

SE **Business**
HD **Public firm aims to milk dairy strength**
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agribusiness: The first public **company** to specialise in buying, owning and developing large corporate **dairy** farms in Victoria to produce 50 **million** litres of **milk** a year has raised \$8.5 **million** from institutional investors ahead of a scheduled float on October 1.

The Australian **Dairy** Farms **Group** — likely to list under the ASX reserved code of AHF — already owns two large **dairy** farms at Brucknell, near Warrnambool in Victoria's southwest, and is looking to **buy** 14 more over the next two years if its \$14.5m capital raising offer is successful.

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Group chairman Michael Hackett said the fledgling **company** had been overwhelmed by interest and investment from international and Australian pension funds, private investors and institutions looking to **buy** a **stake** in Australia's booming **dairy** future.

Australian **Dairy** Farms has received commitments of \$8.5m from institutional investors in **Hong Kong**, Malaysia, New Zealand and Australia, well above the \$5m it had initially hoped to raise.

"It is clear that institutional investors share our view that there is a significant opportunity to consolidate Australia's fragmented **dairy** sector," Mr Hackett said. "The capital raising will provide a strong platform to deliver our vision to use scale via the acquisition of additional quality farms to deliver revenue and cost synergies to produce 50 **million** litres of **milk** a year within two years of listing." The public bookbuild undertaken by Bell Potter Securities, which will open to investors on August 26 after a prospectus is published next week, is offering 72.5 **million** shares in the Australian **Dairy** Farms **Group** at 20c each.

Together with shares held by directors and other exiting entities, a fully subscribed capital raising would see the **company** debut on the ASX with 85.5 **million** shares and a capital value of \$17.1m. The **company** also announced a sweetener to new investors buying shares ahead of listing, confirming it would offer a one-for-two bonus share option within four weeks of the **company** float to every eligible shareholder.

The loyalty offer entitles shareholders to convert each option to a full-paid share within the next six months at a price of 25c, potentially raising a further \$9m in capital.

Founder and director Adrian Rowley said the focus of the Australian **Dairy** Farms **group** was clear: to **buy** and develop large corporate **dairy** farms with herds of between 500 and 1000 cows each, focusing on the premier "golden triangle" **milk** production region of western Victoria between Warrnambool, Camperdown and Timboon.

Mr Rowley thinks there is a strong case for longer-term growth in the **dairy** industry and good returns from investing in **dairy** farms, with larger farm aggregates able to build efficiencies of scale that cannot be reaped by family farms. Mr Rowley wants ADFG to become the largest producer of **milk** in Australia, delivering the **company** market power and influence with processors.

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