

ASX RELEASE

15 November 2013

ASX CODE APP

UPDATE OF PROGRESS OF DAIRY PROJECT

APA –DFI LISTING AGREEMENT

The directors of APA Financial Services Limited (APA or the Company) advised the ASX on 11 November 2013 that it had executed a revised agreement regarding the proposed change of activity to include dairy farm ownership and operation between APA as the farms operator, Trustees Australia Limited as the trustee and future responsible entity of the Dairy Farm Investments Trust, and DFI Management Pty Ltd as the farms manager.

The arrangement has been set out in the APA - DFI Listing Agreement which provides for the restructure of APA's existing capital and is subject to several conditions precedent customary for a transaction of this nature. This includes raising significant additional capital, which will require the approval of a special general meeting of APA's existing shareholders on a date to be confirmed in the near future by notice of meeting.

The material terms of the APA - DFI Listing Agreement, are summarised as follows:

1. The parties to the agreement are APA, Trustees Australia Limited (Trustees Australia); Dairy Farm Investments Trust (DFI Trust) and DFI (Management) Pty Ltd (DFI Management);
2. The effective date of the agreement is 15 November 2013 when signed by the last counterparty, and the agreement terminates on 31 March 2014 if the series of transactions are not completed by that date unless the date is extended by agreement of the parties. Completion of the transactions is taken to occur when the stapled securities of the Dairy Farm Investments Group, each comprising one fully paid share in APA and one fully paid unit in Dairy Farm Investments Trust are relisted on the ASX as Dairy Farm Investments Group (ASX reserved code DFI).
3. The parties to the agreement will work cooperatively to implement the DFI Aggregation Plan and to engage DFI Management to aggregate, manage and operate multiple dairy farms in Australia under single corporate management. This includes engaging appropriately qualified personnel to provide farm management services suitable for acquisition and operation of dairy farms and production of fresh milk for supply to milk processors in accordance with the DFI Aggregation Plan.
4. APA is required to undertake all necessary steps to obtain approval from ASX and its shareholders for the change in activity and other matters normal in such a transaction including:

APA FINANCIAL SERVICES LTD

ABN 36 057 046 607

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

Phone: +61 07 3020 3020 | Fax: +61 07 3020 3080

- 4.1 a change of its name to Dairy Farm Investments Limited;
 - 4.2 undertaking a public offer capital raising with a minimum subscription of \$12,000,000;
 - 4.3 applying to the ASX for approval to list its shares as part of a stapled security with the units in DFI Trust and complying with chapters 1 and 2 of the Listing Rules;
- as well as endeavouring to undertake or assist in an interim capital raising of \$750,000.
5. The dairy farms will be acquired under freehold or leasehold tenure by DFI Trust with Trustees Australia as its trustee, which will lease the farms to an APA group company to operate with DFI Management as manager. Trustees Australia will apply to ASIC for registration of the DFI Trust as a managed investment scheme.
 6. Trustees Australia as trustee of DFI Trust has executed a conditional contract to acquire a farm at 463 Moreys Road Brucknell Victoria for \$4.396 million from Dairy Farm Investments (Brucknell) Limited (DFI Brucknell). The contract is conditional upon the successful completion of the transactions required to be undertaken by APA including raising the minimum subscription set out above.
 7. DFI Operations Pty Ltd (DFI Operations), a subsidiary of APA, has entered into a conditional agreement to acquire the livestock and chattels of the farm at 463 Moreys Rd Brucknell from DFI Brucknell. The contract is conditional upon the successful completion of the transactions required to be undertaken by APA including raising the minimum subscription set out above.
 8. DFI Management will receive remuneration based on a management agreement with a maximum term of the earlier of three years or when combined farm production exceeds 5 million kg of milk solids. The agreement requires DFI Management to fully transition all operating and management activities including any remuneration entitlements or other benefits to DFI Operations, without cost to DFI Operations or compensation to DFI Management. Remuneration to DFI Management is calculated directly in accordance with production achieved and based on a scaled rate per kilogram of milk solids produced and sold.
 9. In consideration for entering into DFI Management entering into the Management Agreement on an Australia-wide exclusive basis, DFI Management will be allotted stapled securities equal to 3.5% of the total stapled securities on issue at completion of the transaction.
 10. The parties must enter into the Dairy Farm Project Agreement as a more formal agreement than the listing agreement within 20 business days, to set out the terms of the project implementation in greater detail.

APA shareholders will be requested to approve a number of additional changes which generally comprise part of the process in a material change of activity, recapitalisation and recompliance restructure, including changes to the board of directors, consolidation of the existing share capital structure and other matters.

The details of all of these proposals will form part of a notice of meeting and prospectus to be completed and dispatched to shareholders in coming weeks together with a detailed timetable setting out the directors expectations, which will be arrived at in conjunction with a advisors and brokers, taking into account the market conditions and effects of the coming Christmas season.

On behalf of the directors

APA FINANCIAL SERVICES LIMITED

MICHAEL HACKETT

Chairman