

4 March 2014

Company Announcements Platform  
Australian Securities Exchange

**AGRICULTURAL LAND TRUST (AGJ)**

**AFSL COMPLIANCE**

As announced to the market on 7 February 2014, the agreement between Elders Limited ("Elders") and Guce Farms Pty Ltd ("Guce") for the sale of Agricultural Land Management Limited ("ALML") to Guce has been terminated. Following the termination of that agreement and as announced to the market on 14 February 2014, ALML and Elders have entered into an agreement to work together in good faith to develop a long-term solution regarding the responsible entity of the Agricultural Land Trust ("ALT"), including determining whether to pursue a corporatisation of ALT, an internalisation of ALML so that it is held directly by ALT unitholders, or the replacement of ALML as responsible entity.

One of the aims of such proposals is to rectify the existing issues with ALML's Australian financial services licence ("AFSL").

As noted in ALT's Annual Report for 30 June 2013, Elders had provided ALML with an eligible undertaking for up to \$5.5 million to enable ALML to meet the base level financial requirements of its AFSL. At the time the eligible undertaking was provided, Elders met the definition of "eligible provider" of an eligible undertaking and ALML was able to count the eligible undertaking towards its minimum net tangible asset requirements as a responsible entity.

Also as noted in ALT's Annual Report for 30 June 2013, new financial requirements for responsible entities were implemented by ASIC Class Order 11/1140 ("CO 11/1140") which applied to ALML from November 2012. The Annual Report noted that the impact of those changes on ALML remained unclear.

Section 5.2 of the Offer Booklet dispatched to unitholders on 21 February 2014 in relation to the current 3 for 4, non-renounceable, pro-rata entitlement offer which closes at 5.00pm AEDT on Friday, 7 March 2014 outlines key risks associated with the restructure of ALT, including the risk that ALML may not comply with the financial requirements of its AFSL if one of the options currently being considered for ALML (corporatisation, internalisation or replacement) is not implemented by 30 June 2014.

The risks highlighted in section 5.2 of the Offer Booklet relate to future issues that may arise if a solution for the responsible entity is not implemented by 30 June 2014. However, with respect to the current situation with its AFSL, ALML wishes to note the following:

1. Although the financial commitment of \$5.5 million provided by Elders to ALML initially met the requirements of an "eligible undertaking" for the purposes of ALML's AFSL requirements, the changes arising out of CO 11/1140 mean that Elders can no longer be considered to be an "eligible provider" and the financial commitment it has given to ALML, while remaining in place, no longer meets the definition of "eligible undertaking". Accordingly, despite the financial support provided by Elders, ALML is currently in breach of the financial resource requirements under its AFSL.
2. ALML raised this issue with ASIC in October and November 2012 and has been working with the regulator to attempt to resolve this issue. ASIC has not taken any regulatory action to this point in time regarding non-compliance by ALML with its financial resource requirements. However, it remains open to ASIC to take action in relation to such non-compliance and ASIC has not provided any formal assurances to ALML that action will not be taken.
3. ASIC reserves its rights in the event that ALML does not remedy the non-compliance with its financial resource requirements. However, ALML notes that the proposals currently being considered with respect to the responsible entity of ALT are all aimed not only at allowing Elders to cease to have any interest in ALT but also at remedying this AFSL compliance issue, whether by removing the need for a responsible entity altogether (as would be the case in a corporatisation of ALT), finding another means of meeting the financial resource requirements, or replacing ALML with another responsible entity which did meet the financial resource requirements.

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