Agricultural Land Trust

ARSN 096 588 046

Preliminary Final Report
30 June 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

	% change	30 June 2019 $'000	30 June 2018 $'000
Revenue from ordinary activities	Up 457.2 %	**19,168**	3,440
Profit/(loss) from ordinary activities after tax attributable to members	Up 2,281.8 %	**13,743**	577
Net profit/(loss) attributable to members	Up 2,281.8 %	**13,743**	577

Distribution to members		
See note 3, it is not proposed that a distribution be paid to members in respect of the period	**-**	-
Net Tangible Assets	**$**	$
Net tangible assets per security	**$0.25**	$0.11

RESULTS COMMENTARY

1. Explanation of revenue

Total revenue for the year ended 30 June 2019 is $19.17 million, up 457.2% against the last corresponding period. This is the result of the Trust's financing activities, additional timber wood-chipping income and the revaluation increment of Linkletter's Place of $13.52 million.

2. Explanation of net profit attributable to unitholders

Net profit attributable to unitholders is $13.74 million, up 2,281.8% over the last corresponding period. The increase in net profit attributable to unitholders was largely a result of the revaluation of the fair value of the Trust's investment property, Linkletter's Place, as disclosed in the notes to the financial statements.

3. Explanation of distributions and DRP

As a result of the ongoing absence of rental income and continuing financing costs, there will be no distribution for the year ended 30 June 2019.

Accordingly, although the Distribution Reinvestment Plan remains in place, it is not operational.

4. Preliminary Financial Statements

The accompanying statements of comprehensive income, financial position, cash flows and changes in equity (each with their accompanying notes) are in the process of being audited. It is not expected that the Audit Opinion, when final, will be subject to a modified opinion but will likely be subject to an emphasis of matter in respect of the Trust's going concern status.

For all other information required to be disclosed in Appendix 4E, please refer to the attached unaudited Preliminary Financial Statements

Agricultural Land Trust

ARSN 096 588 046

Preliminary Financial Statements
30 June 2019

Terms and abbreviations

These Preliminary Financial Statements use terms and abbreviations relevant to the Agricultural Land Trust Group'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 "2019" refer to the twelve months ended 30 June 2019 unless otherwise stated. Similarly, references to 2018 refer to the twelve months to 30 June of that year.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Notes	Consolidated 2019 $'000	Consolidated 2018 $'000
Continuing operations			
Other income		1	6
Timber income		903	-
Interest income		4,744	1,654
Net increment in fair value of investment property	4(b)	13,520	1,780
Total income		**19,168**	3,440
Finance costs	13	(4,786)	(2,300)
Responsible entity fees		(108)	(52)
Maintenance and roading costs		(229)	(1)
Other expenses	19	(302)	(510)
Net income/(loss)		**13,743**	577
Net income/(loss) attributable to unitholders of the Trust		**13,743**	577
Other comprehensive income		-	-
Total comprehensive income/(loss)		**13,743**	577
Basic and diluted income per unit (cents)	8	14.09	0.59

The accompanying notes form part of the financial statements

Consolidated statement of financial position
As at 30 June 2019

	Notes	Consolidated 2019 $'000	Consolidated 2018 $'000
Current assets			
Cash and cash equivalents	3(b)	141	224
Trade and other receivables	5	3,410	617
Loan receivable	7	105,450	15,500
Total current assets		**109,001**	16,341
Non current assets			
Loan receivable	7	-	30,550
Investment property	4	35,400	21,880
Total non current assets		**35,400**	52,430
Total assets		**144,401**	68,771
Current liabilities			
Trade and other payables	6	3,250	763
Interest bearing loans and borrowings	12	117,077	17,127
Total current liabilities		**120,327**	17,890
Non current liabilities			
Interest bearing loans and borrowings	12	-	40,550
Total non current liabilities		**-**	40,550
Total liabilities		**120,327**	58,440
Net assets attributable to unitholders		**24,074**	10,331
Represented By			
Units on issue	10	55,299	55,299
Retained losses		(31,225)	(44,968)
Total unitholders interests		**24,074**	10,331

The accompanying notes form part of the financial statements

Consolidated statement of changes in unitholders interests
For the year ended 30 June 2019

	Retained losses	Units on issue	Net Assets Attributable to Unit Holders
	$'000	$'000	$'000
At 1 July 2017	(45,545)	55,299	9,754
Net income attributable to unit holders before distributions to unit holders	577	-	577
Distributions paid and payable	-	-	-
At 30 June 2018	**(44,968)**	**55,299**	**10,331**
At 1 July 2018	(44,968)	55,299	10,331
Net income attributable to unit holders before distributions to unit holders	13,743	-	13,743
Distributions paid and payable	-	-	-
At 30 June 2019	**(31,225)**	**55,299**	**24,074**

The accompanying notes form part of the financial statements

Consolidated statement of cash flows
For the year ended 30 June 2019

	Notes	Consolidated 2019 $'000	Consolidated 2018 $'000
Cash flows from operating activities			
Interest received		2,500	1,117
Other receipts		421	6
Interest and borrowing costs paid		(2,205)	(1,349)
Other expenses paid		(528)	(574)
Net cash flows from (used in) operating activities	3(a)	**188**	(801)
Cash flows from investing activities			
Loan to iProsperity Underwriting Pty Ltd		(61,400)	(40,550)
Repayment from iProsperity Underwriting Pty Ltd		2,000	-
Net cash flows used in investing activities		**(59,400)**	(40,550)
Cash flows from financing activities			
Proceeds from issuing Debenture		61,400	41,550
Proceeds from loan from IPG Mortgage Fund		-	10,000
Repayment of loan from IPG Mortgage Fund		(150)	-
Repayment of Debentures		(2,121)	(10,000)
Net cash flows from financing activities		**59,129**	41,550
Net increase (decrease) in cash and cash equivalents		**(83)**	199
Cash and cash equivalents at the beginning of year		224	25
Cash and cash equivalents at the end of the year	3(b)	**141**	224
Non-cash financing activities	3(c)		

The accompanying notes form part of the financial statements

Notes to the consolidated financial statements For the year ended 30 June 2019

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 Preliminary Financial Statements of Agricultural Land Trust ('Trust') comprises Agricultural Land Trust and its controlled entities ('Group').

These Preliminary Financial Statements of Agricultural Land Trust for the year ended 30 June 2019 were authorised for issue by the directors on 30 August 2019.

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 Group will be described in the Directors' Report accompanying the Group's Annual Report to be released subsequent to these preliminary financial statements.

2. Summary of significant accounting policies

a) Basis of preparation

The consolidated 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 consolidated financial report has been prepared on a historical cost convention except for the investment property, which is measured at fair value. Independent valuations are conducted in accordance with the Responsible Entity's valuation policy. Where an independent valuation is obtained, it will be considered by the directors of the Responsible Entity when determining fair values (refer accounting policy note 4).

The consolidated 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 2016/191.

Going concern

As at 30 June 2019 the Group has a net current liability position of $11,326,000. The Responsible Entity has commenced a comprehensive review of the Group's capital structure with a view to stabilising and providing long-term certainty to the structure. Some of the options which the Responsible Entity is exploring include a refinancing of the $10 million loan from IPG Mortgage Fund and of the Series 5 and 8 Debentures, a debt to equity conversion or a combination of them.

As part of this process the Responsible Entity has successfully extended the maturity of the IPG Mortgage Loan to 28 February 2020 and of the Series 5 and 8 Debentures to 7 April 2020.

The Group has entered into a timber purchase agreement, whereby the Group earns revenue from harvested timber at Linkletter's Place. Since the harvesting of timber commenced the Group has earned $0.90 million from timber sales and expects these sales to continue until the site has been fully cleared, which is expected to take at least a further three years.

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.

The consolidated 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.

Notes to the consolidated financial statements
For the year ended 30 June 2019

2. Summary of significant accounting policies (continued)

b) Statement of compliance

The consolidated 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.

Except as disclosed below, the accounting policies applied in these financial statements are the same as those applied to the Group's financial statements for the year ended 30 June 2018.

The Trust has changed some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- AASB 9 *Financial Instruments (and applicable amendments)*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The adoption of the amendment does not have a significant impact on the recognition, classification and measurement of the Trust's financial instruments as they are carried at amortised cost. The derecognition rules have not changed from the previous requirements, and the Trust does not apply hedge accounting. AASB 9 introduces a new impairment model. The change in impairment rules does not have a material impact on the Trust.

- AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Group's main sources of income is interest which is outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 has not had a significant impact on the Group's accounting policies or the amounts in the financial statements. Timber harvesting revenue includes a retention amount which is recognised as accrued income (second instalment of 30% of the timber harvest payments) due. The first instalment payments made monthly during the harvest period are for 70% of the estimated purchase price. The second instalment payment is made once harvested timber has been shipped.

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

Notes to the consolidated financial statements
For the year ended 30 June 2019

2. Summary of significant accounting policies (continued)

c) Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the parent entity Agricultural Land Trust and its subsidiaries as at 30 June 2019.

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 - Valuations*

Investment Properties are valued in accordance with the Responsible Entity's valuation policy. This policy requires an independent valuation of the property to be conducted at intervals set out in that policy. The independent valuation usually forms the basis for determination of the fair value of the property by the directors of the Responsible Entity (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.

Notes to the consolidated financial statements
For the year ended 30 June 2019

2. Summary of significant accounting policies (continued)

g) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

h) Impairment

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance is recognised in profit or loss.

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') the trustee of ALT No.1 Trust is currently not receiving any rental income in respect of its lease of part of the investment property, Linkletter's Place.

Notes to the consolidated financial statements
For the year ended 30 June 2019

2. Summary of significant accounting policies (continued)

j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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:

Timber income:

Timber income is recognised as income when receivable per the terms of the SPF harvest agreement. The first instalment of timber harvest payments (70% of the estimated purchase price) is made monthly during the harvest period and the second instalment of 30% of timber harvest payments (retention amount) is made once harvested timber has been shipped.

Interest:

Revenue is recognised as the interest accrues using the effective interest method.

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:

- 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
- 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:

- receive income distributions;
- attend and vote at meetings of unit holders;
- participate in the termination and winding up of the Trust; and
- 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.

Notes to the consolidated financial statements
For the year ended 30 June 2019

3. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position 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 Flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Units held in the One Cash Management Fund, a fund managed by a related party of OMIFL, are redeemable on a daily basis.

	Consolidated 2019 $'000	Consolidated 2018 $'000
(a) Reconciliation of net income/(loss) to cash flows from/(used in) operating activities		
Net income/(loss)	13,743	577
Net (increment)/decrement in fair value adjustment	(13,520)	(1,780)
Capitalised interest	271	-
(Increase)/decrease in receivables	(2,793)	(539)
Decrease/(increase) in other assets	-	-
Increase/(decrease) in payables	2,487	941
Net operating cash flow	**188**	(801)
(b) Components of cash and cash equivalents		
Cash at bank	139	45
One Cash Management Fund	2	179
	141	224
(c) Non-cash financing and investing activities		
Non-cash financing activities:		
Capitalised interest on Series 3	121	-
Capitalised interest payable on loan from IPG	150	-
Capitalised interest on Series 1 and 2 debentures	-	568
Capital raising fee expensed Series 1 and 2 debentures	-	149
Non-cash debentures issued Series 8	-	627
Non-cash repayment Series 1 and 2	-	(627)
Non-cash repayment Series 3.1	-	(4,500)
Total	**271**	(3,783)

4. Investment property

(a) Property investment

The Group holds one investment property, Linkletter's Place. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value based on directors' valuations. Independent valuations are conducted from time to time in accordance with the Responsible Entity's valuation policy 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 Group 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 2019 $'000	Consolidated 2018 $'000
Investment property at fair value	35,400	21,880
	35,400	21,880

Notes to the consolidated financial statements
For the year ended 30 June 2019

4. Investment property (continued)

(b) Reconciliation of the carrying amount of level 3 investment property

	Opening Balance $'000	Acquisition $'000	Disposals $'000	Fair value adjustments $'000	Closing balance $'000
2018					
Rural Property	20,100	-	-	1,780	21,880
	20,100	-	-	1,780	21,880
2019					
Rural Property	21,880	-	-	13,520	35,400
	21,880	-	-	13,520	**35,400**

Rental income from the investment property during the year was $nil (2018: $nil). Direct operating expenses for the investment property for the year was $nil (2018: $nil).

The investment property has been measured at fair value based on directors' valuations, having regard to an independent valuation, conducted by CBRE in July 2019, of the Linkletter's Place property. This is based on the market value applying an 'As If Complete' (remediated to an agricultural standard) valuation approach of $35.40 million. This approach considers the highest and best use of the aggregation past its forestry use which is considered will be as a mixed grazing and cropping business.

The market value of the property 'As is' (subject to existing occupancy arrangements) was assessed by CBRE to be $26.65 million. The directors have determined the fair value of the Trust's investment property to be $35.40 million.

The CBRE valuation considered the following inputs in determining the fair value:

Level 2 inputs:

- Comparable land sales.

Level 3 inputs:

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

The land value was assessed by analysing land sales of similar size, location, topography and use to the subject property's land component, and then applying a rate per hectare to the cleared agricultural land and non-arable land area. 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 CBRE 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.

The directors have also commissioned an independent valuation of the forest assets located on the Linkletter's Place property. The assessed value of the timber assets was $4.12 million. In addition to the above described 'as if complete' valuation, CBRE also assessed the value of Linkletter's Place on an 'as is – subject to existing occupancy arrangements' basis as being $26.65 million. The combined value of the timber assets and property on 'an is basis' amount to $30.77 million.

The directors of the Responsible Entity considered both methods of valuation and determined to adopt the 'As if Complete' valuation as this valuation is consistent both with prior years' practice and with the stated strategy for the Group, which is to return Linkletter's Place to an agricultural asset.

Notes to the consolidated financial statements
For the year ended 30 June 2019

4. Investment property (Continued)

(c) Reconciliation of level 3 investment property

Linkletter's Place measures 8,886 hectares in total and compromises the following,

Type	Land size	Value
Agricultural land (ex leased area)	8,036.30 hectares	$4,300 per hectare
Non-arable land	848.99 hectares	$200 per hectare
Structures		$676,002

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 Linkletter's Place investment property is pledged as security to secure the Group's IPG Mortgage Fund borrowings (see note 12).

5. Trade and other receivables

	Consolidated 2019 $'000	Consolidated 2018 $'000
Other receivables	-	2
Accrued income – timber	550	-
Loan interest receivable	2,860	615
	3,410	617

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.
'Accrued income' relates to timber sales which occurred before year end. The retention amount (second instalment of 30% of the timber harvest payments) due to the Trust at year end. The first instalment payments made monthly during the harvest period are for 70% of the estimated purchase price. The second instalment payment is made once harvest is complete and the final shipment of woodchips has been made.

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 Group prior to the end of the financial year that are unpaid and arise when the Group 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 2019 $'000	Consolidated 2018 $'000
Trade creditors	57	6
Other payables and accruals	174	47
Interest payable	3,019	710
	3,250	763

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

Notes to the consolidated financial statements
For the year ended 30 June 2019

7. Loan receivable

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current asset		
Loan	105,450	15,500
Non-current Asset		
Loan	-	30,550
	105,450	46,050

The Group entered into further loans with iProsperity Underwriting Pty Ltd during this financial year, totalling $61,400,000 of which $2,000,000 was repaid during the year. The maturity date of the new loans is 22 January 2020.

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 2019	Consolidated 2018
Earnings per unit attributable to ordinary unit holders		
Basic profit/(loss) per unit (cents)	**14.09**	0.59
Diluted profit/(loss) per unit (cents)	**14.09**	0.59

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 (2018: 97,510,036).

9. Net asset backing per unit

	Consolidated 2019	Consolidated 2018
Basic net asset backing per unit ($)	**0.25**	0.11

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.

10. Units on issue

	Consolidated 2019 '000	Consolidated 2018 '000
Units on issue at the beginning of year (Units)	97,510	97,510
Units issued during the year (Units)	-	-
Units on issue at the end of the year	**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
- At a meeting of members of the Trust ordinary units entitle the holder (whether in person or by proxy) where voting is:
    - by way of a show of hands, to one vote; and
    - on a poll, each member of the scheme has 1 vote for each dollar of the value of the total interests they have in the scheme.

Notes to the consolidated financial statements
For the year ended 30 June 2019

10. Units on issue (Cont)

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.

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 2019 year was $nil (2018: $nil) which resulted in the issue of nil units (2018: nil units).

11. Distributions to unitholders

The directors have determined the Trust will not pay a distribution for the financial year 2019.

The Trust has unused tax losses 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.

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current		
Loan*	10,000	10,000
Debenture*	107,077	7,127
Total current	**117,077**	17,127
Non-current		
Debenture*	-	40,550
Total non-current	**-**	40,550
Financing facilities		
Total facilities used	117,077	57,677
Total facilities unused	13,050	24,450
Total facilities	**130,127**	82,127

* Debenture Series 1 and 2 were repaid on 28 February 2018 and refinanced with a $10,000,000 loan from IPG Mortgage Fund. The loan interest rate is at 6%, interest payment is on a six monthly cycle.

Notes to the consolidated financial statements
For the year ended 30 June 2019

12. Interest bearing loans and borrowings (continued)

The debentures on issue and loans are as follows:

Debenture/Loan	Facility Limit	Amount	Drawdown Date	Maturity	Interest Rate
Debentures Series 3	5,500,000	4,000,000	23-May-17	22-May-20	6.00%
Debentures Series 3		1,500,000	16-Jun-17	15-Jun-20	6.00%
Debentures Series 4	10,000,000	5,000,000	14-Aug-17	13-Aug-19*	4.50%
Debentures Series 4		4,000,000	07-Sep-17	13-Aug-19*	4.50%
Debentures Series 4		1,000,000	22-Nov-17	13-Aug-19*	4.50%
Debentures Series 5	1,000,000	1,000,000	07-Sep-17	07-Oct-19*	12.50%
Debentures Series 6	5,000,000	2,000,000	13-Dec-17	12-Dec-19	6.00%
Debentures Series 7	98,000,000	3,000,000	24-Jan-18	24-Jan-20	4.00%
Debentures Series 7		3,000,000	24-Jan-18	24-Jan-20	4.00%
Debentures Series 7		3,000,000	15-Feb-18	24-Jan-20	4.00%
Debentures Series 7		10,000,000	28-Feb-18	24-Jan-20	4.00%
Debentures Series 7		1,200,000	03-May-18	24-Jan-20	4.00%
Debentures Series 7		5,000,000	01-Jun-18	24-Jan-20	4.00%
Debentures Series 7		2,400,000	13-Jun-18	24-Jan-20	4.00%
Debentures Series 7		950,000	15-Jun-18	24-Jan-20	4.00%
Debentures Series 7		3,000,000	24-Jul-18	24-Jan-20	4.00%
Debentures Series 7		4,000,000	13-Sep-18	24-Jan-20	4.00%
Debentures Series 7		4,000,000	26-Oct-18	24-Jan-20	4.00%
Debentures Series 7		12,000,000	08-Nov-18	24-Jan-20	4.00%
Debentures Series 7		8,000,000	08-Nov-18	24-Jan-20	4.00%
Debentures Series 7		5,000,000	19-Dec-18	24-Jan-20	4.00%
Debentures Series 7		6,000,000	28-Dec-18	24-Jan-20	4.00%
Debentures Series 7		5,000,000	12-Feb-19	24-Jan-20	4.00%
Debentures Series 7		3,000,000	04-Mar-19	24-Jan-20	4.00%
Debentures Series 7		300,000	23-Apr-19	24-Jan-20	4.00%
Debentures Series 7		3,000,000	10-May-19	24-Jan-20	4.00%
Debentures Series 7		1,100,000	24-May-19	24-Jan-20	4.00%
Debentures Series 7		5,000,000	28-May-19	24-Jan-20	4.00%
Debentures Series 8	627,081	627,081	28-Feb-18	07-Oct-19*	10.00%
IPG Mortgage Fund	10,000,000	10,000,000	28-Feb-18	28-Aug-19*	6.00%
	130,127,081	**117,077,081**			

*Subsequent to 30 June 2019, the Maturity Date for each of these Series of Debentures was extended. Series 4 were each extended to 13 August 2020. Debenture Series 5 and Series 8 have been extended to 7 April 2020; IPG Mortgage Fund loan has been extended to 28 February 2020 as detailed in note 16 Subsequent events.

As at 30 June 2019, the aggregate debenture balance of Series 3 to Series 8 was $107,077,081 (2018: $47,677,081). The fair value approximates the current value of $107,077,081. The loan from IPG Mortgage Fund was $10,000,000 (2018: 10,000,000).

Series 3, 4, 6, and 7 Debentures have security limited to the amounts recovered in respect of the corresponding loan made by the Group to iProsperity Underwriting Pty Limited.

Notes to the consolidated financial statements
For the year ended 30 June 2019

13. Finance costs

	Consolidated 2019 $'000	Consolidated 2018 $'000
Finance costs expensed		
- interest expense continuing operations	4,786	2,300
- other finance costs continuing operations	-	-
	4,786	2,300

14. Capital commitments

There is nil estimated capital expenditure contracted for at 30 June 2019 but not provided for (2018: $1,100,000).

15. Financial risk management objectives and policies

The Group's principal financial instruments are a series of debentures and loan. IPG Mortgage Fund loan of $10 million (refinanced Series 1 & 2 Debentures) is secured over the Linkletter's Place investment property and Series 3, 4, 6 and 7 are secured over the amounts the Group may recover under the corresponding loans made to iProsperity Underwriting Pty Limited. The main purpose of Series 3, 4, 6 and 7 Debentures was to provide the Group with additional income. The Group 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 Group's policy that it will not trade in financial instruments. The main risks from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Board's policies for managing each of these risks are summarised below. Management's expectations are that the carrying amounts of financial assets and financial liabilities approximate their fair values due to their short-term maturity.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to any long-term debt obligations. As at 30 June 2019, the Group has no debt subject to variable rates of interest and all debentures issued by the Group accrue interest at a fixed rate. There are two risks to the Group (1) the risk that interest rates reduce further making these fixed interest payments more expensive than could be achieved under a new loan and (2) the risk that interest rates increase considerably such that when the Group comes to refinance the debentures on their maturity, debt at a similar rate of interest cannot be found. The Group reviews its debt requirements on a regular basis to ensure an appropriate mix of fixed and variable interest rate debt. As the Group's income is limited at present, having fixed costs may be beneficial. The mix of financial assets and liabilities is summarised in notes 3, 5, 6 & 12. Given that the Group 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 nil but the impact of interest rate changes on income summarised below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from its customers. The Group is not receiving any rental income in respect of the lease of Linkletter's Place. The Group has on-lent $105,450,000 proceeds of the Series 3, 4, 6 & 7 Debentures to iProsperity Underwriting Pty Limited (iProsperity Borrower). The Group may suffer a loss if the iProsperity Borrower does not pay amounts due to the Group under the relevant Loans (including principal and interests).

Notes to the consolidated financial statements
For the year ended 30 June 2019

15. Financial risk management objectives and policies (continued)

Liquidity risk

The Group'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 Group 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.

	< 12 months 2019 $'000	1 – 5 years 2019 $'000	> 5 years 2019 $'000	Total 2019 $'000
Consolidated financial assets				
Cash and cash equivalents	141	-	-	141
Other receivables	3,410	-	-	3,410
Loan receivable	105,450	-	-	105,450
	109,001	**-**	**-**	**109,001**
Consolidated financial liabilities				
Trade and other payables	3,250	-	-	3,250
Interest bearing loans and borrowings	117,077	-	-	117,077
	120,327	**-**	**-**	**120,327**
Net maturity	**(11,326)**	**-**	**-**	**(11,326)**

	< 12 months 2018 $'000	1 – 5 years 2018 $'000	> 5 years 2018 $'000	Total 2018 $'000
Consolidated financial assets				
Cash and cash equivalents	224	-	-	224
Other receivables	617	-	-	617
Loan receivable	15,500	30,550	-	46,050
	16,341	**30,550**	**-**	**46,891**
Consolidated financial liabilities				
Trade and other payables	763	-	-	763
Interest bearing loans and borrowings	17,127	40,550	-	57,677
	17,890	**40,550**	**-**	**58,440**
Net maturity	**(1,549)**	**(10,000)**	-	**(11,549)**

Notes to the consolidated financial statements
For the year ended 30 June 2019

16. Subsequent events

The maturity date of the $10 million loan from IPG Mortgage Fund has been extended 6 months to 28 February 2020. A six month extension has also been made to the Series 5 and Series 8 Debentures to maturity date of 7 April 2020. Subsequent to 30 June 2019 the Maturity Date for the Series 4 Debentures were each extended to 13 August 2020.

On 14 August 2019 it was announced to the market that documentation was signed to issue to the existing debenture holders a new series of debentures, Series 9 Debentures, with a face value up to $50 million. On 29 August 2019 Series 9 Debentures of $11.5 million were issued and on-lent to iProsperity Underwriting Pty Ltd. On 27 August 2019 Series 7 Debentures of $4.5 million were issued on the and on-lent to iProsperity Underwriting Pty Ltd. If additional Series 9 Debentures are issued, the Group will on-lend the proceeds of the debentures.

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 Group, the results of those operations or the state of affairs of the Group in the subsequent financial period.

17. 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 Group operates wholly within Australia and aims to become a crop and grazing producing business after completion of remediation works on its sole investment property in Esperance, Western Australia. Opportunities for sale or leasing may also be assessed in the future. The Group has also entered into debenture borrowings and on lending the proceeds of these borrowings to earn an interest income margin.

Notes to the consolidated financial statements
For the year ended 30 June 2019

18. Parent entity information

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

	Parent 2019 $'000	Parent 2018 $'000
Current assets	9,130	5,765
Total assets	**151,260**	75,755
Current liabilities	120,191	17,878
Total Liabilities	**127,186**	65,424
Net assets attributable to unitholders	**24,074**	10,331
Represented by:		
Issued capital	55,299	55,299
Retained losses	(31,225)	(44,968)
Total unitholders' interest	**24,074**	10,331
Net income/(loss) of the parent entity	996	154
Total comprehensive income	**996**	154
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

19. Other expenses

	Consolidated 2019 '000	Consolidated 2018 '000
Audit fees	51	28
Consulting fees	1	10
Council rates	94	88
Legal fees	55	162
Listing fees	34	41
Tax consulting fees	15	13
Other expenses	52	168
	302	510

Notes to the consolidated financial statements
For the year ended 30 June 2019

20. Auditor's remuneration

Amounts received or due and receivable by the auditor for:	Consolidated 2019 $	Consolidated 2018 $
Crowe Australasia		
- an audit or review of the financial report	36,485	26,334
Ernst & Young		
- compliance plan audit	4,765	2,132
	41,250	28,466

As stated in the Corporate Directory, Crowe Australasia is the auditor of the Group. The Group's compliance plan audit is conducted by Ernst & Young.

21. Related party disclosures

(a) Responsible entity

The Responsible Entity of Agricultural Land Trust at 30 June 2019 is One Managed Investment Funds Limited ('OMIFL') whose parent entity at 30 June 2019 is One Investment Group Pty Limited ('OIG'). The ultimate parent entity is OIG Holdings Pty Limited ('OIGH').

The Responsible Entity fees for the year were $108,168 to One Managed Investment Funds Limited (2018: $51,970). The Responsible Entity's entitlement to fees is contained in the constitutions of the Group's trusts. 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 Group calculated at the end of each month and paid quarterly in arrears.

(b) 3.5% of the Net Income of the Group 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.

The fee is paid quarterly in arrears.

(c) 3.5% of the increase in the market value of each asset owned by the Group calculated from the start of a financial year, or the date of acquisition, to the end of the Financial Year. This fee will be payable annually. No fees were charged during the year in relation to this item.

The Responsible Entity is also entitled to be paid a fee of up to 5% of the purchase price of any authorised investment acquired for the Trust. This fee is payable on the day of the acquisition of the relevant investment and is in consideration for the co-ordination of the acquisition. The Responsible Entity is also entitled to a fee of up to 5% of the application money raised under a Disclosure Document where the purpose for raising the application money is not to acquire an authorised investment. This fee is payable within 7 days of the issue of Units for which the application money is received. This fee is for the co-ordination of the relevant capital raising. No fees were charged during the year in relation to these items.

At 30 June 2019, an estimated balance of $54,013 was payable to the Responsible Entity (2018: $13,240).

Notes to the consolidated financial statements
For the year ended 30 June 2019

21. Related party disclosures (continued)

(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	
	2019	**2018**
	%	**%**
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
ALT Sub Trust No 4	**100.00**	100.00
ALT Sub Trust No 5	**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.

Investments in unlisted funds managed by OMIFL

The Trust has invested units valued at $2,384 (2018: $178,708) in the One Cash Management Fund ("OCMF") as at 30 June 2019. 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 2019 were $318 (2018: $1,402).

Debenture holder

The debenture holders in respect of Series 1 - Series 8 are One Funds Management Limited as trustee for Cornerstone New SIV Bond Fund and One Funds Management Limited as trustee for Cornerstone Bond Fund ("Cornerstone"). The Trustee of Cornerstone, One Funds Management Limited ("OFML") is owned by OIG. Interest is payable in accordance with the terms of the debentures.

Loan holder

The lender in respect of the $10m loan is One Funds Management Limited as trustee for the IPG Mortgage Fund. The Trustee of IPG Mortgage Fund, One Funds Management Limited ("OFML") is owned by OIG. Interest is payable in accordance with the terms of the loan agreement.

(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:

<u>One Managed Investment Funds Limited</u>

- Justin Epstein
- Frank Tearle
- Elizabeth Reddy (appointed 6 November 2009; ceased 26 October 2018)
- Sarah Wiesener (appointed 26 October 2018)

Notes to the consolidated financial statements
For the year ended 30 June 2019

21. Related party disclosures (continued)

(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 21(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 2019, director Justin Epstein held an indirect interest of 223,891 units in the Trust.

22. Commitments and contingent liabilities

The Group has no commitments as at 30 June 2019 (2018: $nil). The Group has no contingent liabilities at the end of the financial year (2018: $nil).