

Agricultural  Land Trust

ARSN 096 588 046

**Annual Report
30 June 2016**

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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 "One Managed Investment Funds Limited" and "Responsible Entity" are used in this report to refer to One Managed Investment Funds Limited.

The terms "the year" and "2016" refer to the twelve months ended 30 June 2016 unless otherwise stated. Similarly, references to 2015 refer to the twelve months to 30 June of that year.

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CORPORATE DIRECTORY

Responsible Entity	One Managed Investment Funds Limited ABN 47 117 400 987 Level 11, 20 Hunter Street Sydney NSW 2000 Phone: (02) 8277 0000 Facsimile: (02) 8580 5700 Australian Financial Services Licence Number: 297042
Postal Address	PO Box R1471 Royal Exchange NSW 1225
Registered Address	Level 11, 20 Hunter Street Sydney NSW 2000
Directors	Justin Epstein (Chairman and Executive Director) Frank Tearle (Executive Director and Company Secretary) Elizabeth Reddy (Non-Executive Director)
Secretary	Frank Tearle
Registry	Computershare Investor Services Pty Limited Level 5, 115 Grenfell Street Adelaide SA 5000 Phone: 1300 727 620 Facsimile: 1300 534 987
Auditor	Crowe Horwath Sydney Level 15, 1 O'Connell Street Sydney NSW 2000
Bankers	Australia and New Zealand Banking Group Limited Commonwealth Bank Australia Limited National Australia Bank Limited St George Bank Limited Westpac Banking Corporation Limited
ASX code	AGJ
Website	www.agriculturallandtrust.com.au

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CHAIRMAN'S REPORT

Following the Trust's restructure in March 2014, the only remaining property in the Trust is the iconic property in Esperance, Western Australia, known as "Linkletters Place".


For the year, the net income of the Trust was \$1.49 million (2015: net income of \$3.5 million). This includes an asset revaluation adjustment of \$2.45 million (2015: asset revaluation of \$4.7 million) reflecting current rural forestry values. As a result of the revaluation, the book value of the Linkletters property is \$20.10 million (2015: \$17.65 million). Cash flow from operating activities was down from last year 5% (2015: down 103%) with an outflow of \$0.32 million (2015: outflow of \$0.33 million).

As previously outlined, it is intended that Linkletter's Place is remediated which will enable a return to grazing and crop producing activities. We note that there has been no significant progress toward remediation of the property at this time as a result of negotiating with a number of parties to implement an alternative proposal to extract value for investors from the remediation process. We continue to explore the optimal mechanism to achieve this and will advise investors once this has been determined.

The Trust extended the syndicated loan facility to 30 September 2016. In conjunction with exploring the optimal structure to realise value from the remediation process, we are continuing to negotiate with a new financier.

The Directors have determined the Trust will not pay a distribution for this year (2015: \$nil cents per unit).

As reported to the market in the first half of the financial year, there will be a continual absence of rental income until remediation is completed and the property is ready to be leased.



Justin Epstein
Chairman
One Managed Investment Funds Limited
Sydney
30 August 2016

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REVIEW OF OPERATIONS

Financial Results

The net income attributable to unit holders of the Trust for the year was \$1.49 million (2015: net income \$3.5 million). The net income resulted largely from the revaluation of the Trust's investment property of \$2.45 million (2015: revaluation of \$4.75 million) offset by expenses of \$0.27 million and \$0.78 million of financing costs.

The Trust's cash flow used in operations during the year was \$0.32 million (2015: outflow of \$0.33 million).

The total assets of the Trust increased during the year to \$21.25 million (2015: \$19.8 million) due to the revaluation of Linkletters place. The Trust's net assets as at 30 June 2016 were \$11.19 million (2015: \$9.7 million).

Distributions to Unit holders

The Directors have determined that there will be no distribution payable for the 2016 year (2015: nil cents per unit) and there is no Distribution Reinvestment Plan (2015: \$310,030 and issue of 3,475,661 units).

Market Performance

During the year, units in the Trust traded within a range of 3.5 cents per unit to 9.0 cents per unit. Based on the closing price of 4.0 cents per unit as at 30 June 2016 (2015: 8.2 cents per unit), the Trust had a market capitalisation of \$3.9 million (2015: \$8.0 million); the distribution yield for the Trust for the year was nil% (2015: nil %).

Funding

As at 30 June 2016, the syndicated loan facility balance was \$10.0 million (2015: \$10.0 million).

The Trust extended the syndicated loan facility extended to 30 September 2016.

As at 30 June 2016 the Trust's gearing ratio (debt to total assets) was 47.1% (2015: 50.5%).

For further information, refer to accounting policy note 2(a).

Revaluations

The Trust commissioned a valuation of the Linkletters property as at 30 June 2016.

The directors have considered the 30 June 2016 valuation, prepared by Opteon Property Group as the basis for their determination of fair value. The valuation assesses the current fair value of the property to be \$20.10 million. The directors have adopted a fair value for the Trust's property portfolio of \$20.10 million (2015: \$17.65 million) based on their assessment of the value of the property.

For further information, refer to accounting policy note 2(g) and note 4.

Responsible Entity Fees

The Responsible Entity fees for the year were \$50,536 (2015: \$45,866). For further information refer to note 22(a).

Change of the auditor

On 20 November 2015, the responsible entity approved a change of auditor from Deloitte Touche Tohmatsu to Crowe Horwath Sydney. ASIC approved the change of auditor effective 14 January 2016.

Outlook

The Trust continues to prepare Linkletters Place for remediation with the absence of rental income ongoing. Once the remediation works are completed, opportunities for sale or leasing will be assessed.

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DIRECTORS AND SECRETARIES

The directors of One Managed Investment Funds Limited ("OMIFL"), the responsible entity of Agricultural Land Trust (the "Trust") in the office during the year and at the date of this report are:

One Managed Investment Funds Limited

Justin Epstein (age 36)
(Chairman and Executive Director)

Mr Epstein is a founding director of One Investment Group Pty Ltd ("OIG"). Prior to founding OIG in 2009, Mr Epstein was the investment director of one of Australia's most significant private investment houses. The investment house was diversified in terms of asset class, geographical and economic sector investment and had significant international investments in sectors including banking and financial services, petroleum, aviation and property. Mr Epstein was responsible for sourcing and leading investment opportunities. In this role, Mr Epstein was also Head of Corporate Finance for Global Aviation Asset Management, one of the world's largest aircraft lessors managing a modern portfolio of 53 aircraft in long term operating leases to airlines around the world.

Mr Epstein has previously worked in group strategy and business development for a major Australian investment bank, for the corporate finance restructuring division of Ernst & Young and for a specialised private property finance and investment group. Mr Epstein is a director of a private investment company primarily focused on equity investments and distressed debt opportunities.

Mr Epstein holds a Bachelor of Commerce (with Distinction) from the University of New South Wales and is a Fellow of the Financial Services Institute of Australia.

Frank Tearle (age 49)
(Executive Director and Company Secretary)

Mr Tearle is a founding director of OIG. Prior to founding OIG, Mr Tearle served in various roles at Allco Finance Group, including Head of Business Transition and Operations, Managing Director of the Hong Kong Office, Director of the corporate finance team and general counsel.

Mr Tearle has been a non-executive director of several companies, including manager of a Singapore listed property trust and an APRA regulated insurance company. Mr Tearle has more than 10 years' experience working in major law firms in Australia and the United Kingdom, specialising in merges and acquisitions, capital markets, funds management and corporate governance.

Mr Tearle has a Master's Degree in International Business Law from the University of Technology, Sydney and a Bachelor of Law (with Honours) from the University of Leicester.

Elizabeth Reddy (age 51)
(Non-Executive Director)

Ms Reddy is an experienced corporate and commercial lawyer, having practised as a lawyer for in excess of 10 years both in the private and commercial arenas.

Ms Reddy specialises in the Corporations Act, contractual disputes, merges and acquisitions, equitable claims, trade practices and insolvencies. Ms Reddy is also experienced in compliance and risk management issues.

Ms Reddy spent a number of years working at both of Freehills and Atanaskovic Hartnell prior to undertaking a number of commercial roles.

Ms Reddy holds a Diploma in law.

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CORPORATE GOVERNANCE

The Agricultural Land Trust is a registered managed investment scheme under the Corporations Act 2001 ("Corporations Act"). One Managed Investment Funds Limited ("OMIFL") 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. The Responsible Entity's corporate governance statement can be found on the Trust's website www.agriculturallandtrust.com.au.

**AGRICULTURAL LAND TRUST
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Continuing operations			
Other income		27	30
Interest income		59	9
Net increment in fair value of investment property	4	2,450	4,750
Revenue		2,536	4,789
Finance costs	13	(779)	(958)
Responsible entity fees		(51)	(46)
Other expenses	20	(216)	(238)
Net income from continuing operations		1,490	3,547
Net income for the year		1,490	3,547
Other comprehensive income		-	-
Total comprehensive income for the year		1,490	3,547
Basic and diluted income per unit (cents)	8	1.53	3.67

The accompanying notes form part of the financial statements

**AGRICULTURAL LAND TRUST
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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Notes	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Current Assets			
Cash and cash equivalents	3	850	1,168
Trade and other receivables	5	7	7
Other Assets	7	293	899
Total Current Assets		1,150	2,074
Non Current Assets			
Other Assets	7	-	74
Investment property	4	20,100	17,650
Total Non Current Assets		20,100	17,724
Total Assets		21,250	19,798
Current Liabilities			
Trade and other payables	6	60	98
Interest bearing loans and borrowings	12	10,000	-
Total Current Liabilities		10,060	98
Non Current Liabilities			
Interest bearing loans and borrowings	12	-	10,000
Total Non Current Liabilities		-	10,000
Total Liabilities		10,060	10,098
Net Assets Attributable to Unit Holders		11,190	9,700
Represented By			
Units		55,299	55,299
Retained losses		(44,109)	(45,599)
Total Unit Holders Interests		11,190	9,700

The accompanying notes form part of the financial statements

**AGRICULTURAL LAND TRUST
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Profit / (loss)	Units	Net Assets Attributable to Unit Holders
	\$'000	\$'000	\$'000
Consolidated			
At 1 July 2014	(49,146)	54,988	5,842
Net income attributable to unit holders before distributions to unit holders	3,547	-	3,547
Units issued in Trust under DRP	-	311	311
Distributions	-	-	-
At 30 June 2015	<u>(45,599)</u>	<u>55,299</u>	<u>9,700</u>
At 1 July 2015	(45,599)	55,299	9,700
Net income attributable to unit holders before distributions to unit holders	1,490	-	1,490
Units issued in Trust under DRP	-	-	-
Distributions	-	-	-
At 30 June 2016	<u>(44,109)</u>	<u>55,299</u>	<u>11,190</u>

The accompanying notes form part of the financial statements

**AGRICULTURAL LAND TRUST
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Consolidated 2016 \$'000	Consolidated 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		59	13
Other receipts		27	28
Interest and borrowing costs paid		(101)	(60)
GST (paid)/refund ATO		-	9
Other expenses paid		(303)	(324)
Net Cash Flows used in Operating Activities	3(a)	(318)	(334)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Cash Flows used in Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid to unit holders		-	(185)
Net Cash Flows used in Financing Activities		-	(185)
Net decrease in Cash and Cash Equivalents		(318)	(519)
Cash and cash equivalents at beginning of period		1,168	1,687
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3(b)	850	1,168

The accompanying notes form part of the financial statements

**AGRICULTURAL LAND TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Trust Information and Summary of Significant Accounting Policies

Key Items	Capital	Risk	Unrecognised Items	Other
3. Cash and cash equivalents	8. Earnings per unit (EPU)	15. Financial risk management objectives and policies	17. Subsequent events	19. Parent entity information
4. Investment property	9. Net asset backing per unit	16. Litigation	18. Segment reporting	20. Other expenses
5. Trade and other receivables	10. Units on issue			21. Auditor's remuneration
6. Trade and other payables	11. Distributions to unitholders			22. Related party disclosures
7. Other assets	12. Interest-bearing loans and borrowings			
	13. Finance Cost			
	14. Capital commitments			

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Trust Information

Agricultural Land Trust is an Australian registered managed investment scheme. One Managed Investment Funds Limited ("OMIFL"), 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 2016 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 11, 20 Hunter Street, Sydney, New South Wales 2000. 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 the investment property that has been measured at fair value based upon directors' valuation. Independent valuations are conducted annually, by 31 December each year and from time to time at Directors' discretion. The Directors authorised an independent valuation of the properties as at 30 June 2016. The valuation obtained are considered by the Directors of the Responsible Entity when determining fair values (refer accounting policy note 4).

The consolidated financial report was authorised for issue by the directors on 30 August 2016.

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.

Going concern

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

As disclosed in Note 12, the existing syndicated banking facility has been extended from 31 July 2016 to 30 September 2016. While at the date of signing this financial report the directors continue to negotiate with a new financier to refinance the existing syndicate banking facility, the Directors have no reason to believe that they will not be able to negotiate a new facility before 30 September 2016.

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; and
- the basis of preparation of the general purpose financial report on a going concern basis is appropriate.

However, if a new banking facility is unable to be renegotiated; such an event would give rise to material uncertainty about the ability of the Trust to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include 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 Trust not continue as a going concern.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Summary of Significant Accounting Policies (Cont.)

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 2016.

Details of these are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Group
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended in December 2014 to reflect amendments for a) impairment requirements for financial assets and b) the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets, and (2) the characteristics of the contractual cash flows.</p> <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. An expected credit loss model is to be applied to the impairment of financial assets. This model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to occur before credit losses are recognised.</p> <p>d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss 	1 January 2018	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2018

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Summary of Significant Accounting Policies (Cont.)

b) Statement of compliance (Cont.)

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Group
		<p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p> <p>The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:</p> <ol style="list-style-type: none"> 1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. 2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time. 3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018. 			

AASB 15	Revenue from Contracts with Customers	<p>AASB 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.</p> <p>AASB 15 supersedes:</p> <ol style="list-style-type: none"> (a) AASB 111 Construction Contracts (b) AASB 118 Revenue (c) Interpretation 113 Customer Loyalty Programmes (d) Interpretation 115 Agreements for the Construction of Real Estate (e) Interpretation 118 Transfers of Assets from Customers (f) Interpretation 131 Revenue — Barter Transactions Involving Advertising Services <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ol style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p>	1 January 2018	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2018
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AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Summary of Significant Accounting Policies (Cont.)

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 2016.

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.

Control of a subsidiary is determined by the parent entity's power over the subsidiary and its ability to direct activities that significantly affect returns.

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.

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*

One Investment Administration Ltd ("OIAL") (Formally Agricultural Land Management Limited ("ALML")), the trustee of ALT No.1 Trust, has commenced proceeding to terminate the Linkletters Place lease.

(ii). *Investment Properties - Valuations*

An independent valuation of the property is conducted annually before 31 December each year from time to time at the Director's discretion which forms the basis for determination of the fair value of the property by the directors of the Responsible Entity when determining fair value (see note 4).

e) Provision for distribution

The Directors have determined the Trust will not pay a distribution for this year.

f) 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.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Summary of Significant Accounting Policies (Cont.)

g) 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.

h) 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 Profit or Loss and Other Comprehensive Income.

i) Leases

Leases are classified at their inception as either operating or finance leases; there are no finance leases.

Operating Leases:

One Investment Administration Ltd ("OIAL") (Formally Agricultural Land Management Limited ("ALML")), the trustee of ALT No.1 Trust, has commenced proceeding to terminate the Linkletters Place lease.

j) 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.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Summary of Significant Accounting Policies (Cont.)

k) 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.

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

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Summary of Significant Accounting Policies (Cont.)

3. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank, and units held in One Cash Management Fund ("OCMF"). They are stated at their nominal values.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Cash at bank	4	19
One Cash Management Fund	846	1,149
	850	1,168

Units held in the One Cash Management Fund, a fund managed by a related party of OMIFL, are redeemable on a daily basis.

STATEMENT OF CASH FLOWS

(a) Reconciliation of net income/(loss) to Cash Flows from/(used in) Operating Activities

Net income/(loss)	1,490	3,547
Net (increment)/decrement in fair value adjustment	(2,450)	(4,750)
(Increase)/decrease in receivables	-	(4)
Decrease/(Increase) in other assets	678	900
Decrease in payables	(36)	(27)
Net operating cash flow	(318)	(334)

(b) Reconciliation of cash

Cash at bank	4	19
One Cash Management Fund	846	1,149
	850	1,168

(c) Non-cash financing and investing activities

During the year, income distribution totalling \$nil (2015: \$310,030) were reinvested in the Trust, pursuant to the Trust's Distribution Reinvestment Plan.

4. Investment Property

(a) Property investment

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 annually and from time to time at the Director's discretion 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.

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.

	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Investment property at fair value	20,100	17,650
	20,100	17,650

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4. Investment Property (Cont.)

(b) Reconciliation of level 3 investment property

	Carrying amount at start of year \$'000	Transfer from Properties classified as held for sale \$'000	Disposals \$'000	Increment/ (decrement) from fair value adjustments \$'000	Carrying amount at end of year \$'000
2015					
Rural Property	12,900	-	-	4,750	17,650
	<u>12,900</u>	<u>-</u>	<u>-</u>	<u>4,750</u>	<u>17,650</u>
2016					
Rural Property	17,650	-	-	2,450	20,100
	<u>17,650</u>	<u>-</u>	<u>-</u>	<u>2,450</u>	<u>20,100</u>

Rental income from the investment property during the year was \$nil (2015: \$nil). Direct operating expenses (including repairs and maintenance) for the investment property for the year was \$nil (2015: \$nil).

Opteon Property Group ("Opteon") valued Linkletters Place as at 30 June 2016 in accordance with AASB 13 and AASB 140. The directors, in consultation with Opteon, have determined that there has been no material movement in the market since 30 June 2016 and the valuation remains as the basis of the investment property's fair value. The Directors have determined the fair value of the Trust's investment property to be \$20.10 million.

The Opteon Property Group valuation considers the following inputs in determining the fair value:

Level 2 inputs:

- Comparable land sales.

Level 3 inputs:

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

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

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4. Investment property (Cont.)

(c) Reconciliation of level 3 investment property

Linkletters Place measures 8,886 hectares in total and comprises the following,

Type	Land size	Value
Bluegum Plantation	7,476 hectares	\$2,300 per hectare
Cleared and Pastured Land	556 hectares	\$3,200 per hectare
Other	438 hectares	\$250 per hectare
Native Bush, Granite and Wetlands	416 hectares	\$150 per hectare
Structural improvements		\$953,000

There have been no transfers between the levels of the fair value hierarchy. The Trust has determined its policy to be to apply all transfers from the end of the reporting period.

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 property is pledged as security to secure the syndicated bank loan (see note 12).

5. Trade and Other Receivables

	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Other receivables	7	7
	<u>7</u>	<u>7</u>

Terms and conditions relating to the above financial instruments:

'Other receivables' comprises distribution receivable from the One Cash Management Fund and eligible refunds on GST.

6. Trade and Other Payable

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.

	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Trade creditors	34	48
Other payables: Other accruals	26	50
	<u>60</u>	<u>98</u>

Terms and conditions relating to the above financial instruments:

Trade creditors are non-interest bearing and generally on 30-day terms.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7. Other Assets

Current Asset		
Banking syndicate interest security deposit	282	773
Prepayments	11	126
	293	899
<hr/>		
Non-Current Asset		
Banking syndicate interest security deposit	-	65
Prepayments	-	9
	-	74
<hr/>		

The Trust extended the syndicated loan facility to 30 September 2016 (see Note 12).

8. 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.

	Consolidated 2016	Consolidated 2015
Earnings per unit attributable to ordinary unit holders		
Basic profit/(loss) per unit (cents)	1.53	3.67
Diluted profit/(loss) per unit (cents)	1.53	3.67
	<hr/>	<hr/>

Earnings per unit and diluted earnings per unit are calculated by dividing the net income 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 97,510,036 (2015: 96,672,068).

9. Net Asset Backing Per Unit

	Consolidated 2016	Consolidated 2015
Basic net asset backing per unit (\$)	0.11	0.10
	<hr/>	<hr/>

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 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

10. Units on Issue

	Consolidated 2016 '000	Consolidated 2015 '000
Units on issue at beginning of the year	97,510	94,034
Units issued during the year		
- Distribution reinvestment plan	-	3,476
Units on issue as at the reporting date	97,510	97,510

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, and
- 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.

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 2016 year was \$nil (2015: \$310,030) which resulted in the issue of nil units (2015: 3,475,661 units).

11. Distributions to Unitholders

	Distributions \$'000	Number of units '000	Distributions cents per unit
2016			
Interim Distribution	-	97,510	-
Final Distribution – payable September 2016	-	97,510	-
	-		-
2015			
Interim Distribution	-	97,510	-
Final Distribution – paid Sept 2015	-	97,510	-
	-		-

The Trust has an unused tax losses of \$37,219,325 (2015: \$36,259,782) which will be available for offset, subject to loss integrity rules under Australian tax legislation, should the Trust be in a taxable position in the future.

12. 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 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.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

12. Interest Bearing Loans and Borrowings (Cont.)

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.

	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Current		
Secured term loan*	10,000	-
Non-current		
Secured term loan*	-	10,000
	10,000	10,000
Financing facilities		
Total facilities used – Bills of Exchange	10,000	10,000
Total facilities unused – Bills of Exchange	-	-
Total facilities	10,000	10,000
* The Directors made a market announcement on 1 August 2016 that the maturity date of the existing syndicated banking facility had been extended from 31 July 2016 to 30 September 2016. As at 30 June 2016, the facility balance was \$10.0 million (2015: \$10.0 million). The fair value approximates the current value of \$10.0 million. The Linkletters property is pledged as security for the loan.		
13. Finance Costs		
Finance costs expensed		
- interest expense continuing operations	615	770
- other finance costs continuing operations	164	188
	779	958
14. Capital Commitments		
As disclosed in note 22(b), there is \$1,100,000 (2015: \$1,100,000) estimated capital expenditure contracted for at 30 June 2016 but not provided for.		
15. Financial Risk Management Objectives and Policies		
The Trust's principal financial instrument is a secured term loan (bills of exchange) secured over the Linkletters property. The main purpose of the loan is to finance the sole remaining investment property, Linkletters. 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.		

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

15. Financial Risk Management Objectives and Policies (Cont.)

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 mix of financial assets and liabilities is summarised in notes 3, 5, 6 & 12. Given that the Trust has prepaid interest on 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 income summarised below.

The analysis below considers the impact on net income of BBSY being 1% higher and 1% lower than the applicable BBSY as at 30 June 2016 of 1.75% (2015: 2.00%).

Consolidated	2016 BBSY higher 1% \$'000	2016 BBSY lower 1% \$'000
Net Interest	9	(9)
Net impact on income	9	(9)

Consolidated	2015 BBSY higher 1% \$'000	2015 BBSY lower 1% \$'000
Net Interest	12	(12)
Net impact on income	12	(12)

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. It is noted the Trust has no lease agreements in place as of year-end.

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 for the 2016 year are

	< 12 months 2016 \$'000	1 – 5 years 2016 \$'000	> 5 years 2016 \$'000	Total 2016 \$'000
Consolidated Financial Assets				
Cash and cash equivalents	850	-	-	850
Other receivables	7	-	-	7
	857	-	-	857
Consolidated Financial Liabilities				
Trade and other payables	60	-	-	60
Interest bearing loans and borrowings	10,000	-	-	10,000
	10,060	-	-	10,060
Net maturity	(9,203)	-	-	(9,203)

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

15. Financial Risk Management Objectives and Policies (Cont.)

The remaining contractual maturities of the Group's financial assets and liabilities for the 2015 year were

	< 12 months	1 – 5 years	> 5 years	Total
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
Consolidated Financial Assets				
Cash and cash equivalents	1,168	-	-	1,168
Trade and other receivables	7	-	-	7
	1,175	-	-	1,175
Consolidated Financial Liabilities				
Trade and other payables	98	-	-	98
Interest bearing loans and borrowings	-	10,000	-	10,000
	98	10,000	-	10,098
Net maturity	1,077	(10,000)	-	(8,923)

16. Litigation

No other matter or circumstance has arisen since the end of the financial period.

17. Subsequent Events

On 26 July 2016 the Directors have announced to the market that the Trust has obtained an independent valuation of the Linkletters property (Esperance, Western Australia), which valued the property at Market Value As Is, subject to the existing lease as at 30 June 2016 at \$20,100,000. The Directors noted that this valuation specifically excludes any additional value for the standing Blue Gum Plantation.

The Directors announced to the market on 1 August 2016 that the Trust had the syndicated loan facility extended to 30 September 2016.

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.

18. 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). The entity's chief operating decision maker regularly reviews its operating results, in order to make decisions about resource allocations and assess its performance, 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.

The Trust operates wholly within Australia and will become a crop and grazing producing business after completion of remediation works on its sole investment property in Esperance, Western Australia.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. Parent Entity Information

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

	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Current assets	4,108	4,409
Total assets	17,989	16,737
Current liabilities	43	41
Total Liabilities	7,039	7,037
Net assets attributable to unitholders and minority interests	10,950	9,700
Represented By:		
Issued Capital	55,299	55,299
Retained earnings	(44,349)	(45,599)
Total unitholders' equity	10,950	9,700
Profit of the parent entity	1,250	3,547
Total comprehensive income of the parent	1,250	3,547
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
20. Other Expenses		
Audit fees	32	48
Consulting fees	2	2
Council rates	82	73
Legal fees	13	25
Listing fees	40	49
Tax consulting fees	4	18
Other expenses	43	23
	216	238

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

21. Auditor's Remuneration

	Consolidated 2016 \$	Consolidated 2015 \$
Amounts received or due and receivable by the auditor for:		
Crowe Horwath Sydney		
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	23,512	-
- other service		
Deloitte	-	-
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	6,365	32,960
- other service	-	-
Other services in relation to the entity and any other entity in the consolidated entity:		
PricewaterhouseCoopers		
- compliance plan audit	2,170	11,457
- other service	-	-
	32,047	44,417

As stated in the Corporate Directory, Crowe Horwath Sydney is the auditor of the Trust. The Trust's compliance plan audit is conducted by PricewaterhouseCoopers.

22. Related Party Disclosures

(a) Responsible Entity

The Responsible Entity of Agricultural Land Trust at 30 June 2016 is One Managed Investment Funds Limited ("OMIFL") whose parent entity at 30 June 2016 is One Investment Group Pty Limited ("OIG"). The ultimate parent entity is One Investment Group Holdings Pty Limited ("OIG").

The Responsible Entity fees for the year were \$50,536 to One Managed Investment Funds Limited (2015: \$45,866).

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 paid 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;
- Marketing and promotional expenses; and
- The fee is paid 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.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

22. Related Party Disclosures (Cont.)

(a) Responsible Entity (Cont.)

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 2016, an estimated balance of \$12,667 was payable to the Responsible Entity (2015: \$60,034).

(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	
	2016 %	2015 %
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 \$nil (2015: \$nil) which was received or receivable in relation to leased properties.

Contractual Arrangements

The Trust remains in contractual arrangements for the remediation of the land with Mammoth Construction Pty Ltd, an entity associated with Mr Allen Caratti. These contractual arrangements cap the remediation fee at \$1,100,000. Mr Caratti is a substantial unitholder of the Trust holding units through his associated entities Westralia Properties Holdings Pty Ltd, Richtide Investments Pty Ltd and Indian Ocean Capital (WA) Pty Ltd.

Investments in unlisted funds managed by OMIFL

The Trust has invested units valued at \$845,979 (2015: \$1,148,871) in the One Cash Management Fund ("OCMF") as at 30 June 2016. The trustee of OCMF is One Investment Management Pty Ltd ("OIMPL"), an authorised representative of OMIFL. OIMPL and OMIFL are subsidiaries of One Investment Group Pty Limited. This investment has enabled the Trust to improve its return on cash held. The investment has been included in cash and cash equivalents as it is redeemable daily.

OCMF charges a management fee to its unitholders at a rate of 0.50% per annum on its net assets. Management fees paid by the Trust to OCMF for the year ended 30 June 2016 were \$5,360 (2015: \$5,480).

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

22. Related Party Disclosures (Cont.)

(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:

One Managed Investment Funds Limited

- Justin Epstein
- Frank Tearle (Director and Company Secretary)
- Elizabeth Reddy

Agricultural Land Management Limited (appointed 1 August 2014)

- Justin Epstein (appointed 4 July 2014)
- Frank Tearle (appointed 4 July 2014)
- Elizabeth Reddy (appointed 4 July 2014)

(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. Consequently, no compensation, as defined in AASB 124: Related Party Disclosures is paid by the Trust to its key management personnel. Each of One Managed Investment Funds Limited and Agricultural Land Management Limited, as responsible entity of the Trust during the period, is deemed for disclosure purposes to be a key management personnel of the Trust. Compensation is payable to the Trust's responsible entity in the form of fees disclosed in note 22(a).

(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 2016, director Justin Epstein held an indirect interest of 223,891 units in the Trust.

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of One Managed Investment Funds 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 2016 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 2016.

On behalf of the Board of Agricultural Land Trust.



Justin Epstein
Chairman
One Managed Investment Funds Limited
Sydney
30 August 2016

AGRICULTURAL LAND TRUST ANNUAL REPORT 2016

DIRECTORS' REPORT

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987), 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 2016.

DIRECTORS

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

One Managed Investment Funds Limited

- Justin Epstein
- Frank Tearle (Director and Company Secretary)
- Elizabeth Reddy

Agricultural Land Management Limited (appointed 1 August 2014)

- Justin Epstein (appointed 4 July 2014)
- Frank Tearle (appointed 4 July 2014)
- Elizabeth Reddy (appointed 4 July 2014)

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 4.

MEETINGS OF DIRECTORS

The number of meetings of the Responsible Entity's directors held during the year ended 30 June 2016, and the number of meetings attended by each director, are:

Number of Directors meetings held: **4**

Number of meetings attended:

Justin Epstein	4
Frank Tearle	4
Elizabeth Reddy	1

Number of Special Directors meetings held: **0**

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, Justin Epstein has an indirect interest in 223,891 units (2015: 223,891 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 income from agistment and cropping activities in the medium term.

TRUST INFORMATION

The Trust was registered as a Managed Investment Scheme on 7 May 2001.

One Managed Investment Funds 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 11, 20 Hunter Street, Sydney, New South Wales, 2000.

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REVIEW OF RESULTS AND OPERATIONS

The consolidated net profit attributable to unit holders of the Trust is presented in the Statement of Profit or Loss and Other Comprehensive Income and totalled \$1,490,456 (2015: profit \$3,547,424). Further details in relation to the Trusts results and operations are contained in the Chairman's Report and the Review of Operations.

DISTRIBUTIONS

The Board has determined that a distribution of nil cents per unit will be paid for the 2016 year (2015: nil cents per unit).

UNITS ON ISSUE

During the year, nil units (2015: 3,475,661 units) were issued pursuant to the Distribution Reinvestment Plan.

TRUST ASSETS

At 30 June 2016, the Trust held assets with a total value of \$21,251,997 (2015: \$19,798,032). 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 \$50,536 (2015: \$45,866). Details of fees paid or payable to the Responsible Entity out of scheme property are included in Note 22 of the financial report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

One of the most significant change to the trust's operations occurred on 20 November 2015, the responsible entity approved a change of auditor from Deloitte Touche Tohmatsu to Crowe Horwath Sydney. ASIC approved the change of the auditor effective 14 January 2016.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 26 July 2016 the Directors have announced to the market that the Trust has obtained an independent valuation of the Linkletters property (Esperance, Western Australia), which valued the property at Market Value As Is, subject to the existing lease as at 30 June 2016 at \$20,100,000. The Directors noted that this valuation specifically excludes any additional value for the standing Blue Gum Plantation.

The Directors announced to the market on 1 August 2016 that the Trust had the syndicated loan facility extended to 30 September 2016.

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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board reiterates its commitment to all unit holders to build on initiatives now in place, stemming from completion of the restructure, over the coming twelve months.

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.

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CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of One Managed Investment Funds 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 5 of this annual 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, Crowe Horwath Sydney, 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 13.

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



Justin Epstein
Chairman
One Managed Investment Funds Limited
Sydney
30 August 2016

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

Report on the Financial Report

We have audited the accompanying financial report of Agricultural Land Trust (the 'Trust'), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity, One Managed Investment Funds Limited, 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, 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 judgement, 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 control relevant to the trust's preparation of the financial report that gives a true and fair view 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 trust's internal control. 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*.

Auditor's 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 2016 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 2.

Emphasis of Matter – Going Concern

Without modifying our conclusion, we draw attention to Note 2(a) under the heading 'Going concern' in the financial report. The financial report has been prepared on the going concern basis as directors believe that the Trust will be able to pay its debts as and when they fall due. Should the matters referred to in Note 2(a) to the financial report not eventuate, the going concern basis may not be appropriate with the result that the Trust may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the financial report.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

John Haydon

JOHN HAYDON
Partner

30 August 2016

30 August 2016

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

Dear Directors,

Agricultural Land Trust

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

As lead audit partner for the audit of the financial report of Agricultural Land Trust for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely



CROWE HORWATH SYDNEY



JOHN HAYDON
Partner

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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 31 July 2016.

(a) Substantial unit holders

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

	Units	%
Mammoth Finance Pty Ltd	30,443,405	31.22
Richtide Investments Pty Ltd	26,117,973	26.78
Elders Finance Pty Ltd	6,037,515	6.19
Emerald Securities Pty Ltd	5,603,364	5.75

(b) Distribution of unit holders

The numbers of unit holders by size of holding are:

Range of Holdings	Holders	Units	%
1 - 1,000	23	7,218	0.01
1,001 - 5,000	53	159,441	0.16
5,001 - 10,000	78	596,181	0.61
10,001 - 100,000	195	5,991,976	6.14
100,001 - Over	51	90,755,220	93.07
Rounding			0.01
Total	400	97,510,036	100.00
Unit holders holding less than a marketable parcel	174	982,237	

(c) Voting rights as at 26 August 2016

All units issued are fully paid. The voting rights attaching to each fully paid unit (being the only class of units AGJ has on issue) are:

- On a show of hands, each unit holder has one vote; and
- On a poll, each unit holder has one vote for each unit the unit holder holds.

(d) Top 20 registered unit holders as at 31 July 2016

Name	Units	% of units
Mammoth Finance Pty Ltd	30,443,405	31.22
Richtide Investments Pty Ltd	26,117,973	26.78
Elders Finance Pty Ltd	6,037,515	6.19
Emerald Securities Pty Ltd	5,603,364	5.75
Mr Simon Robert Evans & Mrs Kathryn Margaret Evans	3,586,945	3.68
Dr Steven G Rodwell	2,152,371	2.21
Mrs Liliana Teofilova	1,972,000	2.02
Westralia Property Holdings Pty Ltd	1,760,382	1.81
Mr Ianaki Semerdziew	1,444,000	1.48
Indian Ocean Capital (WA) Pty Ltd	1,360,437	1.40
Mrs Thanikeswari Sivananthan	1,155,709	1.19
Anne Juella Thompson & John Harley Thompson	482,202	0.49
Mr Phillip John Harvey & Ms Geraldine Lucy Harvey	472,045	0.48
Citicorp Nominees Pty Limited	466,527	0.48
Jojaman Pty Ltd	431,550	0.44
Mr Andre Jumabhoy	387,908	0.40
Mr Clifford Dawson & Mrs Margaret Dawson	351,202	0.36
Mr Tomonari Nakayama	335,439	0.34
GA & AM Leaver Investments Pty Ltd	333,639	0.34
Bob Gattie & Associates Pty Ltd	329,735	0.34
Total unit held by top 20	85,224,348	87.40
Total remaining holder balance	12,285,688	12.60