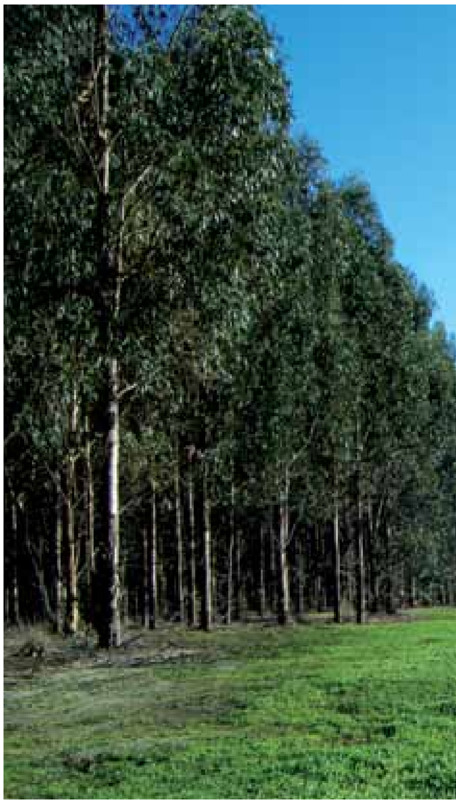
Agricultural Land Trust



AGRICULTURAL LAND TRUST

ARSN 096 588 046

Annual Report | 30 June 2010

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TERMS AND ABBREVIATIONS

This report uses terms and abbreviations relevant to the Trust's activities and financial accounts. The terms "Agricultural Land Trust", "Trust" and "Group", unless indicated otherwise, refer to the consolidated entity comprising the parent entity (being the Agricultural Land Trust) and its subsidiaries. In some instances the term "Agricultural Land Trust" refers to the parent entity and not the consolidated entity however, where applicable, this has been disclosed in the report.

The terms "Agricultural Land Management Limited" and "Responsible Entity" are used in this report to refer to Agricultural Land Management Limited.

Effective 8 February 2010 ITC Project Management Limited and ITC Limited changed their names to Elders Forestry Management Limited and Elders Forestry Limited. The terms "Elders Forestry Management Limited" and "ITC Project Management Limited" are used in this report to refer to Elders Forestry Management Limited. The terms "Elders Forestry Limited" and "ITC Limited" are used in this report to refer to Elders Forestry Limited.

The terms "the year" and "2010" refer to the twelve months ended 30 June 2010 unless otherwise stated. Similarly references to 2009 refer to the twelve months to 30 June of that year.

CORPORATE DIRECTORY

Responsible Entity	Agricultural Land Management Limited ABN 16 072 899 060 Level 3, 27 Currie Street Adelaide SA 5000 Phone: (08) 8425 5100 Facsimile: (08) 8425 6088 Australian Financial Services Licence Number: 225064
Postal Address	GPO Box 2716 Adelaide SA 5001
Registered Address	Level 3, 27 Currie Street Adelaide SA 5000
Directors and Senior Management	Peter Zachert B.Bus M.Comm M.Geoscience FCA FAIM (Chairman) Max Ormsby FFSIA FAICD ANZIIF (senior assoc.) (Director) Robert Michael Walter (Director) Ian Wigg B.Ec CA SAFin (Chief Operating Officer) Sarah Graves BA LLB (Secretary) Peter Taylor (Responsible Manager – Property)
Compliance Committee	Ross Kestel CA FCPA MAICD Neil MacKenzie BA (Hons) FCA Ian Wigg B.Ec CA SAFin
Registry	Computershare Investor Services Pty Limited Level 5, 115 Grenfell Street Adelaide SA 5000 Phone: 1300 727 620 Facsimile: (08) 8236 2305
Auditor	Ernst & Young Ernst & Young Building 121 King William Street Adelaide SA 5000
Bankers	Westpac Banking Corporation National Australia Bank Australia and New Zealand Banking Group Limited
ASX code	AGJ
Website	www.agriculturallandtrust.com.au

CHAIRMAN'S REPORT

2010 has been a year of consolidation for the Agricultural Land Trust. It has been a year where industry issues and the global economy provided a challenging operating environment, but a year which validated the leasing model and the long term economics of the Trust.

The Trust continued to perform strongly over what has been a difficult and unprecedented time for both the industry and the world economy. The book value of Investment Properties was maintained and after previous year write downs the Trust returned to profitability with a Net Profit attributable to unit holders of close to $2 million. Distributions remained strong at over 2 cents per unit. Over the year unit holders showed their support for the Trust by reinvesting $402,000 of distributions through the distribution reinvestment plan allowing debt to be reduced by $1 million. In 2010 the transition from a hospitality and commercial trust to an agricultural land trust was completed with receipt of final proceeds and write-off of remaining balances. The Trust's asset base now only comprises high quality agricultural land.

All of the Trust's land was either independently valued or was the subject of independent desktop reviews over the period. These assessments confirmed book values and highlighted the differences between the Agricultural Land Trust business model and models of the various distressed entities associated with the forestry and MIS industries.

Following the much publicised failure of Timbercorp and Great Southern in the last financial year, there were further high profile failures in 2010 including FEA and the Rewards Group. It is therefore important to highlight the following differences between land holdings associated with these entities and the land held within your Trust:

- All the Trust's leases are on a commercial basis and are secured by guarantees from Elders Limited.
- Elders Ltd, unlike Timbercorp, Great Southern, FEA and the Rewards Group is not heavily reliant on MIS sales with MIS sales accounting for less than 1% of the total sales of Elders Ltd during the 2009 financial year.
- All lease rental rates are market based and, as market interest rates increase, corresponding increases are applied to lease rental rates. This not only impacts returns, but also underlying land values and the risk profile of your Trust.
- All properties represent prime agricultural land and are located in areas recognised for reliable rainfalls and productive soil profiles.
- Australian rural land of the quality of that in the Trust continues to be in demand and affordable by world standards.

Over the mid-term there will continue to be challenges facing the MIS and forestry sectors. As was the case this year, MIS investment has declined and going forward forestry companies are looking for alternative funding sources for plantation expansion. However, demand for wood chips and quality timber remains strong and due to proximity to markets and the efficiency of the local industry, Australia will continue to be a major supplier of these commodities. This continued involvement will create a demand for further land and consolidate existing land values. In this environment the Trust will be well placed to continue growing its property portfolio.

Over the coming year the Board will focus on issues resulting from the realignment of the forestry and MIS sectors. There will be continued focus on development of a capital management plan and the finalisation of negotiations in relation to the extension of its banking facilities that become due in May 2011. In this regard the Trust has recently received indicative commitments from its bankers to extend the expiry date of its current outstanding bank debt to July 2012. The extension is subject to certain conditions, including entry into definitive documentation.

Finally the Board wishes to acknowledge the valuable contribution made by management through this very challenging year. The Board also wishes to thank unit holders for their continuing support. Given this support, the Board is confident that over the mid-term the Trust will continue to grow in a sustainable and financially responsible manner.

Peter Zachert
Chairman
Agricultural Land Management Limited
Adelaide, 31 August 2010

MANAGER'S REPORT

Financial Results

The net profit attributable to unitholders of the Trust for the year was $2.0 million (2009: Loss of $3.1 million) representing a significant improvement from the previous financial year which had been adversely impacted by downward asset revaluations totalling $5.8 million.

The book value of the Trust's rural property assets has been maintained at $105.6 million inclusive of acquisition costs of $4.4 million (2009: $105.6 million inclusive of acquisition costs of $6.5 million).

The net profit attributable to unitholders of the Trust from continuing operations excluding asset revaluations was $2.2 million (2009: $2.4m). Net cash flow from operations was $1.9m for the year (2009: $2.1 million).

The nominal reduction in net profit and cash flows, prior to asset revaluations, was due predominately to the lower average Bank Bill Swap Bid Rate (BBSY) that persisted throughout the year compared to the previous year. As detailed below the Trust's rental income is linked directly to the Bank Bill Swap Bid Rate (BBSY).

The total assets of the Trust as at 30 June 2010 were $108.7 million (2009: $109.4 million) and the net assets of the Trust as at 30 June 2010 were $33.4 million (2009: $32.9 million).

Distributions to Unitholders

A final distribution of 0.92 cents per unit has been declared and will be made on 27 September 2010. This brings the total distribution for the year to 2.02 cents per unit (2009: 2.43 cents per unit). The distributions represent distributions of taxable income and do not contain any tax free or tax deferred components.

Market Performance

During the year, units in the Trust traded within a range of $0.130 to $0.175. Based on the closing price of $0.13 as at 30 June 2010 the Trust has a market capitalisation of $11.6 million (2009: $12.9 million).

Based on the closing price of $0.13, the distribution yield for the Trust was 15.5% which compares favourably to the average yield for trusts in the S&P/ASX 300 A-REIT index over the same period of approximately 7%.

Rural Property Assets

A summary of the rural properties owned by the Trust is contained in the table below.

Acquisition Date	Region	Number of Properties	Total Hectares	Plantable Hectares	Fair Value ($'000)	Capitalised Acquisition Costs* ($'000)	Book Value Including Acquisition Costs* ($'000)
June 2008	Albany WA	4	3,462	2,745	12,575	662	13,237
June 2008	Central Qld	2	5,098	1,680	7,650	315	7,965
June 2008	Esperence WA	1	8,948	7,497	32,250	1,415	33,665
June 2008	Far Nth Qld	2	1,529	1,048	15,550	545	16,095
June 2008	Green Triangle	8	3,048	2,440	17,550	832	18,382
Sept 2008	Far Nth Qld	1	1,302	986	10,750	488	11,238
Feb 2009	Albany WA	1	255	186	2,000	73	2,073
March 2009	Albany WA	1	411	289	1,575	64	1,639
March 2009	Green Triangle	1	172	149	1,250	48	1,298
Total		**21**	**24,225**	**17,020**	**101,150**	**4,442**	**105,592**

* refer accounting policy note 2 (g) and note 6

The Trust has entered into long term lease agreements with either Elders Forestry Management Limited or Elders Forestry Limited in relation to all of the above mentioned properties. All leases are guaranteed by Elders Limited. Elders Limited is the parent entity of Elders Forestry Management Limited, Elders Forestry Limited and Agricultural Land Management Limited.

The properties are concentrated in areas recognised for reliable rainfall and productive soil profiles. All properties were independently valued by Colliers International prior to acquisition and all properties are being utilised by the tenants for forestry.

The rent rate payable in relation to the properties acquired up to and including September 2008 equals BBSY (subject to a floor of 4%) plus the Trust's banking syndicate finance margin above BBSY plus an additional 0.25%. Rental income is calculated by applying the rent rate to property values (initial greenfields value plus statutory acquisition costs indexed quarterly by CPI with market reviews every 5 years but subject to ratchet provision ensuring property values cannot decrease).

The rent rate payable in relation to the properties acquired subsequent to September 2008 is the same as detailed above with the exception that the BBSY floor has been increased from 4% to 6%.

In October 2009 Elders Ltd, the guarantor of all of the Trust's leases, completed a $550 million equity raising which recapitalised its balance sheet. A trading and operational update released by Elders Ltd in June 2010 indicated that, in challenging conditions, the underlying trading result for Elders Ltd for the financial year ended 30 September 2010 was likely to be a loss of in range of $8 million to $14 million.

It is anticipated that upon the completion of the winding up of various entities that previously held the Trust's commercial and hospitality assets the Trust will have significant carried forward capital losses. These carried forward capital losses should, subject to any changes to taxation legislation, be able to be used to offset future capital gains on the sale of the Trust's rural properties. It is estimated that the carried forward capital losses that may become available following the winding up of the entities that previously held the Trust's commercial and hospitality assets could total up to $17 million.

Revaluations

The Trust obtained full valuations from Colliers International for two properties comprising in excess of 40% of the value of its property portfolio in June 2010. At that time the Trust also obtained desktop assessments from Colliers International for the balance of its portfolio.

On the basis of the valuations, the Trust has maintained the book value of its Investment Properties at $105.6 million inclusive of acquisition costs of $4.4 million (2009: $105.6 million inclusive of acquisition costs of $6.5 million) (see accounting policy note 2(g) and note 6).

Funding

The Trust entered into a loan facility agreement with a syndicate of leading Australian banks in May 2008. The facility is a 3 year facility expiring in May 2011 with average funding costs of 1.22% above BBSY. As at 30 June 2010 the facility had been drawn to $60.9 million.

Key covenants within the syndicated loan facility agreement comprise compliance with Interest Cover and Loan to Value ratios. The applicable Interest Cover covenant ratio is 1.30:1.00. The applicable Loan to Value covenant ratios reduce at a rate of 1% per annum and are currently 63% (for properties with minimum lease expiry dates after 31 December 2012) and 58% for all other properties. The Trust is required to perform valuations on a rolling 3 year basis for the purposes of determining compliance with Loan to Value ratio covenants. In June 2010 a voluntary repayment of $1 million was paid to the banking syndicate to ensure compliance with the reducing Loan to Value covenant ratios. The voluntary repayment is not able to be redrawn pursuant to the loan facility agreement.

The Trust's auditors have confirmed compliance with Interest Cover and Loan to Value ratio covenants as at 30 June 2010.

Over the coming year there will be continued focus on the finalisation of negotiations in relation to the extension of banking facilities that become due in May 2011. In this regard the Trust has recently received indicative commitments from its bankers to extend the expiry date of its current outstanding bank debt of $60.9 million to July 2012 with an amended financier margin of 4% above BBSY. The extension is subject to certain conditions, including entry into definitive documentation.

The Trust's funding also includes a $13 million unsecured and subordinated loan agreement with Elders Finance Pty Limited, an entity wholly owned by Elders Limited. The facility expires on 30 June 2011 and interest expense equals the weighted average rent rate payable under the property leases. As at 30 June 2010 the facility had been drawn to $11.8 million leaving an undrawn facility balance of $1.2 million. Elders Limited has also provided an indicative commitment to extend the subordinated loan for the same period as the syndicated loan facility extension.

MANAGER'S REPORT

The Trust has not adopted an interest rate hedging policy principally due to the structure of its leases which enables the Trust to pass on increases in its interest costs to its tenant via increased rent rates.

Responsible Entity Fees

The Responsible Entity fees for the year were $nil as a result of a Responsible Entity fee holiday which expired on 30 June 2010.

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

(a) 0.25% of the gross value of assets of the Trust calculated at the end of each month and payable quarterly in arrears.

(b) 3.5% of the Net Income of the Trust calculated after adding back the following items:

- depreciation, building allowances and other non cash expenses;
- interest, finance and other borrowing expenses;
- leasing, legal and professional fees;
- administration expenses, including auditing, accounting, Custodians' fees, outgoings and expenses and management fees;
- costs of issuing any Disclosure Documents; and
- marketing and promotional expenses.

The fee will be payable quarterly in arrears.

(c) 3.5% of the increase in the market value of each asset owned by the Trust calculated from the start of a financial year, or the date of acquisition, to the end of the financial Year. This fee will be payable annually.

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.

Gearing

As at 30 June 2010 the Trust's gearing ratio was 67% (debt to total assets). Excluding the subordinated and unsecured loan from related Elders Finance Pty Limited the Trust's gearing ratio as at 30 June 2009 was 57%.

In light of the well documented Global Economic Crisis and the challenges facing the forestry sector, the Responsible Entity is continuing to re-evaluate its target gearing ratios and capital management plans.

Outlook

The Responsible Entity is dedicated to consolidating the Trust's position as an agricultural land trust and growing the Trust in a sustainable and financially responsible manner through the acquisition of additional rural properties should suitable opportunities arise.

The Trust's anticipated performance in 2011 compared to 2010 is likely to be influenced by numerous factors including the imposition of Responsible Entity fees from 1 July 2010, variations in the components of the Trust's rental mechanism (ie BBSY, changes in financier margin on refinance, CPI) and changes in the underlying value of its property assets. The Trust's future performance will also be influenced by any capital management and growth initiatives that are implemented.

Ian Wigg
Chief Operating Officer
Agricultural Land Management Limited
Adelaide, 31 August 2010

DIRECTORS AND SENIOR MANAGEMENT

The directors and senior management of Agricultural Land Management Limited comprise the following:

Peter Zachert

B.Bus M.Com M.Geoscience FCA FAIM (age 56)
(Director, Non Executive / Non Independent)

Mr Zachert is a Chartered Accountant and Company Director. He is currently a director of Terramin Australia Limited and a number of private companies. His executive background is primarily in Resources and Diversified Industrials in Australia and overseas, most recently as CFO of Elders Limited (ceasing June 2009). Previous positions held by Mr Zachert include director and CFO of Cyprus Australia Coal Company, CFO of Delta Gold Limited and senior roles in Prodeco SA and Exxon Coal and Mineral Company Limited. Peter is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Management. He was appointed an executive director of Agricultural Land Management Limited on 2 July 2007 however has assumed a non executive and non independent role since 1 July 2009.

Max Ormsby

FFSIA FAICD ANZIIF (senior assoc.) (age 60)
(Director, Non Executive / Independent)

Mr Ormsby is a Company Director and experienced executive with a background in the corporate sector and major trading banks. He is currently a director of Rural Bank Limited, Elders Financial Services Group Pty Limited and its subsidiaries, Master Fund (WA) Pty Limited, NM Superannuation Pty Limited, Hifert Pty Limited and Seed Technology & Marketing Pty Limited. His executive background includes roles of director finance and director risk management at Elders Limited (ceasing July 2006). Max is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Directors and a senior associate of the Australian Institute of Exports. He was appointed a director of Agricultural Land Management Limited on 22 January 2009.

Michael Walter

(age 61)
(Director, Non Executive / Independent)

Mr Walter is an experienced executive with a background in the agribusiness sector and rural banking. He is currently Director of National Business Development for Elementree Ltd. His executive background includes roles of General Manager, Elders Banking, General Manager Rural Lending, Rabobank and General Manager Lending, Primary Industry Bank of Australia (PIBA). Mike has extensive experience in and knowledge of the Agricultural Industry in Australia and New Zealand as a result of 42 years commercial exposure with diversified experience across all rural inputs, banking and finance sectors involved in farm production and finance performance analysis. Mr Walter was appointed a Director of Agricultural Land Management Limited on 28 May 2010.

Ian Wigg

B.Ec CA SAFin
(Chief Operating Officer, Joint Company Secretary, Compliance Committee Member)

Mr Wigg was appointed Chief Operating Officer of Agricultural Land Management Limited in October 2007. His experience prior to that was predominately obtained in the field of corporate recovery in both Australia and the UK having previously been a director at PPB, Adelaide. Ian is a Chartered Accountant and a Senior Associate of the Financial Services Institute of Australia.

Sarah Graves

BA LLB
(Joint Company Secretary)

Ms Graves is a qualified lawyer, member of the Law Society of South Australia and an affiliate member of the Chartered Secretaries of Australia. She was appointed Joint Company Secretary of Agricultural Land Management Limited on 28 May 2010.

Peter Taylor

(Responsible Manager - Property)

Mr Taylor was appointed Responsible Manager (property) in May 2008. He has in excess of 35 years experience in rural property sales and holds real estate licences in SA, Vic, NSW and NT. Peter is a member of the Real Estate Institute of South Australia.

Ross Kestel

B.Bus CA FCPA MAICD
(Compliance Committee Chairman, Independent)

Mr Kestel is both a Chartered Accountant and Certified Practicing Accountant and was a director of the accounting practice Nissen Kestel Harford from July 1980 until April 2010. Mr Kestel has acted as a director and company secretary of a number of public companies involved in mineral exploration, mining, mine services, property development, manufacturing and technology industries. He is a member of the Australian Institute of Company Directors. Mr Kestel was appointed to the Compliance Committee in December 2002.

Neil MacKenzie

BA (Hons) FCA
(Compliance Committee Member, Independent)

Mr Mackenzie is an experienced executive and Fellow of the Institute of Chartered Accountants. He is a former Commercial Director and COO of Simeon Wines and the current Chairman of Blaxland Vineyards Limited. Mr Mackenzie was appointed to the Compliance Committee in January 2008.

CORPORATE GOVERNANCE

The Agricultural Land Trust is a registered managed investment scheme under the Corporations Act 2001 ("Corporations Act"). Agricultural Land Management Limited is the Responsible Entity for the Trust and establishes the corporate governance policies of the Trust. The Responsible Entity holds an Australian Financial Services Licence authorising it to operate the Trust and has a duty to act in the best interests of unitholders of the Trust. As a registered managed investment scheme under the Corporations Act, the Trust has a compliance plan that has been lodged with the Australian Securities and Investments Commission (ASIC). A copy of the compliance plan can be obtained from ASIC.

The Australian Securities Exchange Limited ("ASX") Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles"), in conjunction with the ASX listing rules, require the Trust to disclose in its annual report the extent to which its corporate governance practices follow the ASX Principles and to give reasons why any recommendations have not been followed. The Responsible Entity complies with a majority of the ASX Principles. Where it does not, it is largely in respect of matters where the nature of the regulation of the Trust or of the Trust's business is such that the board of the Responsible Entity considers that compliance is not appropriate or required and that there is no detriment to unitholders of the Trust from non-compliance.

Relationship between the Responsible Entity and Elders Limited

The Responsible Entity is a wholly owned subsidiary of Elders Limited. Currently all rental income of the Trust is derived from wholly owned subsidiaries of Elders Limited. Elders Limited is also a substantial unitholder in the Trust (49.93% as at 30 June 2010). Further information regarding the relationship and transactions with Elders Limited is detailed in Note 15 in the notes to the financial statements.

Compliance with ASX Corporate Governance Principles and Recommendations

Principle 1
Lay solid foundations for management and oversight

Recommendation 1.1 – Establish and disclose the functions reserved to the board of the Responsible Entity and those delegated to management.

The relationship between the board and management is a partnership that is crucial to the long-term success of both the Responsible Entity and the Trust. The separation of responsibilities between the board and management is clearly understood. The respective roles of the board and management of the Responsible Entity are set out in the Trust's compliance plan. The Trust's compliance plan sets out the key processes, systems and measures the Responsible Entity will apply to ensure compliance with the Corporations Act and the constitution of the Trust. In addition, the board of the Responsible Entity has adopted a board charter and a delegation of authority designed to emphasise the responsibilities of the board in managing the Trust in a manner which protects and builds wealth for the unitholders, taking into account other stakeholders such as employees, customers, suppliers, lenders and the wider community. The board has delegated responsibility for the day to day operation and administration of the Trust to the Chief Operating Officer. Various responsibilities, including those detailed below, cannot be delegated to management and accordingly remain the responsibility of the board;

> Responsibility for overall corporate governance of the Trust

> Strategic decisions

> Adoption of budgets

> Acquisition and disposal of rural property assets

> Selection of Auditors

> Equity raisings

> Entering into new borrowing arrangements

> Provision of security

> Entering into contracts with external service providers with a cost of greater than $50,000

> Trust distributions

Recommendation 1.2 – Disclose the process for evaluating the performance of senior executives.

No amounts are paid by the Trust directly to senior executives of the Trust. These amounts are paid directly from the ultimate holding company of the Responsible Entity, Elders Limited. Consequently performance of key executives of the Responsible Entity is reviewed in accordance with Elders Limited's group policy. Pursuant to the Responsible Entity's Board Charter, the board has a responsibility to assess the performance of the Chief Operating Officer and executive team. An assessment of the performance of the Chief Operating Officer and executive team has been conducted by the board in relation to the 2010 year.

Principle 2
Structure the board of the Responsible Entity to add value

Recommendation 2.1 – A majority of the board of the Responsible Entity should be independent directors.

The board of the Responsible Entity currently comprises two independent non executive directors and one non independent non executive director. Details of the directors are set out on page 6 of this Report.

The two independent directors are former executives of Elders Limited however due to the period of time that has elapsed since their employment with Elders and or the nature of their employment, the board considers them to be free of any business or other relationship that could materially interfere with the independent exercise of their judgement.

Given that the majority of the board is independent, the Trust is not required to have a Compliance Committee. Notwithstanding this, the board has retained the Trust's Compliance Committee to further enhance corporate governance. The role of the Compliance Committee is to monitor the extent of the Responsible Entity's compliance with the Trust's constitution, compliance plan and the Corporations Act, to ensure that the Responsible Entity acts in the best interests of unitholders.

The Compliance Committee comprises three members, two of whom are external and independent of the Responsible Entity and satisfy both the external member tests in the Corporations Act and the independence tests set out in the ASX Principles. The Compliance Committee meets quarterly and may report to the board or the Australian Securities and Investment Commission on any matters of compliance in relation to the Trust.

The board considers that the additional oversight of the Trust's activities by the Compliance Committee and the procedures set out in the compliance plan relating to the operation of the Trust provide sufficient independent oversight and transparency in the management of the Trust.

For the reasons noted above and due to the relative size and nature of the Trust's activities the board does not consider it necessary to adopt recommendations 2.2 (the Chairman should be an independent director), 2.3 (the roles of the Chairman and Chief Executive Officer, or equivalent, should not be exercised by the same individual), 2.4 (the board should establish a nomination committee) and 2.5 (companies should disclose the process for evaluating the performance of the board, its committees and individual directors).

Principle 3
Promote ethical and responsible decision making

Recommendation 3.1 – Establish a code of conduct and disclose the code or a summary of the code as to:

3.1.1 the practices necessary to maintain confidence in the Trust's integrity

3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders

3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Trust has established a Code of Conduct that sets out the conduct and ethical standards that are expected of directors, management and employees. By articulating these standards directors, management and employees are held accountable for their actions should they fall short of these standards.

The Trust's compliance plan also sets out the arrangements the Responsible Entity has to ensure that breaches of the Corporations Act, constitution of the Trust, Australian Financial Services Licence conditions, or internal standards are identified, reported and rectified if necessary. The Trust's compliance with its compliance plan is audited annually.

Recommendation 3.2 – Establish a policy concerning the trading in units by directors, senior executives and employees and disclose the policy or a summary of that policy.

The Trust has established a unit trading policy. The policy applies to directors, officers and employees of the Responsible Entity as well as employees of Elders Limited that are involved in the provision of services to the Trust. The policy prohibits trading whilst in possession of unpublished price sensitive information and also restricts trading during certain 'black out periods' prior to the release of the Trust's full year and half year results.

Principle 4
Safeguard integrity in financial reporting

Recommendation 4.1 – The board should establish an audit committee

The ASX listing rules do not require the Trust to establish an audit committee. The relative size of the board and expertise of each director allows the full board to also perform an audit committee function. Accordingly, the board does not consider it necessary to establish a separate committee for this purpose.

The board monitors the independence of the external auditor who is required to confirm such independence on a semi-annual basis. The board monitors the performance and terms of the audit engagement on an annual basis. The auditor and the audit firm are prohibited from providing any non-audit services that may impinge on their independence. The board has established a non audit services policy to assist with the maintenance of auditor independence.

The Compliance Plan prescribes that it is expected that the Chief Operating Officer provides a written declaration to the board that, to the best of his or her knowledge and belief, the Trust's financial report presents a true and fair view in all material respects of the Trust's financial condition and operating results and is in accordance with applicable accounting standards.

For the reasons noted above and due to the relative size and nature of the Trust's activities the board does not consider it necessary to adopt recommendations 4.2 (structure of audit committee) and 4.3 (audit committee should have a formal charter).

Principle 5
Make timely and balanced disclosure

Recommendation 5.1 – Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose a summary of those policies.

The Responsible Entity is committed to complying with the continuous disclosure obligations of the Corporations Act and the ASX listing rules and has systems in place to ensure timely disclosure of price sensitive information to the market.

The Responsible Entity has established a continuous disclosure and communications policy designed to ensure timely and full disclosure to unitholders and the market in general, and to ensure that all stakeholders have an equal opportunity to receive and obtain information issued by the Trust.

The guiding principle contained within the continuous disclosure and communications policy is that the Responsible Entity will immediately notify the market via an announcement to the ASX of any information concerning the Trust that a reasonable person would expect to have a "material" effect on the price or value of the Trust's securities.

Principle 6
Respect the rights of unitholders

Recommendation 6.1 – Design and disclose a communications strategy to promote effective communication with unitholders and encourage effective participation at general meetings

The Responsible Entity has established a continuous disclosure and communications policy designed to ensure timely and full disclosure to unitholders and the market in general, and to ensure that all stakeholders have an equal opportunity to receive and obtain information issued by the Trust. All important announcements are available on the Australian Stock Exchange (ASX) announcement platform on the ASX website.

The Trust is not required to hold an Annual General Meeting, however from time to time the board considers whether investor meetings should be held. The auditor and the compliance plan auditor are expected to attend any meeting of unitholders of the Trust and be heard on any item of business that concerns them.

Principle 7
Recognise and manage risk

Recommendation 7.1 – The Trust should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Responsible Entity has established a risk management policy based on the standards set out in Australian Risk Management Standard AS/NZS 4360.

The risk management policy addresses both compliance risks and business risks. The Trust's risk management framework is summarised in the compliance plan.

The risk management policy, in conjunction with the compliance plan, ensures that risks are identified and assessed, and that measures to monitor and manage each material risk are implemented. Operation of the Trust in accordance with the risk management policy and compliance plan is intended to protect the rights and interests of unitholders.

Recommendation 7.2 – The board should require management to design and implement the risk management and internal control system to manage the Trust's material business risks and to report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Responsible Entity's risk management policy was designed by management. In accordance with the risk management policy the Compliance Officer is required to provide a quarterly risk report to both the board and the Compliance Committee.

A statement as to the effectiveness of the Trust's management of its material business risks is incorporated in the declaration by the Chief Operating Officer referred to under Recommendation 4.1 which has been received by the board for the financial year.

Recommendation 7.3 – The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control that the system is operating effectively in all material respects in relation to financial reporting risks.

A statement that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control that is operating effectively is incorporated in the declaration by the Chief Operating Officer referred to under Recommendation 4.1 which has been received by the board for the financial year.

Principle 8
Remunerate fairly and responsibly

Remuneration expenses of the Responsible Entity are not borne by the Trust. As directors and management of the Responsible Entity are not remunerated by the Trust, unitholders have no direct exposure to those remuneration expenses.

In accordance with the Corporations Act, the right of the Responsible Entity to be remunerated and indemnified by the Trust is set out in the constitution of the Trust. The Responsible Entity's fee is prescribed in the constitution of the Trust and any change to that fee would require the approval of unitholders. The constitution is available from the Responsible Entity and is also available from ASIC.

There are no equity incentive schemes in relation to the Trust.

For the reasons noted above and due to the relative size and nature of the Trust's activities the board does not consider it necessary to adopt recommendations 8.1 (the board should establish a remuneration committee), 8.2 (Companies should clearly distinguish the structure of non executive directors and senior executives).

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Continuing operations			
Rural Property Income		**6,311**	7,493
Other Income		**87**	39
Interest Income		**83**	123
Revenue		**6,481**	7,655
Finance costs	3	**(4,032)**	(4,958)
Responsible entity fees		**-**	-
Other expenses		**(290)**	(343)
Net profit/(loss) from continuing operations before asset revaluations		**2,159**	2,354
Net decrement in carrying value of investment properties	6	**-**	(5,818)
Net profit/ (loss) from continuing operations		**2,159**	(3,464)
Discontinued operations			
Revenue		**89**	493
Finance cost	3	**-**	(12)
Net fair value decrement of other financial assets		**(187)**	-
Other expenses		**(56)**	(57)
Net (profit)/loss attributable to minority interests		**(36)**	(78)
Net profit/ (loss) from discontinued operations		**(190)**	346
Net profit/(loss) attributable to unitholders of the Trust		**1,969**	(3,117)
Basic and diluted profit/(loss) per unit (cents)		**2.25**	(3.63)
Basic and diluted profit/(loss) per unit (cents) from continuing operations		**2.47**	(4.03)
Basic and diluted profit/(loss) per unit (cents) from discontinued operations		**(0.22)**	0.40

The accompanying notes form part of the financial statements

BALANCE SHEET
AS AT 30 JUNE 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Current Assets			
Cash and cash equivalents	4	**1,199**	1,900
Trade and other receivables	5	**1,907**	1,721
Total Current Assets		**3,106**	3,621
Non Current Assets			
Investment properties	6	**105,592**	105,592
Other financial assets	7	**-**	187
Total Non Current Assets		**105,592**	105,779
Total Assets		**108,698**	109,400
Current Liabilities			
Trade and other payables	8	**2,585**	2,806
Interest bearing loans and borrowings	9	**72,719**	-
Total Current Liabilities		**75,304**	2,806
Non Current Liabilities			
Interest bearing loans and borrowings	9	**-**	73,719
Total Non Current Liabilities		**-**	73,719
Total Liabilities		**75,304**	76,525
Net Assets Attributable to Unitholders and Minority Interests		**33,394**	32,875
Represented By			
Units		**56,628**	56,226
Retained losses		**(23,234)**	(23,429)
Minority interests		**-**	78
Total Unitholders and Minority Interests		**33,394**	32,875

The accompanying notes form part of the financial statements

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2010

	Profit / (loss)	Units	Minority Interests	Net Assets Attributable to Unit Holders
	$'000	$'000	$'000	$'000
Consolidated				
At 1 July 2008	(18,211)	55,638	365	37,792
Capital raising costs	-	(18)	-	(18)
Net profit / (loss) attributable to unitholders before distributions to unitholders	(3,117)	-	78	(3,039)
Units issued in Trust during period	-	606	-	606
Minority interest portion of distribution from subsidiary	-	-	(365)	(365)
Distributions	(2,101)	-	-	(2,101)
At 30 June 2009	(23,429)	56,226	78	32,875
At 1 July 2009	**(23,429)**	**56,226**	**78**	**32,875**
Net profit / (loss) attributable to unitholders before distributions to unitholders	**1,969**	**-**	**36**	**2,005**
Units issued in Trust during period	**-**	**402**	**-**	**402**
Minority interest portion of distribution from subsidiary	**-**	**-**	**(114)**	**(114)**
Distributions	**(1,774)**	**-**	**-**	**(1,774)**
At 30 June 2010	**(23,234)**	**56,628**	**-**	**33,394**

The accompanying notes form part of the financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Cash Flows From Operating Activities			
Rent received		**6,141**	5,996
Interest & other income received		**220**	690
Borrowing costs paid		**(4,165)**	(3,887)
Fees and other expenses paid		**(341)**	(702)
Net Operating Cash Flow	11(a)	**1,855**	2,097
Cash Flows From Investing Activities			
Payments for investment properties		**-**	(15,549)
Net Investing Cash Flow		**-**	(15,549)
Cash Flows From Financing Activities			
Distributions paid to unit holders		**(1,844)**	(2,941)
Distributions reinvested by unit holders		**402**	606
Distributions to minority interests		**(114)**	(365)
Capital raising costs		**-**	(18)
Proceeds from loans and borrowings		**-**	6,400
Proceeds from related party loans and borrowings		**-**	5,315
Repayment of loans and borrowings		**(1,000)**	(247)
Net Financing Cash Flow		**(2,556)**	8,750
Net Increase / (Decrease) In Cash And Cash Equivalents		**(701)**	(4,702)
Cash and cash equivalents at beginning of period		**1,900**	6,602
Cash And Cash Equivalents At End Of Period	11(b)	**1,199**	1,900

The accompanying notes form part of the financial statements

1. Trust Information

Agricultural Land Trust is an Australian registered scheme. Agricultural Land Management Limited, the Responsible Entity of the Trust, is incorporated and domiciled in Australia.

The financial report of Agricultural Land Trust for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity as at the date of signing the Directors' Declaration.

The registered office and principal place of business of the Responsible Entity is located at Level 3, 27 Currie Street, Adelaide SA 5000. The nature of the operations and principal activities of the Trust are described in the Directors' Report.

2. Summary Of Significant Accounting Policies

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the Constitution of the Agricultural Land Trust and the Corporations Act 2001, including applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on a historical cost convention except for investment properties and other financial assets which have been measured at fair value based upon directors' valuations. Independent valuations are conducted at intervals of not more than three years and are considered by the Directors of the Responsible Entity when determining fair values (refer accounting policy note 2(g) and note 6).

The Trust has $72.7 million in financing facilities that expire in May and June 2011. The extension of these facilities is currently being negotiated and it is expected that these negotiations will be concluded successfully in the foreseeable future. The Trust has recently received indicative commitments from its financiers to extend the expiry date of its current outstanding financing facilities to July 2012. The extension is subject to certain conditions, including entry into definitive documentation. After taking into account all available information and representations from Management, 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;
- the basis of preparation of the general purpose interim financial report on a going concern basis is appropriate;
- the Trust's finance facilities will be able to be extended and/or refinanced; and
- if necessary the Trust has the ability to raise capital through alternative funding sources.

The financial report is presented in Australian dollars and all values have been rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Trust in accordance with ASIC Class Order 98/0100.

b) Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Group for the annual reporting period ending 30 June 2010. These are outlined in the table on pages 16 and 17.

c) Basis of consolidation

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

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.

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.

Minority interests as at 30 June 2009 represented the interests in the Dunsborough Hotel Property Syndicate not held by the Trust. Minority interests as at 30 June 2010 were $nil.

2. Summary Of Significant Accounting Policies

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5 (AASB 5, 8, 101, 107, 117, 118, 136 & 139)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes.	1 January 2010	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2010
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions (AASB 2)	This Standard makes amendments to Australian Accounting Standard AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions.	1 January 2010	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2010
AASB 2009-9	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.	1 January 2010	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues (AASB 132)	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2010
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	The revised Standard introduces a number of changes to the accounting for financial assets.	1 January 2013	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2013
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.	1 January 2011	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2011

2. Summary Of Significant Accounting Policies (cont.)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-12	Amendments to Australian Accounting Standards (AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052)	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.	1 January 2011	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2011
AASB 2009-13	Amendments to Australian Accounting Standards arising from Interpretation 19 (AASB 1)	This amendment to AASB 1 allows a first-time adopter may apply the transitional provisions in Interpretation 19 as identified in AASB 1048.	1 July 2010	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2010
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14).	1 January 2011	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2011
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.	1 July 2010	The application of these amendments is not expected to have any material impact on the Trust's financial report.	1 July 2010
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 January 2013	The application of these amendments is not expected to have any material impact on the Trust's financial report	1 July 2013

2. Summary Of Significant Accounting Policies (cont.)

d) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on the various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies from which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Investment Properties – Operating Leases

Certain investment properties owned by the Trust are leased to a related party of the Responsible Entity. The Trust has determined that it retains all the significant risks and rewards of ownership of this property and has thus classified the lease as an operating lease.

(ii) Investment Properties - valuations

Investment properties have been measured at fair value based on directors' valuations. Independent valuations are conducted at intervals of not more than three years and are considered by the directors of the Responsible Entity when determining fair values (see notes 2(g) and 6).

e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. They are stated at their nominal values.

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

f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

g) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties have been measured at fair value based on directors' valuations. Independent valuations are conducted at intervals of not more than three years 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.

For up to three years following acquisition, the carrying value of investment properties may also include transaction costs. In the event that investment properties are revalued down, acquisition costs are reduced on a proportionate basis.

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 unitholders.

2. Summary Of Significant Accounting Policies (cont.)

h) 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 immediate sale in its present condition and its sale must be highly probable within one year.

A discontinued operation is a component of the Group that has been 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.

i) Investments and other financial assets

Financial assets in the scope of AASB 139 "Financial Instruments: Recognition and Measurement" are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value. The Trust determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

The Trust's direct investment in its subsidiary is carried at cost less any provision for impairment. Balances and transactions between the Trust and the subsidiaries have been eliminated in preparing the consolidated financial report.

j) Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are included in the Statement of Comprehensive Income.

k) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are recognised and carried at the nominal amount due. These amounts are interest free and are generally payable on 30 day terms.

l) 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.

m) Borrowing costs

Borrowing costs associated with the Trust's syndicated facility have been capitalised into the cost base of the investment properties.

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.

2. Summary Of Significant Accounting Policies (cont.)

n) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreements so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum rental revenues of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are included in the determination of the net profit in equal installments over the lease term.

o) Leasing fees and leasing incentives

Costs that are directly associated with negotiating and executing the on-going renewal of tenant lease agreements (including commissions, legal fees and costs of preparing and processing documentation for new leases) are also capitalised as part of the carrying value of the property.

p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable. The following specific recognition criteria must also be met before revenue is recognised:

Rental income:

Rental and other property income is recognised as income when receivable under the terms of the rental agreement. Contingent rentals are recognised as revenue in the period in which they are earned.

Interest:

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

q) Provision for distribution

In accordance with the Trust's Constitution, the Trust fully distributes its distributable income to unitholders. Distributable income includes capital gains, where applicable, arising from the disposal of investments.

r) 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 unitholders each year.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

(i). where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii). receivables and payables are stated with the amount of GST included.

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.

2. Summary Of Significant Accounting Policies (cont.)

s) Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

(i). receive income distributions;

(ii). attend and vote at meetings of unitholders; and

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

The rights, obligations and restrictions attached to each unitholder are identical in all respects.

t) Minority interest liabilities

Minority interests comprise the fair value of the interests held by parties other than the Trust in partially owned, but controlled subsidiaries of the Trust.

u) Earnings per unit (EPU)

Basic EPU is calculated as net profit / (loss) attributable to unitholders of the Trust divided by the weighted average number of ordinary units. Diluted EPU is calculated as net profit / (loss) attributable to unitholders of the Trust divided by the weighted average number of ordinary units adjusted for the effects of all dilutive potential ordinary units.

v) 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), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and 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.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

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.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000

3. Finance Costs

Finance costs expensed			
> interest expense continuing operations		**3,783**	4,722
> other finance costs continuing operations		**249**	224
> interest expense – discontinued operations		**-**	12
		4,032	4,958

4. Cash And Cash Equivalents

Cash at bank		**387**	1,900
Short term deposits		**812**	-
	11 (b)	**1,199**	1,900

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits as at 30 June 2010 represent deposits held on a 3 month term at a fixed interest rate of 5.98%. The fair value of cash and cash equivalents is $1,199,206 (2009: $1,900,264).

5. Trade And Other Receivables

Rent receivable		**1,846**	1,676
Other receivables		**61**	45
		1,907	1,721

Terms and conditions relating to the above financial instruments:

Rent receivable is non interest bearing and generally payable quarterly in arrears within 2 business days of the end of each quarter. Sundry debtors are non interest bearing and generally have 30 - 90 day terms. As at balance date no receivables are considered to be impaired.

6. Investment Properties

(a) Property investments			
Investment properties at fair value		**101,150**	99,130
Capitalised acquisition costs		**4,442**	6,462
	6 (b)	**105,592**	105,592

(b) Reconciliation of carrying amounts	Carrying amount at start of year $'000	Increment / (decrement) from fair value adjustments $'000	Increment / (decrement) from acquisition costs adjustments $'000	Carrying amount at end of year $'000
2010				
Rural Properties	105,592	2,020	(2,020)	105,592
	105,592	2,020	(2,020)	105,592

The rental income from the investment properties during the year was $6,310,848. The direct operating expenses (including repairs and maintenance) for the investment properties for the year was $Nil.

The properties are pledged as security to secure interest bearing loans and borrowings (see note 9).

6. Investment Properties (cont.)

	Carrying amount at start of year $'000	Investment property additions $'000	Increment / (decrement) from fair value adjustments $'000	Carrying amount at end of year $'000
2009				
Rural Properties	95,861	15,549	(5,818)	105,592
	95,861	15,549	(5,818)	105,592

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties have been measured at fair value based on directors' valuations. Independent valuations are conducted at intervals of not more than three years 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.

For up to three years following acquisition, the carrying value of investment properties may also include transaction costs. In the event that investment properties are revalued down, transaction costs will be reduced on a proportionate basis. The carrying value of investment properties as at 30 June 2010 included capitalised acquisition costs of $4,442,760 (2009: $6,462,362).

Approximately 42% in value of the investment properties were valued by Colliers International in June 2010. Desktop reviews were also performed by Colliers International in June 2010 in relation to the balance of the properties. The directors have adopted the valuations and desktop reviews prepared as the basis for their determination of fair value. The adopted valuations were performed on a leased investment basis utilising a discounted cash flow methodology.

Key assumptions included in the adopted valuations include:

> Lease term as per minimum lease term in lease agreements

> Terminal value of investment property calculated by escalating current greenfields values by forecasted inflation (based on 10 year Access Economics projections) until expiration of respective leases and then deducting a provision for disposal costs of 2.15%

> Rental income and expenses in accordance with the lease terms and assuming BBSY as per Australian Financial Markets Association (as at 13 May 2010) and a landlord funding cost of 300 basis points (reflecting valuer's assessment of average margins available to a purchaser of the properties at the date of valuation)

> Discount rates ranging between 9.25% and 11.25% depending principally on length of lease term (with a weighted average discount rate of 10.58%)

> The discounted cash flows are then further reduced by a provision for acquisition costs that a purchaser of the properties would expect to pay. The provision for acquisition costs varies by state depending on legislation relating to stamp duty but is generally exceeds 5% of the leased investment values

The greenfields values referred to above have been determined on the basis of direct comparison and summation methodologies applied by Colliers International in their assessment of the underlying market value of the land and fixed improvements of the 42% of properties valued in June 2010. In relation to the properties that were subject to desktop reviews, sales transactions that were able to be sourced and analysed from a desktop perspective have been taken into consideration as have discussions with agents in respective markets to ascertain the overall level of inquiry and the mindsets of market participants.

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 unitholders.

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000

7. Other Financial Assets

Other Investment		-	187
		-	187

Other investment represents the Trust's 14.4% investment in the Teys Strata Lifestyle Property Trust (formerly Broadwater Busselton Property Syndicate). The responsible entity of the Teys Strata Lifestyle Property Trust, TPFL Limited (formerly Teys Property Funds Limited) was placed into liquidation on 20 April 2010. The Liquidator of TPFL Limited has indicated that the likely return to members of the Teys Strata Lifestyle Property Trust will be $nil or nominal. The carrying amount of this investment is has been written down to $nil representing $0.00/ unit (2009: $0.10/unit).

8. Trade And Other Payables

Trade creditors		**89**	121
Distributions payable		**820**	889
Amounts payable to related parties:			
> associated entities		**241**	273
Other payables:			
> accrued interest		**814**	573
> other accruals		**457**	799
> other payables		**164**	151
		2,585	2,806

Terms and conditions relating to the above financial instruments:

Trade creditors are non interest bearing and generally on 30 day terms. The Trust has declared a final distribution of 0.92 cents per unit. The record date for the distribution is 30 June 2010. The distribution will be paid on 27 September 2010.

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000

9. Interest Bearing Loans And Borrowings

Current			
Secured:			
> Term Loans - Note i)		**60,904**	-
Unsecured:			
> Related Party Loan - Note ii)		**11,815**	-
		72,719	-
Non Current			
Secured:			
> Term Loans - Note i)		**-**	61,904
Unsecured:			
> Related Party Loan - Note ii)		**-**	11,815
		-	73,719

Financing facilities

Total facilities used – Bills of Exchange		**60,904**	61,904
Total facilities unused – Bills of Exchange		**38,096**	38,096
Total facilities used – Related party loan		**11,815**	11,815
Total facilities unused – Related party		**1,185**	1,185
Total facilities		**112,000**	113,000

(i) The Trust entered into a $100m loan facility agreement with a syndicate of leading Australian banks in May 2008. The facility is a 3 year facility with average funding costs of 1.22% above BBSY. On 23 June 2010 a voluntary repayment of $1 million was made which cannot be redrawn. As at 30 June 2010 the facility had been drawn to $60.9m (2009: $61.9m) leaving an undrawn facility balance of $38.1m (2009: $38.1m).

Key covenants within the syndicated loan facility agreement comprise compliance with Interest Cover and Loan to Value ratios. The applicable Interest Cover covenant ratio is 1.30:1.00. The applicable Loan to Value covenant ratios are currently 63% (for properties with minimum lease expiry dates after 31 December 2012) and 58% for all other properties. The Trust is required to perform valuations on rolling 3 year basis (ie 1/3rd of portfolio valued each year) for the purposes of determining compliance with Loan to Value ratio covenants.

The Trust remains compliant with its Interest Cover and Loan to Value covenant ratios.

The syndicated loan facility has been recorded as a current liability this year as the current facility agreement ends in May 2011. The Trust has recently received indicative commitments from its bankers to extend the expiry date of its current outstanding bank debt of $60.9 million to July 2012 with an amended financier margin of 4% above BBSY. The extension is subject to certain conditions, including entry into definitive documentation.

(ii) The Trust has also entered into a $13m unsecured and subordinated loan agreement with Elders Finance Pty Limited an entity wholly owned by Elders Limited. The facility expires on 30 June 2011 and interest expense equals the weighted average rent rate payable under the property leases. As at 30 June 2010 the facility had been drawn to $11.8m leaving an undrawn facility balance of $1.2m. Elders Limited has also provided an indicative commitment to extend the subordinated loan for the same period as the syndicated loan facility extension.

10. Units On Issue

	Notes	Consolidated 2010 Number '000	Consolidated 2009 Number '000
Units on issue at beginning of the year		**86,599**	**84,116**
Units issued during the year			
> distribution reinvestment plan-Note ii)		**2,516**	**2,483**
Units on issue as at the reporting date		**89,115**	**86,599**

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.

> Ordinary units entitle the holder to one vote, either in person or by proxy, at a meeting of the Trust.

(i) When managing capital, the Responsible Entity's objective is to ensure that the Trust continues as a going concern and maintains optimal returns to unitholders and optimal benefits for other stakeholders. The Responsible Entity monitors its gearing ratio (debt / total assets) when assessing capital management requirements. The Trust is not subject to any externally imposed capital requirements however it is required to meet certain Loan to Value financial covenants pursuant to the loan agreement with its syndicated financiers (refer note 9).

(ii) 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 unitholders 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 year to 30 June 2010 was $402,017 (2009: $605,969) which resulted in the issue of 2,516,014 units (2009: 2,482,811 units). The latest date for receipt of an election notice for participation in the DRP is the record date for each distribution.

11. Statement Of Cash Flows

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
(a) Reconciliation of net profit/(loss) before minority interest:			
Net profit / (loss)		**2,006**	(3,039)
Net decrement / (increment) in the fair value of investment properties		**-**	5,818
Net decrement / (increment) in the fair value of other investments		**187**	-
Decrease / (Increase) in receivables		**(201)**	(1,437)
(Decrease) / Increase in payables		**(137)**	755
Net operating cash flow		**1,855**	2,097
(b) Reconciliation of cash			
Cash at bank and in hand		**387**	1,900
Short term deposits		**812**	-
	4	**1,199**	1,900

12. Auditor's Remuneration

	Consolidated 2010 $	Consolidated 2009 $
Amounts received or due and receivable by Ernst & Young for:		
> an audit or review of the financial report of the entity and any other entity in the consolidated entity	**66,278**	79,410
> other services in relation to the entity and any other entity in the consolidated entity:		
> compliance plan audit	**7,700**	8,899
> tax services	**20,899**	25,213
	94,877	113,522

13. Earnings Per Unit

	Consolidated 2010	Consolidated 2009
Earnings per unit from continuing operations attributable to ordinary unitholders		
Basic profit / (loss) per unit (cents)	**2.47**	**(4.03)**
Diluted profit / (loss) per unit (cents)	**2.47**	**(4.03)**
Earnings per unit from discontinued operations attributable to ordinary unitholders		
Basic profit / (loss) per unit (cents)	**(0.22)**	**0.40**
Diluted profit / (loss) per unit (cents)	**(0.22)**	**0.40**
Earnings per unit attributable to ordinary unitholders		
Basic profit / (loss) per unit (cents)	**2.25**	**(3.63)**
Diluted profit / (loss) per unit (cents)	**2.25**	**(3.63)**

Earnings per unit and diluted earnings per unit is calculated by dividing the net profit 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 87,642,611 (2009: 85,829,412).

14. Net Asset Backing Per Unit

Basic net asset backing per unit ($)	**0.37**	**0.38**

Basic net asset backing per unit is calculated by dividing the unitholder interests by the number of units on issue at the year end.

15. Related Party Disclosures

(a) Responsible Entity

The Responsible Entity of Agricultural Land Trust is Agricultural Land Management Limited, whose immediate parent entity is Prestige Property Holdings Pty Limited and its ultimate parent entity is Elders Limited.

At 30 June 2010 there were no responsible entity fees due to the Responsible Entity from controlled entities (2009: $0). The Trust enjoyed a responsible entity fee holiday during the financial year ended 30 June 2010. The responsible entity fee holiday expired on 30 June 2010.

15. Related Party Disclosures (cont.)

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

(a) 0.25% of the gross value of assets of the Trust calculated at the end of each month and payable quarterly in arrears.

(b) 3.5% of the Net Income of the Trust calculated after adding back the following items:

- depreciation, building allowances and other non cash expenses;
- interest, finance and other borrowing expenses;
- leasing, legal and professional fees;
- administration expenses, including auditing, accounting, Custodians' fees, outgoings and expenses and management fees;
- costs of issuing any Disclosure Documents; and
- marketing and promotional expenses.

The fee will be payable quarterly in arrears.

(c) 3.5% of the increase in the market value of each asset owned by the Trust calculated from the start of a Financial year, or the date of acquisition, to the end of the Financial Year. This fee will be payable annually.

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.

At 30 June 2010 a balance of $63,492 was payable to the Responsible Entity (2009: $63,492)

(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:

	Equity interest held by consolidated entity	
	2010	2009
Name	%	%
Dunsborough Hotel Property Syndicate	**51.15**	**51.15**
Kalgoorlie Apartment Hotel Syndicate	**100.00**	**100.00**
WPT Finance Pty Limited	**100.00**	**100.00**
Murray Street Mall Property Trust	**100.00**	**100.00**
ALT No 1 Trust	**100.00**	**100.00**

The above subsidiaries are all domiciled in Australia and have balance dates of 30 June, consistent with the Trust.

All related party transactions are conducted on normal commercial terms and conditions. Related party receivables and payables, unless otherwise stated, are unsecured, receivable or payable within 30 days and do not bear interest.

Rental income

During the year controlled entities of the parent entity Agricultural Land Trust were entitled to rental income and reimbursement of outgoings of $6,709,294 (2009: $7,532,405) which was received or receivable from Elders Forestry Management Limited or Elders Forestry Limited in relation to rural properties leased to those entities. Elders Forestry Management Limited and Elders Forestry Limited were controlled by Elders Limited at the relevant times.

Realisation of Other Financial Assets

During the financial year the parent entity Agricultural Land Trust received a capital distribution in respect of its investment in the Dunsborough Hotel Property Syndicate totalling $112,000. The carrying value of the Dunsborough Hotel Property Syndicate in the parent entity Agricultural Land Trust is $nil. During the financial year ended 30 June 2009 the parent entity Agricultural Land Trust received capital distributions from the Pagoda Hotel Property Syndicate totalling $2,020,000. The Pagoda Hotel Property Syndicate has been deregistered and its carrying value in the parent entity Agricultural Land trust is $nil.

15. Related Party Disclosures (cont.)

Acquisition of Investment - Controlled entity

The parent entity Agricultural Land Trust did not increase its investment in the ALT No 1 Trust or any other wholly owned trust during the year. ALT No 1 Trust owns all of the Trust's rural property.

Acquisition of Properties

The Trust did not acquire any properties during the year. Details of the properties acquired to date are summarised in the Manager's Report. The Trust has entered into long term lease agreements with either Elders Forestry Management or Elders Forestry Limited in relation to all of the properties. All leases are guaranteed by Elders Limited. Elders Limited is the parent entity of Elders Forestry Management Limited and Elders Forestry Limited. All properties were independently valued by Colliers International prior to acquisition. The rent rate payable in relation to the properties acquired up to and including September 2008 equals BBSY (subject to a floor of 4%) plus the Trust's banking syndicate finance margin above BBSY plus 0.25%. Rental income is calculated by applying the rent rate to property values (initial Greenfields value plus statutory acquisition costs indexed quarterly by CPI with market reviews every 5 years but subject to ratchet provision ensuring property values can not decrease). The rent rate payable in relation to the properties acquired subsequent to September 2008 is the same as detailed above with the exception that the BBSY floor has been increased from 4% to 6%.

Eligible Undertaking

Elders Limited has provided the Responsible Entity of the Trust with an Eligible Undertaking to ensure compliance with the base level financial requirements of the Responsible Entity's Australian Financial Services Licence no 225064. As a result of the Eligible Undertaking, the Trust's assets are not required to be registered in the name of a Custodian.

Subordinated Loan

The Trust has entered into a $13m unsecured and subordinated loan agreement with Elders Finance Pty Ltd Limited an entity wholly owned by Elders Limited. The facility expires on 30 June 2011 and interest expense equals the weighted average rent rate payable under the property leases. As at 30 June 2010 the facility had been drawn to $11.8m. As at 30 June 2010 accrued interest in relation to the facility payable in July 2010 totalled $176,744.

Other Loans

During the year WPT Finance Pty Ltd effected repayment of an intra group loan from the Murray Street Mall Property Trust of $693,054. The Murray Street Mall Property Trust also effected a payment of $693,054 to the parent entity, Agricultural Land Trust and this entity effected a repayment of a loan owing to WPT Finance Pty Ltd of $693,054. These transactions were required to assist with the winding up of WPTF Finance Pty Ltd and the Murray Street Mall Property Trust which is anticipated to be completed in 2011. Given that the Murray Street Mall Property Trust and WPT finance Pty Ltd are wholly owned by the parent entity Agricultural Land Trust, the transactions had no impact on the consolidated Agricultural Land Trust.

(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:

Peter Zachert
Max Ormsby
Michael Walter (appointed 28 May 2010)
Matthew Ellis (resigned 28 May 2010)
Anthony Davies (resigned 4 September 2009)

Other key management personnel of the Responsible Entity include:

Ian Wigg (Chief Operating Officer and Joint Company Secretary)
Sarah Graves (Joint Company Secretary – appointed 28 May 2010)
Simon Olesen (Joint Company Secretary – resigned 28 May 2010)
Peter Taylor (Responsible Manager Property)

15. Related Party Disclosures (cont.)

(d) Compensation of Key Management Personnel

No amounts are paid by the Trust directly to directors and key management personnel of the Trust. The Independent Compliance Committee members are paid directly by the Trust. Directors of the Responsible Entity receive remuneration in their capacity as directors of the Responsible Entity. These amounts are paid directly from the ultimate holding company of the Responsible Entity, Elders Limited. Amounts paid to other senior management are also paid directly from Elders Limited. Consequently, no compensation as defined in AASB 124: Related Party Disclosures is paid by the Trust to its key management personnel. Agricultural Land Management Limited, as Responsible Entity of the Trust, is deemed for disclosure purposes to be a key management personnel of the Trust. Compensation is payable to the Responsible Entity in the form of fees disclosed in Note 15 which are not paid in reference to costs incurred by the Responsible Entity.

(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 2010 Peter Zachert held an indirect interest in 122,773 units in the Trust.

16. Financial Risk Management Objectives And Policies

The Trust's principal financial instruments comprise secured term loans (bills of exchange) and unsecured subordinated related party loans. The main purpose of the loans is to raise finance to acquire investment properties. The Trust has various other financial instruments such as cash and cash equivalents, trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the year, the Trust's policy that no trading in financial instruments shall be undertaken. The main risks from the Trust's financial instruments are interest rate risk, credit risk, and liquidity risk. The Board's policies for managing each of these risks are summarised below. Management's expectations are that the carrying amounts of financial assets and financial liabilities approximate their fair values due to their short term maturity.

Interest rate risk

The Trust's exposure to market risk for changes in interest rates relates primarily to the Trust's long term debt obligations. The Trust reviews its banking facilities on a regular basis to ensure an efficient and effective mix of fixed and variable debt. The Trust has minimised its exposure to interest rate risk by linking rental income to interest rates as described in note 17. At balance date the Trust has a mix of financial assets and liabilities exposed to Australian variable interest rate risk. The mix of financial assets and liabilities is summarised in notes 4 & 9.

The analysis below considers the impact on net profit of BBSY being 1% higher and 1% lower than the applicable BBSY as at 30 June 2010 of approximately 4.5%.

Consolidated	2010 BBSY higher 1% $'000	2010 BBSY lower 1% $'000
Rental Income	1,078	(539)
Net Interest	(715)	715
Net impact on profit	**363**	**176**

Given that the Trust has no fixed rate borrowings and has not entered into any hedging arrangements, changes in interest rates are not likely to have an effect on the carrying values of financial assets. Accordingly the impact on net equity resulting from changes in interest rates is likely to be limited to the impact on profit summarised above. Changes in rental income also have the potential to impact on values of investment properties. These potential impacts have not been taken into consideration in the above analysis.

Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Trust's receivables from its customers. The Trust has a concentration of credit risk as a result of it having entered into long term lease agreements with Elders Forestry Management Limited or Elders Forestry Limited in relation to all of its investment properties. The Trust has sought to minimise this concentration of

16. Financial Risk Management Objectives And Policies (cont.)

credit risk by ensuring that all lease obligations are guaranteed by Elders Limited as described in note 17. With respect to credit risk arising from the other financial assets of the Trust, which comprise cash and cash equivalents, the Trust's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Trust's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Trust updates and reviews its cash flow forecasts to assist in managing its liquidity. The remaining contractual maturities of the Group's financial assets and liabilities are summarised in the tables below.

The remaining contractual maturities of the Group's financial assets and liabilities are

	< 12 months 2010 $'000	1 – 5 years 2010 $'000	> 5 years 2010 $'000	Total 2010 $'000
Consolidated Financial Assets				
Cash and cash equivalents	1,199	-	-	1,199
Trade and other receivables	1,907	-	-	1,907
	3,106	**-**	**-**	**3,106**
Consolidated Financial Liabilities				
Trade and other payables	2,585	-	-	2,585
Interest bearing loans and borrowings	77,424	-	-	77,424
	80,009	**-**	**-**	**80,009**
Net maturity	**(76,903)**	**-**	**-**	**(76,903)**

Management's expectations are that the above contractual maturity profile approximates the likely actual maturity profile of the Group's financial assets and liabilities.

The remaining contractual maturities of the Group's financial assets and liabilities for the 2009 year were

	< 12 months 2009 $'000	1 – 5 years 2009 $'000	> 5 years 2009 $'000	Total 2009 $'000
Consolidated Financial Assets				
Cash and cash equivalents	1,900	-	-	1,900
Trade and other receivables	1,721	-	-	1,721
	3,621	**-**	**-**	**3,621**
Consolidated Financial Liabilities				
Trade and other payables	2,806	-	-	2,806
Interest bearing loans and borrowings	3,590	78,083	-	81,673
	6,396	**78,083**	**-**	**84,479**
Net maturity	**(2,791)**	**(78,083)**	**-**	**(80,858)**

17. Leases

The Trust has entered into long term lease agreements with Elders Forestry Management Limited or Elders Forestry Limited in relation to all of the above mentioned properties. All leases are guaranteed by Elders Limited. Elders Limited is the parent entity of Elders Forestry Management Limited, Elders Forestry Limited and Agricultural Land Management Limited.

The properties are concentrated in areas recognised for reliable rainfall and productive soil profiles. All properties were independently valued by Colliers International prior to acquisition. All properties are being utilised by the tenants for forestry.

The rent rate payable in relation to the properties acquired up to and including September 2008 equals BBSY (subject to a floor of 4%) plus the Trust's banking syndicate finance margin above BBSY plus 0.25%. Rental income is calculated by applying the rent rate to property values (initial greenfields value plus statutory acquisition costs indexed quarterly by CPI with market reviews every 5 years but subject to ratchet provision ensuring property values can not decrease). The rent rate payable in relation to the properties acquired subsequent to September 2008 is the same as detailed above with the exception that the BBSY floor has been increased from 4% to 6%.

Adopting the assumption that BBSY is always below the 4% floor, CPI does not increase and the Trust's banking syndicate finance margin above BBSY does not increase, the future minimum non-cancellable rental revenues for not later than one year are $6,253,556, for later than one year but not later than five years are $20,145,429 and for later than five years are $25,480,396.

There were no contingent rentals recognised as revenues in the financial year.

The tenant is responsible for payment of all outgoings, which include rates and taxes and utilities.

18. Capital Commitments

There is $nil (2009: $nil) estimated capital expenditure contracted for at 30 June 2010 but not provided for.

19. Segment Reporting

Segment products and locations

The Trust's operations involve investment in real property for the purpose of deriving income from rentals and capital appreciation.

The Trust previously operated in two business segments, being commercial / retail investment property and tourism investment property activities.

The Trust has divested all commercial / retail and tourism investment properties and now operates solely in the rural investment property segment. The Trust did however receive some residual income and incur some residual expenses in relation to the discontinued commercial / retail and tourism investment property operations during the year.

Geographically, the Trust operates in one segment, being Australia.

For the purposes of the segment reporting analysis below, continuing operations include the following:

(i). Rural property investment

(ii). Ongoing trust / corporate costs including listing fees, audit and taxation fees, responsible entity fees and Compliance fees.

Included in rural property investment revenue is rental revenue derived under lease agreements with a related parties Elders Forestry Management Limited or Elders Forestry Limited (refer note 15).

For the purposes of the segment reporting analysis below, discontinued operations include the following:

(i). Commercial / retail property investment, and

(ii). Tourism property investment.

19. Segment Reporting (cont.)

	Continuing Operations $'000	Discounted Operations $'000	Consolidated $'000
2010			
Revenue	**6,481**	**89**	**6,570**
EBIT before fair value adjustments	**5,942**	**33**	**5,975**
Fair value increment / (decrement) of investment property	**-**	**(187)**	**(187)**
Segment EBIT	**5,942**	**(154)**	**5,788**
Net interest expense	**(3,783)**	**-**	**(3,783)**
Net loss attributable to minority interests	**-**	**(36)**	**(36)**
Net profit attributable to unitholders of the Trust	**2,159**	**(190)**	**1,969**
Segment assets	**108,667**	**31**	**108,698**
Segment liabilities	**(75,273)**	**(31)**	**(75,304)**
Other segment information			
Acquisition of investment properties	**-**	**-**	**-**
2009			
Revenue	7,655	493	8,148
EBIT before fair value adjustments	7,077	436	7,513
Fair value increment / (decrement) of investment property	(5,818)	-	(5,818)
Segment EBIT	1,259	436	1,695
Net interest expense	(4,722)	(12)	(4,734)
Net loss attributable to minority interests	-	(78)	(78)
Net profit attributable to unitholders of the Trust	(3,463)	346	(3,117)
Segment assets	(108,828)	572	(109,400)
Segment liabilities	(76,098)	(427)	(76,525)
Other segment information			
Acquisition of investment properties	15,549	-	15,549

Cash flows from discontinuing operations

Consolidated	**2010 $'000**	**2009 $'000**
Cash (outflow) / inflow from operating activities	**(365)**	190
Cash inflow from investing activities	-	-
Cash outflow from financing activities	**(220)**	(2,384)
Net cash inflow	**(585)**	(2,194)

20. Subsequent Events

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

21. Contingent Liabilities

As at balance date there were no contingent liabilities.

22. Parent Entity Information

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

	2010 $'000	2009 $'000
Current assets	**2,043**	1,664
Total assets*	**46,647**	47,125
Current liabilities*	**7,976**	8,144
Total Liabilities	**7,976**	8,144
Net Assets Attributable to Unitholders and Minority Interests	**38,671**	38,981
Represented By:		
Issued Capital	**56,628**	56,226
Retained earnings	**(17,957)**	(17,245)
Total Unitholders' equity	**38,671**	38,981
Profit of the parent entity	**1,070**	2,191
Total comprehensive income of the parent entity	**1,070**	2,191
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

* 2009 balances for total assets and current liabilities differ from balances reported in 2009 Annual Report due to corrections to prior year balances to properly reflect trust law principles in relation to payments made by the Murray Street Mall Property Trust to its parent entity in 2008. The corrections had no impact on net assets or accumulated retained earnings of the parent entity, Agricultural Land Trust.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Agricultural Land Management Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Trust's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.

On behalf of the Board of Agricultural Land Management Limited.

Peter Zachert
Chairman
Agricultural Land Management Limited
Adelaide, 31 August 2010

DIRECTORS' REPORT

The directors of Agricultural Land Management Limited (ABN 16 072 899 060), the Responsible Entity of the Agricultural Land Trust ("the Trust"), submit their report, for the Agricultural Land Trust and its controlled entities for the year ended 30 June 2010.

Directors

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

Peter Zachert
Max Ormsby
Robert Michael Walter (appointed 28 May 2010)
Matthew Ellis (resigned 28 May 2010)
Anthony Davies (resigned 4 September 2009)

The directors were in office from the beginning of the year until the date of this report, unless otherwise stated.

Meetings Of Directors

The number of meetings of the Responsible Entity's directors held during the year ended 30 June 2010, and the number of meetings attended by each director, are shown in the table below:

Directors' Units

No director has any direct interest in units of the Trust, nor do they have any rights or options over interests in the Trust or contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver an interest in the Trust.

As at the date of this report Peter Zachert has an indirect interest in 127,777 units in the Trust.

Principal Activities

The principal activity of the Trust is to operate as an agricultural land trust for the purpose of deriving profits through the collection of rental income and capital appreciation.

Trust Information

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

Agricultural Land Management Limited, the Responsible Entity, is incorporated and domiciled in Australia. At balance date the Trust had no employees.

The registered office of the Responsible Entity is
Level 3, 27 Currie Street, Adelaide South Australia, 5000.

	Full meeting of Directors	Maximum Possible Attended
Number of meetings held	10	10
Number of meetings attended by:		
Anthony Davies	3	3
Peter Zachert	10	10
Matthew Ellis	9	9
Max Ormsby	10	10
Robert Walter	1	1

Review Of Results And Operations

The consolidated net profit attributable to unitholders of the Trust is presented in the Income Statement and totalled $1,969,000 (2009: loss $3,117,000). Further details in relation to the Trusts results and operations are contained in the Chairman's Report and the Manager's Report.

Distributions

A final distribution of 0.92 cents per unit has been declared and will be made on 27 September 2010. This brings the total distribution for the year 2.02 cents per unit (2009: 2.427 cents per unit).

Units On Issue

At 30 June 2010 89,115,089 units of the Trust were on issue (2009: 86,599,075 units). During the year 2,516,014 units (2009: 2,482,811 units) were issued pursuant to the Distribution Reinvestment Plan.

Trust Assets

At 30 June 2010, the Trust held assets with a total value of $108,698,000 (2009: $109,400,000). The basis for valuation of the assets is disclosed in Note 2 to the financial report.

Responsible Entity And Associates

Details of fees paid or payable to the Responsible Entity and its associates out of scheme property are included in Note 15 of the financial report.

The Responsible Entity and its associates hold 44,492,757 unit interests in the Trust as at 30 June 2010 (2009: 43,298,271).

Significant Changes In The State Of Affairs

There have been no significant changes in the state of affairs of the Trust during the year.

Significant Events After Balance Date

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

Likely Developments And Expected Results

The Responsible Entity is dedicated to consolidating the Trust's position as an agricultural land trust and growing the Trust in a sustainable and financially responsible manner through the acquisition of additional rural properties should suitable opportunities arise.

Over the coming year the Board will focus on issues resulting from realignment of the forestry and MIS sectors. There will be continued focus on development of a capital management plan and renegotiation of its finance facilities that become due in May and June 2011. The extension of these facilities is currently being negotiated and it is expected that these negotiations will be concluded successfully in the foreseeable future. In this regard the Trust has recently received indicative commitments from its financiers to extend the expiry date of its current outstanding financing facilities until July 2012. The extension is subject to certain conditions, including entry into definitive documentation.

The Trust's anticipated performance in 2011 compared to 2010 is likely to be influenced by numerous factors including the imposition of Responsible Entity fees from 1 July 2010, variations in the components of the Trust's rental mechanism (ie BBSY, changes in financier margin on refinance, CPI) together with changes in the underlying value of its property assets. The Trust's future performance will also be influenced by any capital management and growth initiatives that are implemented.

Environmental Regulation And Performance

The operations of the consolidated entity are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Trust.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Agricultural Land Management Limited support and comply with the majority of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. The Responsible Entity's corporate governance statement is contained within pages 7 to 10 of this annual report.

Board Committees

The Responsible Entity does not have an audit committee as the board fulfils this function. For full details, refer to the Corporate Governance Statement.

Insurance Of Directors And Officers

During, or since the end of the financial year, the Responsible Entity has paid, or agreed to pay, a premium in respect of a contract insuring all the directors and officers against a liability incurred in their role as directors and officers of the entity, except where the liability arises from fraudulent or dishonest conduct. The total amount of insurance contract premiums paid has not been disclosed due to a confidentiality clause in the insurance contract.

Non Audit Services

Non audit services are disclosed on page 27. The nature and scope of each type of non-audit service means that auditor independence was not compromised.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Trust under ASIC Class Order 98/0100.

Auditor's Independence Declaration

Our auditor, Ernst & Young, has provided the board of directors of the Responsible Entity with an independence declaration in accordance with section 307C of the Corporations Act 2001. The independence declaration forms part of the Directors' Report.

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

Peter Zachert
Chairman
Agricultural Land Management Limited
Adelaide, 31 August 2010

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Independent auditor's report to the unitholders of Agricultural Land Trust

Report on the Financial Report

We have audited the accompanying financial report of Agricultural Land Trust, which comprises the balance sheet as at 30 June 2010 and the statement of comprehensive income, statement of changes in net assets and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2 (b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the trust a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Agricultural Land Trust is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Ernst & Young

Alan Herald
Partner
Adelaide
31 August 2010

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Auditor's Independence Declaration to the Directors of Agricultural Land Management Limited, as Responsible Entity for Agricultural Land Trust

In relation to our audit of the financial report of Agricultural Land Trust for the financial year ended 30 June 2010 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Alan Herald
Partner
Adelaide
31 August 2010

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 July 2010.

(a) Substantial Unitholders

The names of substantial unitholders who have notified the Trust in accordance with section 671B of the Corporations Act 2001 are:

	Units	%
Elders Finance Pty Ltd	31,586,155	
Agricultural Land Management Limited	7,922,113	49.93
Prestige Property Holdings Pty Limited	4,169,881	
Futuris Administration Pty Ltd	814,648	
Westralia Property Holdings Pty Limited	17,044,783	19.13%
Emerald Nominees (WA) Pty Limited	949,581	
Emerald Securities Pty Limited	5,603,364	7.35%

(b) Distribution of Unitholders

The number of unitholders by size of holding are:

Range of Holdings	Holders	Units	%
1 – 1,000	29	8,292	0.01
1,001 – 5,000	89	302,237	0.33
5,001 – 10,000	108	703,412	0.79
10,001 – 100,000	174	4,974,780	5.59
100,001 – over	48	83,126,368	93.28
Total	448	89,115,089	100.00
Unitholders holding less than a marketable parcel	73	122,217	0.14

(c) Voting Rights

Each fully paid unit carries voting rights of one vote per unit. All units issued are fully paid.

(d) Twenty Largest Shareholders

The names of the 20 largest unitholders of quoted units are:

Name	Units	%
Elders Finance Pty Ltd	31,586,115	35.44
Westralia Property Holdings Pty Ltd	17,044,783	19.13
Agricultural Land Management Ltd	7,922,113	8.89
Emerald Securities Pty Ltd (Emerald Investment A/C)	5,603,364	6.29
Prestige Property Holdings Pty Ltd	4,169,881	4.68
Jawp Pty Ltd (The Jawp A/C)	2,892,906	3.25
HSBC Custody Nominees (Australia) Limited (A/C 3)	1,932,067	2.17
Cs Fourth Nominees Pty Ltd (Unpaid A/C)	1,404,042	1.58
Emerald Nominees (WA) Pty Ltd (Pourzand Family S/Fund A/C)	949,581	1.07
Futuris Administration Pty Ltd	814,648	0.91
Indian Ocean Capital (WA) Pty Ltd (Indian Ocean Superfund A/C)	767,267	0.86
Mrs Thanikeswari Sivananthan	660,405	0.74
Westrade Resources Pty Ltd (Sheppard Super Fund A/C)	490,000	0.55
Jojaman Pty Ltd (Super Fund A/C)	431,550	0.48
Mr Johannes Henricus Kuyper	385,306	0.43
Mr Clifford Dawson & Mrs Margaret Dawson (C & M Dawson S/F A/C)	351,202	0.39
Mr Brian Oswald Telfer Steggall	328,570	0.37
G T Getley Pty Ltd (Superannuation A/C)	322,584	0.36
Bob Gattie & Associates Pty Ltd	302,590	0.34
Ms Maxine Lorraine Getley	260,619	0.29
Total	78,619,593	88.22

Agricultural Land Trust

AGRICULTURAL LAND TRUST

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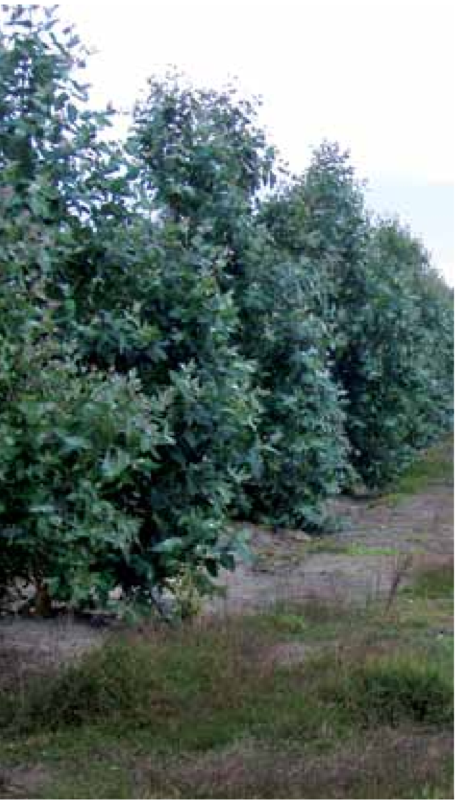

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