

28 August 2014

Manager
Company Announcement Office
Australian Securities Exchange Limited
Level 4, North Tower Rialto
525 Collins Street
Melbourne VIC 3000

GREEN INVEST LIMITED – RECAPITALISATION PROPOSAL

1. Summary

Further to Green Invest Limited's (**Company**) announcement on 7 April 2014, the Company is pleased to announce a recapitalisation plan ("**Recapitalisation Plan**").

The implementation of the Recapitalisation Plan will put the Company on more stable footing by allowing the Company to retire short-term borrowings and fund working capital requirements for its operations in Australia and the expansion of its business in the United States.

The Recapitalisation Plan consists of the following components:

- (a) a partially underwritten non-renounceable rights issue (**Rights Issue**) to all eligible shareholders, on the basis of 1 new share for every 1 share held at an issue price of \$0.02 to raise \$1.18 million;
- (b) a private placement to raise \$237,645 through the issue of 11,882,254 new shares at \$0.02 per share (**Placement**);
- (c) a secured debt facility from external lenders for an amount of \$275,000 (**Secured Debt Facility**);
- (d) loan facilities from external lenders as follows:
 - (i) an unsecured loan of \$125,000 with an interest rate of 18.4%;
 - (ii) the extension of the repayment date in respect of the previously announced existing \$200,000 secured loan; and
 - (iii) an unsecured loan of \$75,000 with an interest amount of \$4,000;
- (e) interest-free director loans as follows:
 - (i) an unsecured loan from GFK Investments Pty Ltd for \$12,500; and
 - (ii) an unsecured loan from Birchwood Group Pty Ltd for \$16,500; and
- (f) the retirement, conversion and repayment of the previously announced existing director loans.

The issuance of shares in respect of proposals (b) and (f) above are subject to shareholder approval. The Company proposes to seek shareholder approval at an annual general meeting (AGM) proposed to be held on 30 September 2014*.

2. Partially Underwritten Non-Renounceable Rights Issue

The Company will be making a partially underwritten non-renounceable offer of 1 new share for every 1 share held by eligible shareholders at an issue price of \$0.02 per share to raise \$1.18 million.

The Rights Issue will have a record date of 30 September 2014*, and the offer will be open to eligible shareholders on 8 October 2014* and close on 7 November 2014*. The table below sets out the proposed dates in respect of the Rights Issue process:

Date*	Event
22 September 2014	Lodgement of prospectus and Appendix 3B
23 September 2014	Notice sent to eligible shareholders with information on the offer
26 September 2014	Share trade ex rights entitlement
30 September 2014	Record date
3 October 2014	Dispatch of prospectus
8 October 2014	Offer opens
7 November 2014	Offer closes
10 November 2014	Quotation on a deferred settlement basis
12 November 2014	Notification of shortfall amount
14 November 2014	Allotment
14 November 2014	Dispatch of Statements

It is intended that the proceeds of the Rights Issue will be utilised to retire debt and provide working capital to the Company to expand its operations in Australia and the United States.

The Rights Issue will be offered pursuant to a prospectus, which is anticipated to be lodged with the ASX on 22 September 2014*. Eligible shareholders should consider the prospectus before deciding whether to acquire shares and will need to complete a personalised entitlement and acceptance form that will accompany the prospectus.

Underwriting Terms

Southbank Capital Pty Ltd (**Southbank**) will partially underwrite the Rights Issue for the amount of \$1 million on the terms and conditions set out in the underwriting agreement between Southbank and the Company dated 22 July 2014 (**Underwriting Agreement**).

Under the Underwriting Agreement, Southbank's obligations is conditional upon the Company obtaining shareholder approval in respect of the director loans. The Company will seek shareholder approval at the AGM described in Section 8.

Southbank is permitted to appoint sub-underwriters to the Rights Issue. However, Southbank must not enter into any arrangement with any sub-underwriter which could result in any sub-underwriter (and its associates) having a relevant interest (as that term is defined in the *Corporations Act 2001* (Cth)) in greater than 19.9% of the shares in the Company following completion of the Rights Issue, without prior written approval of the Company.

3. Private Placement

The Company is pleased to announce a private placement to raise \$237,645 through the issue of 11,882,254 new shares at an issue price of \$0.02 per share to RM Corporate Finance Pty Ltd.

The Company will seek shareholder approval at the AGM as described in Section 8. The Placement is expected to be finalised and the shares allotted:

- (a) after the date that is 10 business days after the date that shareholder approval is obtained; and
- (b) before the closing date of the Rights Issue,

which, in any event, will be no later than 3 months after the date of the AGM.

The shares issued under the Placement will be ordinary shares that rank *pari passu* with existing ordinary shares in the Company.

It is intended that the proceeds of the Placement will be utilised to reduce the Company's debt liabilities in accordance with the Recapitalisation Plan.

4. Secured Debt Facility

The Company has entered into a loan agreement dated 31 July 2014 with external lenders. The key terms of the Secured Debt Facility are as follows:

- (a) for an amount of \$275,000;
- (b) for a term of 90 days commencing on the drawdown date;
- (c) with interest rate of 17%; and
- (d) is secured by way of a first ranking security over the Company's assets.

It is intended that the Secured Debt Facility will fund short-term requirements of the Company and will be repaid out of the proceeds of the Rights Issue.

5. Loan Facilities

The Company has entered into loan facilities with external lenders as follows:

- (a) an unsecured loan with a principal amount of \$125,000 and an interest rate of 18.4%. The directors of the Company have provided personal guarantees in respect of repayment obligations under the loan (**Loan 1**);
- (b) a loan with a principal amount of \$200,000 and an interest rate of 20%. It is secured by way of specific security agreements over shares held in the Company by Ronald Lunt, Peter McCoy and Birchwood Group Pty Ltd (**Loan 2**); and
- (c) an unsecured loans with a principal amount of \$75,000 and an interest amount of \$4,000 (**Loan 3**).

The proceeds of the Loan 1 have been utilised to pay the compromised settlement amount with the liquidator of Beyond Building Systems Pty Ltd, which is referred to in the half yearly report released on 1 March 2013.

The Company has extended the repayment of Loan 2 for 5 months in order to coincide with the completion of the Rights Issue.

It is intended that:

- (a) Loan 1 and Loan 2 will be repaid out of the proceeds of the Rights Issue; and
- (b) Loan 3 will be repaid out of the proceeds of the Placement.

6. Director Loans

To ensure the ongoing solvency of the Company, Peter McCoy and Robert Bell (through Birchwood Group Pty Ltd and GFK Investments respectively) have advanced the Company the following amounts on an interest-free basis:

- (a) in respect of Birchwood Group Pty Ltd, \$16,500; and
- (b) in respect of GFK Investments Pty Ltd, \$12,500.

It is intended that these director loans will be repaid out of the proceeds of the Placement.

7. Retirement Conversion and Reduction of Director Loans

During the period the Company was suspended from trading, to ensure the ongoing solvency of the Company, Peter McCoy and Robert Bell (through Birchwood Group Pty Ltd and GFK Investments Pty Ltd respectively) advanced the Company an aggregate amount of \$1,025,015.06 on an interest-free basis (**Director Loans**). As part of the Recapitalisation Plan, the Company will satisfy amounts owing under the Director Loans in the manner contemplated by, and on the terms and conditions of, a Director Loan Deed to be entered into with the lenders (**Director Loan Deed**).

The Director Loan Deed provides for the restructuring of the Director Loans in the following manner:

- (a) \$100,000 of each Director Loan is forgiven in consideration of the granting of options over 2,500,000 ordinary shares each in the Company which are exercisable on a 1:1 basis at \$0.08;
- (b) 50% of the remaining balance of each Director Loan is converted into ordinary shares in the Company at an issue price of \$0.02, which equates to:
 - (i) 10,125,376 shares in respect of Birchwood Group Pty Ltd; and
 - (ii) 10,500,000 shares in respect of GFK Investments Pty Ltd;
- (c) the remaining balance of each Director Loan is repayable by 31 December 2014 and 1 July 2015 respectively;
- (d) the Director Loans will be secured by a second-ranking subordinated security over the Company's assets; and
- (e) will accrue interest at an interest rate of 8%.

The issuance of shares and options pursuant to the Director Loan Deed requires a shareholder approval. The Company will seek shareholder approval at the AGM as described in Section 8.

8. Notice of Meeting

As noted above, the Company is required seek shareholder approval for the Placement and any issuance of shares in the Company under the Director Loans. The Company intends to lodge a notice of meeting in respect of the AGM with the ASX and dispatch the notice to shareholders on 29 August 2014*. The AGM will be held on 30 September 2014* and the results will be announced shortly after.

9. Unsecured Debt Facility Update

On 3 June 2013, the Company announced a funding proposal in respect of a \$1.25 million unsecured debt facility. The Company wishes to advise the market that it is not currently proposed to proceed with drawing down on the facility due to issues arising in respect of the lender.

While the Company will continue to pursue the possibility of drawing down on the facility (and it will update the market accordingly), the implementation of the Recapitalisation Plan will provide the Company with sufficient funding in order to put the Company on more stable footing and allow the Company to explore future growth opportunities.

Please contact Gregor Dixon at strantondixon33@gmail.com if you require further information.



Peter McCoy
Chairman

**Please note the dates are subject to change at the directors' discretion.*