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## ASX Announcement - Market Update

### Settlement of Greentrains Transaction & Execution of Convertible Note Deed

#### Settlement of First Tranche Sale to Greentrains Ltd

The directors of Coote Industrial Ltd (CXG) are pleased to announce that Greentrains Ltd has finalised its acquisition of the first tranche of locomotives and rolling-stock, with a payment of \$44m.

Coote Industrial retained rolling stock assets valued at \$17m and has taken an equity position in Greentrains Ltd in order to settle the entire receivable for the first tranche sale.

The company's equity stake in Greentrains Ltd complements the \$6.5m investment made by Elph Pty Ltd and an investment of \$5.1m made by Orange Grove Brickworks Pty Ltd, establishing a sound platform for the emerging entity. In addition to the tangible opportunities available to Greentrains, this is an important step towards realising the targeted benefits for Coote Industrial; including increased asset reliability in South Spur Logistics and the expansion of Gemco Rail's rolling stock maintenance, repair and overhaul services.

\$34m of the proceeds has been allocated to debt reduction and the balance is retained as working capital.

#### Cornerstone Investor – Elph Pty Ltd: Convertible Note Deed

Coote Industrial Limited (CXG) today executed and settled on a \$4m Convertible Note Deed with Elph Pty Ltd, further strengthening the company's relationship with Elphinstone Group, a substantial shareholder in Coote Industrial.

Funds received under the Convertible Note Deed have been used to invest in Greentrains Ltd and are available as working capital in Coote Industrial.

Headline terms and conditions of the Convertible Note Deed include:

- Two tranches. Issue of the first tranche of 10.871m convertible notes for \$1.864m is not subject to shareholder approval. Issue of the second tranche of 12.458m convertible notes for \$2.136m is subject to shareholder approval, with those funds advanced as a loan in the interim
- Face value of convertible notes: \$0.1714612
- Rate of conversion: one ordinary share for one convertible note
- Coupon rate 8%
- Maturity 4 years after issue
- Convertible on or before the earliest redemption date, 12 months after issue

A general meeting of shareholders of Coote Industrial Ltd will be convened to consider the Board's recommendation to approve the company's issue of the second tranche of convertible notes.

Upon conversion of the first and second tranche convertible notes, Elph Pty Ltd would hold 25% of Coote Industrial Ltd's issued shares.

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