

AGRICULTURAL LAND TRUST
ARSN 096 588 046
APPENDIX 4E
RESULTS FOR ANNOUNCEMENT TO THE MARKET
30 JUNE 2013

	% change	30 June 2013 \$'000	30 June 2012 \$'000
Total revenue	Down 6.1 %	9,448	10,067
Profit from continuing operations before decrement in fair value of investment properties	Up 1.6 %	3,318	3,267
Decrement in fair value of investment properties	Down 32.4%	(9,359)	(13,845)
Net profit from continuing operations	Up 43.0 %	(6,041)	(10,578)
Net profit attributable to unitholders	Up 43.0 %	(6,041)	(10,592)
Commentary on Results			
The commentary on results for the year is contained in the Chairman's Report and the Review of Operations contained within the audited Annual Report dated 5 August 2013 accompanying this Appendix 4E.			
Distribution to unitholders paid or payable			
Interim distribution paid (\$'000)		-	-
Final distribution payable (\$'000)		2,852	3,180
Interim distribution (Cents per unit)		-	-
Final distribution (Cents per unit)		2.82	3.18
Record date for final distribution		1 July 13	29 June 12
Payment date for final distribution		27 Sept 13	8 Oct 12
Net Tangible Assets			
Total net tangible assets attributable to unitholders (\$'000)		12,603	21,347
Units on Issue ('000)		101,128	100,004
Net tangible assets attributable to unitholders per unit		\$0.12	\$0.21

This report should be read in conjunction with the Annual Report of the Trust and any announcements made in the period by or on behalf of the Trust in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Agricultural Land Trust

ARSN 096 588 046



**Annual Report
30 June 2013**

TABLE OF CONTENTS

1. Corporate Directory	1
2. Chairman's Report	2
3. Review of Operations	4
4. Directors and Secretaries	6
5. Corporate Governance	7
6. Statement of Comprehensive Income.....	11
7. Statement of Financial Position.....	12
8. Statement of Changes in Net Assets.....	13
9. Statement of Cash Flows.....	14
10. Notes to the Financial Statements.....	15
11. Directors' Declaration	35
12. Directors' Report	36
13. Independent Audit Report	39
14. Auditor's Independence Declaration	41
15. ASX Additional Information	42

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 "2013" refer to the twelve months ended 30 June 2013 unless otherwise stated. Similarly, references to 2012 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 3, 27 Currie Street Adelaide SA 5000 Phone: (08) 8425 5100 Facsimile: (08) 8425 6088 Australian Financial Services Licence Number: 225064
Postal Address	GPO Box 2716 Adelaide SA 5001
Registered Address	Level 3, 27 Currie Street Adelaide SA 5000
Directors	Thomas Shaw Pascarella AICD FTA FinSIA (Chairman) Peter Zachert B.Bus M.Comm M.Geoscience FCA FAIM GAICD (Director) Robert Michael Walter (Director)
Secretaries	Justin Nelson LLB (Joint Secretary) Craig Porter LLB (Joint Secretary)
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

AGRICULTURAL LAND TRUST ANNUAL REPORT 2013 CHAIRMAN'S REPORT

The 2013 financial year and the interval leading to the date of this report were again turbulent and challenging rural real estate market conditions faced by the Trust. **As this is my first Chairman's report, please be assured that the Board and management are pursuing decisions in the best interest of the unitholders.**

For the year, the net loss of the Trust was \$6.0 million (2012: \$10.6 million). This loss included an asset devaluation adjustment of \$9.3 million (2012: \$13.8 million) reflecting the reduction in rural forestry values and the further passage of time with the existing leases. The result before the fair value adjustment was \$3.3 million (2012: \$3.3 million). Cash flow from operating activities was up slightly on last year (11%) at \$3.4 million.

The Trust will pay a distribution of 2.82 cents per unit (3.18 cents per unit in 2012). **Over the financial year, the Trust's units** traded in a range of 8.3 cents to 14 cents. Based on a unit price of 8.3 cents and a closing unit price of 14 cents, the distribution yield for 2013 ranged between 34% and 20% respectively.

As reported last year, the Board is concerned about the poor state of the rural real estate market necessitating ongoing fair value adjustments to align book values to independent valuations carried out by Colliers in February 2013; reference the write-downs in 2013 of \$9.3 million and those in 2012 of \$13.8 million. The realisable prices for Australian pulp wood and other plantation timbers continues to be adversely impacted by international oversupply, the high Australian dollar during much of the reporting period and high operating costs in Australia.

The fall in the realisable prices for pulp wood and other timber plantation values necessitated the Board to re-think its strategy as income from the lessees of the Trust properties was **determined to be "at risk."** As we have advised in previous communications over the past year, the Trust was instructed by our syndicate bankers that the Trust needed to implement **an "asset reduction programme" and to repay syndicated debt.** It was not an option for the Trust to allow the status quo to continue and the Trust was advised of **certain "sales milestones"** to implement a debt reduction program.

In order to comply with the "sales milestones", the Board appointed real estate marketing agents to determine how best the properties owned by the Trust could be disposed of in difficult market conditions. A notable outcome is that the Trust was successful in selling 16 properties during the year which realised \$30.7 million. The Board believes that this was a very good result, considering the state of the rural real estate market for timber plantation related properties.

The Board also tried to sell some other properties where the lease is still in place but the sale of these properties was unsuccessful. There did not appear to be any willing buyers of encumbered property at a price that reflected the fair value of these properties. The Board then offered these four properties for sale on an unencumbered basis. Two of these properties in Central Queensland were sold (1 – sale completed, 1 – under contract) on an unencumbered basis realising proceeds of \$2.575 million. In addition, the lessee of these properties paid ALT compensation of \$2.225 million to have the leases cancelled. The funds received from these sales will be used to repay syndicated and subordinated debt. The Board were satisfied that, based on the Colliers valuations and based on other independent advice, the proceeds from these sales represented fair value of the properties.

There are two remaining properties in Far North Queensland and one property in Western Australia. The two Queensland properties will go to auction in early August 2013 on an unencumbered basis. The Board will then negotiate a fair value compensation from the lessee for early termination. The Board assures all unitholders that these properties will not be sold unless the property sale value and the lease compensation represent fair value for the properties after consultation with our advisors.

The remaining iconic property in Esperance, WA "Linkletters", is available on the market for sale but to date there has not been an acceptable offer. The Board is currently reviewing the strategic alternatives of the Trust in light of the required asset reduction program and the investment opportunities with our remaining portfolio.

The Board is focused on the best alternatives for total returns (share price and dividend policy) for the longer term benefit of the unitholders. Any further restructuring of the Trust, with or without the disposal of Linkletters, will require the approval of those unitholders whom are entitled to vote based on the terms of the restructure.

The Board wishes to thank the management team for their focus and I would like to thank Peter Zachert for his commitment as previous Chair. The Board is working with all stakeholders to develop a viable future for the Trust and we will provide additional communications on this strategy when available.

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
CHAIRMAN'S REPORT**

A handwritten signature in black ink, appearing to read 'Tom Pascarella', with a horizontal line underneath.

Tom Pascarella
Chairman
Agricultural Land Management Limited
Adelaide, 5 August 2013

AGRICULTURAL LAND TRUST

ANNUAL REPORT 2013

REVIEW OF OPERATIONS

Financial Results

The net loss attributable to unit holders of the Trust for the year was \$6.0 million (2012: loss \$10.6 million). The net loss resulted solely from reductions in the values **of the Trust's investment properties** of \$9.36 million (2012 \$13.8 million).

Prior to asset revaluations, the profit from continuing operations remained static at \$3.3 million (2012: \$3.3 million) compared to the prior period. **The Trust's cash flow from operations increased during the year** to \$3.4 million (2012: \$3.2 million).

The total assets of the Trust reduced during the year to \$45.3 million (2012: \$87.1 million) due to the sale of 16 investment properties and reductions in the values of the remaining properties. **The Trust's net assets as at 30 June 2013** were \$12.6 million (2012: \$21.3 million).

Distributions to Unit holders

A first and final distribution of 2.82 cents per unit has been declared and will be paid on 27 September 2013 (2012: 3.18 cents per unit). The distribution represents a distribution of taxable income and does not contain any tax free or tax deferred components.

The value of distributions reinvested during the year pursuant to the Trust's Distribution Reinvestment Plan was \$149,450 (2012: \$712,235) which resulted in the issue of 1,123,686 units (2012: 5,412,109 units).

Market Performance

During the year, units in the Trust traded within a range of 8.3 cents per unit to 14 cents per unit. Based on the closing price of 14 cents per unit as at 30 June 2013, the Trust had a market capitalisation of \$14.2 million (2012: \$17.0 million) and the distribution yield for the Trust for the year was 20.14% (2012: 18.91%).

Funding

As at 30 June 2013 the syndicated loan facility had been fully drawn to \$20.86 million (2012: \$51.6 million). During the year the Trust made repayments of \$30.7 million (2012: \$8.50 million) to the banking syndicate.

The syndicated loan facility, which expired on 31 July 2013, has subsequently been extended to 30 August 2013 with further renegotiation around long term financing continuing.

The Trust's funding also includes a \$13 million unsecured and subordinated loan facility with Elders Finance Pty Limited, an entity wholly owned by Elders Limited. In August 2012 the Trust obtained an extension of the facility until 31 August 2013. The Board is currently exploring alternative options to either extend the loan or to refinance same.

Interest expense pursuant to the subordinated facility equals the weighted average rent rate payable under the property leases. As at 30 June 2013 the facility had been drawn to \$8.97 million (2012: \$9.3 million). During the year the Trust made repayments of \$.349 million (2012: \$2.5 million) to Elders Finance Pty Limited.

As at 30 June 2013 **the Trust's gearing ratio (debt to total assets) was 64%** (2012: 70%). Excluding the subordinated and unsecured loan from related Elders Finance Pty Limited **the Trust's gearing ratio as at 30 June 2013 was 44%** (2012: 59%).

Rural Property Assets

The Trust disposed of all properties located in the Green Triangle (Victoria) and all Western Australia properties except for a property located at Esperance on 3 April as advised to the market. The consideration paid was \$28.15 million and was used to reduce debt. Pursuant to the contracts, \$27.57 million (which includes a \$750,000 warranty contingency) was paid to the syndicated banking facility loan.

The trust also disposed of the property known as Hill Rise, Central Queensland, as advised to the market on 22 April 2013 with settlement of the lease compensation portion of \$1,335 million affected on 17 June 2013. From the proceeds received on 17 June 2013, the sum of \$986,000 was paid to the syndicated banking facility and \$349,000 was paid to the Elders Subordinated loan facility. The \$1.225 million property sale proceeds were paid on 19 July 2013 and reduced the syndicated debt.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2013 REVIEW OF OPERATIONS

Rural Property Assets (CONT.)

The second Central Queensland property known as Moundoba was auctioned on 26 June 2013. As advised to the market on 2 July 2013 the sale price plus compensation is \$2.24 million. From proceeds to be received, \$1.495 million will be paid to the syndicated banking facility and \$740,000 will be paid to Elders subordinated loan facility. Under the terms of the sale contract, settlement is to occur no later than 17 September 2013.

As a result of the various disposals in the period, the **book value of the Trust's investment properties** classified as held for sale is \$41.75 million (2012 total investment properties held: \$80.5 million).

The Trust has lease agreements with Elders Forestry Management Limited in relation to all properties. All leases are guaranteed by Elders Limited. Elders Limited is the parent entity of Elders Forestry Management Limited and Agricultural Land Management Limited.

Revaluations

The Trust received full valuations from Colliers International for its five remaining properties in May 2013. These valuations were obtained in accordance with the valuation polices contained within the **loan agreement with the Trust's banking syndicate**.

The directors have considered the February 2013 dated valuations prepared by Colliers International as the basis for their determination of fair value. The valuations assess the leased investment value of the **Trust's portfolio to be \$41.75 million**. **The directors have adopted a fair value for the Trust's** property portfolio of \$41.75 million (2012: \$80.5 million) on the basis of their assessment of the value of the properties.

For further information refer accounting policy note 2(g) and note (7).

Responsible Entity Fees

The Responsible Entity fees for the year were \$471,740 (2012: \$605,209).

Outlook

The Trust will focus on the divestment of investment properties that have been recorded as being held for sale with the majority of all proceeds to be used to repay debt. Further major focus will be the restructure of operations and of financing arrangements leading, ultimately, to a smaller and more robust business.

The Trust's performance in 2013 compared to 2012 will continue to be influenced by numerous factors including variations **in the components of the Trust's rental mechanism** (i.e. BBSY, financier margins, CPI) as well as property and financial market conditions.

AGRICULTURAL LAND TRUST

ANNUAL REPORT 2013

DIRECTORS AND SECRETARIES

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

Tom Pascarella AICD FTA FinSIA (age 52)
(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. He was appointed Chairman of Directors on 26 February 2013.

Peter Zachert B.Bus M.Com M.Geoscience FCA FAIM GAICD (age 59)
(Chairman, 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 (age 64)
(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 BA LLB
(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 BA LLB
(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.

AGRICULTURAL LAND TRUST

ANNUAL REPORT 2013

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

The Responsible Entity is a wholly owned subsidiary of Elders Limited. Currently all rental income of the Trust is derived from a wholly owned subsidiaries of Elders Limited. Elders Limited is also a substantial unit holder in the Trust (49.14% as at 30 June 2013). Further information regarding the relationship and transactions with Elders Limited is detailed in Note 16 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. The board has delegated responsibility for the day to day operation and administration of the Trust to the Acting General Manager. 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

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 are paid directly from the ultimate holding company of the Responsible Entity, Elders Limited. Consequently performance of key executives of the

AGRICULTURAL LAND TRUST

ANNUAL REPORT 2013

CORPORATE GOVERNANCE

Responsible Entity is 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 Acting General Manager and executive team. An assessment of the performance of the Acting General Manager and executive team will be conducted by the board in relation to the 2013 year early in 2014.

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 independent non executive directors and one non independent non executive director. Details of the directors are set out on page 6 of this Report.

Given that the majority of the board is independent, the Trust is not required to have a Compliance Committee. **Notwithstanding this, the board has retained the Trust's Compliance Committee to further enhance corporate governance.**

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 2.2 (the Chairman should be an independent director), 2.3 (the roles of the Chairman and Chief Executive Officer, or equivalent, should not be exercised by the same individual), 2.4 (the board should establish a nomination committee) and 2.5 (companies should disclose the process for evaluating the performance of the board, its committees and individual directors).

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
- 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 board 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 provides 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.**

AGRICULTURAL LAND TRUST

ANNUAL REPORT 2013

CORPORATE GOVERNANCE

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 4.2 (structure of audit committee) and 4.3 (audit committee should have a 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 should require management to design and implement the risk management and internal control system to manage the Trust's material business risks and to report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

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

AGRICULTURAL LAND TRUST

ANNUAL REPORT 2013

CORPORATE GOVERNANCE

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 which has been received by the board for the financial year.

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).

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	Consolidated	Consolidated
		2013	2012
		\$'000	\$'000
Continuing operations			
Rent received		8,055	9,672
Lease compensation revenue		1,335	-
Other income		62	80
Interest income		58	197
Revenue		9,510	9,949
Finance costs	3	(4,271)	(5,717)
Responsible entity fees		(472)	(605)
Other expenses		(1,449)	(360)
Net decrement in fair value of investment properties	6 & 7	(9,359)	(13,845)
Net loss from continuing operations		(6,041)	(10,578)
Discontinued operations			
Net loss from discontinued operations	10	-	(14)
Net loss for the year		(6,041)	(10,592)
Other comprehensive income		-	-
Total comprehensive loss for the year		(6,041)	(10,592)
Basic and diluted loss per unit (cents)		(5.99)	(10.73)
Basic and diluted loss per unit (cents) from continuing operations		(5.99)	(10.72)
Basic and diluted loss per unit (cents) from discontinued operations		-	(0.01)

The accompanying notes form part of the financial statements

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Notes	Consolidated 2013 \$'000	Consolidated 2012 \$'000
Current Assets			
Cash and cash equivalents	4	799	4,075
Trade and other receivables	5	2,759	2,583
Investment properties classified as held for sale	6	41,750	39,134
Total Current Assets		45,308	45,792
Non Current Assets			
Investment properties	7	-	41,350
Total Non Current Assets		-	41,350
Total Assets		45,308	87,142
Current Liabilities			
Trade and other payables	8	3,628	4,910
Interest bearing loans and borrowings	9	29,077	60,885
Total Current Liabilities		32,705	65,795
Total Liabilities		32,705	65,795
Net Assets Attributable to Unit Holders		12,603	21,347
Represented By			
Units		58,323	58,174
Retained losses		(45,720)	(36,827)
Total Unit Holders Interests		12,603	21,347

The accompanying notes form part of the financial statements

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT
HOLDERS
FOR THE YEAR ENDED 30 JUNE 2013**

	Profit / (loss)	Units	Net Assets Attributable to Unit Holders
	\$'000	\$'000	\$'000
Consolidated			
At 1 July 2011	(23,057)	57,462	34,405
Net loss attributable to unit holders before distributions to unit holders	(10,592)	-	(10,592)
Units issued in Trust during period	-	712	712
Distributions	(3,178)	-	(3,178)
At 30 June 2012	<u>(36,827)</u>	<u>58,174</u>	<u>21,347</u>
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 during period	-	149	149
Distributions	(2,852)	-	(2,852)
At 30 June 2013	<u>(45,720)</u>	<u>58,323</u>	<u>12,603</u>

The accompanying notes form part of the financial statements

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	Consolidated 2013 \$'000	Consolidated 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rent received		9,866	11,092
Lease surrender compensation		1,335	-
Interest received		58	196
Other receipts		134	15
Interest and borrowing costs paid		(5,172)	(5,930)
GST (paid) / refund ATO		(764)	(926)
Other expenses paid		(2,044)	(1,287)
Net Cash Flows from / (used in) Operating Activities	4(a)	3,413	3,160
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment properties		28,150	11,000
Net Cash Flows from / (used in) Investing Activities		28,150	11,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid to unit holders		(3,180)	(1,409)
Distributions reinvested by unit holders		149	712
Repayment of subordinated loan		(349)	(2,500)
Repayment of syndicated loans		(30,709)	(8,500)
Banking Syndicate – Security Deposit		(750)	-
Net Cash Flows from / (used in) Financing Activities		(34,839)	(11,697)
Net increase / (decrease) in Cash and Cash Equivalents		(3,276)	2,463
Cash and cash equivalents at beginning of period		4,075	1,612
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4(b)	799	4,075

The accompanying notes form part of the financial statements

AGRICULTURAL LAND TRUST ANNUAL REPORT 2013 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 2013 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 3, 27 Currie Street, Adelaide SA 5000. **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 investment properties which have been measured at fair value based upon **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 (refer accounting policy note 2(g) and note 7).

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 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049].

The Trust has a Syndicated debt facility of \$20.9 million and has an \$8.97 million subordinated loan with Elders Finance both of which are recorded as current as at 30 June 2013. The syndicated debt facility expired on 31 July 2013 and has subsequently been extended to 30 August 2013. The Elders Finance facility expires on 31 August 2013. The Trust is currently negotiating extensions and alternative financing arrangements with its financiers. The Trust continues to market all properties classified as held for sale. Proceeds received, in the main, will continue to be applied in reduction of the syndicated debt facility.

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;
- the basis of preparation of the general purpose interim financial report on a going concern basis is appropriate
- The debt facilities will be re-negotiated on an acceptable basis.

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 2013.

These are outlined in the table below.

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Group
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009 – 2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: <ul style="list-style-type: none"> • repeat application of AASB 1 is permitted (AASB 1); and • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements). 	1 January 2013	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 January 2013	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2013
AASB 12	Disclosure of Interests with Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The trust has The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2013
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation – Special Purpose Entities</i> . The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2013
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2015	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2015

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Group
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	1 January 2013	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to remove individual key management personnel disclosure requirements [AASB 124].	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	This change will result in reduced disclosures for key management personnel in line with the amended AASB 124.	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012 - 3 adds application guidance to AASB 132 Financial Instruments: Presentation 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

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.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2013 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

All investment properties owned by the Trust are leased to a related party of the Responsible Entity. The Trust has determined that it retains all the significant risks and rewards of ownership of the properties and has thus classified the leases as operating leases.

(ii) Investment Properties - valuations

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 (see notes 2(g) and 7).

(iii) Classification of assets as held for sale

The Trust classifies assets as held for sale when the carrying amount will be recovered 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.

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.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2013 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

g) Investment properties

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.

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

AGRICULTURAL LAND TRUST ANNUAL REPORT 2013 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

l) Interest-bearing loans and borrowings

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 based on the economic substance of the agreements so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum rental revenues of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are included in the determination of the net profit in equal instalments over the lease term.

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.

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.

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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; and
- (iii). participate in the termination and winding up of the Trust;
- (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.

3. FINANCE COSTS

	Consolidated 2013 \$ '000	Consolidated 2012 \$ '000
Finance costs expensed		
- interest expense continuing operations	3,890	5,481
- other finance costs continuing operations	381	236
	4,271	5,717

4. CASH AND CASH EQUIVALENTS

Cash at bank	799	2,115
Short term deposits	-	1,960
	799	4,075

Cash at bank earns interest at floating rates based on daily bank deposit rates.
Cash and cash equivalents are recorded at fair value being \$799,215 (2012: \$4,075,364).

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Consolidated **Consolidated**
2013 **2012**
\$ '000 **\$ '000**

STATEMENT OF CASH FLOWS

(a) Reconciliation of net loss

Net loss	(6,041)	(10,592)
Net decrement / (increment) in fair value	9,359	13,845
Decrease / (increase) in receivables	1,049	578
(Decrease) / increase in payables	(954)	(671)
Net operating cash flow	3,413	3,160

(b) Reconciliation of cash

Cash at bank	799	2,115
Short term deposits	-	1,960
	799	4,075

5. TRADE AND OTHER RECEIVABLES

Rent receivable	1,484	2,486
Other receivables	1,275	97
	2,759	2,583

Terms and conditions relating to the above financial instruments:

Rent receivable is non-interest bearing and generally payable quarterly in arrears within 2 business days of the end of each quarter. Sundry debtors are non-interest bearing and generally have 30 - 90 day terms. The major balance in Other receivables comprises the sale price due in respect of the Hill Rise property (\$1.225m); settlement occurred on 19 July 2013.

6. HELD FOR SALE

Investment properties classified as held for Sale	41,750	39,134
	41,750	39,134

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 2013 have been classified on the basis that it is the **intent on the Board's part** to sell these properties within the next twelve months period and management are actively working to this plan. The **directors'** fair value of the Investment Properties classified as held for sale is \$41.75 million (2012: \$39.134 million). Independent valuations referred to in Note 7 have been considered by the directors of the Responsible entity when determining fair values.

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

7. INVESTMENT PROPERTIES

**Consolidated
2013
\$ '000** **Consolidated
2012
\$ '000**

(a) Property investments

Investment properties at fair value

7 (b)

	-	41,350
	-	41,350

b) Reconciliation of carrying amounts

2013

Rural Properties

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

2012

Rural Properties

	Carrying amount at start of year \$'000	Disposals \$'000	Increment/ (decrement) from fair value adjustments \$'000	Properties classified as held for sale (see Note 6 above) \$'000	Carrying amount at end of year \$'000
	105,330	(11,000)	(13,845)	(39,134)	41,350
	105,330	(11,000)	(13,845)	(39,134)	41,350

Rental income from the investment properties (including those classified as held for sale) during the year was \$8,055,472 (2012: \$9,671,590). The direct operating expenses (including repairs and maintenance) for the investment properties for the year was \$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 fair values of investment properties are recognised in profit and loss in the year in which they arise.

Colliers International valued all remaining properties in February 2013, valuations received May 2013. For the purposes of assessing leased investment values Colliers International performed valuations utilising a discounted cash flow methodology.

Key assumptions used by Colliers International in their discounted cash flow methodology included:

- Terminal value of investment property calculated by escalating current Greenfields values by forecasted inflation (based on 10 year Access Economics projections) until expiration of respective leases and then deducting a provision for disposal costs of 2.15%
- Rental income and expenses in accordance with the lease terms and assuming BBSY as per Australian Financial Markets Association (as at March 2013) and a landlord funding cost of 350 – 370 basis points (reflecting valuer's assessment of

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

- average margins available to a purchaser of the properties at the date of valuation)
- Discount rates ranging between 10% and 12.5% depending principally on length of lease term
 - The discounted cash flows are then further reduced by a provision for acquisition costs that a purchaser of the properties would expect to pay. The provision for acquisition costs varies by state depending on legislation relating to stamp duty but is generally exceeds 5% of the leased investment values.

The Greenfield values referred to above have been determined on the basis of direct comparison and summation methodologies applied by Colliers International in their assessment of the underlying market value of the land and fixed improvements of the properties.

The directors have considered the 2013 valuations prepared by Colliers International as the basis for their determination of fair value. The valuations and reviews assess **the leased investment value of the Trust's portfolio to be \$41.75 million**. The directors have adopted a fair value for the **balance of the Trust's investment properties** classified as held for sale as at 30 June 2013 at \$41.75 million (2012: \$41.3 million).

The Trusts projected rental income will fluctuate over time as a result of changes to BBSY and financier margins. Given that projected rental income is a key input for the determination of leased investment value pursuant to discounted cash flow methodology, changes in projected rental income may affect **the fair value of the Trust's investment properties**. The fair value of Trust's investment properties is also significantly determined by the lease arrangements entered into with Elders Forestry Management Limited and Elders Limited. Accordingly, **the fair value of the Trust's investment properties** is also dependant on these entities continuing to meet their obligations pursuant to the leases.

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 properties are pledged as security to secure interest bearing loans and borrowings (see note 9).

8. TRADE AND OTHER PAYABLES

	Consolidated 2013 \$ '000	Consolidated 2012 \$ '000
Trade creditors	116	271
Distributions payable	2,852	3,180
Amounts payable to related parties:		
- associated entities	481	345
Other payables:		
- accrued interest	51	963
- other accruals	128	151
	3,628	4,910

Terms and conditions relating to the above financial instruments:

Trade creditors are non-interest bearing and generally on 30-day terms. The Trust has declared a first and final distribution of 2.82 cents per unit. The record date for the distribution is 1 July 2013. The distribution will be paid on 27 September 2013.

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

9. INTEREST BEARING LOANS AND BORROWINGS

**Consolidated
2013
\$'000** **Consolidated
2012
\$'000**

CURRENT

Secured:

- Term Loans - Note i)

20,111 51,570

Unsecured:

- Related Party Loan - Note ii)

8,966 9,315

29,077 60,885

Financing facilities

Total facilities used – Bills of Exchange

20,111 51,570

Total facilities unused – Bills of Exchange

- -

Total facilities used – Related party loan

8,966 9,315

Total facilities unused – Related party loan

4,034 3,685

Total facilities

33,111 64,570

(i) The syndicated banking facility expired on 31 July 2013 and has subsequently been extended to 30 August 2013. As at 30 June 2013 the facility had been fully drawn to \$20.9 million (2012: \$51.6 million) which includes the security deposit for warranty contingencies of \$750,000 (2012: \$nil) held by the syndicated loan facility.

During the year, the Trust made repayments of \$30.7 million (2012: \$8.5 million) to the banking syndicate.

The book value of the Trust's properties recorded as being held for sale at 30 June 2013 was \$41.75 million (2012: \$39.1 million).

(ii) The Trust's funding also includes a \$13 million unsecured and subordinated loan facility with Elders Finance Pty Limited, an entity wholly owned by Elders Limited. Interest expense pursuant to the subordinated facility equals the weighted average rent rate payable under the property leases. During the year a repayment of \$0.349 million (2012: \$2.5 million) was made to Elders Finance Pty Limited.

As at 30 June 2013 the facility had been drawn to \$8.97 million (2012: \$9.3 million). The Board is currently exploring alternative options either to extend the loan or to refinance same.

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

10. 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 2013 \$'000	Discontinued 2013 \$'000	Consolidated 2013 \$'000	Continuing 2012 \$'000	Discontinued 2012 \$'000	Consolidated 2012 \$'000
Rental income	8,055	-	8,055	9,672	-	9,672
Interest income	58	-	58	197	-	197
Other income	1,397	-	1,397	80	118	198
Total revenue and other income	9,510	-	9,510	9,949	118	10,067
Finance costs	(4,271)	-	(4,271)	(5,717)	-	(5,717)
Diminution in investment	(9,359)	-	(9,359)	(13,845)	-	(13,845)
Responsible entity fees	(472)	-	(472)	(605)	-	(605)
Other expenses	(1,449)	-	(1,449)	(360)	(132)	(492)
Net loss before non controlling interests	(6,041)	-	(6,041)	(10,578)	(14)	(10,592)
Net profit / (loss) attributable to non controlling interests	-	-	-	-	-	-
Net loss attributable to unit holders of the Trust	(6,041)	-	(6,041)	(10,578)	(14)	(10,592)
Distribution to unit holders	(2,852)	-	(2,852)	(3,178)	-	(3,178)
Distributions reinvested	149	-	149	712	-	712
Changes in net assets attributable to unit holders of the Trust	(8,744)	-	(8,744)	(13,044)	(14)	(13,058)

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

11. UNITS ON ISSUE

	Consolidated 2013 Number '000	Consolidated 2012 Number '000
Units on issue at beginning of the year	100,004	94,592
Units issued during the year		
- distribution reinvestment plan-Note i)	1,124	5,412
Units on issue as at the reporting date	101,128	100,004

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.
- 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 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 year to 30 June 2013 was \$149,450 (2012: \$712,235) which resulted in the issue of 1,123,686 units (2012: 5,412,109 units). The latest date for receipt of an election notice for participation in the DRP is the record date for each distribution.

12. AUDITOR'S REMUNERATION

	Consolidated 2013 \$	Consolidated 2012 \$
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	50,033	51,084
- other services in relation to the entity and any other entity in the consolidated entity:		
- other audit services (Property sale)	-	5,665
- compliance plan audit	9,970	9,631
	60,003	66,380

13. DISTRIBUTIONS TO UNITHOLDERS

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

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

13. DISTRIBUTIONS TO UNITHOLDERS (CONT.)

	Distributions \$ '000	Number of units '000	Distributions cents per unit
2012			
Interim Distribution – paid March	-	-	-
Final Distribution – paid October 2012	3,180	100,004	3.18
	<u>3,180</u>		<u>3.18</u>

14. EARNINGS PER UNIT

Earnings per unit from continuing operations attributable to ordinary unit holders

	Consolidated 2013	Consolidated 2012
Basic profit / (loss) per unit (cents)	(5.99)	(10.72)
Diluted profit / (loss) per unit (cents)	(5.99)	(10.72)

Earnings per unit from discontinued operations attributable to ordinary unit holders

Basic profit / (loss) per unit (cents)	-	(0.01)
Diluted profit / (loss) per unit (cents)	-	(0.01)

Earnings per unit attributable to ordinary unit holders

Basic profit / (loss) per unit (cents)	(5.99)	(10.73)
Diluted profit / (loss) per unit (cents)	(5.99)	(10.73)

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 100,820,284 (2012: 98,688,397).

15. NET ASSET BACKING PER UNIT

	Consolidated 2013	Consolidated 2012
Basic net asset backing per unit (\$)	0.12	0.21

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.

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

16. RELATED PARTY DISCLOSURES

(a) Responsible Entity

The Responsible Entity of Agricultural Land Trust is Agricultural Land Management Limited whose immediate parent entity is Prestige Property Holdings Pty Limited; its ultimate parent entity is Elders Limited.

The Responsible Entity fees for the year were \$471,740 (2012: \$605,209).

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 payable 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; and
- Marketing and promotional expenses.

The fee will be payable 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 2013, a balance of \$120,110 was payable to the Responsible Entity (2012: \$144,900).

(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	
	2013 %	2012 %
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 \$8,055,472 (2012: \$10,037,079) which was received or receivable in relation to leased properties.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2013 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

16. RELATED PARTY DISCLOSURES (CONT.)

(b) Related party transactions

Acquisition of Properties

The Trust did not acquire any properties during the year.

Disposal of Properties

The Trust disposed of all properties located in the Green Triangle (Victoria) and all Western Australia properties except for a property located at Esperance. The consideration paid was \$28.15 million and was used to reduce debt. Pursuant to the contracts, \$27.57 million (which includes \$750,000 warranty contingency) was paid to the syndicated banking facility loan.

The trust disposed of the property known as Hill Rise, Central Queensland, as advised to the market on 22 April 2013 with settlement of the lease compensation portion (\$1,335 million) affected on 17 June 2013. From these proceeds received, \$986,000 was paid to the syndicated banking facility and \$349,000 was paid to Elders Subordinated loan facility. The \$1.225 million property sale proceeds were paid on 19 July 2013, from which the sum of \$1.2 million has been paid to the syndicated banking facility loan.

The second Central Queensland property known as Moundoba was auctioned on 26 June 2013. As advised to the market on 2 July 2013 the sale price plus compensation is \$2.24 million. From proceeds to be received, \$1.495 million will be paid to the syndicated banking facility and \$0.74 million will be paid to Elders subordinated loan facility. Under the terms of the sale contract, settlement is to occur no later than 17 September 2013.

Eligible Undertaking

Elders Limited has provided the Responsible Entity of the Trust with an Eligible Undertaking for up to \$5.5 million to ensure compliance with the base level **financial requirements of the Responsible Entity's** Australian Financial Services Licence no 225064. **As a result of the Eligible Undertaking, the Trust's assets are not required to be registered in the name of a Custodian.** On 7 November 2011 the Australian Securities Investment Commission released new financial requirements for Responsible Entities that apply from November 2012. The changes are being implemented through Class Order 11/1140 and are outlined in the updated version of Regulatory Guide 166 Licensing: Financial requirements. The impact of changes on the Trust remains unclear.

Subordinated Loan

The Trust's funding also includes a \$13 million unsecured and subordinated loan facility with Elders Finance Pty Limited, an entity wholly owned by Elders Limited. Interest expense pursuant to the subordinated facility equals the weighted average rent rate payable under the property leases.

During the year a repayment of \$349,000 (2012: \$2.5 million) was made to Elders Finance Pty Limited. As at 30 June 2013, the facility had been drawn to \$8.97 million (2012: \$9.3 million). The Board is currently exploring alternative options to either extend the loan or to refinance same.

(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:

Peter Zachert
Robert Michael Walter
Tom Pascarella (appointed 31 December 2012)
Max Ormsby (resigned 31 December 2012)

Other key management personnel of the Responsible Entity are:

Alan Herald (Acting General Manager)
Craig Porter (Joint Company Secretary)
Justin Nelson (Joint Company Secretary)

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

16. 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. Amounts paid to other senior management are also paid directly from Elders Limited. 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 16 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 2013 Peter Zachert held an indirect interest in 127,777 units in the Trust.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust's principal financial instruments comprise secured term loans (bills of exchange) and unsecured subordinated related party loans. The main purpose of the loans is to raise finance to acquire investment properties. 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 Trust has minimised its exposure to interest rate risk by linking rental income to interest rates as described in note 17. At balance date the Trust has a mix of financial assets and liabilities exposed to Australian variable interest rate risk. The mix of financial assets and liabilities is summarised in notes 4, 8 & 9.

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 2013 of 2.87%.

Consolidated

	2013 BBSY higher 1% \$'000	2013 BBSY lower 1% \$'000
Rental Income	561	(561)
Net Interest	(283)	283
Net impact on profit	278	(278)

Given that the Trust has no fixed rate 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 above.

Changes in rental income may also impact on values of investment properties. These potential impacts have not been taken into consideration in the above analysis.

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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

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**. The Trust has a concentration of credit risk as a result of it having entered into lease agreements with Elders Forestry Management Limited in relation to all of its investment properties classified as held for sale.

The Trust has sought to minimise this concentration of credit risk by ensuring that all lease obligations are guaranteed by Elders Limited. With respect to credit risk arising from the other financial assets of the Trust, which comprise cash and cash equivalents, the **Trust's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.**

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 2013 \$'000	1 – 5 years 2013 \$'000	> 5 years 2013 \$'000	Total 2013 \$'000
Consolidated Financial Assets				
Cash and cash equivalents	799	-	-	799
Trade and other receivables	2,759	-	-	2,759
	3,558	-	-	3,558
Consolidated Financial Liabilities				
Trade and other payables	3,628	-	-	3,628
Interest bearing loans and borrowings	31,241	-	-	31,241
	34,869	-	-	34,869
Net maturity	(31,311)	-	-	(31,311)

The remaining contractual maturities of the Group's financial assets and liabilities for the 2012 year were

	< 12 months 2012 \$'000	1 – 5 years 2012 \$'000	> 5 years 2012 \$'000	Total 2012 \$'000
Consolidated Financial Assets				
Cash and cash equivalents	4,075	-	-	4,075
Trade and other receivables	2,583	-	-	2,583
	6,658	-	-	6,658
Consolidated Financial Liabilities				
Trade and other payables	4,910	-	-	4,910
Interest bearing loans and borrowings	65,896	-	-	65,896
	70,806	-	-	70,806
Net maturity	(64,148)	-	-	(64,148)

AGRICULTURAL LAND TRUST ANNUAL REPORT 2013 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18. LEASES

The Trust has lease agreements with Elders Forestry Management Limited in relation to all properties. All leases are guaranteed by Elders Limited. Elders Limited is the parent entity of Elders Forestry Management Limited and Agricultural Land Management Limited.

The rent rate payable in relation to the properties acquired up to and including September 2008 equals BBSY (subject to a floor of 4%) plus the Trust's banking syndicate finance margin above BBSY plus 0.25%. Rental income is calculated by applying the rent rate to property values (initial Greenfields value plus statutory acquisition costs indexed quarterly by CPI with market reviews that are subject to ratchet provisions ensuring property values can not decrease however they can remain static). The rent rate payable in relation to the properties acquired subsequent to September 2008 is the same as detailed above with the exception that the BBSY floor has been increased from 4% to 6%.

The future minimum non-cancellable rental revenues for not later than one year are estimated to be \$4,609,841 (2012: \$9,154,039) for later than one year but not later than five years are \$16,855,962 (2012: \$25,077,744) and for later than five years are \$11,156,922 (2012: \$16,694,430). These estimates have been based on various assumptions including that BBSY is always below the 4% floor, CPI does not increase, the Trust's banking syndicate finance margin above BBSY does not change from 4% and the asset base remains as is.

There were no contingent rentals recognised as revenues in the financial year.

The tenant is responsible for payment of all outgoings, which include rates, taxes and utilities.

19. CAPITAL COMMITMENTS

There is \$nil (2012: \$nil) estimated capital expenditure contracted for at 30 June 2013 but not provided for.

20. SEGMENT REPORTING

The Trust operates wholly within Australia and derives rental income from rural property investments.

21. SUBSEQUENT EVENTS

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, other than the extension of its finance with the syndicated debt facility to 30 August 2013.

22. LITIGATION

The Trust is pursuing legal claims in relation to losses reported by the Trust associated with its 2002 investment in the Kalgoorlie Apartment Hotel Syndicate. These losses are detailed in the Trust's 2005 – 2007 Annual Reports. The claims are being defended with litigation proceedings now at an advanced stage.

The matter is scheduled to go to trial in mid- November 2013 unless an out of court settlement is received and accepted by the Director's prior to this date. Quantification of likely settlement proceeds, if any, is not able to be accurately determined.

**AGRICULTURAL LAND TRUST
ANNUAL REPORT 2013
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

23. PARENT ENTITY INFORMATION

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

	2013	2012
	\$'000	\$'000
Current assets	3,150	5,364
Total assets	50,876	50,940
Current liabilities	10,195	10,338
Total Liabilities	10,195	10,338
Net Assets Attributable to Unitholders and Minority Interests	40,681	40,602
Represented By:		
Issued Capital	58,324	58,174
Retained earnings	(17,643)	(17,572)
Total Unitholders' equity	40,687	40,602
Profit of the parent entity	2,782	3,261
Total comprehensive income of the parent	2,782	3,261
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 2013 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 2013.

On behalf of the Board of Agricultural Land Management Limited.



Tom Pascarella
Chairman
Agricultural Land Management Limited
Adelaide, 5 August 2013

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 2013.

DIRECTORS

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

Peter Zachert
Robert Michael Walter
Max Ormsby (resigned 31 December 2012)
Thomas Shaw Pascarella (appointed 31 December 2012)

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 6.

MEETINGS OF DIRECTORS

The number of meetings of the Responsible Entity's directors held during the year ended 30 June 2013, and the number of meetings attended by each director, are:

Number of Directors meetings held: 10

Number of meetings attended:

Tom Pascarella	5
Peter Zachert	10
Robert Michael Walter	10
Max Ormsby	5

Number of Special Directors meetings held: 1

Number of meetings attended:

Tom Pascarella	1
Peter Zachert	1
Robert Michael Walter	1

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, Peter Zachert has an indirect interest in 127,777 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 through the collection of rental income and capital appreciation.

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 3, 27 Currie Street, Adelaide South Australia, 5000.

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 \$6,040,526 (2012: loss \$10,592,000). Further details in relation to the Trusts results and operations are contained in the Chairman's Report and the Review of Operations.

DISTRIBUTIONS

A first and final distribution of 2.82 cents per unit has been declared and will be paid on 27 September 2013. The total distribution for the year is 2.82 cents per unit (2012: 3.18 cents per unit).

UNITS ON ISSUE

At 30 June 2013, 101,128,143 units of the Trust were on issue (2012: 100,004,457 units). During the year 1,123,686 units (2012: 5,412,109 units) were issued pursuant to the Distribution Reinvestment Plan.

TRUST ASSETS

At 30 June 2013, the Trust held assets with a total value of \$45,308,148 (2012: \$87,141,896). 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 \$471,740 (2012: \$605,209). Details of fees paid or payable to the Responsible Entity and its associates out of scheme property are included in Note 16 of the financial report.

As at 30 June 2013 the Responsible Entity and its associates held 49,692,138 unit interests in the Trust (2012: 49,692,138).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Trust during the year.

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, other than the extension of its finance with the syndicated debt facilities to 30 August 2013.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Divestment of investment properties that have been recorded as being held for sale will continue to be a key focus with proceeds to be used to repay debt.

Exploration of options available to the Trust from both an operating and financial perspective continues to be a major focus of the Board.

The Board recognises that the Trust's performance in 2014 compared to 2013 will continue to be influenced by factors including variations in the components of the Trust's rental mechanism (i.e. BBSY, financier margins, CPI) as well as property and financial market conditions.

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.

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.

AGRICULTURAL LAND TRUST ANNUAL REPORT DIRECTORS' 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.

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 12.

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



Tom Pascarella
Chairman
Agricultural Land Management Limited
Adelaide, 5 August 2013

Independent auditor's report to the unitholders 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 2013, 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:

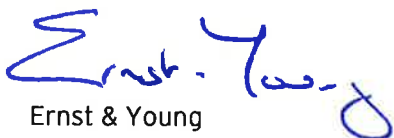
- a. the financial report of Agricultural Land Trust is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2b.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to note 2a within the financial report. Note 2a highlights the reliance being placed on the ability of Agricultural Land Trust to refinance the syndicate debt which expired on 31 July 2013 and has been subsequently extended to 30 August 2013. In addition, the subordinated debt expires on 31 August 2013. There is material uncertainty over whether the trust will be able to meet its obligations as and when they fall due in the absence of continued financing. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Material Uncertainty Regarding Counterparty Risk

Further, we draw attention to the investment properties held for sale which have been measured in accordance with the accounting policy note set out within note 2g. In determining the fair value, consideration has been made to the lease contracts that are in place in relation to the properties. There is material uncertainty over the impact of any potential counterparty risk, and the assessment of counterparty risk may have an impact on the ultimate realisable value of the investment properties.



Ernst & Young



Mark Phelps
Partner
Adelaide
5 August 2013



Building a better
working world

Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com

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 2013, 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
5 August 2013

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 19 July 2013.

(a) Substantial Unit holders

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

	Units	%
Elders Finance Pty Ltd	36,705,729)	
Agricultural Land Management Limited	7,922,113)	
Prestige Property Holdings Pty Limited	4,169,881)	49.14
Futuris Administration Pty Ltd	894,415)	
Westralia Property Holdings Pty Limited	22,809,357	22.55
Emerald Securities Pty Limited	5,603,364	5.54

(b) Distribution of Unit holders

The numbers of unit holders by size of holding are:

Range of Holdings	Holders	Units	%
1 - 1,000	27	7,087	0.01
1,001 - 5,000	66	210,025	0.21
5,001 - 10,000	108	797,547	0.79
10,001 - 100,000	188	5,748,663	5.68
100,001 - over	56	94,364,821	93.31
Total	445	101,128,143	100.00
Unit holders holding less than a marketable parcel	71	118,534	0.09

(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:

Name	Units	%
Elders Finance Pty Ltd	36,705,729	36.30
Westralia Property Holdings Pty Ltd	21,562,511	21.32
Agricultural Land Management Ltd	7,922,113	7.83
Emerald Securities Pty Ltd (Emerald Investment A/C)	5,603,364	5.54
Prestige Property Holdings Pty Ltd	4,169,881	4.12
Mrs Anne Deborah Cathcart	1,350,000	1.33
Richtide Investments Pty Ltd	1,268,081	1.25
Westralia Property Holdings Pty Ltd	1,246,846	1.23
Mr Kevin John Thom	1,115,474	1.10
Indian Ocean Capital (WA) Pty Ltd	963,573	0.95
Futuris Administration Pty Ltd	894,415	0.88
Light Seven Pty Ltd	778,373	0.77
Mr Ianaki Semerdfzief	700,000	0.69
Mrs Thanikeswari Sivananthan	660,405	0.65
Mrs Liliana Teofilova	600,000	0.59
Mr Shane Stephenson	443,000	0.44
Jojaman Pty Ltd (Super Fund A/C)	431,550	0.43
Mr Johannes Henricus Kuyper	385,306	0.38
Mr Clifford Dawson & Mrs Margaret Dawson (C & M Dawson S/F A/C)	351,202	0.35
Anne Juella Thompson & John Harley Thompson	341,535	0.34
Total	87,493,358	86.52