

Agricultural Land Trust

28 February 2018

Company Announcements Platform
Australian Securities Exchange

The directors of One Managed Investment Funds Limited, the responsible entity of the Agricultural Land Trust (the "Trust"), release the attached Appendix 4D together with the Half Yearly Report for the Trust for the period ended 31 December 2017.

The Appendix 4D and Half Yearly Report should be read in conjunction with the Trust's Annual Report for the financial year ended 30 June 2017 together with all public announcements made by the Trust during the period ended 31 December 2017 and up until the date of this release.

For further information please contact:

Justin Epstein
Director (02) 8277 0000

Agricultural Land Trust
ARSN 096 588 046
Half Yearly Report
Results for Announcement to the Market
Appendix 4D
31 December 2017

	% change	6 months ended 31 December 2017 \$'000	6 months ended 31 December 2016 \$'000
Results			
Revenue from ordinary activities	Up 798.9%	836	93
Profit (loss) from ordinary activities after tax attributable to members	Up 44.9%	(409)	(742)
Net profit (loss) attributable to members	Up 44.9%	(409)	(742)
Commentary on Results			
Discussion and analysis of the Trust's results is contained in the Half Yearly Report.			
The Trust does not propose to pay an Interim distribution for the period			
Interim distribution payable (\$'000)		0	0
Interim distribution payable (cents per unit)		0	0
Basic and diluted earnings (cents per unit)		(0.42)	(0.76)
Distribution reinvestment plan price (cents per unit)		0	0

	31 December 2017	31 December 2016
Net tangible assets		
Total net tangible assets attributable to unit holders	\$9,344,522	\$10,448,460
Units on issue	97,510,036	97,510,036
Net tangible assets attributable to unit holders per unit	\$0.10	\$0.11

Agricultural  Land Trust

ARSN 096 588 046

**Half Year Report
31 December 2017**

AGRICULTURAL LAND TRUST

Directors' Report

The directors of One Managed Investment Funds Limited ("OMIFL"), the responsible entity of Agricultural Land Trust (the "Trust") present their report for the period ended 31 December 2017 as follows:

Directors

One Managed Investment Funds Limited

Justin Epstein (appointed 1 September 2009)
Frank Tearle (appointed 4 December 2008)
Elizabeth Reddy (appointed 6 November 2009)

Review and results of operations

Financial results

The reported net loss of the Trust attributable to unit holders from continuing operations for the half year ended 31 December 2017 was a loss of \$409,000 (2016: Loss \$742,000). The loss includes asset revaluation increase adjustment of \$240,000 (2016: revaluation Nil).

Revenue and expenses

Revenue from operations totalled \$836,000 (2016: \$93,000) and comprises asset revaluation adjustment of \$240,000 (2016: revaluation Nil), interest income of \$593,000 (2016: \$86,000) and distributions from One Cash Management Fund of \$3,000 (2016: \$7,000).

Expenses from operations, totalled \$1,245,000 (2016: \$835,000) and is comprised predominately of interest on debentures of \$1,012,000 (2016: \$613,000).

Expenses from operations also included responsible entity fees of \$26,000 (2016: \$27,000).

Balance sheet

The net assets of the Trust attributable to unit holders totalled \$9,344,522 as at 31 December 2017 (30 June 2017: \$9,753,458).

The fair value of the Trust's investment property, comprising solely of the Linkletters Place property, as at 31 December 2017 was \$20,340,000 (30 June 2017: \$20,100,000).

The property value stems from the independent assessment by Opteon Property Group, conducted in September 2017, of the Linkletters Place property and is based on the market value applying an 'As Is' valuation approach applying a 'recent transactions' methodology adjusted for the property's specific characteristics.

AGRICULTURAL LAND TRUST

Directors' Report

Review and results of operations (continued)

On 23 December 2016 the Trust fully repaid its syndicated banking facility using cash reserves and proceeds from the issue of debentures (Series 1 & Series 2) with an aggregate face value of \$9,900,000 (30 June 2017: Syndicate loan of Nil); \$3,000,000 matures on 6 October 2018 and \$6,900,000 matures on 23 December 2018. A subsequent series of debentures (Series 3) with an aggregate face value of \$10,000,000 was issued on 23 May & 16 June 2017. Each series is repayable within two years of their relevant issue date and more details are set out in note 13 of the Trust's 30 June 2017 Annual Report.

A further series of debentures were issued since 1 July 2017 (Series 4, 5 and 6) with an aggregate face value of \$13,000,000 with further details in Note 6.

As at 31 December 2017, the Trust's gearing ratio (debt to total assets) was 77.4% (30 June 2017: 65.9%).

Cash flow

The overall increase in cash and cash equivalents for the Trust was \$366,000 for the half year ended 31 December 2017 (2016: decrease \$515,000).

Operating cash outflow for the period was \$634,000 (2016: cash outflow \$415,000). This increase is attributable predominantly to the increase in operating expenses and interest costs, compared to the prior corresponding period.

Investing activity cash outflow for the period was \$12,000,000 (2016: \$nil). This was in relation to the loans to iProsperity Underwriting Pty Ltd.

Financing activity cash inflow for the period was \$13,000,000 (2016: cash outflow \$100,000) being the additional debentures issued.

Distributions to unit holders

There is \$nil distribution for the financial year ended 30 June 2017 (2016: \$nil).

Second half outlook

As was communicated to the market in the Annual Report for the financial year ended 30 June 2017, the Trust continues to prepare Linkletters Place for remediation with the absence of rental income. Once the remediation works are completed, opportunities for sale or leasing will be assessed. The Trust has also entered into an agreement for the harvesting of the plantation trees located on Linkletters Place and the financial impact to the Trust is expected to result in an estimated net income of \$400,000 per annum.

The Trust also continues to implement strategies to ensure its financial viability and has successfully issued further debentures since the release of the 30 June 2017 financial report and will continue to on-lend the proceeds of such issues which will result in additional income to the Trust.

Rounding of amounts

The entity is of the kind specified in the Australian Securities & Investments Commission class order 2016/191. In accordance with that class order, amounts in the consolidated financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated otherwise.

AGRICULTURAL LAND TRUST

Directors' Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2017.

This report has been made in accordance with a resolution of the Directors.



Justin Epstein
Director

Sydney
28 February 2018

28 February 2018

The Directors
One Managed Investment Funds Limited
as Responsible Entity of Agricultural Land Trust
Level 11, 20 Hunter Street
Sydney NSW 2000

Dear Directors,

Agricultural Land Trust

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of One Managed Investment Funds Limited.

As lead audit partner for the audit of the financial report of Agricultural Land Trust for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



Crowe Horwath Sydney



John Haydon
Senior Partner

AGRICULTURAL LAND TRUST

Statement of Profit or Loss and Other Comprehensive Income

Half year ended 31 December 2017

	Consolidated	
	31 December 2017 \$'000	31 December 2016 \$'000
Income		
Other income	3	7
Interest income	593	86
Net increment in fair value of investment properties	240	-
Total income	836	93
Expenses		
Finance costs	(1,012)	(613)
Responsible entity fees	(26)	(27)
Auditor's remuneration	(16)	(16)
Other expenses	(191)	(179)
Total expenses	(1,245)	(835)
Net (loss) / profit	(409)	(742)
Net (loss) / profit attributable to unit holders of the Trust	(409)	(742)
Basic and diluted earnings per unit – cents	(0.42)	(0.76)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

AGRICULTURAL LAND TRUST

Statement of Financial Position

As at 31 December 2017

		Consolidated	
	Note	31 December 2017 \$'000	30 June 2017 \$'000
Current assets			
Cash and cash equivalents	5	391	25
Trade and other receivables		269	78
Other assets		9	-
Total current assets		669	103
Non-current assets			
Loan Receivable		22,000	10,000
Investment property	8	20,340	20,100
Total non-current assets		42,340	30,100
Total assets		43,009	30,203
Current liabilities			
Trade and other payables		368	539
Interest bearing debentures	6	11,296	-
Total current liabilities		11,664	539
Non-current liability			
Interest bearing debentures	6	22,000	19,910
Total non-current liabilities		22,000	19,910
Total liabilities		33,664	20,449
Net assets attributable to unit holders		9,345	9,754
Represented by:			
Units		55,299	55,299
Accumulated losses		(45,954)	(45,545)
Total unit holders interests		9,345	9,754

The Statement of Financial Position should be read in conjunction with the accompanying notes.

AGRICULTURAL LAND TRUST

Statement of Changes in Equity

Half year ended 31 December 2017

	Consolidated		
	Retained Losses	Units	Unit Holders' Equity
	\$'000	\$'000	\$'000
At 1 July 2016	(44,109)	55,299	11,190
Net income attributable to unit holders	(742)	-	(742)
At 31 December 2016	(44,851)	55,299	10,448
At 1 July 2017	(45,545)	55,299	9,754
Net loss attributable to unit holders	(409)	-	(409)
At 31 December 2017	(45,954)	55,299	9,345

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AGRICULTURAL LAND TRUST

Statement of Cash Flows

Half year ended 31 December 2017

		Consolidated	
	Note	31 December 2017 \$'000	31 December 2016 \$'000
Cash flows from operating activities			
Interest received		407	86
Other income received		3	8
Interest and borrowing costs paid		(709)	(306)
Other expenses paid		(335)	(203)
Net cash outflow from operating activities		(634)	(415)
Cash flows from investing activities			
Loan to iProsperity Underwriting Pty Ltd		(12,000)	-
Net cash outflow from investing activities		(12,000)	-
Cash flows from financing activities			
Proceed from issuing debenture	6	13,000	9,900
Repayment of syndicated loans	6	-	(10,000)
Net cash inflow/(outflow) from financing activities		13,000	(100)
Net decrease in cash and cash equivalents		366	(515)
Add opening cash and cash equivalents at beginning of period	5	25	850
Closing cash and cash equivalents at end of period	5	391	335

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

AGRICULTURAL LAND TRUST

Notes to and forming part of the financial statements

Half year ended 31 December 2017

1. Summary of significant accounting policies

a) Basis of preparation

The half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Constitution of the Agricultural Land Trust, the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half year financial report has been prepared on a historical cost basis, except for the investment property, which has been measured at fair value based upon Directors' valuations. Independent valuations are conducted at intervals of not more than one year and are considered by the Directors of the responsible entity when determining fair values.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Trust as the full financial report.

The half year financial report should be read in conjunction with the annual Financial Report of the Trust as at 30 June 2017 together with all public announcements made by the Trust and its controlled entities during the half year ended 31 December 2017, and those up to the date of this financial report, in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2017. The adoption of amending standards mandatory for annual reporting periods beginning on or after 1 July 2017 has not resulted in any changes to these accounting policies.

For the purpose of preparing the financial report the half year has been treated as a discrete reporting period.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of the normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Trust continues to implement strategies to ensure its financial viability and has successfully issued further debentures since the release of the 30 June 2017 financial report and may continue to issue debentures up to \$72m and in turn, continue to on-lend the proceeds of such issues which will result in additional income to the Trust.

The Trust has also entered into an agreement for the harvesting of the plantation trees located on Linkletters Place and the financial impact to the Trust is expected to result in an estimated net income of \$400,000 per annum. Upon completion of harvesting, the land will be leased and it is expected to result in additional income to the Trust.

The Directors have determined that there are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable; as such, the Directors believe the basis of preparation of the financial statements on a going concern basis is appropriate.

AGRICULTURAL LAND TRUST

Notes to and forming part of the financial statements

Half year ended 31 December 2017

1. Summary of significant accounting policies (continued)

b) Changes in accounting policy

Since 1 July 2017 the Trust continued with all the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2017. These Standards and Interpretations did not have any effect on the financial position or performance of the Trust.

The Trust has not elected to early adopt any other new or amended Standards or Interpretations that are issued but not yet effective.

2. Contingent liability

There is no legal claim or warranties noted as at 31 December 2017.

3. Segment reporting

The Trust operates wholly within Australia and aims to derive rental income or sale proceeds from rural property investments following the remediation of land for grazing and cropping.

4. Non-cash financing activities

The Trust has a distribution reinvestment plan ("DRP") which allows unit holders to elect to reinvest their distribution into new units of the Trust. The issue price under the DRP is the average trading price (weighted by volume) of the Trust's units traded on the ASX 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.

For the period ended 31 December 2017, there was \$nil distribution (2016: \$nil).

5. Reconciliation of cash and cash equivalents

	Consolidated	
	31 December 2017 \$'000	30 June 2017 \$'000
Cash at Bank	41	7
Units in One Cash Management Fund	350	18
	391	25

Units held in the One Cash Management Fund, a fund managed by a related party of One Managed Investment Funds Limited ("OMIFL"), are redeemable on a daily basis. They are stated at their nominal values.

AGRICULTURAL LAND TRUST

Notes to and forming part of the financial statements

Half year ended 31 December 2017

6. Borrowings and repayment of debt

	Consolidated	
	31 December 2017 \$'000	30 June 2017 \$'000
Current		
Debenture*	10,900	-
Capitalised interest and borrowing costs	498	-
Capital raising fees	(102)	-
	11,296	-
Non-current		
Debenture*	22,000	19,900
Capitalised interest and borrowing costs	-	159
Capital raising fees	-	(149)
	22,000	19,910
Financing facilities		
Total facilities used	32,900	19,900
Total facilities unused	100	100
Total facilities	33,000	20,000

* The \$10,000,000 Westpac syndicated banking facility was fully repaid on 23 December 2016. The repayment was financed by a two series of debentures with an aggregate face value of \$9,900,000; being \$3,000,000 (Series 1) to mature on 6 October 2018 and \$6,900,000 (Series 2) to mature on 23 December 2018. The debenture interest rate is at 10.0%, interest payment is on a 90 days cycle and it is secured over the Linkletter's Place investment property.

Another series of debentures were issued in two tranches with an aggregate face value of \$10,000,000 (Series 3); the first tranche of \$8,500,000 matures on 22 May 2019 and the second tranche of \$1,500,000 matures on 15 June 2019. The debenture interest rate for Series 3 is 6.0% per annum. Interest accrues daily but is payable every 6 months. Series 3 Debentures are not secured over the Linkletter's Place investment property but have security limited to the amounts recovered in respect of the loan made by the Trust to iProsperity Underwriting Pty Limited.

A further series of debentures were issued: Series 4 with an aggregate face value of \$10,000,000 was issued on 14 August, 7 September & 22 November 2017 (4.5% interest rate per annum); Series 5 with an aggregate face value of \$1,000,000 was issued on 7 September 2017 (12.5% interest rate per annum); and Series 6 with an aggregate face value of \$2,000,000 was issued on 12 December 2017 (6% interest rate per annum).

AGRICULTURAL LAND TRUST

Notes to and forming part of the financial statements

Half year ended 31 December 2017

7. Related party disclosures

The Responsible Entity of Agricultural Land Trust at 31 December 2017 is One Managed Investment Funds Limited ("OMIFL") whose parent entity at 31 December 2017 is One Investment Group Pty Limited ("OIG"). The ultimate parent entity is One Investment Group Holdings Pty Limited ("OIGH").

The debenture holder is One Funds Management Limited as trustee for Cornerstone New SIV Bond Fund ("Cornerstone"). The Trustee of Cornerstone, One Funds Management Limited ("OFML") is owned by OIG. Interest is payable in accordance with the terms of the debenture.

Units held in the One Cash Management Fund, a fund managed by a related party of One Managed Investment Funds Limited ("OMIFL"), are redeemable on a daily basis. See note 5 for details.

Responsible entity fees

The responsible entity fees for the half year were \$26,000 (2016: \$27,000).

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. Consequently, no compensation as defined in AASB 124: Related Party Disclosures is paid by the Trust to its key management personnel.

Units in the trust held by key management personnel

Key management personnel do not directly hold any units in the Trust at the period-end. As at 31 December 2017, current director Justin Epstein has an indirect interest in 223,891 units in the Trust.

8. Investment properties

The fair value of the Trust's investment property as at 31 December 2017 was \$20,340,000 (30 June 2017: \$20,100,000) comprising Linkletters Place.

The investment property has been measured at fair value based on Directors' valuations, having regard to an independent assessment, conducted in September 2017, of the Linkletters Place property and is based on the market value applying an "As Is" valuation approach applying a 'recent transactions' methodology adjusted for the property's specific characteristics.

AGRICULTURAL LAND TRUST

Notes to and forming part of the financial statements

Half year ended 31 December 2017

8. Investment properties (Cont.)

The valuer, Opteon Property Group, considered the following inputs in determining the fair value:

Level 2 inputs:

- Comparable land sales.

Level 3 inputs:

- Comparable evidence requiring adjustment; reliance was placed on transactions of other rural properties within the region to establish market parameters for land and structures; and
- Discount rates and depreciated replacement cost estimates used to calculate impairment arising from lease in place.

The most significant input is the rate per hectare of land based mostly on comparable land sales for plantation land and cleared and pastured land. Due to significant adjustments made to the rate per hectare based on the property's specific characteristics, the fair value measurement is categorised as Level 3 in the fair value hierarchy. These adjustments relate to differences in location, quality of structural improvements, soil types and productivity levels. Any change in the rate per hectare for comparable land sales would result in a movement in the fair value of the investment property.

In the period under review no properties were sold or held for sale (2016: \$nil).

The property is pledged as security to secure the debentures (see note 6).

9. Significant events after balance date

A further series of debenture (Series 7) was issued on 24 January 2018 with an aggregate face value of \$6,000,000 with interest rate of 4.0% per annum. Interest accrues daily but is payable every 6 months.

No other matter or circumstance has arisen since the end of the financial period which is not otherwise dealt with in this report, 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 subsequent financial periods.

10. Units on issue

	31 December 2017 Number	31 December 2016 Number
Ordinary units on issue at beginning of the period	97,510,036	97,510,036
Ordinary units issued during the period		
- Distribution reinvestment plan – Note 4	-	-
Ordinary units on issue at the end of the period	97,510,036	97,510,036

There is no movement in the issue of ordinary units.

AGRICULTURAL LAND TRUST

Directors' Declaration

In accordance with a resolution of the Directors of One Managed Investment Funds Limited:

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 financial position as at 31 December 2017 and the performance for the half year ended on that date; and
 - ii Complying with Accounting Standards.
- (b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



Justin Epstein
Director

Sydney
28 February 2018

Independent Auditor's Review Report to the Unitholders of Agricultural Land Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Agricultural Land Trust and the entities it controls (the "Trust"), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Constitution of the Trust and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Agricultural Land Trust is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Trust's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Crowe Horwath Sydney

Crowe Horwath Sydney

John Haydon

John Haydon
Senior Partner

Dated this 28th of February 2018

