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**NCA RESTRUCTURE IMPLEMENTATION AGREEMENTS SIGNED –  
NAMOI COTTON LIMITED (ASX: NAM)**

Namoi Cotton Limited (**'Namoi'** or the **'Company'**) is pleased to announce that it has executed binding implementation agreements with Louis Dreyfus Company (**'LDC'**) in connection with the restructure of its joint venture partnership, Namoi Cotton Alliance (**'NCA'**).

This restructure is a part of Namoi's 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 our current Australian cotton growers.

The restructured joint venture will consist of two partnerships, NCA and a new joint venture partnership to be called Namoi Cotton Marketing Alliance (**'NCMA'**). NCA will wind down its existing trading and marketing operations whilst Namoi and LDC establish NCMA to trade and market Namoi cotton in future.

LDC will assume responsibility for funding the future trading and marketing operations of NCMA.

This restructure will have no impact on existing NCA cotton lint contracts with growers.

### **Key Elements**

- The new joint venture partnership, called NCMA, will in the future be responsible for the Trading and Marketing of cotton lint acquired by Namoi.
- NCMA will be a 15% / 85% joint venture partnership between Namoi and LDC respectively.
- Namoi's share of profit or losses and capital contributions in NCMA's trading and marketing operations will be subject to a "cap and collar" arrangement.
- The restructure, including the establishment of NCMA, will take effect upon receipt of all necessary regulatory approvals and any necessary third-party consents.
- However, NCA will continue to offer all its existing products and services, as well as honour all existing contracts and obligations, including the Trading and Marketing of cotton lint acquired by Namoi up until the establishment of NCMA.
- After the establishment of NCMA, NCA will focus on supporting NCMA whilst continuing to operate its own independent warehouse, logistics and packing operations.
- There is no change as a result of this restructure in Namoi's participation in NCA which remains a 51% / 49% joint venture partnership between Namoi and LDC respectively, notwithstanding the changes to in Namoi's participation in NCMA.

**Namoi Cotton Alliance (NCA)**

- NCA remains a 51% / 49% joint venture partnership between Namoi and LDC respectively.
- NCA will continue to be governed by a joint venture committee ('**NCA JVC**'), the representation of which reflects the current 51% / 49% partnership.
- NCA will continue to offer the following products and services:
  - Warehousing and logistic facilities ('**Warehouse**') supporting the trading and marketing operations of NCMA and third parties; and
  - Containerised commodity packing facilities ('**Packing**') primarily packing cottonseed, coarse grains, and pulses; and
  - Trading and Marketing of cotton lint acquired by Namoi prior to the commencement of NCMA's operations.
- Namoi and LDC will continue to jointly support funding for NCA's operations. NCA's existing debt facilities will remain in place and following completion of the restructure, NCA's trading and marketing related debt funding will be wound down after which its warehouse and packing fixed assets will be largely unencumbered.

**Namoi Cotton Marketing Alliance (NCMA)**

- NCMA will commence operations upon receipt of all necessary regulatory approvals and any necessary third-party consents.
- Following the commencement of operations, NCMA will be responsible for the Trading and Marketing of cotton lint acquired by Namoi.
- NCMA will be a 15% / 85% joint venture partnership between Namoi and LDC respectively.
- Namoi's share of profit or losses and capital contributions in NCMA's trading and marketing operations will be subject to a "cap and collar" arrangement that will place an upper and a lower limit on Namoi's exposure in any financial year to \$1.5m.
- The partnership will be governed by a joint venture committee ('**NCMA JVC**') overseeing a business committee who will be responsible for day-to-day management, the representation of which in respect of both committees reflects the 15% / 85% partnership.
- LDC will assume responsibility for funding NCMA's operations.
- Namoi holds an option to increase its share in NCMA from 15% to 35% for a nominal value exercisable on 1 March 2025.

- Upon exercise of the option by Namoi, the capital and funding structure of NCMA will be adjusted to reflect the 35% / 65% share of the partnership held by Namoi and LDC respectively and, the \$1.5m “cap and collar” arrangement will be removed.

Namoi will advise the market once all necessary regulatory approvals and any necessary third-party consents to the restructure have been received.

The Chief Executive of Namoi Michael Renehan said “we are delighted to have reached this point in the implementation of the restructuring of our joint venture arrangements with LDC. This restructure strengthens our ability to trade and market cotton lint globally and reinforces our reputation as a secure and reliable counter party for Australian cotton growers”.

This announcement was approved by the Board of Namoi Cotton.

**For further information, please contact:**

Namoi Cotton Limited  
Michael Renehan  
Chief Executive Officer  
(07) 4631-6104

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## **BACKGROUND**

Namoi has made the following market announcements in regards the restructure of the NCA joint venture partnership.

- On 29 April 2020, Namoi announced that it was in discussion with its joint venture partner, LDC in regards the restructure of its NCA joint venture partnership.
- On 26 May 2020, Namoi announced that it had signed a non-binding Restructure Term Sheet with LDC in regards the restructure of NCA.
- On 29 May 2020, Namoi announced an extension of NCA’s banking facilities with the Australia and New Zealand Banking Group Limited (‘ANZ’) until 30 April 2021, as well as LDC’s US\$7.5 million financial support for NCA.
- On 11 August 2020, Namoi announced an extension to the Restructure Term Sheet to allow for the continuation of discussions and completion of the restructure.

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