

3 June 2021

NEW ENERGY SOLAR FUND

2021 NOTICE OF GENERAL MEETING

New Energy Solar Fund (ARSN 609 154 298) (**Trust**) hereby notify you of its upcoming General Meeting (**the Meeting**).

The General Meeting of unitholders of the Trust will be held at the time, date and place detailed below to consider and vote on the resolutions in this notice.

Date:	Friday 25 June 2021
Time:	11.00am (Sydney time)
Venue:	The Meeting will be a hybrid meeting held as a physical meeting at Level 15, 100 Pacific Highway, North Sydney NSW 2060 and a virtual meeting at https://agmlive.link/NESF21

The directors of E&P Investments Limited (ACN 152 367 649), the responsible entity of the Trust, wish to propose a resolution to wind up the Trust (**Winding Up Resolution**). The attached Chair's Letter and New Energy Solar Fund Notice of Meeting 2021 (including explanatory memorandum) provide the details and reasons for the Winding Up Resolution to be considered by Unitholders.

Unitholders are encouraged to:

- Read the Chair's Letter and Notice of Meeting in full.
- Attend and participate in the Meeting, which will provide you with an opportunity to ask questions regarding your investment.
- Vote on the resolution as set out in the Notice of Meeting.

For further information, please contact:

Caroline Purtell
Company Secretary
Tel: 1300 454 801

Authorised for release by E&P Investments Limited as responsible entity of New Energy Solar Fund.

CHAIR'S LETTER

Dear New Energy Solar Fund Unitholder,

Winding up proposal

On behalf of the board of E&P Investment Limited (ACN 152 367 649) (**Responsible Entity**), I am pleased to invite you to consider a proposal to wind up the New Energy Solar Fund (ARSN 609 154 298) (**Trust**) and thereby simplify the corporate structure of the New Energy Solar fund structure, currently comprising New Energy Solar Limited (ACN 609 396 983) and the Trust, from two listed stapled vehicles to a single listed company.

Capitalised terms used in this letter have the meanings given to them in the Notice and Explanatory Memorandum, unless otherwise defined in this letter.

Outline of the winding up proposal

The Responsible Entity has convened the Meeting to consider a resolution to direct the Responsible Entity to wind up the Trust. The Responsible Entity is seeking Unitholder support for the Winding Up Resolution, even though it is able, under the Corporations Act, to take steps to commence the process without member approval.

If the Winding Up Resolution is passed, the Responsible Entity will wind up the Trust in accordance with the Trust's constitution. This will have at least the following key consequences:

- no further Units may be issued or redeemed;
- the Units which are currently stapled to the Shares will be unstapled as a result of the commencement of the winding up of the Trust;
- after the winding up of the Trust has commenced, the Trust will be delisted from ASX and ultimately deregistered as a managed investment scheme;
- Unitholders will continue to hold and be able to trade their Shares on ASX after the winding up of the Trust has commenced;
- the Responsible Entity will be required to realise all of the assets of the Trust and to pay, discharge or provide for all liabilities and all expenses of or in connection with the Trust (including those anticipated in connection with the winding up);
- the net proceeds of realisation and all other cash forming part of the Trust's assets will be distributed to Unitholders in the Trust in proportion to the number of Units held by them at the date of the distribution; and
- once the final distribution is made, Units will be terminated from the date of that distribution (unless the Responsible Entity determines otherwise).

The practical effect of the proposal is that the Shares of the Company will remain listed on ASX and Shareholders will continue to be able to trade in their Shares after the unstapling has occurred.

Reasons for proposing the Winding Up Resolution

The Directors are of the view that the benefits of maintaining a complex stapled structure no longer outweigh the costs of doing so. The other key benefits of the proposal to wind up the Trust are described in Section 4 of the Explanatory Memorandum and include the following:

- eliminating the Trust from the stapled structure would also simplify New Energy Solar's corporate structure and streamline its corporate governance by having a single listed corporate entity. The practical effect of this means that one board of directors will be able to make decisions on behalf of all Shareholders of the Company; and

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- winding up the Trust would mean the Business no longer needs to have access to or obtain an AFSL. As such, the Business would also no longer need to comply with the statutory obligations imposed on the holder of an AFSL. The AFSL is only required currently because the Trust needs to be registered as a managed investment scheme under the Corporations Act. There is no similar requirement for the Company to register as a managed investment scheme once the Trust is wound up.

Accordingly, the winding up of the Trust offers a number of advantages or benefits to Securityholders of New Energy Solar.

Disadvantages of winding up the Trust

There are one off costs in commencing the winding up of the Trust. These are estimated to be \$150,000, comprising principally transaction costs consisting of fees for legal and tax advice, printing, general meeting and other related costs. These costs will be paid for out of the Business's cash reserves. The proposed one-off costs are expected to be recouped from the ongoing cost savings (both internal and external) realised through the winding up of the Trust over a period of four years.

Effect of the winding up on the Stapled Securities

Subject to the Corporations Act and ASX Listing Rules, stapling of the Units and Shares will automatically cease on the Winding Up Resolution being lodged with ASIC, which is expected to occur immediately after the Meeting.

ASX has the power to suspend trading of the Units and to delist the Trust from the official board. ASX has confirmed that it will exercise this power and trading of the Units will therefore be suspended from close of trading on Wednesday, 30 June 2021, with the Units of the Trust removed from the official list on Friday, 2 July 2021.

The Shares of the Company will remain listed on ASX and Shareholders will continue to be able to trade their Shares (separately from their holding of Units) after the unstapling has occurred.

If the winding up of the Trust commences, all Unitholders will continue to hold their Units (held as at the date of lodgement of the Winding Up Resolution with ASIC) regardless of whether they voted on the Winding Up Resolution and, if they did vote, regardless of whether they voted for or against the Winding Up Resolution. If Unitholders do not wish to hold Units in an unlisted or unregistered scheme, then they are encouraged to sell their Stapled Securities before the date of the Meeting.

Implications of winding up of the Trust on the Buyback proposed at the AGM

At the recent AGM Securityholders approved the Buyback Resolution. The Buyback Resolution contemplates a Buyback of Stapled Securities. If the Winding Up Resolution is approved, then trading in the Units on ASX will be suspended from close of trading on Wednesday, 30 June 2021, meaning that Unitholders would no longer be able to participate in the Buyback after this date. However, since Unitholders hold both Shares and Units as Stapled Securities, Unitholders will still be able to participate in the Buyback through their holding of unstapled Shares. Any Shares sold back to the Company would reduce the relevant Shareholders' shareholding in the Company, but would not have any effect on their holding or proportionate interest in the Trust.

No change to underlying Business

The winding up of the Trust will not change the Business's focus on investing in energy assets and projects which meet the Business's rigorous investment criteria.

After the Trust is wound up, Securityholders will hold their investment in New Energy Solar through a single listed entity, the Company, as opposed to a listed stapled structure. Additionally, after the winding up commences, the Directors of the Responsible Entity will cease to have any involvement in the governance, strategy and general oversight of New Energy Solar, with the Directors of the Company assuming sole responsibility for the listed investment company and the Business.

General meeting to consider approving the Winding Up Resolution

The Winding Up Resolution will be put before Unitholders for approval at a general meeting to be held on Friday, 25 June 2021 at 11.00 am (Sydney time).

The Notice and the Explanatory Memorandum contain important information and should be read prior to voting on the Winding Up Resolution at the Meeting. The Meeting will be held at Level 15, 100 Pacific Highway, North Sydney NSW 2060.

Recommendation

Your Directors unanimously recommend that you support the Winding Up Resolution by voting in favour of the Winding Up Resolution.

Alternative to Winding Up the Trust

The alternative to winding up the Trust is to make no change to the existing Business' structure. If the winding up of the Trust does not proceed:

- the Business will continue to be structured and to operate as it currently does (ie as a stapled structure under the governance of two boards);
- the Stapled Securities will continue to trade on the ASX;
- the number of independent, non-executive directors across the stapled entity will remain unchanged;
- the Business will have incurred costs in connection with the proposal to wind up the Trust, which are to be borne by the Business; and
- the rights of Securityholders will remain unchanged.

The Directors believe that this alternative is not attractive:

- as there are numerous significant commercial benefits in winding up the Trust (see section 4 of the Explanatory Memorandum); and
- conversely the disadvantages are few and considered small.

Please contact the Corporate Secretary, Caroline Purtell, at +61 2 8662 9794 or caroline.purtell@eap.com.au, should you have any questions in connection with the Winding Up Resolution. She will direct your questions to the appropriate person who is able to provide a response. Please bear in mind that we are not able to provide any financial, legal or tax advice with respect to the Winding Up Resolution or its consequences for Unitholders.

Yours sincerely,



Stuart Nisbett

Chair

E&P Investments Limited in its capacity as the Responsible Entity for the Trust

New Energy Solar Fund

ARSN 609 154 298

General Meeting

11.00 am (Sydney time)

25 June 2021

Level 15

100 Pacific Highway

North Sydney NSW 2060

This is an important document and requires your immediate attention. The Winding Up Resolution proposed in this Notice of Meeting relates to a proposal to simplify the existing stapled structure by winding up and delisting the New Energy Solar Fund (Trust) such that all assets held by the Trust will instead be held by New Energy Solar Limited (Company), which will remain listed on ASX.

New Energy Solar Fund – Notice of Meeting 2021

1 BACKGROUND

New Energy Solar (or the **Business**) is a stapled security structure comprised of the following entities:

- New Energy Solar Limited (ACN 609 396 983) (**Company**); and
- New Energy Solar Fund (ARSN 609 154 298 (**Trust**) where E&P Investments Limited (ACN 152 367 649) is the responsible entity for the Trust (**Responsible Entity**).

The issued shares of the Company (**Shares**) and issued units of the Trust (**Units**) are currently stapled together and quoted jointly on the ASX (under the code **NEW**) and are referred to as **Stapled Securities**. As a result, each Unit or Share cannot be traded separately.

The directors of the Responsible Entity (**Directors**) wish to propose a resolution to wind up the Trust (**Winding Up Resolution**) for reasons set out in more detail in the Explanatory Memorandum. If the Winding Up Resolution is approved by Unitholders, then the Units would automatically under the Trust's constitution become unstapled from the Shares as soon as the Responsible Entity lodges the Winding Up Resolution with ASIC. The practical effect of the proposed changes is that the Shares of the Company will remain listed on ASX and Shareholders will continue to be able to trade in their Shares after the unstapling has occurred.

Further details about the proposed winding up of the Trust and the unstapling of the Stapled Securities is set out in the Explanatory Memorandum.

2 NOTICE OF MEETINGS TO UNITHOLDERS

The General Meeting of Unitholders of the Trust (**Meeting**) will be held at the time, date and place detailed below to consider and vote on the Winding Up Resolution in this notice of meeting (**Notice**):

DATE:

11.00 am on 25 June 2021.

VENUE"

Level 15, 100 Pacific Highway, North Sydney, NSW, 2060.

New Energy Solar Fund is also pleased to provide Unitholders with the opportunity to participate in the Meeting virtually through an online platform provided by its share registrar Link Market Services <https://agmlive.link/NESF21>.

Refer to section 7, Hybrid Meetings, below for details on how to participate in the Meeting.

The Directors recommend that Unitholders vote in favour of the Winding Up Resolution set out in the Notice.

Terms and expressions used in this Notice have, unless otherwise defined, the same meanings as set out in the Explanatory Memorandum.

3 BUSINESS

SPECIAL BUSINESS

1. Winding up the Trust

To consider and, if deemed appropriate, approve the following as an **extraordinary resolution**:

Resolution: *“That the responsible entity of the New Energy Solar Fund (ARSN 609 154 298) (Trust) is directed to wind up the Trust in accordance with the winding up procedures in Article 24 of the Trust's constitution.”*

Voting Exclusion Statement

Pursuant to section 253E of the Corporations Act, the Responsible Entity and its associates are not entitled to vote their interests on a resolution at a meeting of the scheme's members (other than, in the case of a listed scheme, a resolution to remove and replace the responsible entity) if they have an interest in the resolution or matter other than as a member.

However, a proxy who is not entitled to vote on a resolution as a member may vote as a proxy for another member who can vote if their appointment specifies the way they are to vote on the resolution and they vote in that way.

4 OTHER INFORMATION

An Explanatory Memorandum accompanies and forms part of this Notice.

All Unitholders should read the Explanatory Memorandum carefully and in its entirety. Unitholders who are in doubt regarding any part of the business of the Meeting should consult their financial, legal or tax adviser for assistance.

To constitute a valid meeting of the Trust, a quorum of at least five Unitholders must be present (in person or by proxy).

The Winding Up Resolution is an extraordinary resolution.

Voting on the Winding Up Resolution will be by **extraordinary resolution**. To be passed, it must be approved by a simple majority of the total votes cast by Unitholders entitled to vote on the Winding Up Resolution (including Unitholders who are not present in person or by proxy).

5 PROXIES, CORPORATE REPRESENTATIVES AND ATTORNEYS

PROXIES

Any Unitholders entitled to attend and vote at the Meeting are entitled to appoint not more than two proxies to attend and vote in their stead.

A proxy need not be a Unitholder.

If the Unitholder appoints two proxies, the Unitholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the votes. If the specified proportion or number of votes exceeds that which the Unitholder is entitled to, each proxy may exercise half of the Unitholder votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

To ensure the integrity of the proxy voting process, the Trust has engaged a professional third party expert, Link Market Services, to collect and collate Proxy Forms returned to it. Link Market Services will at all times handle the Proxy Forms with due care and skill and will safeguard the Proxy Forms against tampering, filtering or other inappropriate handling.

Proxies must be:

- lodged by posting them or delivering them by hand to the address specified below;
- received at the fax number specified below; or
- registered online.

not later than 48 hours before the Meeting i.e.

Wednesday, 23 June on 11.00 am (Sydney time).

By mail: New Energy Solar Fund

C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

By fax: +61 2 9287 0309

In person: Level 12, 680 George Street
Sydney NSW 2000

Online: <https://agmlive.link/NESF21>

A proxy form is provided with this Notice.

CORPORATE REPRESENTATIVES

A Unitholder or proxy that is a corporation and entitled to participate and vote at the Meeting may appoint an individual to act as its corporate representative. Evidence of the appointment of a corporate representative must be in accordance with section 250D of the Corporations Act and be lodged with the Responsible Entity or Link Market Services before **11.00 am (Sydney time) on Wednesday, 23 June 2021.**

6 ENTITLEMENT TO VOTE

ATTORNEY

To vote by attorney at the Meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by Link Market Services before **11.00 am (Sydney time) on Wednesday, 23 June 2021** in any of the following ways:

By mail: New Energy Solar

C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

In person: Level 12, 680 George Street,
Sydney NSW 2000

Persons who are registered Unitholders at **7.00 pm (Sydney time) on Tuesday, 22 June 2021** will be entitled to vote at the Meeting, unless they are excluded under section 253E of the Corporations Act, which provides that the Responsible Entity of a registered scheme and its associates are not entitled to vote on a resolution if they have an interest in the Winding Up Resolution or matter other than as an Unitholder. If you are in any doubt as to whether you are entitled to vote, please contact your broker or legal adviser immediately.

By order of the board of E&P Investments Limited, in its capacity as Responsible Entity of the Trust.

CAROLINE PURTELL

Secretary of the Responsible Entity of the Trust.

3 June 2021

7 HYBRID MEETING

WINDING UP RESOLUTION WILL BE CONDUCTED BY POLL

In accordance with Article 18.10 of the Trust's constitution, the chair of the Meeting (**Chair**) intends to demand a poll on the Winding Up Resolution. Additionally, under the Corporations Act, an extraordinary resolution put to the vote at a Meeting must be decided on a poll. The Winding Up Resolution considered at the Meeting will therefore be conducted by a poll, rather than on a show of hands.

The Chair considers voting by poll to be in the interests of Unitholders as a whole, particularly where the Meeting is proposed as a hybrid meeting and is a way to ensure the views of as many Unitholders as possible are represented and offered an opportunity to participate at the Meeting.

HYBRID MEETING

Unitholders can attend the Meeting in person or by proxy and the Unitholder or proxy attending can vote using the paper voting cards provided.

8 EXPLANATORY MEMORANDUM

VIRTUAL MEETING

Unitholders and proxies will also be able to attend and participate in the Meeting virtually via an online platform at <https://agmlive.link/NESF21>. Directors have determined that Unitholders attending and participating in the Meeting virtually via the online platform will be able to vote and ask questions during the Meeting. More information regarding virtual attendance at the Meeting (including how to vote and ask questions virtually during the Meeting) is available in the New Energy Solar Limited Virtual Meeting Online Guide available at:

<https://www.newenergysolar.com.au/investor-centre/key-documents>.

USING THE ONLINE PLATFORM

We recommend logging in to the online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions below:

- (a) enter <https://agmlive.link/NESF21> into a web browser on a mobile or online device;
- (b) Unitholders will need their Shareholder Reference Number or Holder Identification Number, which is printed at the top of the Proxy Voting Form; and
- (c) Proxyholders will need their proxy code which Link Market Services will provide via an email no later than 24 hours prior to the Meeting. Unitholders who wish to appoint a Proxyholder will also need to provide the Proxyholder's email address, either on the proxy voting form or by calling the Link Market Services Contact Centre on 1300 554 474.

Online voting will be open between the commencement of the Meeting and the time at which the Chair announces the closure of voting.

RESTRICTION ON RECORDING

Unitholders, proxies, corporate representatives or other permitted attendees to the Meeting must not record, transmit or otherwise permit attendance or access to the Meeting to any party who is not otherwise entitled to attend the Meeting.

This Explanatory Memorandum forms part of the Notice and provides Unitholders with important information to assess the merits of the proposed Winding Up Resolution in the Notice.

LEGAL NOTICES

1. Important Information

The Directors have called the Meeting pursuant to section 252A of the Corporations Act. The Winding Up Resolution is a proposed extraordinary resolution to consider and vote on whether to direct the Responsible Entity to wind up the Trust.

2. ASIC and ASX

Neither ASIC nor ASX, nor any of their respective officers, takes any responsibility for the content of this Explanatory Memorandum.

3. Investment Advice

In preparing the Notice and this Explanatory Memorandum, the Responsible Entity has not taken into account the individual objectives or the financial, legal or tax needs or situation of individual Unitholders.

The information in this Explanatory Memorandum is not financial product or investment advice, nor a recommendation in respect of the Stapled Securities or the Trust. It is general information only, and does not take into account your individual investment objectives or your financial, legal or tax needs or situation. Accordingly, before deciding how to vote or act, Unitholders should consider the appropriateness of the information in this Explanatory Memorandum having regard to their own objectives and their own financial, legal and tax needs and situation. Unitholders are encouraged to seek financial, legal and tax advice appropriate to their circumstances and their jurisdiction.

4. Forward-looking statements

The Notice and this Explanatory Memorandum contain certain forward-looking statements that are not based solely on historical facts, but are rather based on the Responsible Entity's current expectations about future events and results.

These forward-looking statements are subject to assumptions, inherent risks and uncertainties, and may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of the Responsible Entity and which could cause actual events or results to differ materially from the achievements, events, expectations, performance, results or values expressed or implied in any forward-looking statement. Deviations are both normal and to be expected in such forward-looking statements.

The past performance of New Energy Solar or the Trust is no guarantee of the future performance of the Company or the Trust, particularly in light of the unstapling that will occur if the Winding Up Resolution is approved by Unitholders.

Except to the extent required by law, none of Responsible Entity, the Directors, any member of New Solar Energy or their respective officers or employees, any person named in this Explanatory Memorandum with their consent or any person involved in the preparation of this Explanatory Memorandum, makes any assurance, guarantee, representation or warranty (whether express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any achievements, events, expectations, performance, results or values expressed or implied in any forward-looking statement. Accordingly, you are cautioned not to place reliance on any forward-looking statements. The forward-looking statements in the Notice and this Explanatory Memorandum reflect views held only as at the date of the Notice and this Explanatory Memorandum.

5. No guarantee of capital or investment returns

If the winding up of the Trust commences, the Units are subject to investment risk, including loss of income or principal invested. No person (including the Responsible Entity, New Energy Solar or any of

their associates), gives any assurance or guarantee as to the amount or value which Unitholders will receive on their Units as part of the winding up process, including any assurance or guarantee about the repayment of capital invested into the Units.

6. Up to date information

The Responsible Entity will issue or procure the issue of a supplementary document to this Explanatory Memorandum if the Responsible Entity becomes aware of any of the following between the date of this Explanatory Memorandum and the date of the Meeting:

- a material statement in this Explanatory Memorandum is or becomes misleading or deceptive;
- a material omission from this Explanatory Memorandum;
- a significant change affecting a matter included in this Explanatory Memorandum; or
- a new circumstance arises which would have been required to be included in this Explanatory Memorandum if it had been known at the date of this Explanatory Memorandum.

However, if the change will not be materially adverse to Unitholders, a supplementary document may not be issued. A paper copy of any updated information will be available free on request.

SPECIAL BUSINESS – WINDING UP THE TRUST

1. Important Dates and Times

Key dates and times

Date of the Notice and this Explanatory Memorandum	3 June 2021
Time and date for determining eligibility to vote at this Meeting	7.00 pm (Sydney time) on Tuesday, 22 June 2021
Last time and date by which the Proxy Form for the Meeting should be returned to Link Market Services	11.00 am (Sydney time) on Wednesday, 23 June 2021
Last time and date by which the Proxy Form for the Meeting can be lodged directly with the Responsible Entity of the Trust	11.00 am (Sydney time) on Wednesday, 23 June 2021
Time and date of the Meeting	11.00 am (Sydney time) on Friday, 25 June 2021
Time and date of the commencement of the winding up of the Trust	Upon lodgement of the Winding Up Resolution with ASIC, which is expected to occur immediately after the Meeting closes
Last day for trading in Stapled Securities	Monday, 28 June 2021
Deferred settlement trading commences in unstapled Shares	Tuesday, 29 June 2021
Record date for Unstapling of the Units from the Shares	Wednesday, 30 June 2021

Last day of trading of deferred settlement trading in unstapled Shares Thursday, 1 July 2021

Time and date of commencement of trading of unstapled Shares Commencement of trading on Friday, 2 July 2021

Time and date of removal of Units from the official list of ASX Close of trading on Friday, 2 July 2021

Key Contact

New Energy Solar Fund
Level 15
100 Pacific Highway
North Sydney NSW 2060

All dates in the above timetable are indicative only. Any changes to the above timetable will be announced through ASX and notified on New Energy Solar's website at <https://www.newenergysolar.com.au/investor-centre/announcements>. The Responsible Entity reserves the right to vary the dates and times set out above, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

1. Chair's Letter

Please refer to Schedule 1 for a copy of the Chair's letter regarding the Winding Up Resolution.

2. Winding Up Resolution

2.1. Outline of the Winding Up Resolution

The Responsible Entity has convened the Meeting to consider an extraordinary resolution to direct the Responsible Entity to wind up the Trust in accordance with the winding-up process in Article 24 of the Trust's constitution.

The responsible entity of a registered scheme always has the power under section 601NC of the Corporations Act to take steps to wind up the registered scheme without member approval if the responsible entity considers that the purpose of scheme has been accomplished or cannot be accomplished. The responsible entity must, however, in these circumstances give notice to the members of the scheme and to ASIC explaining the proposal to wind up the scheme, including explaining how the scheme's purpose has been accomplished or why it cannot be accomplished. The notice must also inform members that the responsible entity is permitted to proceed with winding up the scheme unless within 28 days after receiving the notice members direct the responsible entity to call a meeting to consider the proposed winding up of the scheme.

The Directors do not therefore need to put the Winding Up Resolution to the vote of Unitholders before proceeding with the winding up of the Trust, but wish to seek Unitholder support for their proposed course of action, which the Directors believe is in the best interests of Securityholders of New Energy Solar and the Unitholders of the Trust.

2.2. Capital Reallocation before Winding Up

Before the date of the Meeting, the Directors intend to implement a capital reallocation between the Units and the Shares. This will follow the same process as New Energy Solar has used previously (as disclosed on its website), namely that the Trust will return capital to Unitholders in respect of each Unit held by them. Unitholders will not actually receive a cash payment pursuant to this return of capital because the amount of capital which is returned to Unitholders will be automatically and compulsorily applied as a capital contribution in respect of the stapled Shares held by that Unitholder.

Further, neither the number or percentage of Units held, nor the number or percentage of Shares held, by the relevant Securityholder will change as a result of the capital reallocation. The capital reallocation is simply a mechanism that shifts funds held by the Trust on capital account to funds held by the Company on capital account.

The amount of capital to be reallocated in the manner described above will be an amount determined by the Directors up to the face value (including accrued but unpaid interest) of the loan claim which exists between the Trust and one of the American subsidiaries of the Company as at the date of the capital reallocation, divided by the number of Stapled Securities then on issue.

The Company will execute a payment deed poll in favour of the Trust that will oblige the Company to pay any costs or liabilities of the Trust, which the Trust cannot satisfy from its own cash resources, up to the amount of the capital reallocated to the Company. This will ensure that the Trust has sufficient resources to satisfy all of its liabilities in order to conclude the process of the winding up.

2.3. The Winding Up Process

If the Winding Up Resolution is passed, the Responsible Entity will wind up the Trust in accordance with the Trust's constitution.

This will have the following consequences:

- the Responsible must give each Securityholder notice of the termination and of its intention to wind up the Trust. The Notice and this Explanatory Memorandum serve this purpose;
- no further Units may be issued or redeemed;
- the Units which are currently stapled to the Shares will be unstapled as a result of the commencement of the winding up of the Trust, which occurs when the Winding Up Resolution (if it is approved by Unitholders) is lodged with ASIC;
- after the winding up of the Trust has commenced, the Trust will be delisted from the ASX and ultimately deregistered as a managed investment scheme. As a result of the stapling which is currently in place, Unitholders will continue to hold and be able to trade their Shares on ASX after the winding up of the Trust has commenced;

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- the Responsible Entity must, as soon as reasonably practicable after the Meeting, realise all of the assets of the Trust (bearing in mind the capital reallocation that will have occurred prior to the commencement of the winding up) in such manner as the Responsible Entity considers appropriate, and must pay, discharge or provide for all liabilities and all expenses of, or in connection with, the Trust (including those anticipated in connection with the winding up);
 - the net proceeds of realisation and all other cash forming part of the Trust's assets will be distributed to Unitholders in the Trust in proportion to the number of Units held by them at the date of the distribution. There is not expected to be any distribution in light of the capital reallocation that will occur before the winding up of the Trust commences.

Once the final distribution is made, Units will be terminated from the date of that distribution (unless the Responsible Entity determines otherwise). From that point on, any interest held in the Business will take the form of a Shareholding in the Company.

In exercising its powers on winding up of the Trust, the Responsible Entity remains bound by its statutory and fiduciary obligations, to act in the best interests of Unitholders as a whole and for a proper purpose.

Development of a strategy to realise the assets of the Trust such as to maximise the value distributed to Unitholders will be a matter for the Responsible Entity. However, the Directors expect that this process could be completed within a period of not more than six months after the Meeting, having regard to the current balance sheet of the Trust and the capital reallocation that will occur before the winding up of the Trust commences.

The below steps are required after the Meeting to achieve a winding up of the Trust:

- First, the Winding Up Resolution and accompanying ASIC forms must be lodged with ASIC promptly after the Meeting ends. An announcement about the results of the Meeting and the commencement of the winding up process will be released on ASX. The Stapling Deed will be terminated automatically and ASX will remove the Trust from the official list.
- Second, the Responsible Entity must commence the procedure in Article 24 of the Trust's constitution for realising and distributing the Trust's remaining assets.
- Third, the Responsible Entity must lodge with ASIC the paperwork required to deregister the Trust as a managed investment scheme.
- Finally, after the Trust has been deregistered as a managed investment scheme, the Responsible Entity must ensure that:
 - an independent auditor completes the audit of the final accounts of the Trust;
 - the remaining asset of the Trust are finally realised; and

- ASIC is notified of the winding up of the Trust and its deregistration as a managed investment scheme.

2.4. Implications for stapling and continued listing of the Company

Subject to the Corporations Act and ASX Listing Rules, stapling of the Units and Shares will automatically cease on the Winding Up Resolution being lodged with ASIC.

ASX has the power to suspend trading of the Units and to delist the Trust from the official board. ASX has confirmed that it will exercise this power and trading of the Units will therefore be suspended from close of trading on Wednesday, 30 June 2021, with the Units of the Trust removed from the official list on Friday, 2 July 2021.

The Shares of the Company will remain listed on ASX and Shareholders will continue to be able to trade in their Shares (separately from their holding of Units) after the unstapling has occurred.

2.5. No change to Underlying Business

The winding up of the Trust will not change the Business's focus on investing in energy assets and projects which meet the Business's rigorous investment criteria.

After the Trust is wound up, Securityholders will hold their investment in New Energy Solar through a single listed entity, the Company, as opposed to two listed stapled vehicles. Additionally, after the winding up commences, the Directors of the Responsible Entity will cease to have any involvement in the governance, strategy and general oversight of New Energy Solar, with the Directors of the Company assuming sole responsibility for the listed investment company and the Business.

2.6. Implications of winding up of the Trust on the Buyback proposed at the AGM

At the recent AGM Securityholders approved the Buyback Resolution. The Buyback Resolution contemplates a Buyback of Stapled Securities. If the Winding Up Resolution is approved, then trading in the Units on ASX will be suspended from close of trading on Wednesday, 30 June 2021, meaning that Unitholders would no longer be able to participate in the Buyback after this date. However, since Unitholders hold both Shares and Units as Stapled Securities, Unitholders will still be able to participate in the Buyback through their holding of unstapled Shares. Any Shares sold back to the Company would reduce the relevant Shareholders' shareholding in the Company, but would not have any effect on their holding or proportionate interest in the Trust.

2.7. Disadvantages of winding up the Trust

There are one-off costs in commencing the winding up of the Trust. These are estimated to be \$150,000, comprising principally transaction costs consisting of fees for legal and tax advice, printing, general meeting and other related costs.

These costs will be paid for out of the Business' cash reserves.

The proposed one-off costs are expected to be recouped from the ongoing cost savings (both internal and external) realised through the winding up of the Trust over a period of four years.

2.8. Alternatives to Winding Up the Trust

The alternative to winding up the Trust is to make no change to the existing Business' structure.

If the winding up of the Trust does not proceed:

- the Business will continue to be structured and to operate as it currently does (ie as a stapled structure under the governance of two boards);
- the Stapled Securities will continue to trade on the ASX;
- the Business will have incurred costs in connection with the proposal to wind up the Trust, which are to be borne by the Business; and
- the rights of Securityholders will remain unchanged.

The Directors believe that this alternative is not attractive:

- as there are numerous significant commercial benefits in winding up the Trust (see section 3 below); and
- conversely the disadvantages are few and considered small.

2.9. Implications if the Winding Up Resolution is not passed

If the Winding Up Resolution is not approved, the Trust will not be wound up and:

- New Energy Solar will continue to operate as a stapled structure under the direction of the current boards of the Company and the Responsible Entity;
- the Business will continue to be structured and to operate as it currently does;
- the Stapled Securities will continue to trade on ASX;
- the number of independent, non-executive directors across the stapled entity will remain unchanged;
- the Business will have incurred costs in connection with the Meeting, which are expected to be approximately \$300,000 (reflecting primarily legal and tax fees and expenses) and which will be borne by the Business; and
- the rights of Securityholders will remain unchanged.

2.10. Cooling-off period

There is no cooling-off period for Unitholders.

If the winding up of the Trust commences, all Unitholders will continue to hold their Units as at the date of the Meeting regardless of whether they voted on the Winding Up Resolution and if they did vote, regardless of whether they voted for or against the Winding Up Resolution.

If Unitholders do not wish to hold Units in an unlisted or unregistered scheme, then they are encouraged to sell their Stapled Securities before the date of the Meeting.

3. Reasons for and benefits of proposing the Winding Up Resolution

The Directors are of the view that the benefits of maintaining a complex stapled structure no longer outweigh the costs of doing so.

First, eliminating the Trust from the stapled structure would also simplify the New Energy Solar's corporate structure and streamline its corporate governance by having a single listed corporate entity. The practical effect of this means that one board of directors will be able to make decisions on behalf of all Shareholders of the Company.

Second, New Energy Solar is no longer able to take advantage of certain preferential tax treatment previously available to stapled structures (of a similar nature to New Energy Solar).

Finally, winding up the Trust would mean the Business no longer needs to have access to or obtain an AFSL. As such, the Business would no longer need to comply with the statutory obligations imposed on the holder of an AFSL. The AFSL is only required currently because the Trust needs to be registered as a managed investment scheme under the Corporations Act. There is no similar requirement for the Company to register as a managed investment scheme once the Trust is wound up.

Accordingly, the winding up of the Trust offers a number of advantages or benefits to Securityholders of New Energy Solar.

Additionally, it is expected that the simplification of the Business through the winding up of the Trust will:

- **simplify financial reporting requirements**, leading to annual cost savings. Currently, the Trust and the Company are required to prepare separate audited financial statements. However, once the Trust is wound up, only the Company will be required to prepare these statements;
- **generate ongoing cost savings**, through an elimination of the fees paid to the Responsible Entity. At present, the Responsible Entity receives a fee of approximately \$150,000 per annum. In addition, the Business is currently maintained as a registered managed investment scheme. The winding up of the Trust will mean the Trust does not need to continue as a registered managed investment scheme. Further, additional management time is currently expended in maintaining a registered managed scheme. The current structure also gives rise to duplication of certain compliance matters and requires additional management time and expense in considering the appropriate structure for new acquisitions; and
- **will result in simpler distributions**, as only a single distribution by the Company will be made to investors going forward. This minimises complexity and cost, including from a tax perspective.

4. Tax Implications

Outlined below is a general summary of the key Australian income tax consequences for Australian resident individuals, trusts, companies and complying superannuation entities who hold their Units in the Trust on capital account for Australian income tax purposes.

Unitholders should be aware that the actual Australian income tax implications may differ from those summarised below, depending on the individual circumstances of each Unitholder.

For example, complying superannuation funds with pension liabilities may be exempt from income tax on some or all of the income derived and thus some of the income tax commentary below may not be relevant to these Unitholders. Similarly, Unitholders subject to the Taxation of Financial Arrangements regime may be taxable upon different bases, depending on which elections they have made.

The Australian tax laws are also always changing with both prospective and retrospective effect. Unitholders should seek advice from their own professional taxation adviser regarding the Australian income tax consequences of the proposal having regard to their particular circumstances.

4.1. Australian Income Tax

As a “flow through” entity for Australian income tax purposes, the Trust should not be liable to pay Australian income tax on the net (i.e. taxable) income of the Trust for the income year ending 30 June 2021.

The Trust is a managed investment trust for Australian income tax purposes.

The Trust can also make an irrevocable election to be treated as an Attributable Managed Investment Trust. However, such an election has not been made and the Responsible Entity does not intend to make such an election (and in any event such an election may not result in a materially different outcome to that described below).

4.2. Net Income of the Trust

Unitholders that are presently entitled to a share of the distributable income of the Trust and not under a legal disability (e.g. minors) should be required to include in their assessable income their proportionate share of the Trust’s net income for the income year ending 30 June 2021. The net income of the Trust may include:

- net capital gains;
- distributions paid to the Trust or credited to the account of the Trust;
- foreign exchange gains and losses attributable to Australian currency exchange rate movements; and
- interest income on the loan to NES US Corporation, term deposits and cash equivalent investments held by the Trust.

The net income of the Trust is reduced by allowable deductions.

4.3. Liquidation of the Trust's Investments

The repayment of the Trust's USD denominated loan to NES US Corporation may result in taxable income or allowable deductions for the Trust depending upon the USD / AUD foreign exchange rate at the time the loan is repaid. The loan is currently standing at an unrealised income tax loss.

The cash distribution of 3 cents per Unit made to Unitholders on 19 March 2021 may be in excess of the expected net income of the Trust for the income year ending 30 June 2021. As such, part of that distribution which is in excess of the net income of the Trust for the year ending 30 June 2021 may be classified as a "tax deferred" distribution (i.e. return of capital or income sheltered by tax losses).

Tax deferred distributions should not be immediately assessable to Unitholders, but, for Australian Capital Gains Tax (CGT) purposes, should reduce the cost base or the reduced cost base (**Cost Base**) of each of their Units in the Trust (but not below nil).

If the Cost Base of the Units is reduced to nil, Unitholders should make a capital gain equal to the amount that the tax deferred distribution exceeds the Unitholder's Cost Base in the Unit. Any such capital gain may be eligible for discount CGT treatment, depending on whether a Unitholder has held the Units in the Trust for at least 12 months. The CGT discount is one-third for complying superannuation funds and one-half for individuals and trusts. Companies are not entitled to the CGT discount.

Unitholders will be provided with an annual statement setting out the details of the tax components of the distributions arising from their investment in the Trust.

4.4. Capital Reallocation

As part of the unstapling and winding up of the Trust, the Trust will return capital of approximately 18 cents per unit which will compulsorily be applied as a capital contribution for existing Shares in the Company.

Unitholders will be required to reduce the Cost Base of each of their Units in the Trust by the amount of the capital return, being \$0.1800 per Unit. If the capital return in respect of Unit in the Trust is less than the Unitholder's Cost Base in the Unit, the Cost Base of the Unit is reduced by that amount and the Cost Base in each Share in the Company is increased by the same amount (refer to example below).

Example

Keith purchased 100 Stapled Securities for \$160 on 21 January 2016 (i.e., Keith paid \$1.60 per 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 Stapled Security).

As a result of the previous capital reallocations on 26 June 2017, 27 June 2018, 26 June 2019 and on 29 December 2020 (and assuming no other tax deferred distributions or capital returns have been made during the relevant period), Keith's Cost Base on 29 December 2020 in each Company Share is \$1.1712 and his Cost Base in each Trust Unit would be \$0.4288 (i.e. \$1.60 per Stapled Security).

Following the proposed Capital Reallocation of approximately 18 cents per Unit:

- Keith's Cost Base in each Trust Unit of \$0.4288 will be reduced by the capital return of \$0.1800. That is, Keith's new Cost Base in each Trust Unit will be \$0.2488;
- Keith's Cost Base in each Company Share of \$0.9412 will be increased by the capital contribution of \$0.1800. That is, Keith's new Cost Base in each Company Share will be \$1.3512; and
- Keith's aggregate Cost Base in each Stapled Security is unchanged at \$1.60.

The above example is illustrative only as the Trust has also made other tax deferred distributions during the relevant period which would also need to be taken into account to determine the final Cost Base.

Again, if the Cost Base of Units is reduced to nil as a result of the return of capital, Unitholders will make a capital gain equal to the amount that the capital return exceeds the Unitholder's Cost Base in the Unit. Any such capital gain may be eligible for discount CGT treatment, depending on whether a Unitholder has held the Units in the Trust for at least 12 months. The CGT discount is one-third for complying superannuation funds and one-half for individuals and trusts. Companies are not entitled to the CGT discount.

4.5. Cost Base of Units and Shares

Each Unit in the Trust and each Share in the Company is a separate CGT asset. For CGT purposes, the Cost Base of each Unit and each Share is determined by allocating the amount paid to acquire each Stapled Security (plus any incidental costs of acquisition) to each Unit and each Share on a reasonable basis (e.g. by reference to the relative value of the securities or some other method).

It should be noted that the Trust's assets have predominately been USD loans to NES US Corporation, whereas the Company's assets have predominately been the equity in NES US Corporation and various Australian assets. To this extent, where the Stapled Securities were acquired at a discount to the net asset value (**NAV**), Unitholders may wish to consider whether it may be reasonable to allocate some or all of the discount to NAV to the Shares in the Company. However, Unitholders should seek advice from their own professional taxation adviser in this regard.

4.6. Cancellation of Units

Once all the Trust's assets have been distributed to its Unitholders, a subsequent cancellation of the Units in the Trust will constitute a

disposal for CGT purposes, which may result in a capital loss for a Unitholder.

A capital loss will arise if the capital proceeds on cancellation are less than the reduced Cost Base of the Units for CGT purposes.

Any capital loss realised by a Unitholder in respect of the Units should be aggregated with any other capital gains or capital losses that the Unitholder may have in that income year, less any available net capital losses from prior income years, discounts or reductions, to determine the Unitholder's net capital gain or net capital loss for that income year.

Net capital losses may be carried forward and offset against future taxable capital gains, subject to the satisfaction of applicable loss recoupment rules.

4.7. Future distributions from the Company

Shareholders who receive dividends paid by the Company should be required to include the dividend and any attached franking credits in their assessable income. Generally, a tax offset should be available for franking credits. However, Shareholders will not be entitled to obtain a tax offset for franking credits (and will not be required to include this amount in assessable income) unless the Shareholder satisfies the 'holding period' rule in respect of their Shares. Generally, the holding period rule requires Shareholders to hold Shares in the Company 'at risk' for at least 45 days (excluding the date of acquisition and disposal).

The holding period rule does not apply to individual investors whose total franking credit entitlements for an income year do not exceed \$5,000.

Investors may wish to seek professional tax advice regarding the application of the holding period rule to their particular circumstances.

Provided that Shareholders satisfy the holding period rule and to the extent that the Shareholder's entitlement to franking credits exceeds their tax liability for the income year:

- shareholders who are Australian resident individuals and complying superannuation funds should be entitled to receive a cash refund of the excess franking credits; and
- shareholders that are Australian resident companies may be able to convert excess franking credits into tax losses.

5. Directors recommendation

The Directors recommend that all Unitholders eligible to vote on the Winding Up Resolution vote IN FAVOUR of the Winding Up Resolution.

The Directors will be voting the Units they own or control in favour of the Winding Up Resolution where permitted by the Corporations Act and the ASX Listing Rules.

6. Directors Statement

Except as set out in this Explanatory Memorandum, so far as the Directors are aware, there is no other information material to the making of a decision on how to vote in relation to the Winding Up Resolution, being information that is within the knowledge of any Director which has not been previously disclosed to the Unitholders.

Signed for and on behalf of each of the Directors:

A handwritten signature in black ink, appearing to read 'Stuart Nisbett', written over a horizontal line.

Stuart Nisbett

Chair

E&P Investments Limited in its capacity as the Responsible Entity for
the Trust

GLOSSARY

In this Explanatory Memorandum and the Notice:

AFSL means Australian Financial Services Licence.

AGM means the annual general meeting of the Company and the general meeting of the Trust held immediately before the Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

ASX Listing Rules means the listing rules of the ASX.

Business means New Energy Solar which consists of the Company and the Trust.

Buyback means the proposed market buyback of the Stapled Securities that is the subject of the Buyback Resolution in the AGM.

Buyback Resolution means the Resolution 4 in the notice of AGM proposing to Buyback the Stapled Securities.

CGT means capital gains tax.

Chair means the chair of the Meeting.

Company means New Energy Solar Limited (ACN 609 396 983).

Corporations Act means the *Corporations Act 2001* (Cth).

Cost Base means the cost of the asset when it was purchased, plus certain other costs associated with acquiring, holding and disposing of the asset.

Director means a director of the Responsible Entity.

Explanatory Memorandum means the explanatory memorandum to this Notice.

Meeting means the general meeting of the Trust convened by this Notice.

New Energy Solar means the Trust and the Company and their controlled entities.

Notice means the notice of Meeting contained in this document.

Responsible Entity means E&P Investments Limited (ACN 152 367 649) (AFSL 410 433) as responsible entity for the Trust.

Securityholder means a holder of a Stapled Security.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Stapled Security means one Unit stapled to one Share.

Trust means New Energy Solar Fund (ARSN 609 154 298).

Unit means a fully paid ordinary unit in the Trust, being an undivided share in the beneficial interest in the Trust.

Unitholder means a holder of a Unit.

Winding Up Resolution means the resolution proposing to wind up the Trust, causing the unstapling of the Units and the Shares.

All references to **time** in the Notice and the Explanatory Memorandum are references to the time in **Sydney, Australia**.