



Australian Dairy Farms Group

09 November 2016

ASX Code: AHF

ASX ANNOUNCEMENT

- **Conversion of Convertible Notes**
- **Holding by Chairman and Associates increases to – 10.8%**

Australian Dairy Farms Group (“AHF” or “Group”) advises that on 22 October 2016, Trustees Australia Limited as trustee for the “Interim Facility Trust” (the Noteholders) provided a notice of conversion of the 235 Convertible Notes (Notes). These were issued with approval of AHF Securityholders on 1 September 2014 as part of its restructure and listing on ASX as Australian Dairy Farms Group.

The Noteholders are associated entities of Michael Hackett, the Chairman of AHF who provided financial assistance prior to the formation of AHF. The Notes have a face value of \$2,350,000 and accrued interest of \$338,586 at the date of conversion.

At the election of the Directors of AHF, excluding Mr Hackett, who has nevertheless consented, the accrued interest of \$338,586 was also repaid by way of issue of Stapled Securities at the same conversion price as for the Notes’ face value.

The conversion price for the issue of Stapled Securities under the Convertible Notes Agreement is 18.38 cents per Stapled Security as approved by Securityholders at the EGM held on 29 July 2016 based on the recommendation of financial advisers Ernst & Young. As a result, the Group will issue, 14,627,779 Stapled Securities in full and final repayment of the Notes and accrued interest.

The Notes were predominantly carried in the Group’s 2016 financial accounts as a current borrowing liability and as such the conversion will reduce borrowings and strengthen the Group’s Financial Position.

AHF Director Adrian Rowley commented that he and other directors believe the decision by Michael Hackett and his associated entities to convert the Notes, which represent approximately 7.4% of the capital of the Group, at a price above the last two month’s weighted average trading price, should be seen by investors as a strong expression of confidence in the Group and its future.

Mr Hackett confirmed his view of the Group’s future and his enthusiasm for various projects under consideration. *“I have a very positive view for the future of AHF. There are several quite exciting proposals at different stages of advancement being actively worked on by the board and senior management. I recognise the difficulty for investors in understanding that there is a lot more happening under the surface than it appears. I can assure investors that it is just as frustrating for directors to not be able to talk openly about positive plans and strategies. Investors need to understand that the business is in a very competitive space with large, competitive retailers and existing and potential industry partners confiding 6 to 12 months forward planning with us about new products and strategies. These things take time and our large customers require multiple approval processes and levels*

Yours faithfully

Australian Dairy Farms Group

AUSTRALIAN DAIRY FARMS LIMITED

ACN 057 046 607

Level 1, 41 Edward Street, Brisbane QLD 4000 | GPO Box 6, Brisbane Qld 4001

Phone: +61 07 3020 3020 | Fax: +61 07 3020 3080 | Email: shareholders@adfl.com.au

AUSTRALIAN DAIRY FARMS TRUST

ARSN 600 601 689

Further Details

For additional company information or media matters please contacts

Adrian Rowley

Director

Australian Dairy Farms Limited

Bus: +61 3 9629-9900

Mob: +61 448 803 768

Email: adrianrowley@adfl.com.au

Peter Skene

Group CEO/ Director

Australian Dairy Farms Limited

Mob: +61 418 592 330

Email: peterskene@adfl.com.au

About Australian Dairy Farms Group

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

In April 2016 the Group completed the acquisition of Camperdown Dairy Company Pty Ltd - ACN 140 640 606 (CDC) – see announcement on <http://www.adfl.com.au/announcements>.

CDC is a wholly owned subsidiary of AHF. The Group is now a vertically integrated milk producer, processor and product distributor in Australia and for export.

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.

Disclaimer

This announcement may include "forward looking statements" within the meaning of securities laws of applicable jurisdictions. These forward-looking statements are not historical facts but are based on AHF's current expectation, estimates and projections about the industry, in which it operates, and beliefs and assumptions. Forward Looking Statements may include indications of, and guidance on, future earnings or distributions and financial position and performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of AHF, and its officers, employees, agents, or associates, that may cause actual results to differ materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and AHF assumes no obligation to update such information.