New Energy Solar

27 June 2018

NEW ENERGY SOLAR (ASX: NEW)
CAPITAL REALLOCATION

New Energy Solar[1] (**ASX: NEW**) announces that it implemented a reallocation of capital from the Trust to the Company on 27 June 2018 pursuant to their respective constitutions and subject to the requirements of the *Corporations Act 2001 (Cth)* and ASX Listing Rules.

This capital reallocation was achieved by a capital return by the Trust of $0.0914 per issued unit, equating to approximately $30.2 million, which was compulsorily applied as a capital contribution for existing shares in the Company.

The purpose of undertaking the capital reallocation is to simplify inter-entity arrangements and allocate available capital so that it is held in the entity which provides the best outcome to NEW securityholders.

NEW securityholders and optionholders are not required to take any action and will not receive a cash payment as a result of the capital reallocation.

Furthermore, the capital reallocation will:

- Not impact the number of NEW stapled securities, Company shares and Trust units on issue;
- Not impact the current distribution for the six-month period ended 30 June 2018 of 3.75 cents per stapled security; and
- Not change the new asset value per NEW stapled security.

For further information concerning the capital reallocation, refer to the attached *Tax implications of capital reallocation (June 2018)* document, which is also available from the New Energy Solar website (www.newenergysolar.com.au/investor-centre/key-documents#disclosure).

Enquiries should be directed to:

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[1] Walsh & Company Investments Limited (**Walsh & Company**), as the Responsible Entity for the New Energy Solar Fund (**Trust**), and New Energy Solar Limited (**Company**), together **New Energy Solar** or **NEW**.

Important Information

This information may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs.

About New Energy Solar

New Energy Solar was established in November 2015 to invest in a diversified portfolio of solar assets across the globe and help investors benefit from the global shift to renewable energy. The Business acquires large scale solar power plants with long term contracted power purchase agreements. In addition to attractive financial returns, this strategy generates significant positive environmental impacts for investors.

Since establishment, New Energy Solar has raised over A$500 million of equity, acquired a portfolio of world-class solar power plants, and has a deep pipeline of opportunities primarily across the United States and Australia. New Energy Solar's initial public offering was led by Morgan Stanley and its securities trade on the Australian Securities Exchange under the ticker, NEW.

New Energy Solar is a listed stapled entity consisting of New Energy Solar Fund (ARSN 609 154 298) and New Energy Solar Limited (ACN 159 902 708). For more information, visit: www.newenergysolar.com.au

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27 June 2018

TAX IMPLICATIONS OF CAPITAL REALLOCATION

1. OVERVIEW OF CAPITAL REALLOCATION

New Energy Solar (**NEW**) reallocated capital from New Energy Solar Fund (ARSN 609 154 298) (the **Trust**) to New Energy Solar Limited (the **Company**) on 27 June 2018.

This capital reallocation was achieved by a capital return by the Trust of $0.0914 per issued unit in the Trust, which was compulsorily applied as a capital contribution for existing shares in the Company.

This transaction is referred to in this document as the "Capital Reallocation".

Securityholders do not need to take any further action at present in connection with the Capital Reallocation. The total number of securities held will not change and the combined net tangible assets of the stapled securities will remain the same.

The purpose for undertaking the Capital Reallocation is to simplify inter-entity arrangements and allocate available capital so that it is held in the entity which provides the best outcome to securityholders.

The Capital Reallocation was undertaken in accordance with provisions set out in the constitutions of the Trust and the Company.

Set out below is a summary of the general Australian income tax implications of the Capital Reallocation for securityholders.

2. OVERVIEW OF CAPITAL REALLOCATION

The comments below are of a general nature only and do not constitute tax advice and should not be relied upon as such. The illustrative example provided assumes the securityholder is an Australian resident individual who holds the NEW stapled securities on capital account.

A summary of the Australian income tax consequences of the Capital Reallocation for Australian resident securityholders that hold NEW stapled securities on capital account is as follows:

Non-assessable capital return to Securityholders

Securityholders will not be required to include the value of the capital return from the Trust in their ordinary assessable income.

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Walsh & Company Investments Limited (ACN 152 367 649) (AFSL 410 433) as responsible entity for New Energy Solar Fund (ARSN 609 154 298)
New Energy Solar Limited (ACN 609 396 983)

Cost base of Trust units

Securityholders will be required to reduce the cost base or reduced cost base (Cost Base) of each of their Trust units by the amount of the capital return, being $0.0914 per Trust unit.

If the capital return in respect of a Trust unit is less than the securityholder's Cost Base in the unit, the Cost Base of the unit is reduced by that amount (refer to example below).

3. ILLUSTRATIVE EXAMPLE

Securityholder reduces Cost Base of Trust unit

Keith purchased 100 NEW stapled securities for $160 on 21 January 2016 (i.e., Keith paid $1.60 per NEW stapled security).

Keith's Cost Base at acquisition in each Company share is $0.10 and his Cost Base in each Trust unit is $1.50 (i.e. $1.60 per NEW stapled security).

As a result of the previous capital reallocation on 26 June 2017, Keith's Cost Base on 26 June 2017 in each Company share is $0.61 and his Cost Base in each Trust unit is $0.99 (i.e. $1.60 per NEW stapled security).

Following this Capital Reallocation on 27 June 2018:

- Keith's Cost Base in each Trust unit of $0.99 will be reduced by the capital return of $0.0914. That is, Keith's new Cost Base in each Trust unit will be $0.8986;
- Keith's Cost Base in each Company share of $0.61 will be increased by the capital contribution of $0.0914. That is, Keith's new Cost Base in each Company share will be $0.7014; and
- Keith's aggregate Cost Base in each NEW stapled security is unchanged at $1.60.

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