



23 June 2015

AHF Placement and SPP completes – Raising \$16.94m

- Placement of \$15.7m to institutional and sophisticated investors;
- SPP has raised an additional \$1.24m from existing securityholders;
- Significant increase in investor spread with Australian and international institutions now comprising around 52% of register;
- Doubles market capitalisation to over \$32.75m based on last closing price;
- Brucknell No 4 farm contract has become unconditional. Settles 9 July 2015;
- Due Diligence process continuing on additional farms targeting spring settlements;

Outcome of the Recent Capital Raisings

Australian Dairy Farms Group (AHF) Directors are pleased to announce the completion of a significant capital raising for the Group via the announced Placement of securities and the recent Share Purchase Plan (SPP) offers. This new capital will assist the Group to fund the acquisition of additional dairy farms in accordance with its consolidation strategy. The total capital raised after broker costs was \$15,869,260, of which \$1,240,000 was raised directly by the Group under the SPP. SPP securities were issued to subscribers on 11 June 2015.

The increase in equity capital of 84,646,114 securities at 20 cents each from the combined SPP and Placement more than doubles the Group's securities on issue to a total of 156,126,217 securities. This translates to a market capitalisation of approximately \$32.75 million, based on the last traded price of AHF. Securities to be issued under the Placement will be allotted on 22 June 2015.

AHF Directors are encouraged by the continued support of the initial investors in the Group, the entry onto the Group's security register of several prominent Australian and New Zealand fund managers, as well as growing global interest in Australian dairy and the Australian agricultural sector generally.

Farm Acquisitions

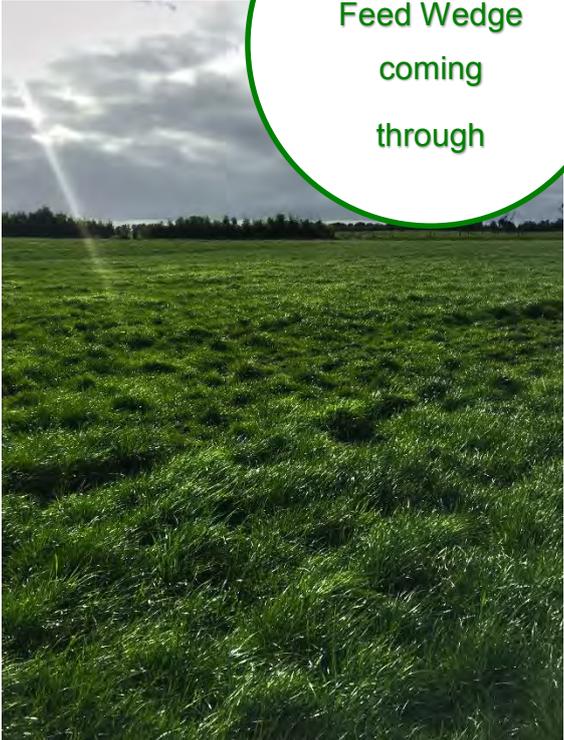
The Group has concluded its due diligence assessment and other negotiations regarding the Brucknell No 4 Farm and its acquisition is now unconditional as to due diligence and finance. AHF will settle the purchase in the second week of July 2015.

Due diligence and negotiation in respect of remaining farms is ongoing and remains confidential.

Brucknell No 4 adjoins Brucknell No 3 which was acquired by AHF in January 2015. See the farm layout plan on page 4 of this announcement for further detail.

AHF and the vendor of Brucknell No 4 have also agreed farm and herd management plans in the period prior to settlement. To take advantage of available access before being prevented by seasonal winter rains, AHF has already undertaken, with the consent of the vendor, an enhanced fertilising and seeding program on Brucknell 4 and constructed a temporary laneway between the farms to allow the cows from Brucknell No 4 to be milked at the Brucknell No 3 dairy as a single herd. This will provide greater efficiencies in the herd management and staffing of the two farms and secure the milk production targets for the coming spring season. Additional identified efficiencies and benefits from the combined farms will be advised to shareholders in a more detailed summary of the farm and its relationship to other Brucknell farms after completion of the acquisition.

Strong Winter
Feed Wedge
coming
through



Pastures and Grass Production

The pictures in this announcement include recent photos of the current pasture growth on Brucknell No 3 and No 4, using a locally produced organic fertiliser product made from recycled manure from poultry and pig farms. The results are very promising in terms of grass growth and improvement to the organic structure of soils. Consideration will be given to its wider use on the Group's farms, depending on the results of progressive nutrition analysis by the consultant agronomist.

Farm Operations

On the AHF Farms at Brucknell No 1 and No 2 currently, the operational focus is on the autumn / spring calving program and herd maintenance in preparation for the prime spring grass growth and milk production season.

Brucknell No 3 and No 4 Farms are seasonal calving farms so that during the late summer months the cows cease milking to calve and resume milking after about 60 days.

From a board perspective there is an emphasis on the finalisation of financial results of a busy 2015 financial year together with development of production budgets and strategic planning for the coming financial year in conjunction with farm managers and the Operations Manager, following the completion of the recent May / June capital raising.

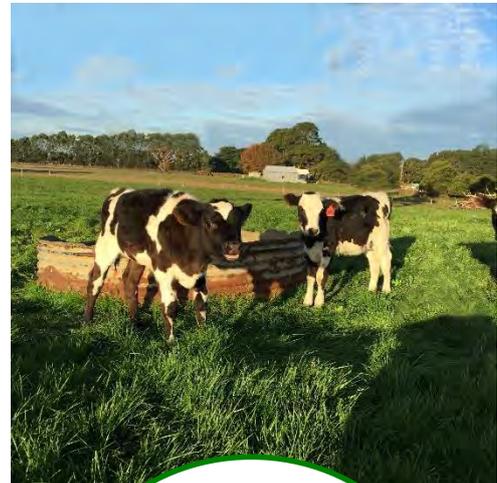
Farmgate Price Outlook

Farmgate milk prices in Australia have continued to remain stable with a generally positive outlook compared with prices for producers in countries where farmgate milk prices are linked to global indices for milk commodities – such as New Zealand, which exports some 90% of milk it produces in commoditised form and prices are linked to global whole milk powder indices.

In Australia, about 65% of milk produced is sold in the domestic market as fresh milk and other products such as butter, yoghurt and nutritional drinks and foods, which are relatively price inelastic. This price stability in Australia is expected by most market researchers to continue, providing a secure outlook for farmers and processors.

Additional processor capacity also continues to be added via new entrants to the processing market as well as through expansion of capacity and specialised product development by existing processors such as Fonterra and Murray Goulburn.

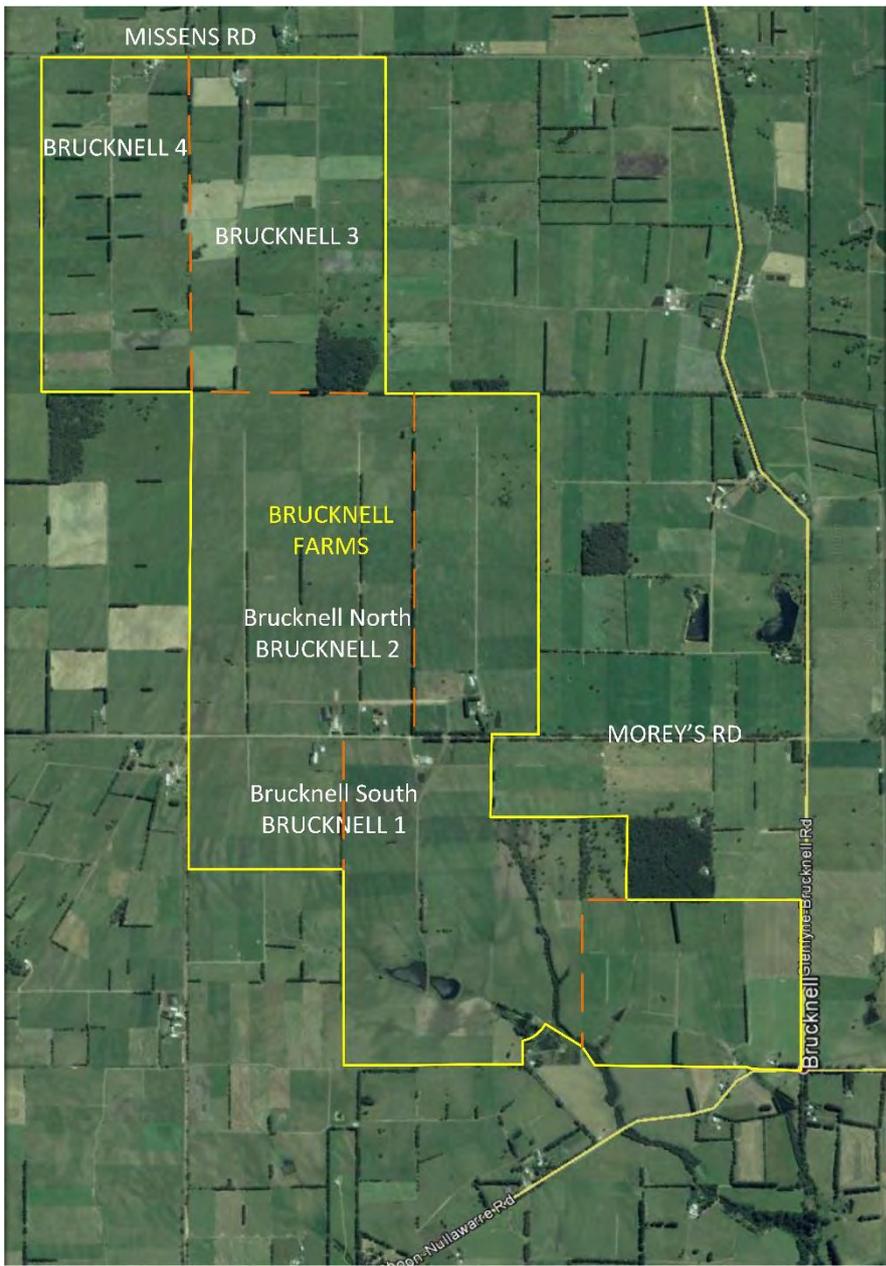
Processors in South West Victoria, where the Group's farms are located, remain competitive with each other in their relative pricing and have indicated that current farmgate pricing around a \$5.80-\$6.00 base price is expected to be maintained in the new financial year.



Heifers and
Cows
feeding well



Farm layout
after
acquisition of
Brucknell 4



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About Australian Dairy Farms Group

Australian Dairy Farms Group (the Group or AHF) is Australia's first ASX listed dairy farmer. Its focus is on aggregating high quality dairy farms in Victoria, initially in the South Western region with particular emphasis on the well regarded Golden Triangle region of dairy between Warrnambool and Colac south of the Princes Highway to the coast around Port Campbell.

Australian Dairy Farms Group is listed as a stapled security comprising one fully paid share in **Australian Dairy Farms Limited** (the Company) and one fully paid unit in **Australian Dairy Farms Trust** (the Trust). Within the structure, the Company is the operator and manager of the dairy farm properties which are leased from the Trust as the registered owner.