

## Execution of Loan Facility Agreement

The Board of Australian Dairy Nutritionals Ltd (**AHF or Company**) is pleased to advise that it has secured a \$3.0 million secured loan facility with Gippsreal Limited for a period of 24 months (**Loan Facility**).

The Group's wholly owned subsidiary Regen Properties Pty Ltd has entered into a facility agreement (**Loan Agreement**) as borrower (**Borrower**) with Gippsreal Limited as lender (**Lender**) and the Company as guarantor (**Guarantor**) on 5 December 2023. The Borrower is in the process of satisfying the relevant conditions precedent to make an initial draw down of the facility.

The funds made available under the Loan Facility will be used to provide working capital. The Loan Facility, in conjunction with the anticipated sale of the Brucknell South farm (refer to ASX announcement dated 16 September 2023) provides important funding and stability for the Company to pursue its revised strategy for FY24 and beyond, focussing on our 4 strategic pillars:

- a) **Stabilise:** stabilise operations and ensure the Group is adequately capitalised to pursue its revised strategy;
- b) **Grow Sales:** grow domestic and international distribution of the Ocean Road Dairies infant formula range;
- c) **Increase Utilisation:** increase utilisation of the Depot Road manufacturing facility through contract manufacturing and complementary product extensions; and
- d) **Consolidation:** proactively investigate consolidation opportunities with synergistic businesses.

### Loan Facility terms

The Loan Facility matures within 24 months after the date of first draw down and is for a maximum amount of \$3.0 million. If the proceeds from the sale of all or part of the Brucknell South farm exceed \$3.5 million then the net proceeds must be applied to repay any amount drawn under the Loan Facility. In all other cases, at least three months' prior written notice is required for early repayment of the Loan Facility. There is no redraw facility.

The Loan Facility is secured against the Group's Yaringa dairy farm located in Nirranda South (**Property**) as well as a first ranking general security over the assets of the Borrower in connection with the Property. The Guarantor also provides a guarantee and indemnity to the Lender for punctual payment and performance by the Borrower and Guarantor of each of their obligations in connection with the Loan Facility.

The initial draw down must be made within 30 days of execution of the Loan Agreement and is subject to satisfaction of various conditions precedent including execution and delivery of security documents and other necessary documents, registration of security documents, payment of fees and expenses and a satisfactory valuation of the Property.

Subsequent advances are subject to satisfaction of various conditions subsequent (including payment of statutory payments in respect of the Property and fees and charges under the Loan Agreement), compliance with various loan covenants and, there being no event of default or potential event of default.

Other key terms of the Loan Facility include:

- Fees: establishment fee of 1.5% of the Loan Amount plus GST and broker fee of 0.5%, payable on initial draw down;
- Interest Rate: variable interest rate on drawn funds calculated as the prevailing rate published by the Reserve Bank of Australia plus a margin of 5.4% per annum, paid monthly in arrears;
- Pre-paid Interest: when funds are drawn down, interest payable on those drawn down funds during the term of the Loan is to be held in an account in the name of the Borrower and credited toward payment of accrued interest each month;
- Loan to Value Ratio: the ratio of the loan amount to the value of the secured property must not exceed 40% during the term of the loan; and
- Annual review: the Lender has the right to review the terms and conditions of the Loan Facility annually.

The Loan Facility also contains terms that are typical for a transaction of this nature including conditions for repayment, cancellation and termination of the facility, guarantee and indemnity provisions, representations and warranties made by the Borrower and Guarantor, information undertakings and general undertakings, and events of default such as non-payment and insolvency.

The release of this announcement was authorised by the Board of AHF.

**Ends**

### **Further Details**

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#### **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.*

#### **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.*