

RESTRUCTURE UPDATE

Australian Dairy Nutritionals Group (**AHF or Group**) provides an update to shareholders in relation to the unstapling of the shares in Australian Dairy Nutritionals Limited (**ADNL**) from the units in the Australian Dairy Farms Trust (**Trust**). The Trust is a registered managed investment scheme under section 601ED of the Corporations Act (**Scheme**).

All farm properties previously held by the Trust have been transferred to another subsidiary of ADNL and the Trust no longer holds any assets. As a result, the Group intends to wind up the Scheme, reducing the costs and complexity of the Group's corporate structure. Shareholders voted overwhelmingly in favour of the unstapling at the Group's Annual General Meeting on 24 November 2022 and the following provides an update in relation to its implementation.

Unstapling of ADNL and the Trust

Shares in ADNL were unstapled from units in the Trust effective 1 December 2022. From this date, shares in ADNL commenced trading on the ASX on a stand-alone basis under the existing ticker code, AHF. On or about 5 December 2022, shareholders would have received two holding statements from the Group, one in relation to the shares they hold in ADNL and one in relation to the units they hold in the Trust.

Wind Up of the Scheme

Now that the unstapling has been implemented, the Group will now move ahead with the wind up of the Scheme and cancellation of the units in the ADFT. All holders of units in the Trust have today been sent the notice which follows this announcement (**Notice**) explaining the proposal to wind up the Scheme due to its purpose having been accomplished. The Notice also outlines the Group's intention to wind up the Scheme unless a meeting to consider the proposed winding up of the Scheme is requested by certain unitholders within 28 days of the Notice being given to them.

Taxation Class Ruling

A class ruling is being sought from the Australian Tax Office (**ATO**) 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 not be a 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 on the Group's website (www.adnl.com.au). No adverse tax consequences are expected to arise for the Group in relation to the unstapling and winding up of the Trust.

Further Information

For further detail in relation to the implementation of the unstapling please refer to our announcement dated 24 November 2022.

The release of this announcement was authorised by the Board.

Further Details

For additional company information or media enquiries, please contact:

Australian Dairy Nutritionals Limited

Phone: +61 3 8692 7284

Email: shareholders@adnl.com.au

About Australian Dairy Nutritionals Group

Australian Dairy Nutritionals Group (AHF) is a vertically integrated Australian dairy group which owns high quality organic and organic A2 dairy farms, and a processing facility located in Southwestern Victoria, the 'Golden Triangle' of Australia's dairy industry. In addition to our premium Future range of infant formulas the Group has also commenced production of Australia's first Organic A2 infant formula made with farm fresh Australian milk from our farms at our purpose-built infant formula factory. The Group is a trusted source of premium quality branded dairy products sold in Australia and overseas.

Disclaimer – Forward Looking Statements

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. Readers are cautioned not to place undue reliance on forward looking statements.



Dairy Fund Management Limited
Responsible Entity for Australian Dairy Farms Trust
Part of the Australian Dairy Nutritionals Group (ASX: AHF)

6 March 2023

Dear Unitholder

RE: Proposal to wind up Scheme and Trust - Notice under Section 601NC of the Corporations Act

We refer to the letter sent to you on or around 5 December 2022 (**Letter**) by Australian Dairy Nutritionals Limited (**Company**). In the Letter, you will recall that the Company informed you about the implementation of the unstapling of the shares in the Company and the units in Australian Dairy Farms Trust (**Trust**) (**Unstapling**), as well as the steps to be taken following the Unstapling.

As alluded to in the Letter, Dairy Fund Management Limited (**Responsible Entity**) now proposes to wind up the registered scheme Australian Dairy Farms Trust (ARSN 600 601 689) (**Scheme**), as well as the underlying Trust.

Purpose accomplished

Section 601NC of the *Corporations Act 2001* (Cth) (**Corporations Act**) provides that a responsible entity may take steps to wind up a registered scheme if it considers that the purpose of the registered scheme has been accomplished.

The purpose of the Scheme was to allow for units in the Trust to be able to be traded on the Australian Securities Exchange as stapled securities, along with shares in the Company. Further the business of the Company and the Trust were intermingled such that the Trust primarily held the farm assets of the group, while the Company held the operational assets of the group. Over time, that distinction diminished and at the time of the Unstapling the operational assets and farm assets of the group were exclusively held by the Company and its subsidiaries. Further the Trust had no assets, other than an intergroup loan which, as advised in the Letter, has now been forgiven. Accordingly, now that the Unstapling has been implemented and that loan forgiven, the Responsible Entity considers that the Scheme's purpose has been accomplished and there is no value in continuing to operate the Scheme.

Rights to call a meeting of Members

You have the right to take action under Division 1 of Part 2G.4 of the Corporations Act for the calling of a members' meeting to consider the proposed winding up of the Scheme, and to vote on any extraordinary resolution members propose about the winding up of the Scheme.

Either:

- members with at least 5% of the votes that may be cast; or
- at least 100 members who are entitled to vote,

may request a meeting of the Scheme's members to consider the winding up of the Scheme and any extraordinary resolution they proposed about winding up the Scheme.

Completion of winding up of Scheme

The Responsible Entity may wind up the Scheme pursuant to section 601NC of the Corporations Act unless a meeting is requested in accordance with the requirements set out above within 28 days of this notice being received by members.

The Scheme will be wound up:

- if no members of the Scheme validly request a meeting - on or around Wednesday, 5 April 2023; or
- if a meeting is held pursuant to members request for a meeting - on or around the date on which any extraordinary resolution against the winding up of the Scheme is not passed and / or any extraordinary resolution in favour of the Scheme being wound up is passed (as applicable),

(Implementation Date).

Winding up of Trust

Pursuant to section 25.1 of the Trust's constitution, the Responsible Entity, in its capacity as trustee of the Trust, notifies you that the Trust will be terminated with effect from the Implementation Date.

The Responsible Entity notes that, following the forgiveness of the intergroup loan and the transfer of any remaining assets and liabilities of the Trust to the Company effective from 11:59 pm on 1 February 2023, the Trust no longer has any further assets or liabilities. Therefore, no amounts will be transferable to unitholders of the Trust upon the termination of the Trust.

Queries

Should you have any queries about the proposed winding up of the Scheme and Trust, please do not hesitate to get in touch with Kate Palethorpe via email: shareholders@adnl.com.au.

Kind regards
Kate Palethorpe
Company Secretary
Dairy Fund Management Limited
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Camperdown Victoria 3260