

Land Trust

Financial Statements

For the Half Year Ended 31 December 2014

RFM Land Trust

ARSN 128 112 443

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For the Half Year Ended 31 December 2014

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Corporate Directory

Registered Office	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity	Rural Funds Management Limited ABN 65 077 492 838 Level 2, 2 King Street DEAKIN ACT 2600
Directors	Guy Paynter David Bryant Michael Carroll
Company Secretaries	Andrea Lemmon Stuart Waight
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 Level 22 207 Kent Street SYDNEY NSW 2000
Bankers	Australia and New Zealand Banking Group Limited (ANZ) 242 Pitt Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street SYDNEY NSW 2000
Unit Registry	Boardroom Pty Limited Level 7, 207 Kent Street SYDNEY NSW 2000

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Directors of the Responsible Entity's Report

31 December 2014

The Directors of Rural Funds Management Limited ("RFM"), the Responsible Entity of RFM Land Trust ("Land Trust", "LT" or "the Trust") present their report on the Trust for the half year ended 31 December 2014.

Directors

The names of Directors in office at any time during, or since the end of, the half year are:

Guy Paynter
David Bryant
Michael Carroll

The Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

Principal activity

The principal activity of the Trust during the half year was the disposal of investments in land.

On 2 December 2014, the Board of RFM resolved to wind up LT and on 28 January 2015 resolved to make the final distribution of the remaining cash to unitholders. On payment of the final distribution, all units in the Trust were cancelled and RFM agreed to underwrite the expenses of closing the Trust.

Trust information

RFM Land Trust is a registered Australian managed investment trust, and was constituted in 2007. RFM, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is Level 2, 2 King Street, Deakin, ACT 2600.

Review and results of operations

Operating results

The loss attributable to unitholders after providing for income tax amounted to \$64,109 (2013: \$143,826 loss).

During the half year ended 31 December 2014, Land Trust completed the sale of the final two properties and a final distribution of \$5,338,380 was paid at 6 February 2015. Following payment of the final distribution, all units in the trust were cancelled.

Distributions

There have been no distributions paid or declared during the half year ended 31 December 2014.

A final distribution of \$5,338,380 or \$233.28 per unit was paid on 6 February 2015. Following payment of the final distribution, all units in the trust were cancelled. It is intended that the Trust be wound up in April 2015. Any unclaimed monies will be submitted to ASIC after the Trust is wound up.

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Directors of the Responsible Entity's Report

31 December 2014

Fees paid to and interest held by the Responsible Entity and associates

The following fees were paid to RFM and its associates out of Trust property during the half year:

- Management fee for the half year paid to RFM \$20,397 (2013: \$21,319).
- Expenses incurred by RFM during the half year and reimbursed by the Trust in accordance with the Trust's constitution \$19,772 (2013: \$32,854).

RFM and its associates do not hold any interest in the Trust at 31 December 2014.

Units on issue

22,884 units in Land Trust were on issue at 31 December 2014 (2013: 22,884). During the half year no units (2013: nil) were issued by the Trust and no units (2013: nil) were redeemed.

Trust assets

At 31 December 2014 LT held net assets to a total value of \$5,320,930 (30 June 2014: \$5,385,039).

After balance day events

A final distribution of \$5,338,380 or \$233.28 per unit was paid on 6 February 2015. On payment of the final distribution, all units in the Trust were cancelled.

Significant changes in the state of affairs

No significant changes in the Trust's state of affairs occurred during the half year.

Environmental regulation and performance

The operations of the Trust 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.

Indemnification of Responsible Entity and Custodian

In accordance with the Constitution of LT, the Trust indemnifies the Directors, Company Secretaries and all other officers of the Responsible Entity and Custodian when acting in those capacities, against costs and expenses in defending certain proceedings.

LT has not otherwise, during or since the end of the half year, indemnified or agreed to indemnify and officer of the Responsible Entity or of any related body corporate against a liability incurred as such by an officer.

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Directors of the Responsible Entity's Report

31 December 2014

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'David Bryant', is written over a faint, light blue rectangular background.

David Bryant

Director

23 February 2015



Auditor's Independence Declaration

As lead auditor for the review of RFM Land Trust for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to be 'CMC Heraghty', written over a horizontal line.

CMC Heraghty
Partner
PricewaterhouseCoopers

Sydney
23 February 2015

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Statement of comprehensive income

For the half year ended 31 December 2014

		31 December 2014	31 December 2013
	Note	\$	\$
Revenue	3	62,580	37,884
Management fees	5	(20,397)	(21,319)
Local government rates and charges		(1,810)	(11,622)
Professional services		(92,429)	(82,205)
Gain on sale of assets		17,201	175,254
Decrement on investment property at fair value		-	(209,460)
Other expenses		(29,254)	(32,358)
Loss before income tax		(64,109)	(143,826)
Income tax expense		-	-
Loss attributable to unitholders		(64,109)	(143,826)
Other comprehensive income		-	-
Total comprehensive income for the period, representing changes in net assets attributable to unitholders		(64,109)	(143,826)

The accompanying notes form part of these financial statements

RFM Land Trust
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Statement of financial position
As at 31 December 2014

		31 December 2014	30 June 2014
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,411,889	4,933,866
Trade and other receivables		13,963	1,701
Prepayments		-	2,566
Assets classified as held for sale	4	-	651,144
TOTAL CURRENT ASSETS		5,425,852	5,589,277
TOTAL ASSETS		5,425,852	5,589,277
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		104,922	179,238
Provisions		-	25,000
TOTAL CURRENT LIABILITIES		104,922	204,238
TOTAL LIABILITIES (excluding net assets attributable to unitholders)		104,922	204,238
Net assets attributable to unitholders		5,320,930	5,385,039
TOTAL LIABILITIES		5,425,852	5,589,277

The accompanying notes form part of these financial statements

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Statement of change in net assets attributable to unitholders

For the half year ended 31 December 2014

31 December 2014	Issued units	Retained earnings	Total Equity
	\$	\$	\$
Balance at 1 July 2014	6,523,288	(1,138,249)	5,385,039
Loss attributable to unitholders	-	(64,109)	(64,109)
Balance at 31 December 2014	6,523,288	(1,202,358)	5,320,930

31 December 2013	Issued units	Retained earnings	Total equity
	\$	\$	\$
Balance at 1 July 2013	6,523,288	(1,063,305)	5,459,983
Loss attributable to unitholders	-	(143,826)	(143,826)
Balance at 31 December 2013	6,523,288	(1,207,131)	5,316,157

The accompanying notes form part of these financial statements

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Statement of cash flows

For the half year ended 31 December 2014

	31 December 2014	31 December 2013
	\$	\$
Cash flow from operating activities:		
Interest received	62,580	13,199
Payments to suppliers and employees	(270,921)	(126,425)
Net cash provided by/(used in) operating activities	(208,341)	(113,226)
Cash flow from investing activities:		
Proceeds from sale of assets held for sale	686,364	2,731,710
Purchase of held to maturity financial assets	-	(2,705,864)
Net cash provided by/(used in) investing activities	686,364	25,846
Net increase/(decrease) in cash and cash equivalents	478,023	(87,380)
Cash and cash equivalents at beginning of period	4,933,866	166,050
Cash and cash equivalents at end of period	5,411,889	78,670

The accompanying notes form part of these financial statements

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Notes to the Financial Statements

For the half year ended 31 December 2014

1. Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report for the half year ended 31 December 2014 has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The financial report covers RFM Land Trust ("Land Trust", "LT" or the "Trust") as an individual entity. LT is a trust established and domiciled in Australia. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

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

It is recommended that the half year financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by LT during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

A final distribution of \$5,338,380 or \$233.28 per unit was paid on 6 February 2015. Following payment of the final distribution, all units in the trust were cancelled on the same date.

(b) Basis of accounting

In July 2011 the Directors of the Responsible Entity of the Trust passed a resolution approving the sale of the Trust's assets and to subsequently wind up the Trust. All remaining properties were sold in the period and, as such, on 2 December 2014, the Board of RFM resolved to wind up the Trust and on 28 January 2015 resolved to make the final distribution of the remaining cash to unitholders. On payment of the final distribution, all units in the Trust were cancelled and RFM agreed to underwrite the expenses of closing the fund. It is expected that the Trust will be wound up within 3 months from the date of this report. The accounts are prepared on a realisation basis and not on a 'going concern' basis due to the decision by the Directors to wind down the Trust.

(c) Statement of compliance

The financial report of LT complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board.

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Notes to the Financial Statements

For the half year ended 31 December 2014

2. Significant accounting judgements, estimates and assumptions

The preparation of 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, revenue and expenses. Management bases its judgements and estimates on historical experience and on other 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 no reported amounts for which significant judgements, estimates and assumptions are made.

3. Revenue

	31 December 2014	31 December 2013
	\$	\$
Revenue		
- Interest income - external	62,580	37,884
Total	62,580	37,884

4. Assets classified as held for sale

	31 December 2014	30 June 2014
	\$	\$
Assets held for sale	-	686,364
Total assets held for sale	-	686,364
Liabilities associated with assets held for sale:		
Provision for selling costs	-	35,220
Total liabilities associated with assets held for sale	-	35,220
Net assets classified as held for sale	-	651,144

(a) Disposals of property

Two properties were sold during the half year ended 31 December 2014. At 30 June 2014, these properties were valued at \$651,144. They were sold during the half year ended 31 December 2014 for \$686,364 less fees of \$18,019 resulting a gain in the period of \$17,201.

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Notes to the Financial Statements

For the half year ended 31 December 2014

5. Related party transactions

Transactions between related parties are on commercial terms and conditions.

Responsible Entity (Rural Funds Management Limited) and related entities

	31 December 2014 \$	31 December 2013 \$
Management fees	20,397	21,319
Total management fees	20,397	21,319
Expenses reimbursed to RFM	19,772	32,854
Total	40,169	54,173

The management fee is 0.75% per annum of the value of net assets of the Trust.

6. After balance day events

A final distribution of \$5,338,380 or \$233.28 per unit was paid on 6 February 2015. On payment of the final distribution, all units in the Trust were cancelled.

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Directors of the Responsible Entity's declaration

In the Directors of the Responsible Entity's opinion:

- (a) The financial statements and notes set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Trust's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
- (b) As disclosed in note 1(b) to the financial statements, it is expected that the Trust will be wound up within 3 months from the date of this report. However, the assets exceed the liabilities and there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of Rural Funds Management Limited as the Responsible Entity of RFM Land Trust.



David Bryant

Director

23 February 2015



Independent auditor's review report to the unitholders of RFM Land Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RFM Land Trust (the Trust), which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RFM Land Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- a) giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;

PricewaterhouseCoopers, ABN 52 780 433 757

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b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – going concern no longer appropriate

Without qualifying our conclusion, we draw attention to the following matter. As indicated in Note 1(b) in the financial report, the Board of RFM Land Trust resolved on 2 December 2014 to wind up the Trust. As a result, the financial statements have not been prepared on a going concern basis.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in cursive script, likely belonging to a partner at CMC Heraghty.

CMC Heraghty

Partner

Sydney

23 February 2015

Responsible Entity

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