

Agricultural Land Trust

1 March 2021

Company Announcements Platform
Australian Securities Exchange

The directors of One Managed Investment Funds Limited, the Responsible Entity of the Agricultural Land Trust (the "Trust"), release the attached Appendix 4D together with the Half Year Report for the Trust for the period ended 31 December 2020.

The Appendix 4D and Half Year Report should be read in conjunction with the Trust's Annual Report for the financial year ended 30 June 2020 together with all public announcements made on behalf of the Trust during the period ended 31 December 2020 and up until the date of this release.

For further information please contact:

Frank Tearle
Director (02) 8277 0000

Agricultural Land Trust • ARSN 096 588 046 • ABN 76 708 492 711
Responsible Entity One Managed Investment Funds Limited ABN 47 117 400 987 AFSL 297042
Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000
PO Box R1471 Royal Exchange NSW 1225
Telephone (02) 8277 0000 • Facsimile (02) 8580 5700

Agricultural Land Trust

ARSN 096 588 046

Appendix 4D

For the half year ended 31 December 2020

	% change	6 months ended 31 December 2020 \$'000	6 months ended 31 December 2019 \$'000
Results for announcement to the market			
Revenue from ordinary activities	Up 38.0%	6,973	5,054
(Loss) profit from ordinary activities after tax attributable to unitholders	Not applicable	(6,185)	958
Net profit (loss) attributable to unitholders	Not applicable	(6,185)	958
Commentary on results			
Discussion and analysis of the Trust's results is contained in the Half Year Report.			
The Trust does not propose to pay an interim distribution for the period			
Interim distribution to unitholders (\$'000)		-	-
Basic and diluted earnings (cents per unit)		(6.53)	0.98
Net tangible assets			
Total net tangible assets attributable to unitholders (\$'000)		(109,338)	25,032
Units on issue ('000)		91,472	97,510
Net tangible assets/ (liabilities) attributable to unitholders (\$ per unit)		(1.20)	0.26

This Appendix 4D should be read in conjunction with the attached Half Year Financial Report. This financial report contains an independent audit review that is subject to an emphasis of matter.

Agricultural  Land Trust

ARSN 096 588 046

Half Year Report
31 December 2020

AGRICULTURAL LAND TRUST

HALF YEAR REPORT

Table of contents

<i>Directors' report</i>		<i>1</i>
<i>Financial Statements</i>	<i>Consolidated statement of profit or loss and other comprehensive income</i>	<i>4</i>
	<i>Consolidated statement of financial position</i>	<i>5</i>
	<i>Consolidated statement of changes in unitholders interests</i>	<i>6</i>
	<i>Consolidated statement of cash flows</i>	<i>7</i>
<i>Notes to the consolidated financial statements</i>		<i>8</i>
<i>Directors' declaration</i>		<i>18</i>
<i>Independent auditor's report</i>		<i>19</i>
<i>Auditor's independence declaration</i>		<i>21</i>

Terms and abbreviations

This report uses 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 half year" refer to the six months ended 31 December 2020 unless otherwise stated.

AGRICULTURAL LAND TRUST

HALF YEAR REPORT

Directors' report

For the half year ended 31 December 2020

The directors of One Managed Investment Funds Limited ("OMIFL"), the Responsible Entity of Agricultural Land Trust (the "Trust") present their report for the Agricultural Land Trust and its controlled entities (the "Group") for the period ended 31 December 2020.

Directors

One Managed Investment Funds Limited

Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

Review of operations

1. General overview

For the half year ended 31 December 2020, the Group reported a net loss attributable to unit holders of \$6.19 million (2019: profit \$0.96 million). The major causes of this loss were the provisions for impairment that have been recorded against the interest receivable on the loans the Group had advanced to iProsperity Underwriting Pty Limited (in liquidation) ('IPU').

At 31 December 2020, the Group had assets with a total value of \$39.67 million (June 2020: \$39.89 million) and a total liabilities of \$149.01 million (June 2020: \$143.04 million). The basis for valuation of the assets is disclosed in Note 1 to the financial report.

This loss resulted in the Group being in a net liability position of \$109.34 million at 31 December 2020. As described below, the Group's debentures (excluding Series 5 and 8) were issued on a limited recourse basis, and as such the net liability position is not expected to impact on the Group's ongoing activities at Linkletter's Place or expected to impact upon its ability to continue as a going concern. It will however, mean that the margin income the Group was expecting to earn from the difference between the interest charged on the loans advanced to IPU and the interest payable on the debentures will not be earned going forward.

Excluding the loans and liabilities relating to the Series 3, 4, 6, 7 and 9 debentures, the Group had net assets of \$27.23 million at 31 December 2020 (30 June 2020: \$27.94 million).

Operating costs for the half year ended 31 December 2020 were \$0.13 million (December 2019: \$0.20 million).

For the purposes of this Review of operations, the Responsible Entity has separated the activities at Linkletter's Place, which remain the main focus of the Group's activities, from the debenture and loan arrangements.

2. Linkletter's Place & harvesting activities

In March 2020, due to the effects of COVID-19, SPF Resources Pty Ltd ('SPF') (the party engaged to harvest the timber) paused operations. The Group remains in regular contact with SPF, however as at the date of this directors' report SPF has not confirmed when it will recommence harvesting activities.

During the half year ended 31 December 2020 the Group earned \$nil million (2019: \$1.32 million) from the sale of timber and incurred costs of \$0.13 million (2019: \$0.37 million) relating to roading and other maintenance costs.

3. Investment property – Linkletter's Place

The fair value of the Group's investment property, comprising solely of the Linkletter's Place property, as at 31 December 2020 was \$39.54 million (30 June 2020: \$39.54 million).

The investment property has been measured at fair value based on a directors' valuation, having regard to an independent valuation, conducted by Opteon in July 2020, of the Linkletter's Place property. This valuation is based on the market value applying an 'As If Complete' (remediated to an agricultural standard) valuation approach of \$39.54 million. This approach considers the highest and best use of the property, subsequent to harvesting the blue gum plantation, which is considered will be as a mixed grazing and cropping property. Further details are set out in Note 6 of the Group's 30 June 2020 Annual Report.

**AGRICULTURAL LAND TRUST
HALF YEAR REPORT**

**Directors' report
For the half year ended 31 December 2020**

Review of operations (continued)

4. Core debt – IPG Mortgage Fund loan, series 5 and 8 debentures and unitholder loan

The Group considers the IPG Mortgage Fund loan, the series 5 and 8 debentures and the unitholder loan to be its 'core debt'. The table below summarises these facilities

Item	31 December 2020 (\$'000)	30 June 2020 (\$'000)	Description
Loan from IPG Mortgage Fund	10,000	10,000	Loan from IPG Mortgage Fund secured by Linkletter's Place. Current interest rates are 6% - 8% per annum. The maturity date of this facility was extended to 28 February 2022. Refer to Note 10 of the financial statements for further details.
Debentures Series 5 and 8	1,627	1,627	Unsecured loans used to fund the Group's working capital needs. Current interest rates are 10% - 12.5% per annum. The term of these debentures was extended during the financial year and they now have maturity dates in 2022. Refer to Note 10 of the financial statements for further details.
Unitholder loan	488	-	The Trust also entered into a \$0.8 million two-year unsecured loan facility with an entity associated with a unitholder of the Group. The Facility limit increased to \$1.15 million in December 2020 and was increased to \$1.65 million at the date of this report. At 31 December 2020, the Trust had drawn down \$0.49 million of the loan facility. Refer to Note 10 of the financial statements for further details.
Total core debt	12,115	11,627	

At 31 December 2020 the interest payable to loan from IPG Mortgage Fund, series 5 and 8 debentures and unitholder loan was \$205,000, \$17,000 and \$5,000 respectively.

5. Loans and debentures (Series 3, 4, 6, 7 and 9)

The Group issued the Series 3, 4, 6, 7 and 9 debentures for the purpose of on-lending the proceeds raised to IPU. The Group was expecting to earn an interest spread (margin) on the interest rate differential between the interest rate on the debentures and the loans.

However, following the appointment of a receiver to IPU, and it ultimately being placed into liquidation, the Group does not expect to earn this margin income in the future.

These debentures were issued on a limited recourse basis, so to the extent that the Group does not recover any principal or receive any further interest on the loans to IPU, it has no obligation to pay interest on the debentures or to repay the debentures on their contractual maturity.

Distributions

The Responsible Entity has determined that no distribution will be paid for the half year ended 31 December 2020 (2019: \$nil).

AGRICULTURAL LAND TRUST

HALF YEAR REPORT

Directors' report

For the half year ended 31 December 2020

Significant events after balance date

Subsequent to the balance date, the unitholder loan facility limit further increased to \$1.65 million. This additional funding is expected to be used to fund the surrender of the existing lease described below and to also provide funding for operating costs while harvesting activities are paused. At the date of these financial statements, the Trust had drawn down \$0.8 million of the loan facility.

The Responsible Entity has reached agreement with the existing tenant at Linkletter's Place to surrender its lease. This lease is over a limited area of Linkletter's Place and provides no income to the Trust. The surrender is expected to provide greater flexibility for the Trust to secure a lease of Linkletter's Place on more favourable terms. The Trust continues to seek to source an acceptable tenant for Linkletter's Place.

No other matter or circumstance has arisen since the end of the financial period which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial period.

Rounding

Amounts in the Directors' report and in the financial statements have been rounded to the nearest thousand dollars (\$'000, where rounding is applicable) in accordance with ASIC Class Order 2016/191, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration, from the Auditor Crowe Sydney, as required under section 307C of the *Corporations Act 2001* is set out on page 21.

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



Frank Tearle
Director
One Managed Investment Funds Limited
Sydney
1 March 2021

AGRICULTURAL LAND TRUST
HALF YEAR REPORT

Consolidated statement of profit or loss and other comprehensive income
For the half year ended 31 December 2020

	Notes	Consolidated	
		31 December	31 December
		2020 \$'000	2019 \$'000
Continuing operations			
Other income		-	3
Timber income		-	1,319
Interest income		6,973	3,732
Total income		6,973	5,054
Expenses			
Finance costs		5,896	3,499
Responsible entity fees	11	(15)	101
Auditor's remuneration		29	27
Maintenance and roading costs		134	366
Impairment losses on financial assets	7	6,973	-
Other expenses		141	103
Total expenses		13,158	4,096
Net (loss)/ income attributable to unitholders		(6,185)	958
Other comprehensive income		-	-
Total comprehensive (loss)/ income		(6,185)	958
Basic and diluted (loss)/ income per unit (cents)		(6.53)	0.98

The accompanying notes form part of the consolidated financial statements

**AGRICULTURAL LAND TRUST
HALF YEAR REPORT**

**Consolidated statement of financial position
As at 31 December 2020**

		Consolidated	
	Notes	31 December 2020 \$'000	30 June 2020 \$'000
Current assets			
Cash and cash equivalents	5(a)	61	339
Trade and other receivables	6	5,461	9,659
Provision for impairment - interest receivable	6	(5,444)	(9,651)
Loan receivable	7	134,330	123,150
Provision for impairment - loan receivable	7	(134,330)	(123,150)
Total current assets		78	347
Non current assets			
Other assets - equipment		50	-
Investment property	8	39,540	39,540
Total non current assets		39,590	39,540
Total assets		39,668	39,887
Current liabilities			
Trade and other payables		79	103
Interest payable	9	4,480	8,160
Interest bearing loans and borrowings	10	132,318	123,150
Total current liabilities		136,877	131,413
Non current liabilities			
Interest bearing loans and borrowings	10	12,129	11,627
Total non current liabilities		12,129	11,627
Total liabilities		149,006	143,040
Net assets attributable to unitholders		(109,338)	(103,153)
Represented By			
Units on issue		55,299	55,299
Retained losses		(164,637)	(158,452)
Total unitholders interests		(109,338)	(103,153)

The accompanying notes form part of the consolidated financial statements

AGRICULTURAL LAND TRUST
HALF YEAR REPORT

Consolidated statement of changes in unitholders interests
For the half year ended 31 December 2020

	Consolidated		
	Retained losses	Units on issue	Net Assets Attributable to Unitholders
	\$'000	\$'000	\$'000
At 1 July 2019	(31,225)	55,299	24,074
Net income/(loss) attributable to unitholders before distributions to unitholders	958	-	958
At 31 December 2019	(30,267)	55,299	25,032
At 1 July 2020	(158,452)	55,299	(103,153)
Net income/ (loss) attributable to unitholders before distributions to unitholders	(6,185)	-	(6,185)
At 31 December 2020	(164,637)	55,299	(109,338)

The accompanying notes form part of the consolidated financial statements

**AGRICULTURAL LAND TRUST
HALF YEAR REPORT**

**Consolidated statement of cash flows
For the half year ended 31 December 2020**

	Notes	Consolidated	
		31 December 2020 \$'000	31 December 2019 \$'000
Cash flows from operating activities			
Interest received		-	1,173
Other receipts		-	1,941
Interest and borrowing costs paid		(394)	(1,383)
Other expenses paid		(322)	(841)
Net cash flows (used in)/ provided by operating activities	5(b)	(716)	890
Cash flows from investing activities			
Purchase of equipment		(50)	-
Loan to iProsperity Underwriting Pty Ltd		-	(17,700)
Net cash flows used in investing activities		(50)	(17,700)
Cash flows from financing activities			
Proceeds from issuing Debenture		-	17,700
Proceeds from borrowings		488	-
Net cash flows from financing activities		488	17,700
Net (decrease)/ increase in cash and cash equivalents		(278)	890
Cash and cash equivalents at the beginning of the half year	5(a)	339	141
Cash and cash equivalents at the end of the half year	5(a)	61	1,031
Non-cash financing and investing activities	4	-	-

The accompanying notes form part of the consolidated financial statements

AGRICULTURAL LAND TRUST

HALF YEAR REPORT

Notes to the consolidated financial statements For the half year ended 31 December 2020

1. Summary of significant accounting policies

a) Basis of preparation

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

The half year financial report has been prepared on a historical cost basis, except for the investment property, which has been measured at fair value based upon Directors' valuations. Independent valuations are conducted 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.

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

The half year financial report should be read in conjunction with the Annual Financial Report of the Group for the year ended 30 June 2020 together with all public announcements made on behalf of the Trust and its controlled entities during the half year ended 31 December 2020, and those up to the date of this financial report, in accordance with the continuous disclosure obligations arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The half year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2020 except for the impact of the changes in accounting policy described below.

The half year financial report is presented in Australian dollars and all values have been rounded to the nearest thousand dollars (\$'000, where rounding is applicable) in accordance with ASIC Class Order 2016/191, unless otherwise indicated.

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

b) Going concern

Notwithstanding that total liabilities exceed total assets by \$109,338,000 at 31 December 2020, the financial statements have been prepared on a going concern basis. The Responsible Entity considers this basis to be appropriate as:

- The cause of this deficit are provisions that have been recognised against the Group's loans to iProsperity Underwriting Pty Limited (in Liquidation) ('IPU') and the interest receivable on those loans. These loans were funded by the issue of debentures and, other than the Series 5 and Series 8 debentures, the Group's liability to repay the debentures on maturity and any interest due is limited to the amount received on the loans that the Group has made to IPU. The Group will be able to reduce the amount it owes under the debentures once the final recovery from the loans is determined, which is expected when the IPU liquidation is completed;
- The Group would have had \$27.23 million of net assets at 31 December 2020 if it had been able to reduce the amount it owed under the debentures by the same amount it has provisioned against the IPU loans;
- When harvesting activities recommence at Linkletter's Place and those harvested areas are remediated and leased for farming, these activities are expected to provide the Group with cash flows, which will assist it to meet its operating cash flows including interest due under the Group's various loan facilities; and
- The Group entered into an unsecured loan facility with an entity associated with a unitholder to assist it to pay Group expenses whilst the harvesting activities have been suspended. As at the date of this report, the balance of this loan is \$0.8 million.

**AGRICULTURAL LAND TRUST
HALF YEAR REPORT**

**Notes to the consolidated financial statements
For the half year ended 31 December 2020**

1. Summary of significant accounting policies (continued)

c) Changes in accounting policy

New Standards and Interpretations

The accounting policies applied in these half year financial statements are the same as those applied to the Group's financial statements for the year ended 30 June 2020.

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

2. Contingent liabilities and contingent assets

There are no contingent assets or liabilities as at 31 December 2020 (30 June 2020: nil).

3. Segment reporting

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 Linkletter's Place in Esperance, Western Australia. Opportunities for sale or leasing may also be assessed in the future. The Group also issued debentures on-lending the proceeds of these debentures to earn an interest income margin to fund the main activities, however as the sole borrower, IPU, is now in liquidation and recoveries are minimal it does not expect this will continue.

4. Non-cash financing and investing activities

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

For the period ended 31 December 2020, there were \$nil distributions (2019: \$nil).

	31 December 2020 \$'000	30 June 2020 \$'000
Non-cash financing and investing activities	-	-

**AGRICULTURAL LAND TRUST
HALF YEAR REPORT**

**Notes to the consolidated financial statements
For the half year ended 31 December 2020**

5. Cash and cash equivalents

Cash and cash equivalents in the Consolidated 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 Consolidated 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.

	31 December 2020 \$'000	30 June 2020 \$'000
(a) Components of cash and cash equivalents		
Cash at bank	59	337
One Cash Management Fund	2	2
Total cash and cash equivalents	61	339
(b) Reconciliation of net (loss)/ income to cash flows (used in)/ provided by operating activities		
	31 December 2020 \$'000	31 December 2019 \$'000
Net income/(loss)	(6,185)	958
<i>Adjustments:</i>		
Impairment loss	6,973	-
Non-cash interest income and expense	(1,474)	-
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in receivables	(9)	(2,100)
(Decrease)/increase in payables	(21)	2,032
Net cash flows (used in)/ provided by operating activities	(716)	890

6. Trade and other receivables

	31 December 2020 \$'000	30 June 2020 \$'000
GST receivables	17	8
Loan interest receivable	5,444	9,651
Gross trade and other receivables	5,461	9,659
Less Provision for impairment - interest receivable	(5,444)	(9,651)
Total trade and other receivables	17	8

Further details of the Provision for impairment is disclosed in the Note 7.

**AGRICULTURAL LAND TRUST
HALF YEAR REPORT**

**Notes to the consolidated financial statements
For the half year ended 31 December 2020**

7. Loan receivable and Provision for impairment

	31 December 2020 \$'000	30 June 2020 \$'000
Loan receivable	134,330	123,150
Provision for impairment - loan receivable	(134,330)	(123,150)
Total loan receivable	-	-
Opening balance – provision for impairment	132,801	-
Impairment losses adjusted for the period	6,973	132,801
Closing balance – provision for impairment	139,774	132,801

The Responsible Entity has determined to recognise an impairment loss (provision) against the full amount of loans and interest receivable on the loans advanced to IPU. As announced to the ASX on 30 April 2020, due to ongoing events of default by IPU, the trustee of ALT Sub Trust No 4 and ALT Sub Trust No 5 appointed a receiver to IPU. As further announced to the ASX on 17 July 2020, a voluntary administrator was appointed to IPU and on 19 August 2020 IPU was placed into liquidation.

Since that time the Responsible Entity and the trustee of ALT Sub Trust No 4 and ALT Sub Trust No 5 have engaged with both the receiver and voluntary administrator (now liquidator) to understand the likely recovery of these amounts. However, neither party has been able to provide the Group with sufficient information to determine the amount which may be recoverable from IPU and on this basis the Group has determined to fully impair both the loan and interest receivable amounts.

The Group will continue to seek to maximise the amount which may be recovered from IPU when balanced against the cost of recovery.

8. Investment property

(a) Investment property

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 consolidated statement of profit or loss and other comprehensive income 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 unitholders.

	31 December 2020 \$'000	30 June 2020 \$'000
Rural property - Linkletter's Place at fair value	39,540	39,540
Total investment property	39,540	39,540

AGRICULTURAL LAND TRUST
HALF YEAR REPORT

Notes to the consolidated financial statements
For the half year ended 31 December 2020

8. 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
31 December 2020					
Rural property	39,540	-	-	-	39,540
Total	39,540	-	-	-	39,540
30 June 2020					
Rural property	35,400	-	-	4,140	39,540
Total	35,400	-	-	4,140	39,540

(c) Valuation techniques used to derive level 3 investment property

The investment property has been measured at fair value based on a directors' valuation, having regard to an independent valuation conducted by Opteon in July 2020, 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 \$39.54 million. This approach considers the highest and best use of the investment property which is considered will be as a mixed grazing and cropping business, after the timber is harvested and its forestry use ceases. The directors have considered both the value of the forest assets and potential that any future tenant may bear the costs to remediate to agricultural standard as part of the overall valuation.

The market value of the property 'As Is' (subject to existing occupancy arrangements) was assessed by Opteon to be \$30.38 million. The directors have determined the fair value of the Group's investment property to be \$39.54 million.

The Opteon 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
 - Comparable evidence requiring adjustment; reliance was placed on transactions of other rural properties within the region to establish market parameters for land and structures.

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 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.

Further details are set out in Note 6 of the Group's 30 June 2020 Annual Report.

AGRICULTURAL LAND TRUST
HALF YEAR REPORT

Notes to the consolidated financial statements
For the half year ended 31 December 2020

9. Interest payable

	31 December 2020 \$'000	30 June 2020 \$'000
Interest payable - Debenture Series 3, 4, 6, 7 and 9	4,253	7,942
Interest payable - Debenture Series 5 and 8	17	16
Interest payable - Loan from IPGMF	205	202
Interest payable - Unitholder loan	5	-
Total Interest payable	4,480	8,160

10. 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.

The Series 3, 4, 6, 7 and 9 debentures were issued on a limited recourse basis. The Group's obligation to repay principal and/or interest on these debentures is limited to the amount it recovers on the loans made to IPU using the proceeds raised from the issue of these debentures.

	31 December 2020 \$'000	30 June 2020 \$'000
Current		
Debentures – Series 3, 4, 6, 7 and 9	123,150	123,150
Capitalised interest on debenture Series 3, 4, 6, 7 and 9	9,168	-
Total current	132,318	123,150
Non-current		
Unitholder loan	488	-
Capitalised interest on unitholder loan	14	-
Loan from IPGMF	10,000	10,000
Debentures – Series 5 and 8	1,627	1,627
Total non-current	12,129	11,627
Financing facilities		
Total facilities used*	135,265	134,777
Total facilities unused	46,012	45,350
Total facilities	181,277	180,127

The unitholder loan is from Balmain Investment Trust. The non default interest rate on the loan is 12% and the interest rate where an event of default is subsisting is 20%. As of the date of these financial statements the loan is in compliance with the terms and conditions included in the loan agreement. Interest under this facility capitalises until harvesting activities recommence.

*Excludes capitalised interest.

**AGRICULTURAL LAND TRUST
HALF YEAR REPORT**

**Notes to the consolidated financial statements
For the half year ended 31 December 2020**

10. 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-22	10.00%
Debentures Series 3		1,500,000	16-Jun-17	15-Jun-22	10.00%
Debentures Series 4	10,000,000	5,000,000	14-Aug-17	13-Aug-22	8.50%
Debentures Series 4		4,000,000	7-Sep-17	13-Aug-22	8.50%
Debentures Series 4		1,000,000	22-Nov-17	13-Aug-22	8.50%
Debentures Series 5	1,000,000	1,000,000	7-Sep-17	7-Apr-22	12.50%
Debentures Series 6	5,000,000	2,000,000	13-Dec-17	13-Dec-21	10.00%
Debentures Series 7	98,000,000	3,000,000	24-Jan-18	24-Jan-22	8.00%
Debentures Series 7		3,000,000	24-Jan-18	24-Jan-22	8.00%
Debentures Series 7		3,000,000	15-Feb-18	24-Jan-22	8.00%
Debentures Series 7		10,000,000	28-Feb-18	24-Jan-22	8.00%
Debentures Series 7		1,200,000	3-May-18	24-Jan-22	8.00%
Debentures Series 7		5,000,000	1-Jun-18	24-Jan-22	8.00%
Debentures Series 7		2,400,000	13-Jun-18	24-Jan-22	8.00%
Debentures Series 7		950,000	15-Jun-18	24-Jan-22	8.00%
Debentures Series 7		3,000,000	24-Jul-18	24-Jan-22	8.00%
Debentures Series 7		4,000,000	13-Sep-18	24-Jan-22	8.00%
Debentures Series 7		4,000,000	26-Oct-18	24-Jan-22	8.00%
Debentures Series 7		12,000,000	8-Nov-18	24-Jan-22	8.00%
Debentures Series 7		8,000,000	8-Nov-18	24-Jan-22	8.00%
Debentures Series 7		5,000,000	19-Dec-18	24-Jan-22	8.00%
Debentures Series 7		6,000,000	28-Dec-18	24-Jan-22	8.00%
Debentures Series 7		5,000,000	12-Feb-19	24-Jan-22	8.00%
Debentures Series 7		3,000,000	4-Mar-19	24-Jan-22	8.00%
Debentures Series 7		300,000	23-Apr-19	24-Jan-22	8.00%
Debentures Series 7		3,000,000	10-May-19	24-Jan-22	8.00%
Debentures Series 7		1,100,000	24-May-19	24-Jan-22	8.00%
Debentures Series 7		5,000,000	28-May-19	24-Jan-22	8.00%
Debentures Series 7		4,500,000	27-Aug-19	24-Jan-22	8.00%
Debentures Series 8	627,081	627,081	28-Feb-18	7-Apr-22	10.00%
Debentures Series 9	50,000,000	11,500,000	29-Aug-19	27-Aug-23	8.00%
Debentures Series 9		1,700,000	10-Sep-19	27-Aug-23	8.00%
IPG Mortgage Fund	10,000,000	10,000,000	28-Feb-18	28-Feb-22	6.00%
Unitholder loan	1,150,000	388,642	26-Aug-20	25-Aug-22	12.00%
Unitholder loan		59,000	26-Oct-20	25-Aug-22	12.00%
Unitholder loan		41,000	05-Nov-20	25-Aug-22	12.00%
Total	181,277,081	135,265,723			

AGRICULTURAL LAND TRUST

HALF YEAR REPORT

Notes to the consolidated financial statements For the half year ended 31 December 2020

10. Interest bearing loans and borrowings (continued)

As at 31 December 2020, the aggregate debenture balance of series 3 to series 9 was \$133,945,316 (30 June 2020: \$124,777,081), including capitalised interest of \$9,168,235 (30 June 2020: \$nil). The fair value approximates the current value of \$133,945,316. The loan from IPG Mortgage Fund was \$10,000,000 as at 31 December 2020 (30 June 2020: \$10,000,000). While amounts remain undrawn, as an event of default has been declared in respect of all debenture series the Responsible Entity is not able to issue further debentures from these series. As a result of these defaults the debentures may be repayable on demand but only to the extent the Group recovers an amount from IPU.

11. Related party disclosures

(a) Responsible Entity

The Responsible Entity of Agricultural Land Trust as at 31 December 2020 is One Managed Investment Funds Limited ('OMIFL') whose parent entity at 31 December 2020 is One Investment Group Pty Limited ('OIG'). The ultimate parent entity is OIG Holdings Pty Limited ('OIGH').

The Responsible Entity and its related trustees were paid fees of \$49,823 for the half year ended 31 December 2020.

As noted in the Annual Report for the year ended 30 June 2020, the Responsible Entity refunded certain historical fees it was paid relating to the value and income generated by the Group from the debentures and also reversed amounts included as a liability at 30 June 2020. These amounts totalled \$64,416.

The impact of the refund payment and the accrual reversal is that total trustee fees for the half year ended 31 December 2020 reflect a net benefit to the Group of \$14,593.

The Responsible Entity's entitlement to fees is contained in the of the Group's constitutions. The Responsible Entity is entitled to be paid annual fees calculated on the following basis:

(i) 0.25% of the gross value of assets of the Group calculated at the end of each month and paid quarterly in arrears.

(ii) 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.

(iii) 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 31 December 2020, \$24,969 was payable to the Responsible Entity (30 June 2020: \$43,466).

**AGRICULTURAL LAND TRUST
HALF YEAR REPORT**

**Notes to the consolidated financial statements
For the half year ended 31 December 2020**

11. 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 parent entity	
	31 December 2020 %	30 June 2020 %
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 an investment in the One Cash Management Fund ('OCMF') valued at \$2,431 as at 31 December 2020 (30 June 2020: \$2,422). 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 ('OIGPL'). 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. Following 31 December 2020, this investment has been redeemed in full.

Debenture holder

The debenture holders in respect of Series 1 - Series 9 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 \$10 million 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 half year and to the date of these financial statements are:

One Managed Investment Funds Limited

Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

AGRICULTURAL LAND TRUST

HALF YEAR REPORT

Notes to the consolidated financial statements

For the half year ended 31 December 2020

11. 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.

(e) Units in the Trust held by key management personnel

Key management personnel do not directly hold any units in the Trust as at the financial year end, nor have they held any units in the Trust during the reporting period.

12. Subsequent events after balance date

Subsequent to the balance date, the unitholder loan facility limit further increased to \$1.65 million. This additional funding is expected to be used to fund the surrender of the existing lease described below and to also provide funding for operating costs while harvesting activities are paused. At the date of these financial statements, the Trust had drawn down \$0.8 million of the loan facility.

The Responsible Entity has reached agreement with the existing tenant at Linkletter's Place to surrender its lease. This lease is over a limited area of Linkletter's Place and provides no income to the Trust. The surrender is expected to provide greater flexibility for the Trust to secure a lease of Linkletter's Place on more favourable terms. The Trust continues to seek to source an acceptable tenant for Linkletter's Place.

As at 31 December 2020, COVID-19 remains prevalent throughout the world, including Australia. COVID-19 has caused unprecedented disruption to populations, businesses and general economic activity. As the situation evolves, it continues to have significant impacts on investment funds and their trustees and managers, both directly and indirectly.

As this situation is continuing, the Responsible Entity has been monitoring both the valuation of the Trust's assets and the Trust's liquidity. In these circumstances, there is uncertainty around valuations (refer Note 8). The Responsible Entity will continue to closely monitor market situations to ensure that valuations remain appropriate and update the ASX where necessary to provide informed guidance for investors during this rapidly changing environment.

No other matter or circumstance has arisen since the end of the financial period which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial periods.

13. Units on issue

	31 December 2020 Units	31 December 2019 Units
Ordinary units on issue at beginning of the period	97,510,036	97,510,036
Ordinary units cancelled during the period	(6,037,515)	-
Ordinary units on issue at the end of the period	91,472,521	97,510,036

AGRICULTURAL LAND TRUST HALF YEAR REPORT

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 consolidated financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) with reference to Note 1(b) 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 half year ended 31 December 2020.

On behalf of the Board of One Managed Investment Funds Limited.



Frank Tearle
Director
One Managed Investment Funds Limited
Sydney
1 March 2021

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

Conclusion

We have reviewed the half-year financial report of Agricultural Land Trust (the Trust), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in unitholders interest and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of Agricultural Land Trust's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1b) in the financial report, which indicates that the total liabilities exceed total assets by \$109,338,000 as at 31 December 2020. As stated in Note 1b), the directors have prepared the financial report on a going concern basis and are taking actions to address its financial position. Should the events or actions set forth in Note 1b) not eventuate, it may result in material uncertainty that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001*

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Crowe Sydney



Barbara Richmond
Partner

1 March 2021

Auditor's Independence Declaration Under Section 307C of the *Corporations Act 2001* to the Directors of One Managed Investment Funds Limited, the Responsible Entity of the Agricultural Land Trust

As lead auditor for the review of the half year financial report of Agricultural Land Trust for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, that there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely,



Crowe Sydney



Barbara Richmond
Partner

1 March 2021

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

© 2021 Findex (Aust) Pty Ltd.