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Ecofibre completes sale and leaseback of US properties as part of debt reduction plan

Ecofibre Limited (Ecofibre, Company) (ASX:EOF) today provided an update on progress with debt reduction initiatives as part of the Company's plan to create a simpler, more tightly focused business portfolio and deliver more sustainable financial performance.

Ecofibre's subsidiary Ecofibre USA Inc has completed agreements for the sale and leaseback of its two properties in Greensboro, North Carolina used in the manufacturing operations of Ecofibre Advanced Technologies, and a further property used as a production facility for Ananda Health in Georgetown, Kentucky.

Following an extensive marketing process, the sale and lease back agreements for the properties have been completed with Cessna Drive Inc, W Market Street Inc and Corporate Boulevard Inc respectively.

- *Property details:* 7109 Cessna Dr and 8665 Westmarket St, Greensboro, and 190 Corporate Blvd, Georgetown
- *Sale price:* USD9.7m
- *Key leaseback terms:*
 - triple-net lease
 - commencement rent: USD1.2m p.a
 - rent escalations: 3% p.a for the first three (3) years, thereafter 2% p.a
 - 10 year term + 3 extension options of 5 years with rent at fair market value
- *Right of first refusal:* vendor has a 3 year right of first refusal to repurchase the properties

The sale and leaseback of these properties enables the repayment of USD9.0m to secured lender Nubridge Commercial Lending LLC. The remaining USD1.0m owed to the lender will be converted to an unsecured loan repayable by December 2027. Interest on the loan will accrue at 12% p.a and is also repayable at the end of the loan term.

The Company is also in the final stage of negotiations with two lenders to provide working capital loans that will be collateralized by machinery and equipment, inventory and accounts receivable.

The debt reduction and restructuring initiative announced today, and the proposed working capital facilities, will facilitate the Company's progress in establishing positive operating cashflows and reducing financial risk.

Ecofibre continues to have significant opportunities to establish itself as a leader in advanced technologies that address resource sustainability and emerging health issues.

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About Ecofibre

Ecofibre owns a portfolio of high-quality advanced manufacturing and technology businesses in the United States and Australia. We operate three vertically integrated businesses focused on sustainable polymers and natural materials, natural health care, and hemp seed genetics. In addition, we own a majority interest in a life sciences business that is developing treatments for malignant and non-malignant gynaecological conditions.

Ecofibre Advanced Technologies (formerly known as Hemp Black) is an advanced manufacturing business with specialist capabilities in performance yarn extrusion, polymer compounding, and sustainable materials.

Ananda Health is a leading US manufacturer of cannabinoid-based health products for human and pet consumption. Our focus is on providing high-quality, research-backed products in Australia and the USA, targeting conditions including sleep, anxiety, aches and discomfort, and gynaecological conditions. See anadaprofessional.com and anadahemp.com.au.

Ecofibre Genetics owns one of the world's largest collections of hemp seed genetics and is a leading supplier of seed genetics to the hemp fibre and grain industry in the US and Australia.

EOF Bio Inc. is a majority-owned, US-based clinical-stage biotechnology company focused on a new generation of patient-centred cannabinoid-based drugs that improve health outcomes and enhance quality of life, starting with women's health and endometriosis. Spun out of Ecofibre in July 2023 it is focused on commercialising an expanding estate of issued patents.

Authorisation

This document is authorised to be given to the Australian Securities Exchange (ASX) by the Board of the Company.