

ASX RELEASE

15 November 2013

ASX CODE TAU

UPDATE REGARDING DAIRY PROJECT BY APP

TRUSTEES AUSTRALIA TO ACT AS RESPONSIBLE ENTITY

As disclosed in previous announcements and financial reports, since 2009, Trustees Australia Limited (Trustees Australia or the Company) is a significant shareholder of APA Financial Services Limited (APP) - (approximately 34%). Trustees Australia's chairman Michael Hackett is also the chairman of APP.

APP originally announced in November 2012 that it had entered into an agreement with a New Zealand based dairy group in relation to a potential joint investment in the Australian dairy industry, whereby it aimed to acquire and manage multiple dairy farms for the purpose of maximising milk production volumes and revenues. Details of the announced project and subsequent updates can be viewed on the ASX announcements website under the ASX code APP.

Essentially, the proposed transactions are part of a process whereby, subject to APP shareholder and ASX approval including re-compliance by APP with Chapters 1 and 2 of the ASX Listing Rules, APP would undertake a change of activity to become involved in the Australian dairy industry. The proposed structure envisaged a property trust that will acquire the real property of farms and buildings to be operated and managed by APP and its subsidiaries in conjunction with farm and operational management from the NZ management group.

A revised agreement for the process of recapitalising and restructuring APP, to which Trustees Australia is a party in its capacity as trustee of the Dairy Farm Investments Trust (DFI Trust), has been executed with an effective date of 15 November 2013. The material terms of the agreement are set out in an announcement dated 15 November 2013 by APP to ASX (copy attached).

APP intends to seek the necessary approvals to relist as a stapled security comprising the restructured shares in APP and the units in DFI Trust. The stapled securities will comprise one fully paid share in APP (renamed as Dairy Farm Investments Limited) and one fully paid unit in DFI Trust and the stapled security is expected to be listed as Dairy Farm Investments Group with the reserved ASX code of DFI.

It is intended that Trustees Australia will apply to ASIC for registration of Dairy Farm Investments Trust as a managed investment scheme and will act as Responsible Entity of DFI Trust which will acquire both freehold and leasehold tenure of dairy farms to be leased to and operated by DFI Operations Pty Ltd, a subsidiary of APP with day to day farm management and farm selection and assessment being undertaken by DFI Management Pty Ltd.

As part of the acquisition process Trustees Australia has executed a conditional contract to acquire the farm at 463 Moreys Rd Brucknell Victoria from Dairy Farm Investments (Brucknell) Limited.

Conditions precedent includes the completion of the APP shareholder and ASX approvals referred to above and the relisting of the stapled securities of Dairy Farm Investments Group. This farm adjoins the farm at 417 Moreys Rd Brucknell, already acquired by DFI Trust, details of which are included in the Company's 2013 Annual Report.

APP advises that it is in current negotiations with advisors and brokers regarding its restructure and recapitalisation and expects to issue a notice of meeting in coming weeks to seek shareholder approval for the various resolutions usual in a transaction of this nature.

Trustees Australia will continue to provide updates on progress affecting Trustees Australia shareholders as appropriate.

On behalf of the directors

TRUSTEES AUSTRALIA LIMITED

MICHAEL HACKETT
Managing Director

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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:

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- 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