



ADFG STAPLED SECURITY PURCHASE PLAN

The Directors of Australian Dairy Farms Group Limited (“AHF” or “the Group”) are pleased to be able to offer shareholders the opportunity to purchase additional shares at 13 cents which is a 20.2% discount to the 10-day volume weighted average price at which the Group’s Securities have traded on ASX and 23.5% from the 10 day high of 17 cents.

This equity raising is by way of a Stapled Securities Purchase Plan (“SPP”) to eligible Securityholders targeting \$6,000,000 in new equity capital, equivalent to approximately 46,500,000 securities or 18.92% of the Group’s currently issued capital.

The Group’s Directors have each indicated their intentions to subscribe for the maximum number of New Stapled Securities under the SPP.

The proposed new equity raising is directly related to development of short to medium term increases in revenue in the current and next financial year as part of the Directors Strategy to focus on building reliable immediate term revenue streams to ensure readiness for longer term capital expansion.

Funds raised are intended to be applied primarily to:

- cover costs of significant expansion of production for existing and new high margin contract packaging agreements resulting from forecasted significant increases in volumes in the second half of this financial year replacing low margin packing contracts discontinued; and
- to immediately commence development of new premium branded infant formula and formula products under the Flahey’s Future Nutritionals brands manufactured via outsourced production in the early stages. The development time for new formula brands is approximately 4-5 months with an expectation of major retailer ranging from commencing July 2019;
- funding the cash component for completion of the Flahey’s Future Nutritionals acquisition.

Working capital for production of packaging contract volumes:	2,000,000
Development and working capital for new Infant formula premium brands:	2,500,000
Cash component of the purchase of Flahey’s Future Nutritionals and transaction costs:	500,000
Optional voluntary reduction of debt following purchase of new organic in conversion farm or working capital for potential new processing contract starting March 2019:	1,000,000
TOTAL	6,000,000

The Stapled Securities to be issued under the SPP are priced at Australian 13 cents (\$0.13) per Stapled Security up to a maximum of 61,500,000 new fully paid ordinary Stapled Securities in AHF (“New Securities”) or 25% of the current issued capital.

The Issue Price of 13 cents per New Stapled Security represents a discount of approximately 20.2% to the Volume Weighted Average Price (“VWAP”) of 16.3 cents per Stapled Security for the last ten (10) days on which sales in AHF’s Stapled Securities were recorded prior to the SPP being announced by this notice (“the Offer”). The Directors reserve the right to refuse applications or accept subscriptions above the Target Amount. If significant over-subscriptions are received the Directors may proportionally scale back Applications.

Under the SPP, existing eligible Securityholders who are registered as holders of Stapled Securities in the Group at 7:00pm AEST (Sydney time) on Wednesday, 19 September 2018 (“the **Record Date**”) and whose registered address is in Australia or New Zealand (“**Eligible Securityholder**”), may apply for up to A\$15,000 worth of New Stapled Securities (i.e. 115,385 Stapled Securities), free of all brokerage and commission costs, at 13 cents per New Stapled Security.

AHF will apply for quotation of the New Securities on ASX, which will rank equally in all respects with existing AHF fully paid ordinary Securities. An indicative timetable is included in this ASX announcement.

Each Eligible Securityholder may participate by completing the Stapled Security Purchase Plan Application Form (“**SPP Application Form**”) and subscribing for one of the Subscription Amounts of New Securities.

Applications cannot be made for any amount other than one of the Subscription Amounts listed below:

	Subscription Amount	New Securities Applied For
Offer A	\$15,000.00	115,385
Offer B	\$12,500.00	96,154
Offer C	\$10,000.00	76,924
Offer D	\$7,500.00	57,693
Offer E	\$5,000.00	38,462
Offer F	\$2,000.00	19,231

SPP Timetable and Key Dates:

Date	Details
Wednesday, 19 September 2018	Record Date 7.00pm (AEST) The date on which AHF determined Securityholders eligible to participate in the SPP, being Securityholders registered on that date with an address in Australia or New Zealand
Thursday, 20 September 2018	SPP Announced to ASX
Tuesday 25 September 2018	SPP Offer Booklet dispatched to Securityholders
Tuesday, 25 September 2018	Opening Date The date the SPP Offer is made – SPP opens
Wednesday, 10 October 2018	Closing Date The date on which the SPP Offer closes. Applications and payments (including BPay® or Cheque) must be received by 4.00pm (AEST) (Sydney) Applications may be made online via Link Market Services website using the Registered Holder’s HIN or SRN.

Date	Details
Tuesday, 16 October 2018	<p>Issue Date</p> <p>The date New Securities are issued.</p>
Wednesday, 17 October 2018	<p>Stapled Security Trading Date</p> <p>The date on which it is expected that the New Securities will commence trading.</p>
Thursday, 18 October 2018	<p>Holding Statement Mailing Date</p> <p>The date on which Holding Statements are sent to Securityholders who subscribed for New Securities under the SPP</p>

The timetable is indicative only and AHF may, at its discretion, vary any of the above dates except for the Record Date.

Full details of the SPP and the final timetable will be set out in the SPP Offer document which will be dispatched to Eligible Securityholders on or around Tuesday 25 September 2018.

Yours sincerely

AUSTRALIAN DAIRY FARMS GROUP

MICHAEL HACKETT

Chairman

Further Details

For additional company information or media enquiry matters please contact:

Peter Skene Group CEO/ Director

Australian Dairy Farms Limited

Email: shareholders@adfl.com.au (emails are forwarded to the relevant person)

Communications Policy

As a policy, because of the heavy demands on limited management resources and to ensure compliance with continuous market-wide disclosure regulations, AHF does not respond to individual security holder communications regarding the management of the business, the company or with respect of any opinion or analysis that is not contained in market releases and released financial reports.

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) is an ASX listed Dairy Group, based in South West Victoria with is often referred to as the "Golden Triangle" of the Australian Dairy Industry with 23% of Australia milk on its door step.

Camperdown Dairy Company is a fully owned subsidiary of the Group and is a trusted source for premium branded products fit for the world stage, with products produced with fresh milk from both the Group's own, and other local farms.

Adding to the product offering the Group announced in September 2018 the purchase of Flahey's Nutritionals which includes a new exposure to the Australian Market Organic formula and has several differentiated infant formulas under development.

AHF was the first ASX vertically integrated dairy company and owns the whole supply chain including livestock, farms, processing factory and brands.

The Group's 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.

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.

The Group is intently focussed on progressively building a prominent and flexible position in several sections of the high value added "Nutritionals" market for both Australian domestic and export markets.

Disclaimer – Forward Looking Statements

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.