

Agricultural Land Trust

29 January 2014

Company Announcements Platform
Australian Securities Exchange

The Directors of Agricultural Land Management Ltd, the responsible entity of the Agricultural Land Trust, release the attached Appendix 4D together with the Half Yearly Report for the Trust for the period ended 31 December 2013.

Discussion and analysis of the Trust's results is contained in the Half Yearly Report.

The Appendix 4D and Half Yearly Report should be read in conjunction with the Trust's Annual Report for the financial year ended 30 June 2013 together with all public announcements made by the Trust during the period ended 31 December 2013 and up until the date of this release.

For further information please contact:

Tom Pascarella Chairman	0407 890 933
Alan Herald Acting General Manager	(08) 8425 5022

Agricultural Land Trust

ARSN 096 588 046

Half Yearly Report

Results for Announcement to the Market

Appendix 4D

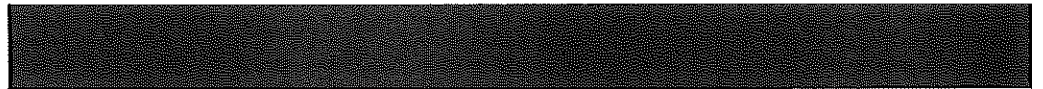
31 December 2013

	% change	6 months ended 31 December 2013 \$'000	6 months ended 31 December 2012 \$'000
Results			
Revenue from continuing operations	Up 121%	10,002	4,526
Profit / (Loss) from continuing operations	Up 102%	39	(2,460)
Net loss attributable to unit holders	Down 93%	(190)	(2,550)
Commentary on Results			
Discussion and analysis of the Trust's results is contained in the Half Yearly Report.			
Interim distribution to unit holders			
Interim distribution payable (\$'000)		0	0
Interim distribution payable (cents per unit)		0	0
Basic and diluted earnings (cents per unit)		(0.15)	(2.52)
Distribution Reinvestment Plan price (cents per unit)		0	0

	31 December 2013	31 December 2012
Net Tangible Assets		
Total net tangible assets attributable to unit holders	\$14,646,519	\$18,945,678
Units on issue	127,487,994	101,128,143
Net tangible assets attributable to unit holders per unit	\$0.11	\$0.19

Agricultural Land Trust

ARSN 096 588 046



**Half Year Report
31 December 2013**

AGRICULTURAL LAND TRUST

Discussion and Analysis of 31 December 2013 Half Yearly Report

Financial Results

The reported net loss of the Trust attributable to unit holders from both continuing and discontinued operations for the half year ended 31 December 2013 was \$190,000 (2012: loss \$2,550,000). This loss included an asset devaluation adjustment of \$8,400,000 (2012: \$3,943,000) reflecting the reduction in rural forestry assets and the further passage of time with existing leases. The profit before the fair value adjustment was \$8,439,000 (2012: \$1,483,000).

The net profit from continuing operations for the half year ended 31 December 2013 was \$39,000 (2012: loss \$2,460,000).

During the period four properties, classified at 30 June 2013 as held for sale (Current Asset), completed settlement. The write down to net realisable value on those properties held for sale was \$8,400,000.

Revenue and expenses

Revenue from continuing operations totalled \$10,002,000 (2012: \$4,526,000) and comprised predominately lease compensation revenue of \$7,737,000 (2012: \$nil) and rental income from rural properties of \$2,200,000 (2012: \$4,482,000).

Expenses from continuing operations, before investment property write down, totalled \$1,563,000 (2012: \$3,043,000) and comprised predominately interest and bank fees on borrowings associated with rural properties of \$954,000 (2012: \$2,468,000).

Expenses from continuing operations also included responsible entity fees of \$131,000 (2012: \$235,000).

Balance Sheet

The net assets of the Trust attributable to unit holders totalled \$14,646,000 as at 31 December 2013 (30 June 2013: \$12,603,000).

The book value of the Trust's investment property as at 31 December 2013 was \$29,300,000 (30 June 2013: \$nil). As at 30 June 2013, the property was disclosed in the Annual Report as an investment property classified as held for sale (Current Asset) and was valued at \$29,300,000. This comprises the Linkletters Place property.

The property value stems from independent assessments, conducted in February and October 2013, of the Linkletters Place property and is based on the market value (encumbered with leases in place) applying a discounted cash flow methodology.

The Trust's borrowings as at 31 December 2013 comprised a secured syndicated bank debt of \$12,155,240 (30 June 2013: \$20,111,000) expiring on 4 February 2014.

The unsecured subordinated debt, balance 31 December 2013 \$4,274,282 (30 June 2013: \$8,966,000), was the subject of various repayments in the period stemming from property sale proceeds applied to the loan; refer Statement of Cash Flows.

As at 31 December 2013 the Trust's gearing ratio (debt to total assets) was 52% (30 June 2013: 64%).

AGRICULTURAL LAND TRUST

Discussion and Analysis of 31 December 2013 Half Yearly Report

Cash Flow

The overall reduction in cash and cash equivalents for the Trust was \$482,000 for the half year ended 31 December 2013 (2012: decrease \$4,017,000).

Operating cash inflow for the period was \$8,574,000 (2012: \$1,913,000). This increase is attributable predominately to lease compensation revenue received of \$7,737,000 (2012: \$nil) and reduced interest costs paid compared to the prior corresponding period.

Investing activity cash inflow for the period was \$5,275,000 (2012: \$nil) and pertains to settlement of the four Queensland properties.

Financing activities produced a net cash outflow for the period of \$14,331,000 (2012: cash outflow \$5,930,000). The financing cash outflows included repayments of syndicated debt totalling \$8,705,000 (2012: \$2,899,000) and repayments of subordinated debt of \$5,007,000 (2012: \$nil). The financing cash outflows also included payment of distributions net of amounts reinvested pursuant to the Trust's Distribution Reinvestment Plan; refer Statement of Cash Flows.

Distributions to unit holders

The Trust paid a first and final distribution in relation to the financial year ended 30 June 2013 totalling \$2,852,000 on 27 September 2013 representing 2.82 cents per unit (2012: \$3,180,000 representing 3.18 cents per unit paid on 8 October 2012).

The total distribution for the financial year ended 30 June 2013 was 2.82 cents per unit (2012: 3.18 cents per unit).

Second half outlook

As was communicated to the market via an ASX announcement on 21 November 2013, the Trust is likely to undergo a significant restructure should resolutions to be put before a unit holder meeting scheduled for 31 January 2014 be passed. This restructure process is likely to continue for several months as the new structure and change in Board and senior management are "bedded down".

In addition to the above, a further key component of the restructure steps is the remediation of the sole remaining property known as Linkletters Place, Esperance, Western Australia. This process is likely to take approximately 18 months at which point the property will be leased for cattle grazing and other agrarian sector activities.

The Trust's second half performance in 2014 is likely to be heavily focused toward remediation of the Linkletters property as per the aforementioned commentary. As such, there is not expected to be any income for the second half period until the land is remediated, a property lease has been implemented and the property becomes income generating, which is forecast to commence in the 2016 financial year end period.

AGRICULTURAL LAND TRUST

Directors Report

The Directors of Agricultural Land Management Limited, the Responsible Entity of Agricultural Land Trust ("the Trust") report as follows:

Directors

The Directors of the Responsible Entity in office during the half year and at the date of this report are:

Thomas Shaw Pascarella
Robert Michael Ardagh Walter
Peter Zachert

Review and Results of Operations

The reported net loss attributable to unit holders of the Trust for the half year ended 31 December 2013 was \$190,000 (2012: loss \$2,550,000).

Further details on the results and operations are included in the attached Discussion and Analysis report.

Rounding of amounts

The entity is of the kind specified in the Australian Securities & Investments Commission class order 98/0100. In accordance with that class order, amounts in the consolidated financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated otherwise.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors Report for the half year ended 31 December 2013.

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



Tom Pascarella
Chairman

Adelaide
29 January 2014



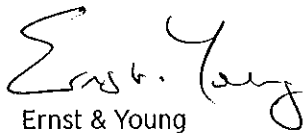
Building a better
working world

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 review of the financial report of Agricultural Land Trust for the half-year ended 31 December 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
Adelaide
29 January 2014

AGRICULTURAL LAND TRUST

STATEMENT OF COMPREHENSIVE INCOME

HALF YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED

	Note	31 December 2013 \$'000	31 December 2012 \$'000
Continuing operations			
Rental income	7	2,200	4,482
Lease compensation revenue	7	7,737	-
Other income	7	27	-
Interest income	7	38	44
Total revenue		10,002	4,526
Trust expenses			
- Finance costs	7	(954)	(2,468)
- Responsible entity fees	7	(131)	(235)
- Auditor's remuneration		(17)	(27)
- Other expenses		(461)	(313)
- Net decrement in fair value of investment properties	7	(8,400)	(3,943)
Total expenses		(9,963)	(6,986)
Net profit / (loss) from continuing operations		39	(2,460)
Discontinued operations			
Net loss from discontinued operations	7	(229)	(90)
Net loss attributable to unit holders of the Trust		(190)	(2,550)
 BASIC AND DILUTED LOSS PER UNIT - CENTS		(0.15)	(2.52)
 BASIC AND DILUTED PROFIT / (LOSS) PER UNIT FROM CONTINUING OPERATIONS - CENTS		0.03	(2.43)
 BASIC AND DILUTED LOSS PER UNIT FROM DISCONTINUED OPERATIONS - CENTS		(0.18)	(0.09)

The statement of comprehensive income should be read in conjunction with the accompanying notes.

AGRICULTURAL LAND TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

CONSOLIDATED

	Note	31 December 2013 \$'000	30 June 2013 \$'000
Current Assets			
Cash and cash equivalents	6	1,067	1,549
Trade and other receivables		1,069	2,759
Prepayments		31	-
Investment properties classified as held for sale	10	-	41,750
Total Current Assets		2,167	46,058
Non Current Assets			
Investment property	10	29,300	-
Total Non Current Assets		29,300	-
Total Assets		31,467	46,058
Current Liabilities			
Trade and other payables		391	3,628
Interest bearing loans and borrowings	8	16,430	29,827
Distributions payable		-	-
Total Current Liabilities		16,821	33,455
Total Liabilities		16,821	33,455
Net Assets Attributable to Unitholders		14,646	12,603
Represented by:			
Units		60,556	58,323
Retained losses		(45,910)	(45,720)
Total Unitholders Interests		14,646	12,603

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

AGRICULTURAL LAND TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

HALF YEAR ENDED 31 DECEMBER 2013

	CONSOLIDATED		
	Profit / (loss) \$'000	Units \$'000	Net assets attributable to unit holders \$'000
At 1 July 2012	(36,827)	58,174	21,347
Net Loss attributable to unit holders	(2,550)	-	(2,550)
Distribution reinvestment plan	-	149	149
Distributions	-	-	-
At 31 December 2012	<u>(39,377)</u>	<u>58,323</u>	<u>18,946</u>
At 1 July 2013	(45,720)	58,323	12,603
Net Loss attributable to unit holders	(190)	-	(190)
Distribution reinvestment plan	-	2,233	2,233
Distributions	-	-	-
At 31 December 2013	<u>(45,910)</u>	<u>60,556</u>	<u>14,646</u>

The Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes.

AGRICULTURAL LAND TRUST

STATEMENT OF CASH FLOWS

HALF YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED

	Note	31 December 2013 \$'000	31 December 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rent received		2,837	4,934
Lease compensation revenue		7,737	-
Interest received		38	44
Interest and borrowing costs paid		(794)	(2,023)
Other expenses paid		(1,052)	(663)
GST (paid) / refund ATO		(192)	(379)
Net cash inflow from operating activities		8,574	1,913
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment properties	10	5,275	-
Net cash inflow from investing activities		5,275	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid to unit holders		(2,852)	(3,180)
Distributions reinvested by unit holders	5	2,233	149
Repayment of subordinated loans	8	(5,007)	-
Repayment of syndicated loans	8	(8,705)	(2,899)
Net cash outflow from financing activities		(14,331)	(5,930)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS			
Add opening cash and cash equivalents at beginning of period		1,549	4,075
CLOSING CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	1,067	58

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

AGRICULTURAL LAND TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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

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

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

The half year financial report should be read in conjunction with the annual Financial Report of the Trust as at 30 June 2013 together with all public announcements made by the Trust and its controlled entities during the half year ended 31 December 2013, and those up to the date of this financial report, in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2013. The adoption of amending standards mandatory for annual reporting periods beginning on or after 1 July 2013 has not resulted in any changes to these accounting policies.

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

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

The Trust's funding arrangements have recently been re-negotiated with the banking syndicate; the expiry date is 4 February 2014. Accordingly, amounts owed to financiers have been included within the financial statements as current liabilities.

The Trust has been offered an approved term sheet from the banking syndicate to extend their facility to 31 July 2016, however, it is subject to a number of conditions including the outcome of the unit holder meeting scheduled for 31 January 2014.

AGRICULTURAL LAND TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b) Changes in Accounting Policy

Since 1 July 2013 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2013. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group: AASB 10, 11, 12 and 13 and 119 (Revised).

2. PROPOSED RESTRUCTURE

During the period, detailed communications have been sent to unit holders setting out a planned restructure to the Trust as per an Explanatory Booklet dated 18 November 2013. The proposed restructure is subject to unit holder vote to be conducted at a unit holder meeting scheduled for 31 January 2014.

The proposed transaction is complex and includes the forgiveness of leases, cancellation of units, repayment of bank syndicated debt, forgiveness of sub-ordinated debt and raising of additional funds. The half year financial report has not been adjusted to reflect any impact of this proposed transaction.

3. CONTINGENT ASSETS AND LIABILITIES

The Trust is continuing to pursue a legal claim 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 claim is being defended with litigation at an advanced stage; the matter went to trial before the West Australian Supreme Court in late December 2013 and is scheduled to again be heard in court early 2014. As at the date of this half yearly report the Directors are not able to accurately determine quantification of likely settlement proceeds, if any.

Having regard for the aforementioned, since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets.

4. SEGMENT REPORTING

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

5. NON-CASH FINANCING ACTIVITIES

The Trust has a distribution reinvestment plan ("DRP") which allows unit holders to elect to reinvest their distribution into new units of the Trust. The issue price under the DRP is the average trading price (weighted by volume) of the Trust's units traded on the ASX during the 10 trading days from, and including the date on which the Trust's units trade ex-distribution, less a discount of up to 10% as determined by the Directors at their absolute discretion.

A distribution from the Trust of \$2,852,000 was paid during the period (2012: \$3,180,000).

The value of distributions reinvested in the half year to 31 December 2013 was \$2,233,000 (2012: \$149,000), which resulted in the issue of 26,359,851 units (2012: 1,123,686 units); refer Note 11.

AGRICULTURAL LAND TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2013

6. RECONCILIATION OF CASH

	CONSOLIDATED	
	31 December 2013 \$'000	30 June 2013 \$'000
Cash at Bank	<u>1,067</u>	<u>1,549</u>
	<u>1,067</u>	<u>1,549</u>

AGRICULTURAL LAND TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2013

7. DISCONTINUED OPERATIONS

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

For the half year ended 31 December	Continuing 2013 \$'000	Discontinued 2013 \$'000	Consolidated 2013 \$'000	Continuing 2012 \$'000	Discontinued 2012 \$'000	Consolidated 2012 \$'000
Rental income	2,200	-	2,200	4,482	-	4,482
Lease compensation revenue	7,737	-	7,737	-	-	-
Other Income	27	-	27	-	-	-
Interest income	38	-	38	44	-	44
Total revenue	10,002	-	10,002	4,526	-	4,526
Finance costs	(954)	-	(954)	(2,468)	-	(2,468)
Diminution in investment	(8,400)	-	(8,400)	(3,943)	-	(3,943)
Responsible entity fees	(131)	-	(131)	(235)	-	(235)
Other expenses	(478)	(229)	(707)	(340)	(90)	(430)
Net profit / (loss) before non controlling interests	39	(229)	(190)	(2,460)	(90)	(2,550)
Net profit / (loss) attributable to non controlling interests	-	-	-	-	-	-
Net profit / (loss) attributable to unit holders of the Trust	39	(229)	(190)	(2,460)	(90)	(2,550)
Distribution to unit holders	-	-	-	-	-	-
Distributions reinvested	2,233	-	2,233	149	-	149
Changes in net assets attributable to unit holders of the Trust	2,272	(229)	2,043	(2,311)	(90)	(2,401)

AGRICULTURAL LAND TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2013

8. BORROWINGS AND REPAYMENT OF DEBT

The Trust's interest bearing loans and borrowings as at 31 December 2013 comprise a secured syndicated bank loan of \$12,155,240 (30 June 2013: \$20,861,000) expiring on 4 February 2014 together with an unsecured subordinated loan facility with Elders Finance Limited, a wholly owned subsidiary of Elders Limited, of \$4,274,282 (30 June 2013 \$8,966,000).

During the period, in conformity with the secured syndicated bank loan agreement, repayments of \$8,705,317 were made (2012: \$2,899,449). Repayments of the unsecured subordinated loan were made in the period of \$5,007,000 (2012: \$nil).

The carrying amount of both the syndicated debt and subordinated debt approximates their fair value.

9. RELATED PARTY DISCLOSURES

Elders Limited is the ultimate parent entity of Agricultural Land Management Limited which acts as the Responsible Entity of the Agricultural Land Trust. The Elders group is also a substantial shareholder (51.96%) and has provided eligible undertakings to Agricultural Land Management Limited.

The Board of Agricultural Land Management Limited is comprised of a majority of independent directors.

Responsible Entity Fees

The Responsible Entity fees for the half year were \$131,351 (2012: \$235,317).

Rental Income

The rental income for the half year was \$2,199,964 (2012: \$4,482,000). During the period, lease compensation revenue received was \$7,737,000 (2012: \$nil).

Subordinated Loan

As at 31 December 2013 the balance due and payable to Elders Finance Pty Limited, an entity wholly owned by Elders Limited, is \$4,274,282 (2012: \$9,511,835).

Repayments to Elders Finance Pty Limited in the period under review were \$5,007,000.

Compensation of Key Management Personnel

No amounts are paid by the Trust directly to directors and key management personnel of the Trust. Directors of the Responsible Entity receive remuneration in their capacity as directors of the Responsible Entity. Amounts paid to other senior management are also paid directly by 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 TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2013

9. RELATED PARTY DISCLOSURES (CONT.)

Australian Financial Services Licence Conditions

From November 2012 Responsible Entities became subject to new financial requirements in accordance with the Australian Securities Investment Commission Class Order 11/1140 and as outlined in the updated version of Regulatory Guide 166 Licensing: Financial requirements.

As a result of the change, Agricultural Land Management Limited, the Responsible Entity for the Trust made a submission to ASIC to seek relief from the financial requirements which have not been met. ASIC have not yet confirmed the requested relief and the impact of Class Order changes on the Trust remains unclear.

10. INVESTMENT PROPERTIES

The book value of the Trust's investment property as at 31 December 2013 was \$29,300,000 (30 June 2013: \$nil) comprising the Linkletters Place property. As at 30 June 2013, the property was disclosed in the Annual Report as an investment property classified as held for sale and was valued at \$29,300,000.

As the property is no longer held for sale, and consistent with the thrust of the planned restructure (refer ASX announcements made to the market on 28 October 2013 and 21 November 2013), the property has been reclassified as an investment property as at 31 December 2013.

The investment property has been measured at fair value based on Director's valuations, having regard to independent assessments, conducted in February and October 2013, of the Linkletters Place property and is based on the market value (encumbered with leases in place) applying a discounted cash flow methodology.

As disclosed in note 2, a proposed restructure is currently being considered by unit holders. Should the transaction be executed and the leases forgiven it would no longer be appropriate to include the discounted cash flows associated with such lease payments when determining the fair value of the investment properties. The value assigned to this component of the investment properties is significant and the half year financial report has not been updated to consider this impact.

In the period under review the two Central Queensland and the remaining two Far North Queensland properties completed settlement; total sale proceeds received for the four properties were \$5,275,000.

11. 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, that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial periods.

AGRICULTURAL LAND TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2013

12. UNITS ON ISSUE

	31 December 2013	31 December 2012
Opening balance at 30 June 2013	101,128,143	100,004,457
Units issued under "DRP" in the period	26,359,851	1,123,686
Closing balance at 31 December 2013	<u>127,487,994</u>	<u>101,128,143</u>

AGRICULTURAL LAND TRUST

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Responsible Entity, Agricultural Land Management Limited:

In the opinion of the Directors:

- (a) the financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including:
 - i Giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half year ended on that date; and
 - ii Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

- (b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



Tom Pascarella
Chairman

Adelaide
29 January 2014

To the Unitholders of Agricultural Land Trust

Report on the Half-Year Financial Report

We have reviewed the half year financial report of Agricultural Land Trust, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the half year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the trust and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Agricultural Land Trust and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Building a better
working world

Conclusion

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

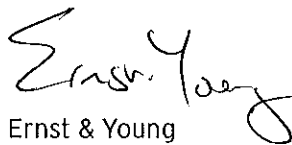
- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to Note 1a within the half year financial report. Note 1a highlights the reliance being placed on the ability of Agricultural Land Trust to refinance the syndicate debt which expires on 4 February 2014 as well as the subordinated debt which is presently expired although subordinate to the syndicate debt facility. 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 half year 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 property which has been measured in accordance with the accounting policy note set out within note 2g of the 2013 Annual Report. In determining the fair value, consideration has been given to the lease contract. 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
29 January 2014