

Dear Member

Unstapling of Group's securities

Following on from the announcement to the market on Thursday, 24 November 2022 regarding the unstapling of the shares in Australian Dairy Nutritionals Limited (**Company**) and the units in the Australian Dairy Farms Trust (**Trust**) (**Unstapling**), attached at Annexure A to this letter (**ASX Announcement**), the Australian Dairy Nutritionals Group (**AHF** or the **Group**) is pleased to inform you that the Unstapling is being implemented today in accordance with the timetable in the ASX Announcement.

Please note that this letter is accompanied by two holding statements, one in relation to your shares held in the Company, and one in relation to the units held in the Trust (see Annexure B).

Now that the Unstapling has been implemented, the Group plans to arrange to wind up the registered scheme Australian Dairy Farms Trust (ARSN 600 601 689) and the Trust itself.

The board of the Company estimates that this process will take several months to complete.

In accordance with clause 25.4 of the Trust's constituent deed, on a winding up of the Trust, the trustee must, amongst other things, distribute the net proceeds amongst the holders of units in the Trust pro rata to the number of units they hold on the date of the winding up.

The only current asset of the Trust is an intergroup loan (i.e. a loan from the Trust to the Company) which will be forgiven as part of the process of winding up the Trust. All of the assets of the Group are currently under the control of the Company, and the Company will pay for the costs of the winding up of the Trust. It is therefore expected that there will be no distribution of assets to unit holders of the Trust as a result of the winding up of the Trust.

As noted in the ASX Announcement, a class ruling is being sought from the ATO (**Class Ruling**) to confirm that:

- the Unstapling will not give rise to adverse income tax implications for the unitholders of the Trust; and
- the winding up of the Trust will result in a capital loss for the unitholders on the expectation that there will be no distribution to the unitholders of the Trust as a result of the winding up.

The Class Ruling, if issued, will apply to Australian tax resident unitholders who hold units in the Trust on capital account. The Class Ruling, if issued, will be made available in due



course on the Group's website. No adverse tax consequences are expected to arise for the Group in relation to the proposed Unstapling and winding up of the Trust.

Members of the Group are encouraged to contact Kate Palethorpe, via email at shareholders@adnl.com.au with any questions regarding the steps to be taken following the implementation of the Unstapling.

Kind regards

Kate Palethorpe

Company Secretary

Australian Dairy Nutritionals Group Limited