



## **AHF SECURES CAMPERDOWN INDUSTRIAL ZONED LAND**

- **Preparation for prospective expansion with JV partners**
- **Securing future for the existing Camperdown factory**

AHF subsidiary, Dairy Fund Management Limited as trustees for the Camperdown Dairy Park Trust has conditionally contracted to acquire 4.2 hectares (10 acres) of industrial zoned Camperdown land from a local businessperson.

The purchase price is \$260,000, which includes \$20,000 to be paid via fully paid securities in AHF Stapled Securities. The contract is conditional on AHF confirming that it is suitable for the type and scale of potential development, statutory planning and is appropriately serviced for the intended uses.

Over the last 6 months, three site locations have been investigated at a high level to identify how suitable each would be to accommodate current and future potential opportunities. The suitability of each site was assessed predominantly on the following criteria:

- Physical characteristics of the site;
- Planning controls effecting the site;
- Location and accessibility;
- Infrastructure availability;
- Environmental aspects; and
- Buffer distances to nearby non-industrial uses.

The Directors decided to purchase the site on Old Geelong Road, Camperdown to achieve a number of goals including:

- Securing freehold land with room for potential relocation and future expansion of the existing CDC processing factory which is currently in leased premises;
- Providing security of tenure for several developing opportunities which are expected to arise from multiple joint venture discussions in progress with established businesses.

The existing CDC factory at 325 Manifold Road, Camperdown was built in 2010 as a “new building within an old building” using modern processing plant and equipment acquired from a new factory in New Zealand that did not proceed. The plant installation in 2010 was specifically designed and constructed to facilitate and minimise costs of relocation if it ever became necessary. While no current decision has been made to relocate the existing processing plant and the existing lease has a further five year option beyond 2020, a “greenfields’ site such as the contracted industrial land would make a factory relocation, a financially viable option if required. The Directors and Management are also reviewing medium term volume expectations and the capacities for each of the product ranges currently produced in the existing facility (milks, yoghurts and butter).

The primary reason for this acquisition is that the board is in advanced discussions with multiple potential joint venture partners in respect of different but compatible dairy processing opportunities where the depth of operational experience and flexible capability of CDC is a valuable input.

Each of the ventures under discussion require CDC to provide the operational and technical expertise and construction management oversight with the prospective partners providing a level of funding along with longer term take-off agreements. Each venture will require the installation and operation of new plant, equipment and processes that CDC does not currently have, although would greatly benefit from having access to, for greater product diversification.

The advantage to AHF is that it can leverage these capabilities to increase production capabilities and efficiencies in a wider range of value added products, while significantly minimizing the development and sales risks including the Group's financial capital requirements but allow significant upside profit potential with a low level downside exposure.

The land has been selected after considerable investigation of suitable sites with valuable assistance and input from the local Corangamite Shire. Generally, when undertaking significant "greenfields" developments, particularly in rural areas which have the potential to create and maintain employment, companies can obtain financial assistance or contributions from the State and Federal Governments for aspects of the development. The Board will be reviewing the government support opportunities available.

Additionally, the South West Region of Victoria has numerous large scale dairy processing facilities which employ a wide range of skilled but specialised employees, many of whom already have the skills and experience to ensure a strong and capable workforce for the expanded operations.

The attached diagram shows just over 10 acres of land with an area identified as the current footprint of the existing Camperdown factory. Also identified are:

- The yellow section next to the carpark provides for the export fresh milk factory, which was announced on 7 November 2016.
- The yellow section labelled potential new processing facility relates a developing feasibility study on spray dryer opportunities with a current focus on speciality powders including organic skim milk powder, organic whole milk powder, organic infant formula base and other products.

This acquisition is a modest one in terms of price, being less than the cost of an average metropolitan area house block although it provides tangible evidence to our prospective partners that the Board is serious in its intentions to provide solutions for their particular requirements.

**Australian Dairy Farms Group**

Ends.

## Further Details

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*\*As a policy, AHF does not respond to individual communications regarding the management of the business, the company or in respect to any analysis that is not contained in market releases. We make ASX market releases at times we believe helpful or necessary for investors and as required by the Listing Rules. For further information regarding our shareholder communications policy, please refer to our website: [www.adfl.com.au](http://www.adfl.com.au)*

## About Australian Dairy Farms Group

**Australian Dairy Farms Group** (AHF) was Australia's first ASX listed dairy farmer when it first listed in October 2014. 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.

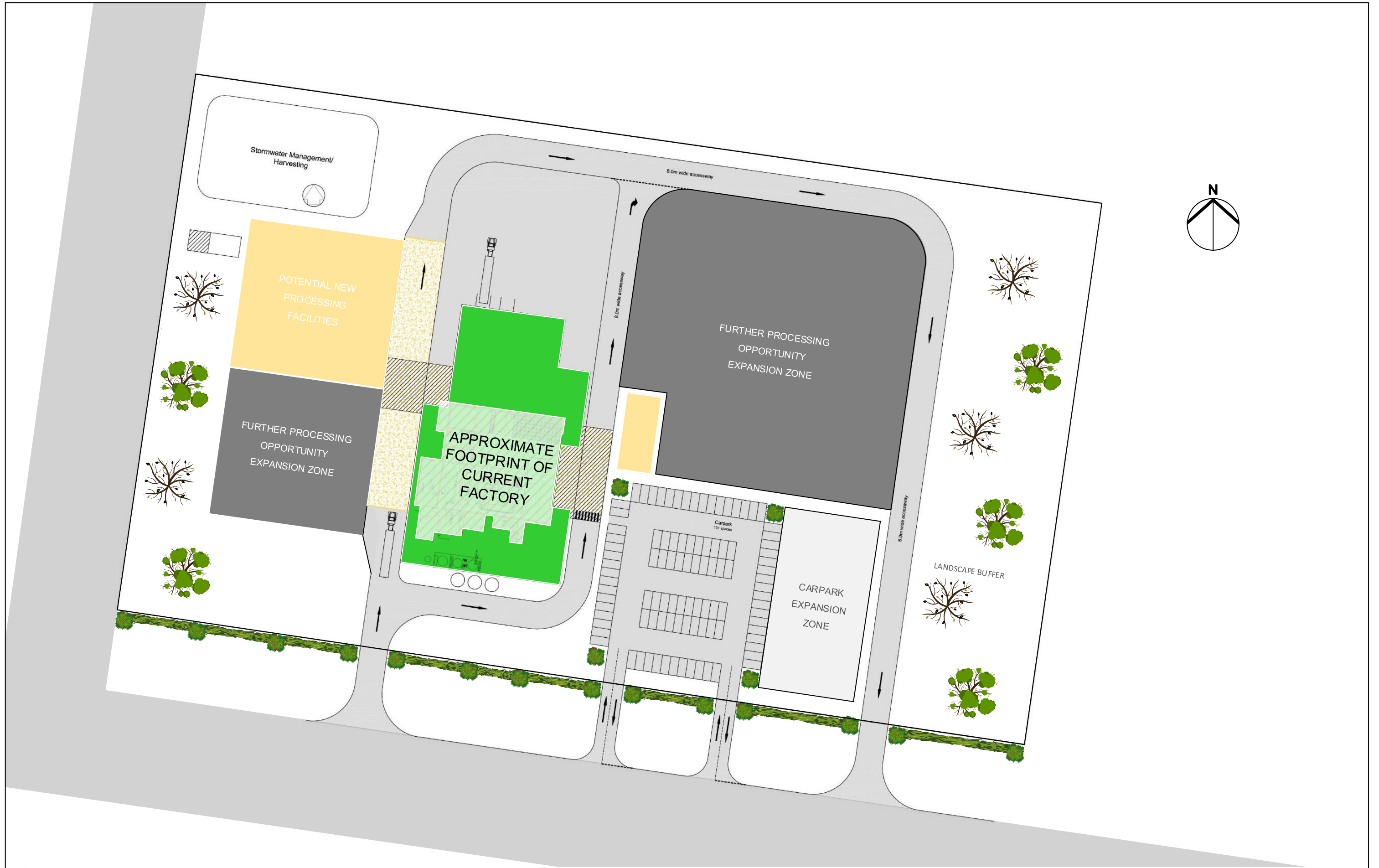
In April 2016 the Group completed the acquisition of Camperdown Dairy Company Pty Ltd - ACN 140 640 606 (CDC) – see announcement on <http://www.adfl.com.au/announcements>.

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.



| ISSUE | DESCRIPTION                     | DATE |
|-------|---------------------------------|------|
| A     | FOR DISCUSSION                  |      |
| B     | AMENDMENTS TO LAYOUT            |      |
| C     | AMENDMENTS ARISING FROM MEETING |      |
|       |                                 |      |
|       |                                 |      |
|       |                                 |      |

| LEGEND |                                     |
|--------|-------------------------------------|
|        | Sealed road pavement                |
|        | Concrete road pavement              |
|        | Pedestrian Crossing                 |
|        | Canopy over                         |
|        | Existing factory when relocated     |
|        | Potential new processing facilities |
|        | Future opportunity expansion zones  |

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|-------------|-------------|
| DESIGNED:   | SCALE:      |
| CHECKED:    | SHEET SIZE: |
| AUTHORISED: | DATE:       |



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|----------|---|
| PROJECT: | <b>CAMPERDOWN DAIRY<br/>EXPANSION OPPORTUNITIES<br/>DISCUSSION PLAN</b> |
| CLIENT:  |   |

|                 |                             |               |
|-----------------|-----------------------------|---------------|
| CCVIL REF. No.: | SHEET: <b>1</b>             | REV: <b>C</b> |
| DRAWING TITLE:  | <b>SITE DISCUSSION PLAN</b> |               |