



Australian Dairy Farms Group

03 July 2018
ASX Code: AHF

- **Camperdown Dairy is now able to enter the organic butter market.**
- **Camperdown Dairy to take sole ownership of Joint Venture Butter Plant**
- **Termination of 10-year Joint Venture agreements due to changing circumstances and new opportunities for both JV parties.**
- **Camperdown Dairy to receive consideration of \$737,577 from Organic Dairy Farmers (ODFA)**

The board are very pleased to be able to advise shareholders that Camperdown Dairy will from 2 July 2018 have full access and ownership of, the butter making facilities (Butter Plant) which have, for the last 5 years, been part of a Joint Venture (JV) with Organic Dairy Farmers of Australia (ODFA).

The Butter Plant has been located at Camperdown Dairy since commencement of the JV and operated by Camperdown Dairy personnel. The terms of the JV included an exclusivity provision which required that Camperdown Dairy was not permitted to produce organic butter for any other customer. This restriction is now removed.

As part of the termination, ODFA will transfer its interest in the Butter Plant to Camperdown Dairy, which had been previously leased into the JV as part of ODFA's contribution to the JV, to Camperdown Dairy for an agreed value of \$400,000 as part of the total consideration. The remaining consideration will be cash payments made from ODFA to Camperdown Dairy.

CEO Peter Skene today said *"We are very pleased with this outcome, and the opportunities it brings to Camperdown Dairy for organic butter production. Not only do the terms of the termination include a payment from ODFA which places the Company in the same financial position if the JV had continued for the next 5 years, it also allows Camperdown Dairy to produce organic and other butters for both Camperdown Dairy and other customers we have been excluded from in the past. This is an excellent step along Camperdown Dairy's own organic branded journey"*.

Peter also said *"the market for butter has changed significantly over the last few years with market shortages, increased market prices, and increased demand for premium butters. Being released 5 years early gives Camperdown Dairy many opportunities in this segment"*.

Background

- Camperdown Cheese and Butter Factory was formed as a Joint Venture company in 2013.
- The company is 50% owned by ODFA and 50% owned by Camperdown Dairy.
- Capacity was equally shared in proportion to the ownership levels.
- In the 5 years of operations, Camperdown Dairy managed the manufacturing of an estimated to be 95% of all Australian produced organic butter and Camperdown Dairy personnel have built excellent skills in butter processing/ packaging.
- Both ODFA and Camperdown Dairy's circumstances have changes over the few years to the point that this makes commercial sense for both companies to no longer continue the JV.

AUSTRALIAN DAIRY FARMS GROUP

Ends.

AUSTRALIAN DAIRY FARMS LIMITED

ACN 057 046 607

325 Manifold Street, Camperdown VIC 3260 | 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 enquiry matters please contact:

Peter Skene

Group CEO/ Director

Australian Dairy Farms Limited

Email: peterskene@adfl.com.au

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AHF makes ASX market releases at times directors believe it would be helpful or necessary for investors and as required by the Listing Rules. For further information regarding our shareholder communications policy, please refer to AHF's website: www.adfl.com.au

About Australian Dairy Farms Group

Australian Dairy Farms Group (AHF) was the 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 (Camperdown Dairy) – see announcement on <http://www.adfl.com.au/announcements>.

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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