



AHF settles purchase of Heywood Dairy Farm

- **Heywood No 1 Farm acquisition completed for \$4,750,000 or \$4,695 / acre**
- **1012 acres of strong grass growing farmland to stock 600 milkers**
- **Purchase includes 680 mega litre transferrable irrigation water licence**
- **Experienced local management husband and wife team on farm**

Heywood No 1 Farm acquisition

Australian Dairy Farms Group (the Group or AHF) is pleased to announce the completion of the acquisition of the Heywood No 1 farm in the Heywood region of South Western Victoria. The purchase price of \$4,750,000 or \$4,695 per acre compares with prices closer to \$6,000 per acre in the Brucknell area for similar sized farms.

Details of the farms attributes and its status as the first in the Heywood Hub were announced to ASX on 7 August 2015 and a copy of that announcement is attached.

AHF had the option to purchase any selection of the vendors' livestock at settlement and after thorough assessment during the contract period, acquired 348 milking cows at prices averaging approximately \$1,321 per animal. Prior to settlement, AHF also separately acquired a line of about 250 very well bred, guaranteed in-calf two year old heifers that have been inseminated with sexed semen and will have their first calving in January 2016. These heifers were originally destined for export shipments of live heifers to China, a trade that was adversely affected by the financial failure of the exporter earlier in 2015. The price paid per cow was \$1,500, an attractive purchase price for AHF compared with \$2,500 or more when the export trade was continuing. Veterinary experience of similar cows with this insemination method is that in excess of 90% deliver female calves, which will provide a very significant boost to the herd quality that is expected to flow through to strong milk production in future years. Additional milking stock has been moved from the Brucknell farms to make up the herd numbers at Heywood.

During the contract period AHF's farm management team have been working on the new farm with the vendors and acquiring valuable insights into how the farm has been operated previously and together with the Operations Manager, assessing how best to operate in the future. The winter season has seen good rainfall and there is a strong pasture coverage on the farm which will be progressively harvested for silage.

Analysis of the irrigation and drainage system on the farm is currently being evaluated to determine the optimum level of irrigation to be maintained on the property and how much is available for transfer to other AHF farms. In order to maximise the growth of on farm fodder, the drainage and capture of runoff water from rain or irrigation must be undertaken on all farms.

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Transferrable Water Licences for Irrigation

As previously advised, the Heywood No 1 Farm purchase also includes water entitlements to extract more than 680 mega litres annually for irrigation, only a small portion of which is currently utilised on the Farm. All or part of these water entitlements are transferrable to other properties within the same aquifer, including to three of the Group's other farms at Brucknell and also to Ignatios Farm at Glenfyne, subject to standard licence transfer regulations.

This provides a real opportunity for de-risking the existing farms including Heywood and Brucknell during the dryer summer and early autumn months by potentially being able to irrigate pasture and feed crops on these farms to materially extend or maintain milk production during these seasons at lower cost.

In each case the construction of drainage systems and feedpads as well as extension of dam storage at both Brucknell and Heywood is planned for the late spring and summer to more efficiently feed stock and to grow additional on farm fodder. Below are indicative photos of the Heywood farm and pastures.



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Please refer to the announcement released to ASX on 7 August 2015 for additional information about this farm acquisition or paste the following link to your web browser

<http://www.adfl.com.au/latest-updates/ahf-secures-additional-1000-acre-dairy-farm/>

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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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