director has any direct interest in units of the Trust, nor do they have any rights or options over interests in the Trust or contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver an interest in the Trust.

As at the date of this report, former Director Peter Zachert has an indirect interest in 127,777 units in the Trust, and current director Justin Epstein has an indirect interest in 214,729 units in the trust.

PRINCIPAL ACTIVITIES

The principal activity of the Trust is to operate as an agricultural land trust for the purpose of deriving profits from agistment and cropping activities in the medium term.

TRUST INFORMATION

The Trust was registered as a Managed Investment Scheme on 7 May 2001.

Agricultural Land Management Limited, the Responsible Entity, is incorporated and domiciled in Australia. At balance date the Trust had no employees.

The registered office of the Responsible Entity is Level 13, 20 Hunter Street, Sydney, New South Wales, 2000.

AGRICULTURAL LAND TRUST ANNUAL REPORT DIRECTORS' REPORT

REVIEW OF RESULTS AND OPERATIONS

The consolidated net loss attributable to unit holders of the Trust is presented in the Statement of Comprehensive Income and totalled \$2,929,631 (2013: loss \$6,040,526). Further details in relation to the Trusts results and operations are contained in the Chairman's Report and the Review of Operations.

DISTRIBUTIONS

The Board has determined that a distribution of 0.528 cents per unit will be paid for the 2014 period (2013: 2.82 cents per unit).

UNITS ON ISSUE

During the period under review, the Trust cancelled 60,536,628 units held by Elders or an Elders related entity. This was an integral step in completion of the restructure of the Trust and represented a part of the consideration paid to the Trust in exchange for the cancellation of a long-term lease held by a subsidiary of Elders over the Linkletters property, that is owned by the Trust.

During the year 26,359,851 units (2013: 1,123,686 units) were issued pursuant to the Distribution Reinvestment Plan.

In March 2014 a successful rights issue resulted in the issue of 27,083,009 units. The balance of units of the Trust on issue as at 30 June 2014 is 94,034,375 (2013: 101,128,143 units).

TRUST ASSETS

At 30 June 2014, the Trust held assets with a total value of \$16,463,200 (2013: \$45,308,148). The basis for valuation of the assets is disclosed in Note 2 to the financial report.

RESPONSIBLE ENTITY AND ASSOCIATES

The Responsible Entity fees for the year were \$183,420 (2013: \$471,740). Details of fees paid or payable to the Responsible Entity out of scheme property are included in Note 17 of the financial report.

As at 30 June 2014 Elders Finance Pty Ltd held 5,700,000 unit interests in the Trust (2013: 49,692,138).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The most significant change to the trust's operations occurred on 4 July 2014 – refer ASX announcement of same date, whereby the Responsible Entity changed its ownership to One Investment Group Pty Ltd, an independent funds management entity based in Sydney, New South Wales. Further changes to the trust's operations include the refinancing of the syndicated bank debt facility, the cancellation of the majority of Elders units and the completion of the rights issue; all of which occurred in March 2014.

The change in Responsible Entity from Agricultural Land Management Limited to One Managed Investment Funds Limited will be effective when ASIC alters its record of registration which is expected to occur in August 2014.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No other matter or circumstance has arisen since the end of the financial period which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in the subsequent financial period.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board reiterates its commitment to all unit holders to build on initiatives now in place, stemming from completion of the restructure, over the coming twelve months.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the consolidated entity are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Trust.

AGRICULTURAL LAND TRUST ANNUAL REPORT DIRECTORS' REPORT

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Agricultural Land Management Limited support and comply with the majority of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. The Responsible Entity's corporate governance statement is contained within pages 6 to 9 of this annual report.

BOARD COMMITTEES

The Responsible Entity does not have an audit committee as the board fulfils this function. For full details, refer to the Corporate Governance Statement.

INSURANCE OF DIRECTORS AND OFFICERS

During, or since the end of the financial year, the Responsible Entity has paid, or agreed to pay, a premium in respect of a contract insuring all the directors and officers against a liability incurred in their role as directors and officers of the entity, except where the liability arises from fraudulent or dishonest conduct. The total amount of insurance contract premiums paid has not been disclosed due to a confidentiality clause in the insurance contract.

INDEMNITY OF AUDITORS

To the extent permitted by law, The Trust has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Trust under ASIC Class Order 98/0100.

AUDITOR'S INDEPENDENCE DECLARATION

Our auditor, Ernst & Young, has provided the board of directors of the Responsible Entity with an independence declaration in accordance with section 307C of the Corporations Act 2001. The independence declaration forms part of the Directors' Report. No non-audit services were provided to the Trust in the reporting period; refer Note 14.

Signed in accordance with a resolution of the directors of the Responsible Entity.



Justin Epstein
Chairman
Agricultural Land Management Limited
Sydney, 7 August 2014

Independent auditor's report to the unit holders of Agricultural Land Trust

We have audited the accompanying financial report of Agricultural Land Trust, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets attributable to unit holders and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the responsible entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2b, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

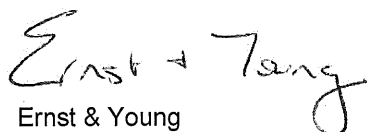
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the responsible entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report.


Opinion

In our opinion:

- a. the financial report of Agricultural Land Trust is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2b.



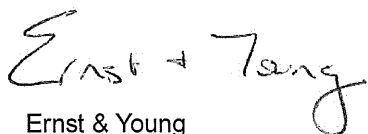
Ernst & Young



Mark Phelps
Partner
Adelaide
7 August 2014

Auditor's Independence Declaration to the Directors of Agricultural Land Management Limited, as Responsible Entity for Agricultural Land Trust

In relation to our audit of the financial report of Agricultural Land Trust for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Mark Phelps
Partner
Adelaide
7 August 2014

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 21 July 2014.

(a) Substantial Unit holders

Substantial unit holders who have notified the Trust in accordance with section 671B of the Corporations Act 2001 are:

	<u>Units</u>	<u>%</u>
Westralia Property Holdings Pty Ltd	30,403,500	32.33
Richtide Investments Pty Ltd	25,023,383	26.61
Elders Finance Pty Ltd	5,700,000	6.06
Emerald Securities Pty Ltd	5,603,364	5.96

(b) Distribution of Unit holders

The numbers of unit holders by size of holding are:

<u>Range of Holdings</u>	<u>Holders</u>	<u>Units</u>	<u>%</u>
1 - 1,000	23	6,810	0.01
1,001 - 5,000	54	166,207	0.18
5,001 - 10,000	85	655,060	0.70
10,001 - 100,000	225	6,840,375	7.27
100,001 - over	57	86,365,923	91.84
Total	444	94,034,375	100.00

Unit holders holding less than a marketable parcel	79	183,353	0.19
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(c) Voting Rights

Each fully paid unit carries voting rights of one vote per unit. All units issued are fully paid.

(d) Twenty largest Unit holders

The names of the 20 largest unit holders of quoted units are:

<u>Name</u>	<u>Units</u>	<u>%</u>
Westralia Property Holdings Pty Ltd	28,741,529	30.56
Richtide Investments Pty Ltd	25,023,383	26.61
Elders Finance Pty Ltd	5,700,000	6.06
Emerald Securities Pty Ltd (Emerald Investment A/C)	5,603,364	5.96
Ann Cathcart Pty Ltd	3,600,000	3.83
Westralia Property Holdings Pty Ltd	1,661,971	1.77
Dr Steven G Rodwell	1,319,254	1.40
Indian Ocean Capital (WA) Pty Ltd	1,284,385	1.37
Mrs Thanikeswari Sivananthan	1,155,709	1.23
Mrs Liliana Teofilova	1,048,000	1.11
Mr Ianaki Semerdfzief	817,000	0.87
National Nominees Limited	466,428	0.50
Anne Juella Thompson & John Harley Thompson	455,246	0.48
Mr Phillip John Harvey & Ms Geraldine Lucy Harvey	445,656	0.47
Jojaman Pty Ltd	431,550	0.46
Mr Johannes Henricus Kuyper	385,306	0.41
Mr Andre Jumabhoy	369,292	0.39
Mr Clifford Dawson & Mrs Margaret Dawson	351,202	0.37
Bob Gattie & Associates Pty Ltd	329,735	0.35
Mr Brian Oswald Telfer Steggall	328,570	0.35
Total	79,517,680	84.56