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NCA RESTRUCTURE UPDATE –  
NAMOI COTTON LIMITED (ASX: NAM)

Namoi Cotton Limited (**'Namoi'** or the **'Company'**) announced on 29 April 2020 that it was in discussion with its joint venture partner, Louis Dreyfus Company Group (**'LDC'**) in regards the restructure of its joint venture partnership, Namoi Cotton Alliance (**'NCA'**).

Namoi provides the following update regarding a Restructure Term Sheet which it has signed on 26 May 2020 as part of its overall strategy to reduce the Company's exposure to cotton lint trading volatility and associated debt, whilst improving its ginning and associated service offerings for Australian cotton growers.

KEY ELEMENTS

The Term Sheet is non-binding (except in limited respects) and the restructuring of NCA as provided in the Restructure Term Sheet remains subject to execution of detailed documentation and all necessary regulatory approvals.

The principal terms of the Term Sheet are as follows:

- The Restructure Term Sheet is valid until 31 July 2020 which means that detailed transaction documentation will need to be agreed and executed before that date.
- The restructure will take effect upon receipt of all necessary regulatory approvals and any necessary third party consents.
- NCA will continue to offer products and services 'as-is' across its three divisions which comprise:
  - i. Trading and Marketing of cotton lint;
  - ii. Warehousing and logistic facilities supporting the trading and marketing operations; and
  - iii. Containerised commodity packing facilities primarily packing cottonseed, coarse grains, and pulses.
- The overall partnership will continue to be governed by a joint venture committee (**'JVC'**), the representation of which will remain a 51% / 49% joint venture between Namoi and LDC respectively.
- LDC will assume day-to-day management of the Trading & Marketing division (**'TM'**):
  - i. Namoi's share of the TM division will reduce from 51% to 15% whilst LDC's share will increase to 85% and LDC will arrange debt finance pursuant to NCA's operating plan.

- ii. Namoi will hold an option to increase its exposure to and share in the TM division from 15% to 35% for a nominal value exercisable on 1 March 2025.
- LDC will assume day-to-day management of the Warehousing division. Namoi's share of the Warehousing division will remain at 51%.
- Namoi will assume day-to-day management of the Packing division. Namoi's share of the Packing division will remain at 51%.

#### NCA OPERATIONS TO DATE

NCA has successfully marketed Namoi branded cotton lint internationally for the past 7 years.

The NCA joint venture partnership was established in January 2013 to deliver operational and administrative synergies. Namoi has owned 51% of NCA since inception whilst LDC owns the remaining 49%.

NCA's net tangible asset value was \$56.7 million as at 29 February 2020 with Namoi's 51% share equating to \$28.9 million, which is disclosed in Namoi's balance sheet as an investment in associates and joint ventures.

This announcement was approved by the Board of Namoi Cotton.

**For further information, please contact:**

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