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Company Announcements Platform
Australian Securities Exchange

AGRICULTURAL LAND TRUST (AGJ)
PROPOSED RESTRUCTURE OF AGRICULTURAL LAND TRUST (ALT)

Background

On 1 August 2012 Agricultural Land Management Limited (ALML) in its capacity as trustee of ALT announced the extension of its debt facilities with a syndicate of lenders whereby ALML agreed to reduce its debt levels by selling properties held in ALT. A timetable was agreed and the properties were to be divested in various tranches. It was not an option of ALT to hold these assets beyond the time table as set down in the agreement with the banking syndicate.

The tranches of properties that were to be sold were divided in to the following groups:-

- Properties in Victoria and West Australia which were leased to various parties and which had successful Managed Investment Schemes (MIS) (Group A assets);
- Properties in Central Queensland and North Queensland where the MIS' had not been successful (Group B assets); and
- A property in Esperance, West Australia, known as Linkletters, again a property where the MIS was not successful (Group C asset).

Over the last few months ALML has put all of these properties on the market on both an encumbered and unencumbered basis with a varying degree of success.

Group A assets were successfully sold on an encumbered basis, that is, with the lease in place. The sale of these assets was announced to the ASX on 3 April 2013 for gross proceeds of \$28.15 million.

Group B assets were offered for sale on an encumbered basis but ALML did not receive any offer that was considered reasonable and to the benefit of all unit holders. These assets were then offered for sale on an unencumbered basis, that is, on the basis that the lease on the property would be cancelled at settlement. ALML has been successful in selling all these properties on an unencumbered basis and has successfully negotiated additional compensation from the lessee. These assets were sold individually and all the sales have been notified to the ASX.

The Group C asset has been on the market for some time and ALML has not received any reasonable offers on an encumbered basis. ALML has also received a number of offers on an unencumbered basis, but the offer price together with any compensation that could be negotiated with the lessee does not, in the opinion of the Board, represent a viable option for ALT's unit holders.

A number of unit holders have contacted the ALML Board and management expressing a desire to continue to invest in Linkletters via ALT.

ALML has looked at the various alternatives and has decided to put to unit holders the Proposed Restructure to meet the various requirements of the stakeholders, in particular, to:

- allow the unit holders to continue to invest in Linkletters, which is considered to be an iconic property with an identified path to increase its value;
- reduce the bank debt to a level considered acceptable to the banking syndicate; and,
- de-risk exposure to Elders Limited as the lessee and major unit holder of ALT given their uncertain financial position.

Proposed Restructure

ALML has been negotiating with all the stakeholders and is pleased that it will be able to put forward a proposal for the Restructure to unit holders. This follows ALML today entering into an Implementation Agreement (**Implementation Agreement**) with Elders Limited and other members of the Elders Group (together **Elders**), the major unit holder of ALT, to give effect to a restructure of ALT (**Restructure**).

The Restructure is complex and includes the following elements:

- The Restructure is subject to a number of condition precedents being satisfied, including obtaining unit holder approval of the Restructure.
- The cancellation of the leases between Elders Forestry Pty Ltd and ALML. Compensation will be paid by a combination of cash, forgiveness of subordinated debt and cancellation of units held by Elders.
- Repayment of a portion of the syndicated debt to reduce that debt to a level at which the lenders will continue to finance ALT.
- The raising of additional funds to support the future viability of ALT and to enable ALT to remediate Linkletters by changing the land use from primarily forestry to cropping and grazing. These funds will be raised via new debt and a rights issue to be conducted immediately following the unit holders meeting (assuming the resolutions are passed). The rights issue will be non-renounceable, issued on a 3 for 4 basis and at a price of \$0.085 per ALT unit.

Full details of the components of the Restructure (including a summary of the Implementation Agreement) will be set out in a Notice of Meeting which will be distributed to unit holders. An independent expert has been engaged to opine as to whether the Restructure is fair and reasonable to the independent ALT unit holders and the Notice of Meeting will include the report from the independent expert.

It is currently intended that a unit holders meeting will be held in Perth on 9 December 2013. A more detailed timetable will be included in the Notice of Meeting.

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