

Friday 28 February 2014

The Manager – Companies**ASX Limited Company Announcements****For release to market****UPDATE ON THE DAIRY FARM PROJECT**

APA Financial Services Limited (APA or the Company) has advised the market of its plans to seek shareholder and ASX approval to change the scale and nature of its business activities to aggregate and operate dairy farms in Victoria. This announcement is to provide an update to the market about the status of the project and to confirm that a notice of meeting is expected to be circulated to APA shareholders in coming weeks to seek approval to for the changes required by the ASX listing rules and to proceed with a two stage process for restructure and capital raising.

As advised it is intended that the shares in APA will be stapled to units in the Dairy Farm Investments Trust (the Trust) and the stapled securities of the APA Group (comprising the Company and the Trust) will be the securities for which ASX listing will be sought. The Trust will be the entity acquiring the real property assets, while the Company will be undertaking the operations and farm management.

It is intended that the first stage of this process will be primarily to obtain shareholder approval for the change in scale and nature of activities and all matters relating to re-compliance by the APA Group with Chapters 1 and 2 of the ASX Listing Rules.

At the same time the Group plans to raise between \$6,000,000 and \$10,000,000 of new capital by a public offer / prospectus to assist with completion of the acquisition and funding of two adjoining farms and associated livestock at Brucknell near Warrnambool.

This will establish a sound operating platform of two high quality and strongly performing dairy farms in a relisted stapled group, to which additional farms will be progressively added. Several good quality farms in the South West Victoria region are under due diligence assessment and the directors and advisers believe the completion of the re-compliance and restructuring processes will place the stapled Group in a strong position to seek additional investment funding.

Trustees Australia Limited (ASX CODE: TAU) is the trustee of the Trust, which has acquired one of the two farms and a contract has been executed for the purchase of the second farm with the vendor of that farm, Dairy Farm Investments (Brucknell) Limited, which is currently operating both farms under a share-farming arrangement. The completion of the purchase of the second farm is conditional on the successful re-compliance process of APA Group.

All parties to the project are actively and cooperatively working towards achieving the outcomes set out in the agreement between the parties, the term of which has been further extended to 31 May 2014.

Please refer to the Half-Year Report to 31 December 2013 of both Trustees Australia Limited (TAU) and the Company (APP) on the Announcements page of the ASX website for further details of the dairy project.

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