

22 August 2022

NEW ENERGY SOLAR

2022 NOTICE OF EXTRAORDINARY GENERAL MEETING

New Energy Solar Limited (ACN 609 396 983) (**Company**) hereby notifies you of its upcoming Extraordinary General Meeting (**the Meeting**).

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

Date:	Monday 26 September 2022
Time:	11.00am (AEST)
Venue:	The Meeting will be a hybrid meeting held as a physical meeting at Level 32, 1 O'Connell Street, Sydney NSW 2000 and a virtual meeting at https://meetings.linkgroup.com/NEWEGM22

The Meeting will provide shareholders with the opportunity to vote on a proposed sale of the Company's US solar assets and a consequent capital return.

The attached New Energy Solar Notice of Extraordinary General Meeting 2022 (including explanatory memorandum) and Proxy Form provides details of the items of business to be considered by shareholders and is expected to be dispatched by post to shareholders on Wednesday, 24 August 2022.

Shareholders are encouraged to:

- Read the Notice of Meeting and Proxy Form in full.
- Attend and participate in the Meeting, which will provide you with an opportunity to ask questions regarding your investment.
- Vote on the resolutions as set out in the Notice of Extraordinary General Meeting.

For further information, please contact:

Caroline Purtell
Company Secretary
Tel: 1300 454 801

Authorised for release by New Energy Solar Limited

New Energy Solar Australia

Level 32, 1 O'Connell Street, Sydney NSW 2000
T 1300 454 801 **F** 1300 883 159
E info@newenergysolar.com.au **W** nes.com.au

United States

276 Fifth Avenue, Suite 805, New York NY 10001
T 646 860 9900



New Energy Solar Limited

ACN 609 396 983

Extraordinary General Meeting

11.00am Sydney Time

Monday, 26 September 2022

Level 32

1 O'Connell Street

Sydney NSW 2000

New Energy Solar Limited
Notice of Extraordinary General Meeting 2022

New Energy Solar

Australia

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Letter from the Chair

Dear Shareholders

As announced on Monday, 22 August 2022, New Energy Solar Limited (the **Company**) has successfully concluded the sale process that was recommended by the Company's strategic review. Completion of the sale transaction is contingent on Shareholder approval and other conditions, including regulatory and customary financier and offtaker consents, set out in the transaction documents. Accordingly, on behalf of the Board of the Company (**Board**), I am pleased to invite you to an Extraordinary General Meeting (**EGM**) to be held at 11.00 am (AEST) on Monday, 26 September 2022.

Proposed Transaction

Following a comprehensive auction sale process conducted by RBC Capital Markets, New Energy Solar US Corp., a wholly owned subsidiary of the Company, entered into a Membership Interest Purchase Agreement (**MIPA**) on or about 21 August 2022 with GSRP Shubert LLC, a Delaware limited liability company established as a subsidiary of MN8 Energy, a renewable energy business established in 2017 inside Goldman Sachs Asset Management, and formerly known as Goldman Sachs Renewable Power LLC, (the **Buyer**) for the sale (**Proposed Transaction**) of 100% of the Company's interests in its 14 solar photovoltaic electricity generating facilities in the United States of America (the **US Solar Assets**). The Proposed Transaction will be effected by the Buyer acquiring 100% of the Company's shares in NES Galaxy LLC (**NES Galaxy**) which, in turn, holds the Company's interests in the US Solar Assets. NES Galaxy represents the majority of the Company's net asset value (**NAV**) per share.

Subject to the terms of the MIPA, the Buyer has agreed to acquire the Company's 100% interest in NES Galaxy for a gross cash purchase price of US\$244.5 million (A\$352 million¹) (**Purchase Price**). This is expected to result in net proceeds after taxes and transaction costs of US\$224 million (A\$322 million) (**Net Proceeds**). Of these net proceeds, approximately US\$29 million (A\$41 million) will be used to repay the Company's revolving credit facility and other liabilities and approximately US\$12 million (A\$17 million) will be retained to meet the Company's future obligations as it continues the process of returning value to Shareholders. This will result in approximately US\$183 million (A\$264 million) being available from financial close of the Proposed Transaction for distribution to Shareholders via a Capital Return of A\$0.82 per Share. The Board expects that a future capital return, or returns, will occur in respect of the cash balance remaining in the Company, currently estimated at A\$0.16 per Share. This means that the total amount returned to Shareholders is expected to be approximately A\$0.98 per Share. Please see the following Capital Return section for further details.

¹ All currency conversions are based on AUD/USD = 0.6950 unless otherwise noted. It is important to note that the sale proceeds will be received in \$US and the actual amount of A\$ proceeds received will depend on the exchange rate at the time of conversion subject to a future hedging arrangement that the Company intends to establish.



The Purchase Price (before taxes and costs) is in line with the net asset value of NEW's US portfolio which was US\$242 million at 31 December 2021 and US\$244.7m on a pro-forma basis at 30 June 2022. As Shareholders understand, the Company has consistently traded on the ASX at a price materially below its NAV per share. Over the last 12 months this discount has averaged 28%. The Proposed Transaction therefore allows all Shareholders to realise value for their investment in the Company that was not achievable through the Company's listing on the ASX. After having conducted a rigorous sale process, and in the absence of a superior proposal, the Board is confident that the Proposed Transaction represents the best value currently available for Shareholders.

Capital Return

Once the Proposed Transaction is complete, the Net Proceeds will, subject to Shareholder approval, be used to conduct an equal access reduction of the share capital of the Company of A\$0.82 per Share (**Capital Return**). As noted, this represents 82% of the Net Proceeds of the Proposed Transaction with the balance being retained in order to discharge all the Company's liabilities and the costs required to administer the Company until that process is complete, which is expected to occur by the end of 2023. At that time, subject to a further shareholder approval, a further capital return or returns will occur in respect of the cash balance remaining in the Company, currently estimated at A\$0.16 per Share and the Company will be wound up. This means that the total amount returned to Shareholders is expected to be approximately A\$0.98 per Share; a 13% discount to the Company's last published net asset value of \$1.13 per Share due to the impact of transaction costs, taxes and the disposal fee payable to the Investment Manager². It does, however, represent a 24% premium to the Share price of A\$0.79 per Share as at the date of the entry into exclusivity in respect of the Proposed Transaction on 8 August 2022 (the **Pre-Exclusivity Price**).

Proposed De-listing

Following the Proposed Transaction and Capital Return, the Company will have divested itself of its key assets and have no operations, investment capital, or plans to enter into any new business activity other than to realise all its assets, discharge its debts and return any remaining cash to Shareholders. Accordingly, the Company intends to submit a de-listing application to the ASX and, if approved by the ASX, will seek approval from Shareholders at a later meeting to remove the Company from the Official List of the ASX (**Proposed De-listing**).

² In February 2022, the Board requested a waiver of the disposal fee payable to the Investment Manager in the event of a sale of the US Solar Assets. The waiver was not agreed to by the Investment Manager so the Company is obliged to pay the disposal fee which is calculated as 1.5% of the combined value of the equity and debt of the US Solar Assets.



Board Recommendation

The Proposed Transaction delivers full liquidity and compelling value to Shareholders compared to the current trading price. Accordingly, the Board **unanimously recommends Shareholders vote in favour** of the Proposed Transaction and the Capital Return, in the absence of a superior proposal.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of the resolutions (in the absence of a superior proposal).

Yours sincerely

Jeffrey Whalan
Chair



Important Dates*

Despatch of Notice	Wednesday, 24 August 2022
Record date for voting at Meeting of Shareholders	Saturday, 24 September 2022
Deadline for lodgement of proxy forms for Meeting of Shareholders	11.00 am (AEST) on Saturday, 24 September 2022
Meeting of Shareholders	11.00 am (AEST) on Monday, 26 September 2022
Company announces the results of the Meeting	Tuesday, 27 September 2022
Proposed date of Completion	Completion is subject to certain conditions precedent, including regulatory consents, and is targeted to occur in late September or early October.
Announcement of effective date for the Capital Return	On or before the Effective Date for the Capital Return
Effective date for the Capital Return	The Business Day after Completion
Last day for trading of Shares to be entitled to participate in Capital Return	1 Business Day after the Effective Date
Shares commence trading on an 'ex return of capital' basis	2 Business Days after the Effective Date
Record Date for determining entitlement to participate in the Capital Return	3 Business Days after the Effective Date
Distribution date (if Resolution 2 passed) for payment of capital returns to Shareholders (5 business days after Record Date)	5 Business Days after the Effective Date

(*) All dates and times are indicative only. The Company reserves the right to vary these dates and times. All dates and times in this Notice refer to Australian Eastern Standard Time. The Company will make an announcement to ASX of any changes to the timetable if they occur.



1. BACKGROUND

New Energy Solar Limited (ACN 609 396 983) (**Company** or **NEW**) is an Australian Securities Exchange (**ASX**) listed entity.

As announced on 28 February 2022, the Company has conducted a whole-of-portfolio auction sale process for the US solar assets of the Company. The sale process has been conducted by RBC Capital Markets.

Pursuant to the sale process, New Energy Solar US Corp., a wholly owned subsidiary of the Company, has entered into a sale and purchase agreement, known as the Membership Interest Purchase Agreement (**MIPA**) on or around 21 August 2022 with GSRP Shubert LLC, a wholly owned subsidiary of MN8 Energy, established in 2017 as Goldman Sachs Renewable Power LLC (the **Buyer**) for the sale of all of the US solar assets of the Company (**US Solar Assets**) to the Buyer, via the sale of 100% of the shares in NES Galaxy LLC (the **Proposed Transaction**).

The sale process conducted was extensive, with a large number of potential buyers being identified to consider the purchase of the US Solar Assets.

2. DIRECTORS' RECOMMENDATION AND VOTING INTENTION

The Directors of the Company recommend **voting in favour** of the resolutions to approve the Proposed Transaction, and Capital Return, in the absence of a superior proposal, on the basis that the Proposed Transaction and the Capital Return are in the best interests of Shareholders.

Each director who is also a Shareholder intends to vote all Shares which they control in favour of Resolutions 1 and 2 in the absence of a superior proposal.

Potential advantages

In forming their recommendation to **vote in favour**, the Directors have had regard to a range of factors, including:

- the Purchase Price per Share under the Proposed Transaction equates to the Company's NAV for the US Solar Assets and represents a significant premium to the Pre-Exclusivity Price of \$0.79 per Share;
- the sale process was comprehensive and resulted in an offer that represents the best value currently available for Shareholders in the absence of a superior proposal;
- the Proposed Transaction provides liquidity for all Shareholders at an attractive value;



- if the Proposed Transaction is not approved then it is anticipated the Share price may fall back to the same level as the Pre-Exclusivity Price of \$0.79 per Share; and
- following Completion of the Proposed Transaction, Shareholders will no longer be exposed to operational, regulatory, commercial and other risks associated with the US Solar Assets.

Potential disadvantages

The Directors are of the view that the Proposed Transaction and Capital Return have limited disadvantages. However, Shareholders may choose to vote against the resolutions as:

- following the Proposed Transaction, Capital Return and winding up process, Shareholders will no longer have exposure to the investment opportunities afforded by their investment in the Company;
- they may consider that the Company is more likely to generate a better financial return through retaining the US Solar Assets or reinvestment of the sale proceeds than through direct investment by each Shareholder; and
- the tax consequences of the Capital Return may not suit the current financial position of Shareholders.

3. NOTICE OF MEETING TO SHAREHOLDERS

Notice is given that an Extraordinary General Meeting of Shareholders of the Company (**Meeting**) will be held at the time, date and place detailed below to consider and vote on the resolutions in this notice of meeting (**Notice**):

DATE

11.00 am (AEST), Monday 26 September 2022

VENUE

Level 32, 1 O'Connell Street, Sydney, NSW, 2000.

The Board is pleased to also provide Shareholders with the opportunity to participate in the Meeting virtually through the online platform provided by its share registrar Link Market Services <https://meetings.linkgroup.com/NEWEGM22>.

Refer to section 8, Hybrid Meeting, below for details on how to participate in the Meeting.



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

4. BUSINESS

BUSINESS

1. Approval of the sale of all shares in NES Galaxy, LLC

To consider and, if thought appropriate, pass the following as an **ordinary resolution**:

Resolution 1: *"That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the disposal by the Company of all its solar assets located in the United States, by way of a sale of all of the shares in its subsidiary, NES Galaxy, LLC, to GSRP Shubert LLC, a Delaware limited liability company established as a subsidiary of MN8 Energy, on the terms and conditions set out in the sale and purchase agreement, as further described in the Explanatory Statement".*

Note: please see the Explanatory Memorandum for more detail.

2. Return of Capital

To consider and, if thought appropriate, pass the following as an **ordinary resolution**:

Resolution 2: *"That, subject to Resolution 1 being passed and Completion of the Proposed Transaction, for the purposes of Part 2J.1 of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the equal reduction of the share capital of the Company of A\$0.82 per ordinary share. The reduction of capital is to be effected by the Company paying to each registered holder of fully paid ordinary shares in the Company on the Record Date A\$0.82 per ordinary share."*

Note: please see the Explanatory Memorandum for more detail.

Voting Exclusion Statement

The Company will disregard any vote cast in favour of Resolution 1:

- by or on behalf of the Buyer or any other person who will obtain a material benefit as a result of the disposal of the Company's main undertaking (except a benefit solely by



reason of being a holder of ordinary securities in the Company) or their nominee; or

- an Associate of those persons,

however, this does not apply to a vote cast on Resolution 1 by:

- a person as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with directions given to the proxy or attorney to vote on Resolution 1 in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with a direction given to the Chair to vote on the Resolution 1 as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on Resolution 1; and
 - the holder votes on Resolution 1 in accordance with directions given by the beneficiary to the holder to vote in that way.

5. OTHER INFORMATION

An Explanatory Memorandum accompanies and forms part of this Notice.

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

To constitute a valid meeting of the Company, a quorum of the lesser by number of at least three Shareholders or Shareholders representing at least 10% of the voting Shares must be present (virtually or by proxy) at the time when the Meeting proceeds to business.

The resolutions proposed to be considered at the Meeting are ordinary resolutions. To be passed, the resolutions must be approved by a simple majority of the total votes cast by Shareholders entitled to vote on the resolution (including Shareholders who are voting by proxy).



6. PROXIES, CORPORATE REPRESENTATIVES AND ATTORNEYS

PROXIES

Any Shareholder entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead.

A proxy need not be a Shareholder.

If the Shareholder appoints two proxies, the Shareholder 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 Shareholder is entitled to, each proxy may exercise half of the Shareholder votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

Proxies must be:

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

not later than 48 hours before the Meeting i.e.
11.00 am (AEST) on Saturday, 24 September 2022

Proxy forms received later than this time will be invalid.
Additional proxy forms will be supplied by the Share Registry on request.

If the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
- if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- if the proxy is not the Chair of the Meeting, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- if the proxy is the Chair of the Meeting, the proxy must vote on a poll and must vote as directed.

There are some circumstances where the Chair of the Meeting will be taken to have been appointed as a Shareholder's proxy for the purposes of voting on a particular resolution even if the



Shareholder has not expressly appointed the Chair of the Meeting as their proxy. This will be the case where:

- the appointment of the proxy specifies the way the proxy is to vote on a particular resolution;
- the Chair of the Meeting is not named as the proxy;
- a poll has been called on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the Meeting; or
 - the proxy attends the Meeting but does not vote on the resolution.

Shareholders who cast a vote on a resolution before the Meeting by lodging a valid proxy will still be entitled to lodge a further vote on that resolution during the live Meeting, with the later vote overriding the earlier vote.

Shareholders should consider directing their proxy how to vote on each resolution by crossing either the "For", "Against", or "Abstain" box when lodging their proxy form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions.

The Chair of the Meeting intends to vote all undirected proxies able to be voted in favour of Resolutions 1 and 2.

By mail: New Energy Solar

 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: www.linkmarketservices.com.au

A proxy form is provided with this Notice.

CORPORATE REPRESENTATIVES

A Shareholder 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 Company before the Meeting. The appointment may be a standing one. Unless the appointment



7. ENTITLEMENT TO VOTE

states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a general meeting or in voting on a resolution.

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 the Share Registry before 11.00 am (AEST) on Saturday, 24 September 2022 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

By fax: +61 2 9287 0309

Online: www.linkmarketservices.com.au

Persons who are registered Shareholders at 11.00 am (AEST) Saturday, 24 September 2022 will be entitled to vote at the Meeting. If you are in any doubt as to whether you are entitled to vote, please notify us immediately.

By order of the Board.

CAROLINE PURTELL
Company Secretary
24 August 2022

8. HYBRID MEETINGS

ALL RESOLUTIONS WILL BE BY POLL

In accordance with clause 7.7(b) of the Company's constitution, the Chair intends to demand a poll on each of the resolutions proposed at the Meeting. Each resolution considered at the Meeting will be conducted by a poll, rather than on a show of hands.

The Chair considers voting by poll to be in the interests of Shareholders as a whole and is a way to ensure the views of as many Shareholders as possible are represented and offered an opportunity to participate at the Meeting.



The Meeting will be held at both a physical location and virtually.

ATTENDING PHYSICALLY

Shareholders and proxies will be able to attend and participate in the Meeting in person at Level 32, 1 O'Connell Street, Sydney, NSW, 2000.

ATTENDING VIRTUALLY

Shareholders and proxies also have the option to attend and participate in the Meeting virtually via an online platform at <https://meetings.linkgroup.com/NEWEGM22>. Directors have determined that Shareholders 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 that attendees log 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://meetings.linkgroup.com/NEWEGM22> into a web browser on a mobile or online device;
- (b) Shareholders 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 the Share Registry will provide via an email no later than 24 hours prior to the Meeting. Shareholders 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 at 11.00 am (AEST), 26 September 2022 and the time at which the Chair announces the closure of voting.



RESTRICTION ON RECORDING

Shareholders, 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.



EXPLANATORY MEMORANDUM

This Explanatory Memorandum relates to the Extraordinary General Meeting of the Company to be held at **Level 32, 1 O'Connell Street, Sydney NSW 2000** at 11.00 am (AEST) on **Monday, 26 September 2022** and at <https://meetings.linkgroup.com/NEWEGM22>.

What is the purpose of the Meeting?

The purpose of the Meeting is for the Shareholders to consider, and if thought fit, to pass resolutions approving:

- the Proposed Transaction; and
- the Capital Return,

on the terms set out in this Explanatory Memorandum.

BUSINESS

RESOLUTION 1

Approval of the sale of all shares in NES Galaxy, LLC

Resolution 1 seeks, for the purposes of ASX Listing Rule 11.2, and for all other purposes, Shareholder approval for the disposal and sale of all its solar assets located in the United States, by way of a sale of 100% of the shares that the Company holds in NES Galaxy, LLC, to GSRP Shubert LLC, a Delaware limited liability company established as a subsidiary of MN8 Energy (the **Buyer**) on the terms and conditions set out in the sale and purchase agreement.

Resolution 1 is proposed as an ordinary resolution.

Background

The Company, through its wholly owned subsidiary New Energy Solar US Corp. (the **Seller**), owns 100% of the membership interests in NES Galaxy, LLC, a Delaware limited liability company (**NES Galaxy**). NES Galaxy holds the membership interests in a number of holding companies (**Project Companies**) which own 14 solar photovoltaic electricity generating facilities in the United States of America (the **US Solar Assets**). NES Galaxy represents the majority of the Company's net asset value (**NAV**) per share.

As announced on 28 February 2022, the Company has conducted a sale process for the US Solar Assets in order to realise value for Shareholders (the **Sale Process**). The Sale Process involved an assessment of the Company's strategic options and any alternative strategies available. The Sale Process has been conducted by RBC Capital Markets.

Through the Sale Process, a significant number of potential bidders conducted due diligence on the US Solar Assets. This allowed the Board considerable price discovery as to the value of the US Solar Assets.



After conducting a rigorous sale process in which over 30 bidders reviewed due diligence materials, the Board resolved to grant a period of exclusivity to a preferred potential acquirer on 8 August 2022. The preferred potential acquirer is renewable energy business, GSRP Shubert LLC, a Delaware limited liability company established as a subsidiary of MN8 Energy, which was established in 2017 inside Goldman Sachs Asset Management, and formerly known as Goldman Sachs Renewable Power LLC. (the **Buyer**). After being identified as the preferred potential acquirer, the Buyer was granted exclusivity until the end of August 2022. During this exclusivity period the Company, on behalf of the Seller, and the Buyer negotiated binding agreements and filed required regulatory approvals.

On or around 21 August 2022, the Board resolved to enter into a sale and purchase agreement (**MIPA**) with the Buyer. Subject to the terms of the MIPA, the Buyer has agreed to acquire 100% of the Company's interests in the US Solar Assets through the acquisition of the Company's 100% interest in NES Galaxy for a total cash purchase price of US\$244.5 million (A\$352 million³) (the **Purchase Price**, and the transaction, the **Proposed Transaction**). Net proceeds of the sale after payment of certain transaction costs, including advisor fees, allowances for future U.S. tax, and a disposal fee of A\$10 million payable to New Energy Solar Manager Pty Limited (the **Investment Manager**) are expected to be US\$224 million (A\$322 million), being US\$0.70 per Share (A\$1.00 per Share) (the **Net Proceeds**). Of the Net Proceeds the Company intends to use approximately US\$29 million (A\$41 million) to repay the Company's revolving credit facility and other liabilities, and retain approximately US\$12 million (A\$17 million) to meet the Company's future obligations as it continues the process of returning value to Shareholders.

As at the date of this Notice, the Directors intend to distribute 82% of the Net Proceeds, which is A\$264 million, by way of the Capital Return (being, A\$0.82 per Share) (the **Distribution Amount**). The Distribution Amount is the subject of Resolution 2.

The following table shows how the Company has calculated the Distribution Amount.

	A\$m	A\$ per Share ⁴
Purchase Price	352	1.10
Estimated transaction fees and expenses	-7	-0.02
Estimated disposal fee	-10	-0.03
Estimated future US tax liability	-13	-0.04
Net Proceeds	322	1.00
Liabilities including repayment of revolver	-41	-0.13
Distributable Cash	281	0.88
Buffer	-17	-0.05

³ Based on an AUD/USD exchange rate of 0.6950. It is important to note that the sale proceeds will be received in \$US and the actual amount of A\$ proceeds received will depend on the exchange rate at the time of conversion subject to a future hedging arrangement that the Company intends to establish.

⁴ Based on 320,587,986 shares on issue.



Distribution Amount	264	0.82
Addback buffer	17	0.05
Addback other assets	35	0.11
Less estimated wind-up costs	-1	-0.003
Potential remaining capital return	51	0.16

The MIPA is subject to a number of conditions precedent including regulatory filings in the United States of America and approval by the Company's Shareholders for the purpose of ASX Listing Rule 11.2.

The Company is holding this EGM to ask its Shareholders to consider and, if thought fit, pass the resolution to approve the Proposed Transaction.

The Sale Process and IER

There is no requirement for the Board to commission an independent expert's report. As the Sale Process was rigorous, enabled considerable price discovery, and has resulted in a Purchase Price which is equal to the net asset value of the US Solar Assets and represents a premium to the share price, the Board has determined that the Proposed Transaction represents fair value for Shareholders and has elected not to commission an independent expert's report.

Reason for the sale of main undertaking

As announced on 8 September 2020 the Company elected to conduct a strategic review with a focus on improving shareholder value. This strategic review led to the Board actioning recommendations including the unstapling of the New Energy Solar Fund trust and the Company, the sale of two Australian utility-scale solar assets to Banpu Energy Holding Pty Limited announced on 7 June 2021, the on-market buyback of 9.9% of the Company's issued capital and finally, the Proposed Transaction.

These recommendations were adopted with a view to enhancing value for shareholders. A key driver in doing so, was that the share price of the Company has consistently traded at or below the net asset value (**NAV**) of the assets of the Company, including the US Solar Assets. The Proposed Transaction therefore represents an opportunity for Shareholders to realise the majority of the value of their investment in the Company at a premium to the current share price.

The Board believes that, following an assessment of the advantages and disadvantages set out below, that the advantages outweigh the disadvantages, and the Proposed Transaction and the Capital Return are in the best interests of the Company.

Potential advantages of the Proposed Transaction

Potential advantages of the Proposed Transaction include:

- the Net Proceeds of US\$0.70 per Share (A\$1.00 per Share) represent a 27% premium to the Pre-Exclusivity Price of \$0.79 per Share and a price equivalent



to the Company's NAV for the US Solar Assets as at 31 December 2021 and on a pro-forma basis at 30 June 2022;

- the price offered for the US Solar Assets is attractive in light of the risks and challenges for the Company and at its Shares' current trading value and low levels of trading liquidity;
- the sale process was comprehensive and resulted in an offer that represents the best value currently available for Shareholders in the absence of a superior proposal;
- Shareholders will no longer be exposed to the price volatility of the market and the risks associated with the operations of the US Solar Assets;
- provides all shareholders with liquidity for all of their shares at an attractive price;
- if the Proposed Transaction is not approved then it is anticipated the Share price may fall back to the same level as the Pre-Exclusivity Price of \$0.79 per Share;
- following Completion of the Proposed Transaction, Shareholders will no longer be exposed to operational, regulatory, commercial and other risks associated with the US Solar Assets; and
- since the announcement of the Proposed Transaction, no superior proposal has emerged.

Potential advantages of the Capital Return

In addition, potential advantages of the Capital Return include:

- the majority of the Net Proceeds of the Proposed Transaction will be returned, in cash, to Shareholders through a Capital Return which is to be conducted in two tranches (the first tranche is the subject of Resolution 2); and
- the Capital Return represents an opportunity for Shareholders to realise the majority of the value of their investment in the Company with the proceeds of the Capital Return, together with the second tranche to be approved and paid at a later time, representing a premium to the share price prior to the entry into exclusivity in respect of the Proposed Transaction on 8 August 2022.

Potential disadvantages of the Proposed Transaction

The Directors are of the view that the Proposed Transaction has limited disadvantages. However, Shareholders may choose to vote against resolutions as:

- Shareholders may not agree with the Directors' unanimous recommendation that Shareholders should vote in favour of the Proposed Transaction; and



- the Proposed Transaction represents a sale of the majority of the assets of the Company and following Completion of the Proposed Transaction Shareholders will no longer have exposure to any economic returns from the US Solar Assets.

Potential disadvantages of the Capital Return

Potential disadvantages of the Capital Return include:

- the Capital Return will result in the Company having nominal assets and eventually a proposal to wind up. Shareholders will therefore no longer have exposure to the investment opportunities afforded by their investment in the Company;
- they may consider that the Company is more likely to generate a better financial return through retaining the US Solar Assets or reinvestment of the sale proceeds than through direct investment by each Shareholder;
- they may be concerned that if the Capital Return is implemented, Shares may trade at a lower price than they would have done had the Capital Return not been implemented. This is likely to occur from the "ex" date, being the day that the Shares trade without an entitlement to participate in the Capital Return;
- the tax consequences of the Capital Return may not suit the current financial position of Shareholders; and
- through the Capital Return, 82% of the Net Proceeds of the Proposed Transaction is being returned to Shareholders. There is no guarantee of a specific price in respect to a winding-up of the Company and the final distribution will be determined by the Net Proceeds less the Distribution Amount and less costs associated with residual liabilities, ongoing investment management fees and the costs of conducting the wind-up of the Company.

The Purchase Price, Net Proceeds, and Net Asset Value

The Purchase Price of US\$244.5 million (A\$352 million) (**Purchase Price**) represents a price equivalent to the net asset value of NEW's US portfolio which was US\$242 million at 31 December 2021 and US\$244.7m on a pro-forma basis at 30 June 2022.

The Net Proceeds of US\$224 million (A\$322 million) after taxes and transaction costs including the disposal fee payable to the Investment Manager represents a 27% premium to the Pre-Exclusivity Price of \$0.79 per Share.

If approved, US\$183 million (A\$264 million) in aggregate, representing an amount of A\$0.82 per Share will be distributed to Shareholders under the Capital Return (the **Distribution Amount**).

As detailed in Resolution 2, the distribution of proceeds from the sale and other equity of the Company will occur in two tranches. With the distribution of the Distribution Amount in tranche 1 occurring in accordance with the timetable set out in this Notice and tranche 2 occurring following the Proposed De-listing and concurrent with a winding up of the Company.



A key driver for the strategic review was the consistent trading of the Company's Shares at a price which was lower than the net asset value of the Company's assets. The methodology used to determine the NAV of the Company is further described in the Company's annual report for the year ended 31 December 2021⁵.

The Company's share price has consistently traded below NAV over the last 12 months and historically, as illustrated in the tables and chart below.

Trading Period	VWAP (A\$/Share) as at 8 Aug 22	Average Reported NAV (A\$/Share)	VWAP Discount to NAV
Last 30 Days	0.82	1.19	(30.9%)
Last 2 Months	0.81	1.19	(31.6%)
Last 3 Months	0.80	1.18	(32.4%)
Last 6 Months	0.84	1.16	(27.3%)
Last 12 Months	0.83	1.15	(27.9%)



⁵ New Energy Solar Limited, Annual Report 31 December 2021 is available at:
<http://www.aspecthuntley.com.au/asxdata/20220225/pdf/02492271.pdf>



Material terms of the Proposed Transaction

Purchase Price

The Purchase Price for the Company's 100% interest in NES Galaxy, LLC is a total aggregate amount of US\$244.5 million (A\$352 million) subject to working capital adjustments in accordance with the MIPA.

Conditions precedent

Key conditions precedent to Completion under the MIPA are:

- Shareholder approval for the purposes of ASX Listing Rule 11.2;
- Requisite regulatory approvals in the United States of America:
 - approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (**HSR Act**); and
 - approval of the Federal Energy Regulatory Commission (**FERC**);
- termination of a financing agreement; and
- customary financier and offtaker consents.

Conditions precedent and Termination Date

If closing under the MIPA has not occurred on or prior to the date that is 38 days after signing the MIPA, then either the Buyer or the Seller may terminate the MIPA.

However, if the only outstanding consents are "Required Consents" from governmental agencies, being approval under the HSR Act and FERC approval, the Termination Date will be extended for up to four successive 30-day periods until such conditions are satisfied.

If, the consents outstanding include a "Required Consent" under or in connection with any Material Contract, then the Termination Date will be extended for up to two additional 15-day periods. If such consents remain outstanding at the end of the second 15-day period, the Buyer solely has the right to extend the termination date for up to three successive 30-day periods, until such conditions are satisfied.

The effect of the termination provision means that even if shareholders approve the resolutions the subject of this Notice, the Proposed Transaction may not close and therefore the Company will retain the US Solar Assets and the Capital Return will not take place.

Boulder ROFO

The Company owns and operates the Boulder Solar Farm, through holding vehicle Boulder Solar Power LLC (**Boulder HoldCo**), together with Southern Renewable Partnerships, LLC (**Southern Power**). Pursuant to the operations of Boulder Solar Farm,



the Boulder HoldCo and Nevada Power Company (**NV Energy**) entered into a long-term renewable power purchase agreement dated 5 June 2015.

Both Southern Power and NV Energy have a right of first refusal (**Boulder ROFO**) over the sale of interests in Boulder Solar Farm. If the Boulder ROFO is exercised, the Purchase Price will be reduced by US\$30 million. The Net Proceeds will be the same regardless of whether or not the Boulder ROFO is exercised as the proceeds will be received from the party exercising the Boulder ROFO.

Tax

The Seller is responsible for payment of any transfer or pre-closing taxes however the Proposed Transaction is not expected to result in any such immediate cash taxes⁶. Any property tax implications are the Buyer's risk.

Material Adverse Effect

No material adverse effect which has had, or would reasonably be expected to have, a material adverse effect on any project entity.

A material adverse effect is any change, effect, condition, event or occurrence that, individually or in the aggregate, has or had a material adverse effect on, or would reasonably be expected to have a material adverse effect on the business, the assets of any project holding entity or the ability of the Company to perform its obligations under the MIPA.

Deposit

Under the MIPA, the Buyer is required to deposit US\$10 million within five Business Days of the date of signing of the MIPA. This deposit is refundable in accordance with the terms of the MIPA.

Escrow Agreement

On the date of Closing, the Company must deposit of US\$2,500,000 (**Escrow Amount**) with an escrow agent to account for any post-closing adjustments. Following the settlement of post-closing adjustments, remaining amounts will be returned to the Company and will ultimately be distributed to Shareholders.

Termination and break fee

In addition to the above, the MIPA may be terminated in certain circumstances including:

- Completion having not occurred within 120 days of signing the MIPA (unless the only conditions remaining are required consents);

⁶ The Proposed Transaction is expected to result in a future tax liability for Seller which is described further in "Tax impacts" section.



- material breach by the Company or by the Buyer; or
- a failure to obtain a required regulatory consent.

If the MIPA is terminated in accordance with any of these circumstances there is no break fee, or other liability, incurred by either the Company or the Buyer and the Escrow Amount must be returned to the Buyer unless the Buyer commits a material breach, in which case the Escrow Amount would be given to the Company.

If termination occurs for any other reason, then the Company must deliver written instructions to the escrow agent instructing them to return to Escrow Amount to the Buyer.

R&W Insurance

Under the MIPA, the Buyer is expected to take out buy side representation and warranty insurance in relation to the representations and warranties provided by the Seller.

The Buyer's recourse in respect of breach of these representations and warranties will be solely limited to its recourse under any such representation and warranty policy procured by the Buyer with limited exceptions (for example, fraud).

Financial effect of the Proposed Transaction

If the Proposed Transaction completed, the financial effects on the consolidated financial statements of the Company (before the distribution of any proceeds), are expected to be as follows:

	Pro forma as at 30 June 2022 (A\$m)	Changes due to the Proposed Transaction (A\$m)	Post Completion of the Proposed Transaction (A\$m)
Total Assets	714.4	(381.8)	332.6
Total Liabilities	355.2	(338.7)	16.5
Total Equity Interests	359.2	(43.1)	316.1
Total Revenue	36.8	(36.8)	-
Annual Operating Expenses	(9.0)	6.9	(2.1) ⁷
EBITDA	27.8	(29.9)	(2.1)

⁷ The annual Investment Management Fee of 0.625% of Total Assets following the Proposed Transaction but before the Capital Return. After the Capital Return, Total Assets will be reduced by the Distribution Amount and the Investment Management Fee will be reduced accordingly.



Comprising: Distributions to Tax Equity investors and EBITDA attributable to minority investors	13.5	(13.5)	-
EBITDA attributable to NEW	14.3	(16.4)	(2.1)

The Company has assessed the impact of the Capital Return on the Company's ability to pay its creditors, including current and reasonably foreseeable future claimants.

Changes to the Company's business model or Board

The sale of the US Solar Assets represents the sale of substantially all of the assets of the Company. Following Completion of the Proposed Transaction and payment of the Capital Return the Company will apply to the ASX for de-listing and, following de-listing, conduct a winding up of the Company.

There is no change proposed to the Company's Board or senior management in connection with, or as a consequence of, the Proposed Transaction.

Use of proceeds

It is the intention of the Company to distribute a significant portion of the Net Proceeds to Shareholders pursuant to the Capital Return. The Company is withholding a certain amount from the Capital Return to ensure that the Capital Return does not materially prejudice the Company's ability to pay its creditors.

Between the date of the Capital Return and winding up the Company, the Company will continue to pay operating costs, fees of the Investment Manager, costs related to the sale of the Company's Australian assets and other residual liabilities. The calculation of the Distribution Amount is detailed in Resolution 2.

The final remaining proceeds will be returned to Shareholders on a winding-up of the Company.

Tax impacts

As a result of the Proposed Transaction, the Company expects to incur a future tax liability of approximately US\$9 million to US\$13 million. This is due to the Purchase Price exceeding the depreciated value of NES Galaxy at New Energy Solar US Corp. level and the U.S. limitation on use of carry forward losses. Accordingly, the Company is retaining this amount from the Purchase Price.

If the US tax liability is higher than estimated, then it will reduce the amount of a final capital return on a winding up of the Company.

Tax impacts in connection with the Capital Return are detailed further in Resolution 2 (below).



Intention if Proposed Transaction proceeds

If Resolution 1 is passed, the Company will be able to proceed with the Proposed Transaction and the Net Proceeds of the Proposed Transaction will be used to fund the Capital Return.

At present, the US Solar Assets are the Company's primary asset. Subject to Completion under the MIPA, the Company will no longer have interests in any assets or projects. Accordingly, following Completion and payment of the Capital Return, the Company will apply to the ASX to de-list the Company.

The Company is withholding a certain amount of funds from the Capital Return in order to pay costs and taxes arising from the Proposed Transaction, ongoing operating costs, costs of winding up, and maintain a cash reserve to satisfy known and potential liabilities.

The Company must also continue to pay an investment management fee pursuant to the investment management agreement between the Company and New Energy Solar Manager Pty Limited (the **Investment Manager**) which will terminate following the winding up of the Company. Up to that date the Company will continue to pay the contracted management fee of 0.625% of total asset value of the Company.

Following de-listing the Company proposes to discharge remaining liabilities, before holding a meeting of Shareholders to approve the winding up of the Company. Following which, all remaining proceeds will be returned to Shareholders. The final amount of proceeds is yet to be determined and will be subject to the approval of Shareholders.

The Company will keep Shareholders informed via its ASX Announcements.

Intention if Proposed Transaction does not proceed

If Resolution 1 is not passed, the Company will not be able to proceed with the Proposed Transaction, the Capital Return will not occur and the Company will retain ownership of NES Galaxy, LLC.

The Company would consider recommencing its strategic review for the sale of its interest in NES Galaxy, LLC or otherwise proceed with an alternative strategic divestment option with the objective of maximising Shareholder value.

Proposed Transaction Timetable

The provisional timetable for the Proposed Transaction and Capital Return is set out on page 5 of this Notice. The timetable for the Proposed Transaction and future intentions of the Company is summarised below:

- 26 September 2022: Extraordinary general meeting of Shareholders to approve the Proposed Transaction;



- Completion is subject to certain conditions precedent, including regulatory and customary financier and offtaker consents, and is targeted to occur in late September or early October;
- the Business Day after Completion: Effective Date for Capital Return;
- 3 Business Days after the Effective Date: Record Date for Capital Return;
- 5 Business Days after the Effective Date: Distribution Date for Capital Return,

following completion of the Proposed Transaction and the Capital Return, the Company intends to:

- to submit a request to ASX for in-principle advice on de-listing;
- if approved by ASX, hold an extraordinary general meeting of Shareholders to approve the de-listing;
- conduct a de-listing; and
- target date for Extraordinary General Meeting of Shareholders to approve the winding up of the Company and final distribution of capital to Shareholders. Under the terms of the MIPA, a winding up of the Company must not occur earlier than the date that is six (6) months following completion of the Proposed Transaction.

The dates in this timetable are indicative only and may be subject to change.

ASX Statement

A draft of this Notice has also been provided to ASX for its review in accordance with the Listing Rules. Neither ASX nor any of its officers takes any responsibility for the contents of this Notice.

ASX Listing Rules

Listing Rule 11.2

Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders prior to disposing of its main undertaking. The Proposed Transaction constitutes a disposal of the Company's main undertaking for these purposes because the US Solar Assets represent substantially all of the Company's assets.

Resolution 1 seeks the required Shareholder approval for the Proposed Transaction under and for the purposes of Listing Rule 11.2.

Listing Rule 11.1.2

Listing Rule 11.1.2 requires a listed company to obtain the approval of its shareholders prior to making a significant change, either directly or indirectly, to the nature or scale of



its activities. Although the Directors consider the Proposed Transaction to be a significant change to the scale of the Company's activities for these purposes, shareholder approval for the purpose of Listing Rule 11.1.2 is not required to be sought in circumstances where shareholder approval is already being sought for the purposes of Listing Rule 11.2.

Listing Rule 11.1.3

Listing Rule 11.1.3 provides that where an entity proposes to make a significant change to the nature or scale of its activities, the ASX may require the entity to meet the requirements of the Listing Rules as if it were applying for admission to the official list.

Based on information available to ASX, the ASX has determined that Listing Rule 11.1.3 does not apply to the Proposed Transaction.

Directors' recommendation

For the reasons set out in this Explanatory Memorandum, the Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 1.

Other material information

These Explanatory Notes provide Shareholders with all information known to the Company which has not previously been disclosed to Shareholders that is material to the decision whether or not to vote in favour of Resolution 1.

RESOLUTION 2

Approval of Capital Return

Resolution 2 seeks, for the purposes of Part 2J.1 section 256C(1) of the *Corporations Act 2001* (Cth) and for all other purposes, shareholder approval to conduct an equal reduction of share capital of the Company of A\$0.82 per Share.

Resolution 2 is subject to Resolution 1 being passed and Completion of the Proposed Transaction.

Resolution 2 is proposed as an ordinary resolution.

Background

What is the Capital Return?

The Company proposes to reduce its share capital by A\$264 million by returning to Shareholders an amount of A\$0.82 per Share held at the Record Date (the **Distribution Amount**).

The moneys that will be used to make the payments to relevant Shareholders in respect of the Capital Return will be sourced from the Net Proceeds, equal to US\$224 million (A\$322 million) (the **Net Proceeds**), received by the Company at Completion.



Subject to Resolution 1 being passed, and Completion under the MIPA, the amount of A\$0.82 per Share (based on the capital structure as at the date of this Explanatory Memorandum) will be returned to relevant Shareholders by way of an equal capital reduction under Chapter 2J.1 of the Corporations Act.

The date and time for determining which Shareholders will participate in the Capital Return is the Record Date, which is expected to be 4 Business Days after Completion under the MIPA.

The number of issued Shares will not change as a result of the Capital Return.

If the Capital Return is not approved, the excess cash will be retained by the Company or utilised as the Board considers appropriate.

Risk of Capital Return not proceeding

The Capital Return is subject to the passing of Resolution 1 and Completion of the Proposed Transaction.

Even where the Shareholders approve this Resolution 2, the Capital Return will not proceed if either Resolution 1 is not passed or Completion of the Proposed Transaction does not occur (for any reason).

Tranche 2 of Capital Return

In addition, whilst it is the intention of the Company to distribute a significant portion of the Net Proceeds to Shareholders pursuant to the Capital Return, the Company is withholding a certain amount from the Capital Return to ensure that the Capital Return does not materially prejudice the Company's ability to pay its creditors and ongoing costs up to the date of winding up the Company, including, fees of the Investment Manager, costs related to the sale of the Company's Australian assets and other residual liabilities.

On a winding up of the Company, expected to be conducted in Q3 or Q4 2023, the Company will undergo another capital return and distribute remaining assets to Shareholders. The amount of this final distribution is therefore currently unknown, but is currently estimated at A\$0.16 per Share.

The Board proposes to announce the precise amount to be returned to Shareholders under the Capital Return no later than 5 business days prior to the Record Date.

Reasons for the Capital Return

The Board has undertaken a detailed review as to how it should manage the Company's capital position following receipt of the Net Proceeds from Completion. The advice that was received by the Board, together with the absence of clear and present strategic investment opportunities, has led to the Board's decision to propose the Capital Return.



What approvals are required?

The Capital Return will constitute an equal capital reduction for the purposes of the Corporations Act as:

- (a) it relates only to ordinary shares;
- (b) it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and
- (c) the terms of the reduction will be the same for each holder of ordinary shares.

Section 256B(1) of the Corporations Act permits a company to reduce its share capital, including by returning capital in cash or in kind, if the reduction:

- (a) is fair and reasonable to the company's shareholders as a whole;
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders under section 256C.

Resolution 2 seeks the approval of Shareholders as required under section 256C.

Calculation of the amount of the Distribution Amount

The total Distribution Amount will be A\$0.82, which will be distributed as an equal return of capital. Subject to no other Shares being issued prior to the Record Date, the Distribution Amount will result in a return of capital of A\$0.82 per Share.

The following table shows how the Company has calculated its estimate of the total amount available for the Capital Return.

	A\$m	A\$ per Share ⁸
Purchase Price	352	1.10
Estimated transaction fees and expenses	-7	-0.02
Estimated disposal fee	-10	-0.03
Estimated future US tax liability	-13	-0.04
Net Proceeds	322	1.00
Liabilities including repayment of revolver	-41	-0.13
Distributable Cash	281	0.88
Buffer	-17	-0.05
Distribution Amount	264	0.82
Addback buffer	17	0.05
Addback other assets	35	0.11
Less estimated wind-up costs	-1	-0.003
Potential remaining capital return	51	0.16



Is the Capital Return fair and reasonable to Shareholders?

The Board considers that the Capital Return is fair and reasonable to Shareholders as it will apply to all Shareholders equally having regard to the number of Shares held by each of them at the Record Date.

Is there any material prejudice to creditors?

The Directors have carefully reviewed the Company's assets, liabilities and expected cash flows, and believe that the Capital Return will not materially prejudice the Company's ability to pay its creditors. The Directors have also satisfied themselves as to the solvency of the Company following the implementation of the Capital Return.

Who will participate in the Capital Return?

Subject to Shareholder approval, the Capital Return will be made to all Shareholders.

The amount payable in respect of each Share on issue on the Record Date will be calculated as follows:

Capital Return payable = A\$264 million / Number of Shares on issue on the Record Date

This figure will then be rounded up or down to the nearest hundredth of a cent, applying standard rounding techniques.

If the Capital Return is approved by Shareholders, payment will be made to entitled Shareholders:

- (a) with a registered address in Australia, by direct credit in accordance with the constitution of the Company. For entitled Shareholders who have a registered address in Australia but who have not provided the Share Registry with their direct credit instructions for payment, the Company may payment by cheque; and
- (b) with a registered address outside of Australia, by cheque.

Timetable for the Capital Return

Subject to Shareholder approval, the proposed Capital Return is expected to take effect in accordance with the timetable on page 5 of the Notice.

Tax treatment of the Capital Return

The Capital Return should be treated as a return of capital, and not as a dividend for income tax purposes. The following section contains a general description of the Australian tax consequences that arise for Shareholders as a result of the return of capital. The tax consequences for a Shareholder with respect to the Capital Return may vary depending upon a Shareholder's individual circumstances. The information set out

⁸ Based on 320,587,986 shares on issue.



below is provided as a general guide only and does not constitute tax advice. Shareholders should consult their own tax adviser as to the potential tax consequences for them with respect to the Capital Return.

For Shareholders who are residents of Australia for Australian tax purposes who hold their investment on capital account:

- No part of the capital reduction should be treated as a dividend for income tax purposes.
- The cost base of each Share will be reduced by the amount of the return of capital for the purpose of calculating any capital gain or loss on the ultimate disposal of the Share.
- An immediate capital gain will arise for Shareholders to the extent that the cost base of the Share is less than the amount of the return of capital. A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where the Shareholder is an individual, complying superannuation entity or trustee, the Shares have been held for at least 12 months and certain other requirements have been met.

For Shareholders who are not residents for Australian tax purposes, no Australian capital gain or loss should arise as a consequence of the return of capital. Non-resident shareholders should seek advice in relation to the specific tax consequences arising from the return of capital under the laws of their country of residence.

Shareholders tax position

The tax treatment description above is generic and not intended to be comprehensive. It only addresses Australian income tax considerations.

The taxation implications for Shareholders will depend on their particular circumstances. Shareholders should seek independent professional tax advice in relation to their tax position based on their particular circumstances, including under the laws of the country where they are resident for tax purposes.

The Company and its advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Capital Return or in respect of the taxation consequences themselves.

Effect on the Company

As at the date of this Notice, the Company has 320,587,986 Shares on issue. If the Capital Return is implemented, the Company's issued share capital will be reduced by A\$264 million, being A\$0.82 per Share. After the proposed Capital Return, the number of Shares on issue will remain the same but the capital of the Company will be reduced by the amount of the Capital Return. As no Shares will be cancelled in connection with the



Capital Return, the Capital Return will not affect the number of Shares held by each Shareholder or the control of the Company.

Set out below is a pro forma statement of financial position, which does not contain all of the disclosures that are usually provided in a financial report prepared in accordance with Australian Accounting Standards and the Corporations Act:

	Pro forma as at 30 June 2022 (A\$m)	Changes due to the Proposed Transaction (A\$m)	Post Completion of the Proposed Transaction (A\$m)
Total Assets	714.4	(381.8)	332.6
Total Liabilities	355.2	(338.7)	16.5
Total Equity Interests	359.2	(43.1)	316.1
Total Revenue	36.8	(36.8)	-
Annual Operating Expenses	(9.0)	6.9	(2.1) ⁹
EBITDA	27.8	(29.9)	(2.1)
Comprising: Distributions to Tax Equity investors and EBITDA attributable to minority investors	13.5	(13.5)	-
EBITDA attributable to NEW	14.3	(16.4)	(2.1)

No adverse tax consequences are expected to arise for the Company as a result of the Capital Return.

Why you might vote against the Capital Return

The Directors unanimously recommend that Shareholders vote in favour of the Capital Return. However, a Shareholder may choose to vote against Resolution 2 approving the Capital Return as:

- they may consider that the Company is more likely to generate a better financial return through reinvestment of funds than through direct investment by each Shareholder;
- they may consider that the Company should retain the funds; and
- they may be concerned that if the Capital Return is implemented, Shares may trade at a lower price than they would have done had the Capital Return not



been implemented. This is likely to occur from the "ex" date, being the day that the Shares trade without an entitlement to participate in the Capital Return.

Recommendation of Directors

The Directors are of the opinion that the proposed Capital Return is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. Accordingly, for the reasons set out in this Notice, the Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

Each director who is also a Shareholder intends to vote all Shares which they control in favour of Resolutions 1 and 2.

No Director will receive any payment or benefit of any kind as a consequence of the Capital Return other than as a Shareholder of the Company. As at the date of the Notice, the following Directors have an interest in the Capital Return as they are Shareholders:

NAME OF DIRECTOR	INTEREST
Jeffrey Whalan	541,552
James Davies	43,016
John Holland	256,754
John Martin	657,479
Maxine McKew	66,666

Other information

In accordance with section 256C(5) of the Corporations Act, a copy of this Notice has been lodged with ASIC.

These Explanatory Notes provide Shareholders with all information known to the Company which has not previously been disclosed to Shareholders that is material to the decision whether or not to vote in favour of Resolution 2.

⁹ The annual Investment Management Fee of 0.625% of Total Assets following the Proposed Transaction but before the Capital Return. After the Capital Return, Total Assets will be reduced by the Distribution Amount and the Investment Management Fee will be reduced accordingly.



GLOSSARY

In this Explanatory Memorandum and the Notice:

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

Board means all or some of the directors of the Company acting as a board and includes a committee or delegate of the Board.

Buyer means GSRP Shubert LLC, a subsidiary of MN8 Energy.

Capital Return means the capital return described in this Notice.

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

Completion means completion of the Proposed Transaction in accordance with the MIPA.

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

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Listing Rules means the listing rules of the ASX, as amended from time to time.

Meeting or EGM means the Extraordinary General Meeting.

New Energy Solar means the Company and its controlled entities.

Notice means the notice of meeting contained in this document.

Proposed Transaction means the acquisition by GSRP Shubert LLC of all the shares in NES Galaxy, LLC, in accordance with the Membership Interest Purchase Agreement.

Seller means New Energy Solar US Corp.

MIPA means the Membership Interest Purchase Agreement between the Seller and the Buyer in relation to the Proposed Transaction dated on or around 21 August 2022.

Record Date means 11.00 am (AEST) on Saturday, 24 September 2022.

Share means a fully paid ordinary share in the Company.

Share Registry means Link Market Services Limited.

Shareholder means a holder of a Share.



LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

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



BY FAX

+61 2 9287 0309



BY HAND (During business hours (Monday to Friday, 9:00am–5:00pm))

Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474

NEW ENERGY SOLAR LIMITED EXTRAORDINARY GENERAL MEETING - PROXY FORM

I/We being a member(s) of New Energy Solar Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



**the Chairman of the
Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting
as your proxy, please write the name and email of the
person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of New Energy Solar Limited to be held at **11.00 AM (AEST) on Monday, 26 September 2022** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a hybrid event. You can participate by attending in person at **Level 32, 1 O'Connell Street, Sydney, NSW, 2000** or logging in online at <https://meetings.linkgroup.com/NEWEGM22> (refer to details in the Virtual Extraordinary General Meeting Online Guide). To access the **Notice of Extraordinary General Meeting** this can be viewed and downloaded at the New Energy Solar's website at <https://www.newenergysolar.com.au/investor-centre/key-documents>.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by New Energy Solar Limited if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

For Against Abstain*

- 1 Approval of the sale of all shares in
NES Galaxy, LLC

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

- 2 Return of Capital

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

NEW PRX2203N

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on New Energy Solar Limited's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. If you leave this section blank, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of New Energy Solar Limited.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning New Energy Solar Limited's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either Shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from New Energy Solar Limited's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11.00 AM (AEST) on Saturday, 24 September 2022**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, Shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

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



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)