

Agricultural Land  Management Ltd

Board Charter

23 September 2009

1 Purpose of the Charter

The Board Charter sets out the role, composition and responsibilities of the Board of Agricultural Land Management Limited (“Company”) within the Company’s governance structure.

The conduct of the Board is also governed by the Company’s constitution, the constitutions of the managed investment schemes for which the Company acts as responsible entity (“Trusts”) and the Compliance Plans of the Trusts.

2 Objectives

The Board is responsible for the overall corporate governance of the Company and the Trusts. Its objectives are to govern in a way that:

- provides clear accountability;
- protects the rights and interests of Trust members and other stakeholders;
- provides for proper management of the Company and Trusts’ assets;
- preserves and enhances the Company’s reputation and standing in the community;
- supports the achievement of the Company’s fiduciary, environmental, health, safety, social and other obligations; and
- supports the achievement of member value within a framework of appropriate risk assessment and management.

3 Responsibilities

The Board’ main responsibilities are to:

- provide input into, and adopt, the strategic plan and budget of the Company and Trusts as prepared by management;
- monitor performance against the business plan and budget;
- approve and monitor the progress of all material acquisitions, divestments, contracts and capital expenditure of the Trusts;
- approve distributions by the Trusts;
- approve capital raisings (debt or equity) by the Trusts;
- oversee the audit, compliance and financial and operational risk management functions of the Company and Trusts;
- oversee the Company’s and Trusts’ financial reporting and communication to the Trusts’ members and the investment community and member relations generally;
- oversee the Company’s employee-relations and ethical, social and environmental behaviour;
- review the performance of the Board as a whole, Board Committees and individual directors; and
- monitor and assess the performance of the Chief Operating Officer or equivalent and the executive team.

4 Size and Composition of the Board

The Company's constitution requires that the Board be comprised of a minimum of three and maximum of seven Directors. There are currently three Directors.

The Board shall be comprised of Directors:

- who are financially literate;
- at least 1 of whom has financial expertise; and
- who, together, have an appropriate mix and depth of skills, experience and knowledge in order to meet the Board's responsibilities and objectives.

In determining whether a Director is to be considered independent, the Board will have regard to the Director Independence Policy.

Even though the majority of Directors on the Board are independent, the Board has established the Compliance Committee to enhance the independent oversight of the Company's management of the Trusts (see section 9 below).

4.1 Appointment and Retirement of Directors

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of Directors on a case by case basis in consultation with its parent company, Elders Limited.

As the Company is not a large company and is wholly owned by Elders Limited a separate nomination and remuneration committee has not been created. Appointment and retirement of Directors will be undertaken in accordance with the Company's constitution and policies of Elders Limited, with particular emphasis on consideration of what the Board believes to be desirable to the size and experience of the Board or any committee thereof.

Upon appointment, new Directors shall be given a detailed briefing by the Chairman and/or his nominee(s) on key Board issues and provided with appropriate background documentation. These issues shall include:

- the Company's financial, strategic, operational and risk management position;
- Directors' rights, duties and responsibilities; and
- the role of the Board and the Board committees.

4.2 Duties of Individual Directors

The duties of each individual Director are set out in the Code of Conduct.

5 Chairman

The Board shall appoint the Chairman of the Board. The Chairman shall be responsible for:

- leadership of the Board;
- efficient organisation and conduct of the Board's function;
- ensuring that all relevant issues are on the agenda for Directors' meetings;
- briefing of all Directors on key issues;
- facilitating the effective contribution of all Directors;
- guiding Board deliberations, free of undue bias; and
- promoting constructive and respectful relations between Directors and between Board and management.

6 Meetings

The Board shall meet regularly, in accordance with a schedule agreed at the commencement of each financial year. Additional meetings shall be called on a needs basis.

Any director can convene a Board meeting.

6.1 Agenda

The Chairman may review, with the Chief Operating Officer or equivalent, the agenda for each meeting prior to its issue.

Any Director may require business to be included on the agenda. The Director will first consult with the Chairman with respect to that business.

The Board shall maintain and observe a rolling 12 month agenda to ensure that key governance issues and the Group's operations are reviewed on a regular, ongoing basis.

6.2 Attendance

The Chief Operating Officer or equivalent shall be a permanent invitee to meetings.

Other

Company executives, External Auditors, Internal Auditors and other advisers, as the Chairman thinks fit, may be invited to attend meetings.

No Executive Director shall be present at a Board meeting during deliberations concerning their position unless otherwise agreed by the Board.

6.3 Minutes

Minutes of meetings of the Board shall be prepared by the Secretary, reviewed by the Chief Operating Officer or equivalent, and circulated to all Directors.

Minutes of meetings of the Board shall be confirmed at the next meeting of the Board and then signed by the Chairman.

7 Secretary

The Company Secretary(s) shall act as Secretary of the Board and shall attend all meetings of the Board.

The Company Secretary shall:

- be accountable to (and report directly to) the Board (through the Chairman if appropriate) on all governance matters;
- monitor and ensure that Board policy and procedures are followed; and
- co-ordinate the completion and dispatch of the Board agenda and briefing materials.

8 Access to Information

Directors have access to the Company's management and Company and Trust information through the Chief Operating Officer or equivalent to assist them in carrying out their duties as directors.

Any Director shall have direct access to and may seek information directly from the Company's or Trusts' External and Internal Auditors, provided that all such enquiries are first advised to the Chairman and the Chief Operating Officer or equivalent.

Directors may obtain independent, professional advice relevant to the Company's or Trust's affairs to assist them in carrying out their duties as directors at the Company's expense, subject to approval of the Chairman.

9 Compliance Committee

The Board has established a Compliance Committee, consisting of two independent members and one member of management. The role of Chairman of the Compliance Committee will be taken by an independent member. The Compliance Officer will be required to attend all meetings of this committee and will act as committee secretary. The Company Secretary will also attend all meetings

The Compliance Plan of each Trust sets out the purposes, goals, composition, functions, responsibilities and operations of the Compliance Committee. The functions of the Compliance Committee are:

- to monitor the Company's compliance with the Corporations Act and Australian Financial Service Licence, and each Trust's Constitution and Compliance Plan;
- to report any actual or suspected breaches to the Board;
- to report to ASIC if the Compliance Committee is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported to the Board; and
- to assess at regular intervals whether each Compliance Plan is adequate, to report this assessment and any recommendations for changes to the Board.

The Compliance Committee meets quarterly or more frequently as required.

10 Investment Review Committee

The Board has established an Investment Review Committee whose terms of reference state its objectives are to ensure acquisitions of rural properties by Trusts:

- are consistent with any applicable offer document or ASX announcement, the Constitution, ASX Listing Rules and the Corporations Act;
- are performed on arms length and commercial terms and at a price supported by independent valuation;
- meet benchmark financial performance criteria as determined by the Board; and
- are capable of being funded without breaching financial covenants.

The composition of the Investment Review Committee shall include a Director, the Chief Operating Officer or equivalent and a property specialist nominated by the Board.

11 Delegation to Management

The Board shall delegate responsibility for the day to day management of the Company and Trusts to the Chief Operating Officer or equivalent whose services are provided by the Company's parent company, Elders Limited. The Chief Operating Officer or equivalent may delegate various functions to other employees of the Company or its parent company.

The Compliance Plans of the Trusts delegate certain responsibilities to the Chief Operating Officer or equivalent and other members of management including the Compliance Officer. Additional delegations of authority shall be detailed by formal delegation of authority.

12 Audit

As the Company is not a large company, is wholly owned by Elders Limited and has established a Compliance Committee the Board has not established an Audit Committee. The role of the Board includes the functions that would otherwise be delegated to an Audit Committee, including:

- confirm the appointment of the External Auditors and make recommendations for their appointment or removal where necessary;
- approve accounts and financial reports (subject to receipt of the statement of the Chief Operating Officer or equivalent referred to in the section entitled "Chief Operating Officer or equivalent: Certificate" below and any other reports or management certificates the Board may from time to time request);
- adopt accounting policy changes;
- appoint or remove the Internal Auditors; and
- adopt recommendations of the Internal Auditors.

13 Risk Management

The Board shall require management to design and implement a risk management and internal control system to manage the Company's and Trust's material business risks. The Board may receive reports from the Chief Operating Officer or equivalent, the Compliance Officer, and the Compliance Committee on the nature and scope of the Company's material business risks and the effectiveness of systems in place to manage those risks and, on the basis of their recommendations the Board will:

- adopt or request changes to be made to systems of risk oversight and management and internal control; and
- determine acceptable levels of risk.

14 Chief Operating Officer or equivalent: Certificate

It is expected that prior to approving the annual financial reports of the Company and Trusts, the Board will have received from the Chief Operating Officer or equivalent a declaration in relation to the Company's and Trusts financial statements in accordance with section 295A of the Corporations Act confirming that:

- the financial records have been properly maintained; the financial statements comply with accounting standards; and the financial statements and notes give a true and fair view;
- the declaration provided in accordance with section 295A is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks; and
- where the above statements cannot be made in an unqualified manner, an explanation of the facts contributing to such a circumstance and the implications of these facts for both the financial reports and the Company.

15 Director's and Officer's Insurance & Investment Managers Insurance

The Company recognises the need to indemnify and insure Directors, officers and members of the Compliance Committee. The Company will arrange, either in its own right or through its parent company, appropriate Director's and Officer's Insurance and Investment Managers Insurance.

The insurance will cover Directors, Officers and Compliance Committee members where they have acted in good faith on behalf of the Company or Trusts as appropriate.

16 Board Standards and Policies

The Board currently has in place a number of standards and policies, including in particular the following:

- Code of Conduct;
- Director Independence Policy;
- Non-audit Services Policy;
- Continuous Disclosure and Communications Policy;
- Unit Trading Policy;
- Risk Management Policy; and
- Managing Conflicts of Interest Policy.

The Board may make changes to these policies with the benefit of recommendations from the Compliance Committee, Investment Review Committee or management.

17 Board Performance Review

The performance of the Board shall be reviewed in accordance with the policies of its parent company, Elders Limited.

18 Reporting and Communication

The Board shall report to Trust members and other legitimate stakeholders in accordance with the Continuous Disclosure and Communications Policy, which includes: annual reports, half year reviews, continuous disclosure and communications with the market in general.

19 Review

This Charter shall be reviewed by the Board on an annual basis.