



## Commentary for Appendix 4C and New Farm Acquisition

- Revenue increased significantly as recent acquisitions are integrated into the Australian Dairy Farms Group
- Contract executed on new quality farm today for mid-September settlement\*\*
- Operating Cashflow improves and expected to be strongly positive in the current quarter
- Cash position at 30 June 2015 - \$14.8 million
- First full year of production has commenced from the 4 Brucknell Farms with July 15 production in line with budget
- Capital works on Brucknell farms in place for start of new milking season and first full financial year.
- Negotiations continuing on additional farms targeting spring settlements;

### **\*\*New Farm Contract Executed**

AHF directors are pleased to announce that Australian Dairy Farms Group has today exchanged contracts on an additional farm in the South Western dairy region of Victoria. The details of the new acquisition remain confidential because of contract terms however a separate announcement with details will be made next week.

The extensive due diligence program undertaken by the Group has been completed and the contract is unconditional with respect to finance and due diligence, with settlement scheduled for mid-September in time to take advantage of the most productive season of the year in the region for both grass growth and milk production.

### **Additional Farm Negotiations**

The Group is in continued negotiations for the acquisition of additional farms, which satisfy the strict production criteria adopted by the Group and which tick all the Due Diligence boxes. The process is lengthy in most cases however, in accordance with its stated strategy, the board and management are determined to ensure that every farm acquisition has the capacity to be in the top 10% of farms in the region and provides a value addition to the whole portfolio.

### Production for Q1 2015/16

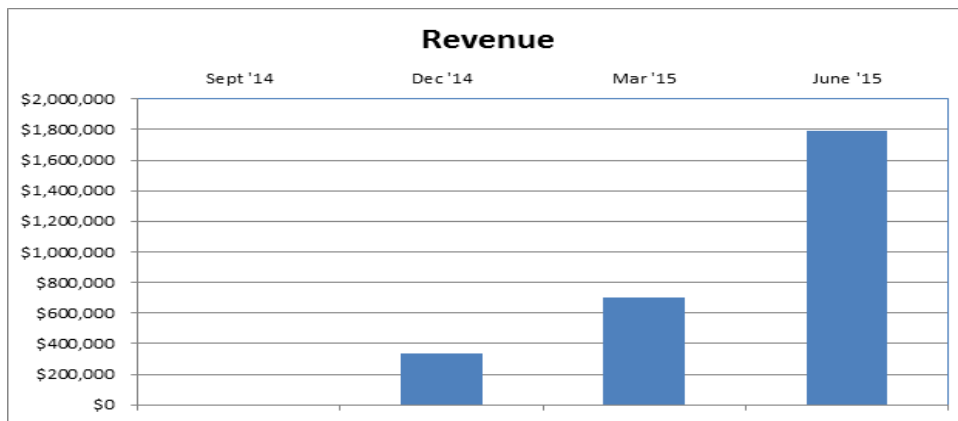
Brucknell 1 & 2 Farms settled in late October 2014 with Brucknell 3 joining the AHF group in early March 2015. Brucknell 4 was successfully integrated into the AHF group this month. Brucknell 3 and Brucknell 4 Farms will provide their first full quarter of production, uninterrupted by calving, from July to September.

Both of Brucknell 3 and 4 farms are late summer calving farms which means that all cows calve in April and May each year and are producing milk strongly through the winter and spring periods into summer when the grass growth rate is low and the cows are then “dried off” to calve again.

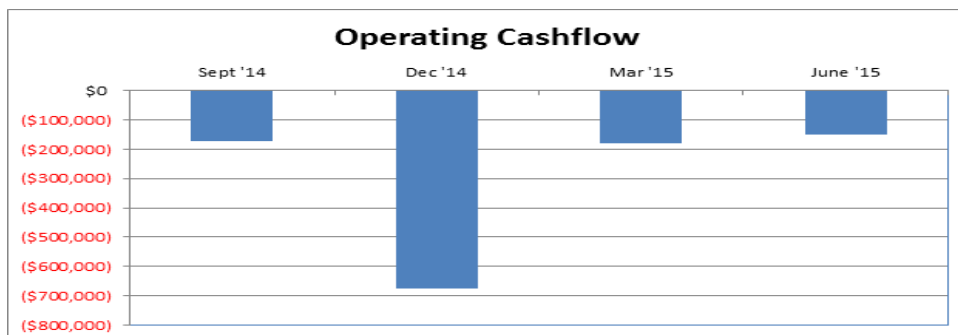
Grass growth on all farms is very strong and the winter rains have set up the farms for what looks like a potentially good season in the South West Victoria region.

### Cash Flow to 30 June 2015

Revenue increased substantially in the fourth quarter as the first three Brucknell Farms have started to come into full production. The contribution from Brucknell 4 will be seen this quarter.



Operating cashflow improved again in Q4 2015, but remained negative for the quarter due to the seasonal timing of capital works preparing the existing and recently acquired (3 & 4 farms) for the current season. The seeding and fertilising programs and general capital works such as laneway repairs and upgrades are typically done during January to May prior to the commencement of the winter rain. This was done for all 4 Brucknell farms with the benefit to be seen this financial year as all 4 farms come into full production. We expect strong positive operating cashflow in the September and December quarters for FY2016.



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*For further information*

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***About Australian Dairy Farms Group***

***Australian Dairy Farms Group** (the Group or Australian Dairy Farms Group) 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 Warrambool 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.*

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