



**VIRIDIS**  
**CLEAN ENERGY GROUP**

FACSIMILE

TO	Australian Stock Exchange	DATE	28/05/09
ATTENTION	Ms Kate Kidson	FACSIMILE	+61 3 9614 0303
FROM	Duncan Jewell		
SUBJECT	Internalisation of VCEG management arrangements		

Dear Ms Kidson,

Please find attached announcement titled "Internalisation of VCEG management arrangements" for the Viridis Clean Energy Group (VIR).

Yours sincerely,

Duncan Jewell  
Company Secretary  
Viridis Investment Management Limited

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RELEASE

## Internalisation of VCEG management arrangements

28 MAY 2009

### Internalisation of VCEG management arrangements

Viridis Clean Energy Group (ASX: VIR) ("VCEG") today advises that the Independent Directors of Viridis Investment Management Limited ("VIML"), the responsible entity of VCEG, have finalised the terms and conditions for the internalisation of the VCEG management arrangements ("Proposal").

The Proposal involves VIML as responsible entity of Viridis Clean Energy Trust II acquiring all of the shares in Viridis Energy Capital Pty Limited ("VEC" or the "Manager"), and in turn, acquiring its subsidiaries including VIML, the responsible entity of VCEG.

An illustration of the Proposal is shown in Appendix A.

VIML, the Manager and the shareholders of the Manager have signed the Internalisation Deed today, which sets out mechanics of implementing the Proposal, including obtaining necessary approvals, and also contains customary terms and conditions for acquisition of VEC shares.

VCEG securityholders will be asked to consider and approve the Proposal at a general meeting of securityholders expected to be held in late July 2009. A Notice of Meeting and Explanatory Memorandum in relation to the Proposal is expected to be sent to VCEG securityholders in early July 2009. Further details of the Internalisation Deed will be included in the Explanatory Memorandum.

Under the Proposal the consideration payable to the shareholders of the Manager is \$3.22 million, based on the following terms which are consistent with VCEG's announcement on 20 April 2009:

- the issue of 14 million new VCEG stapled securities to the shareholders of the Manager, representing 7.0% of the fully diluted issued VCEG stapled securities; and
- an issue price of \$0.23 per stapled security, being the volume weighted average price over the 15 trading days leading up to one business day prior to the date of signing the Internalisation Deed.

The Proposal includes an adjustment mechanism to the consideration payable to the shareholders of the Manager in the event that a VCEG change of control transaction is completed, or recommended to VCEG securityholders (with successful completion thereafter), within 6 months of completion of the Proposal, which results in a third party acquiring more than 50% of the interests in VCEG. The adjustment mechanism restricts the total consideration the shareholders of the Manager will receive under the change of control transaction on any sale of their new stapled securities issued under the Proposal to \$5.6 million (equivalent to \$0.40 per stapled security).

In the event that VCEG securityholders approve the Proposal, VEC and its subsidiaries, which includes VIML, will become wholly owned by VCEG. It is intended that VIML will remain as responsible entity of VCEG. The existing management team will remain employed by VEC, subject to various amendments being proposed to the executive employment arrangements, including incentive based arrangements

(see Appendix B). Upon completion of the Proposal, Mr Edward Northam will be appointed as Managing Director of VIML and Mr Duncan Jewell will become the Chief Financial Officer of VIML.

The Independent Directors have commissioned an Independent Expert, Grant Samuel & Associates Pty Limited ("Grant Samuel"), to consider the terms of the Proposal. A full copy of the Independent Expert's report will be included in the Notice of Meeting and Explanatory Memorandum that will be sent to VCEG securityholders prior to the general meeting.

Commenting on the Proposal, Mr Andrew Berry, Chairman and Independent Director of VIML said, "The Independent Directors are pleased that the Proposal will be put to our securityholders for their consideration and approval. The Independent Directors believe the Proposal is in the best interests of securityholders. Subject to there being no superior proposal and the Independent Expert concluding that the Proposal is fair and reasonable to and in the best interests of securityholders, each of the Independent Directors intends to recommend that securityholders vote in favour of the Proposal."

"The Proposal is expected to provide a number of benefits to securityholders including removal of the liability to pay management and performance fees to third parties and strengthening the alignment of interests between securityholders and management. The Proposal is a critical step in positioning VCEG for future growth."

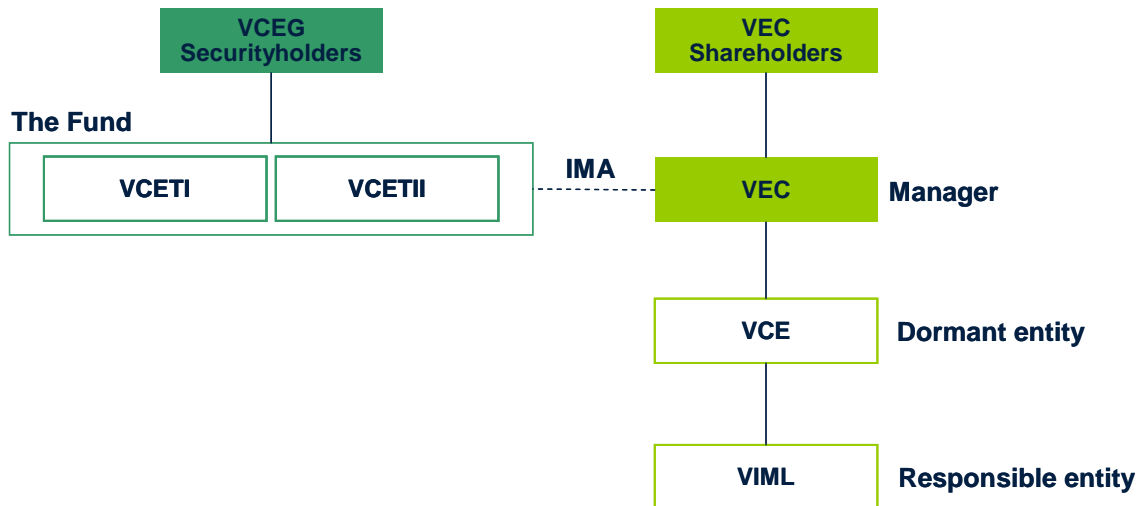
Certain other securityholder approvals will be sought at the general meeting, including approvals in relation to administrative amendments to the Trust constitutions and issues under an executive option plan (see Appendix B).

The Independent Directors are being advised on the Proposal by Rothschild Australia and Mallesons Stephen Jaques.

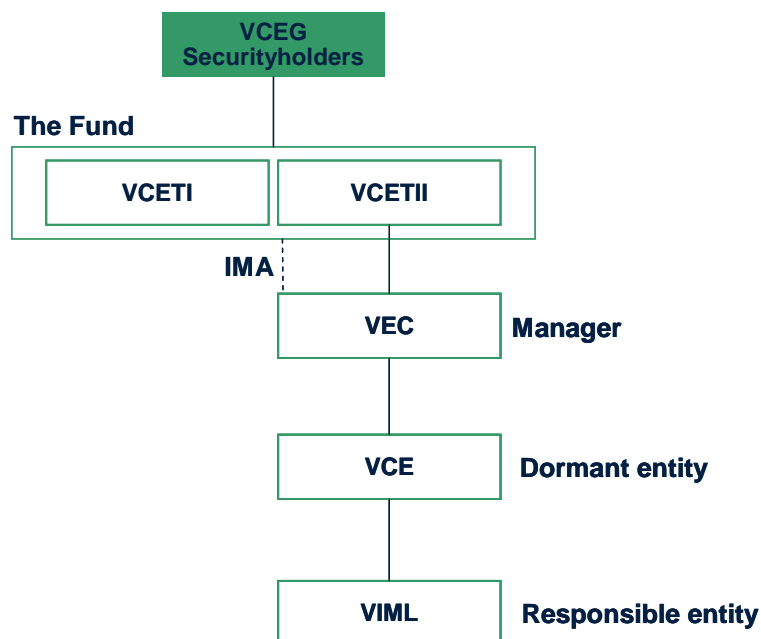
VIML Chairman  
Andrew J Berry

## APPENDIX A – ILLUSTRATION OF THE PROPOSAL

### BEFORE



### AFTER



VCET I – Viridis Clean Energy Trust I

VCET II – Viridis Clean Energy Trust II

VCE – Viridis Clean Energy Pty Ltd

IMA – Investment Management Agreement

APPENDIX B - KEY EMPLOYMENT ARRANGEMENTS POST COMPLETION (ASSUMES ALL NECESSARY REGULATORY AND SECURITYHOLDER APPROVALS OBTAINED)

	Mr Edward Northam (MD)	Mr Duncan Jewell (CFO)
Base Salary	AUD\$440,000p.a.	AUD\$360,000p.a.
Annual Bonus	<ul style="list-style-type: none"> <li>Annual bonus subject to achieving certain performance criteria.</li> <li>The target amount is 50% of the Executives' salaries treated on a pooled basis.</li> </ul>	
Options*	3.6 million in five tranches	2.4 million in five tranches
	<ul style="list-style-type: none"> <li>Strike prices for the five tranches will be equal to 110%, 115%, 120%, 125% and 130% of the Internalisation Deed subscription price (being \$0.23).</li> <li>Vesting dates will be the date of Completion, then 12, 18, 24 and 30 months after that date.</li> <li>Options have a 5 year term from vesting.</li> <li>Options automatically vest on change of control, substantial asset sale or termination of employment by Viridis.</li> <li>Unvested options will automatically lapse if the Executive terminates their employment.</li> </ul>	
Termination	3 months notice by either Viridis or the Executive with the potential for a 3 months termination payment on termination by Viridis (not payable where a change of control payment applies).	
Change of control or substantial asset sale payment	Payment equal to 9 months salary.	

\*subject to obtaining all necessary approvals

## Background

Viridis Clean Energy Group is an ASX listed energy infrastructure fund that has been established by Viridis Energy Capital Pty Limited as a special purpose investment vehicle focused exclusively on direct, long-term investment in a global portfolio of clean energy projects. Viridis invests in projects employing proven renewable, waste and other clean energy fuels and technologies in selected geographical markets, with a primary focus on Europe, North America and Australia.

The Fund's current investment portfolio includes ownership interests in 52 projects located in the USA, UK and Germany with a total capacity of 203 MW (Viridis equity share).

Viridis Energy Capital Pty Limited is the investment manager for the Viridis Clean Energy Group. Viridis Clean Energy Group comprises Viridis Clean Energy Trust I (ARSN 115 340 442) and Viridis Clean Energy Trust II (ARSN 115 340 639). Viridis Investment Management Limited (ABN 51 099 788 431) is the responsible entity of the Viridis Clean Energy Group.