

24 June 2021

NEW ENERGY SOLAR (ASX: NEW) **CAPITAL REALLOCATION**

New Energy Solar¹ (**ASX: NEW**) announces a reallocation of capital from the Trust to the Company on 24 June 2021 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 through the Trust returning \$0.1532 per issued unit, equating to approximately \$54.7 million, to the Company and compulsorily applied as a capital contribution for existing shares in the Company.

The capital reallocation simplifies inter-entity arrangements by allocating available capital to be held in the entity where it is most efficient in terms of financing, and accordingly, provides the best outcome for NEW securityholders.

NEW securityholders 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 is consistent with the proposal to wind up the Trust to be voted on by securityholders on Friday 25 June 2021 and will:

- Not impact the number of NEW stapled securities, Company shares and Trust units on issue;
- Not change the asset value per NEW stapled security.

For further information concerning the capital reallocation, refer to the attached *Tax implications of capital reallocation (June 2021)* document, which is also available from the New Energy Solar website (www.newenergysolar.com.au/investor-centre/key-documents#disclosure).

For further information, contact:

Fleur Jouault
Investor Relations - New Energy Solar
+61 2 8662 9757

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

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

New Energy Solar

Australia

Level 15, 100 Pacific Highway North Sydney NSW 2060

T 1300 454 801 **F** 1300 883 159

E info@newenergysolar.com.au **W** nes.com.au

United States

One Liberty Plaza, 3rd Floor, New York NY 10006

T 646 860 9900

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 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 609 396 983). For more information, visit: www.newenergysolar.com.au



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 (ACN 609 396 983) (the **Company**) on 24 June 2021.

This capital reallocation was achieved by a capital return by the Trust of \$0.1532 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.

2. TAX IMPLICATIONS OF CAPITAL REALLOCATION

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

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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Australia

Level 15, 100 Pacific Highway North Sydney NSW 2060

T 1300 454 801 **F** 1300 883 159

E info@newenergysolar.com.au **W** nes.com.au

E&P 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)

United States

One Liberty Plaza, 3rd Floor, New York NY 10006

T 646 860 9900

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 \$0.1532 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 the illustrative 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 reallocations on 26 June 2017, 27 June 2018, 26 June 2019 and on 29 December 2020, Keith's Cost Base on 29 December 2020 in each Company share is \$1.1712 and his Cost Base in each Trust unit is \$0.4288 (i.e. \$1.60 per NEW stapled security).

Following this Capital Reallocation on 24 June 2021:

- Keith's aggregate Cost Base in each NEW stapled security is unchanged at \$1.60;
- Keith's Cost Base in each Trust unit of \$0.4288 will be reduced by the capital return of \$0.1532. That is, Keith's new Cost Base in each Trust unit will be \$0.2756; and
- Keith's Cost Base in each Company share of \$1.1712 will be increased by the capital contribution of \$0.1532. That is, Keith's new Cost Base in each Company share will be \$1.3244.

These indicative calculations do not take into account any tax-deferred distributions. 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 of each of their Units in the Trust (but not below nil).

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