Appendix 4E

Annual Financial Report
For the year ended 31 December 2018

Name of entity

1. New Energy Solar Limited (**Company**)
2. Walsh & Company Investments Limited as Responsible Entity for the New Energy Solar Fund (**Trust**).

The Trust and the Company together form a stapled entity referred to as '**New Energy Solar**'

ABN	Reporting Period	Previous Corresponding Period
1. Company ABN: 20 609 396 983 2. Trust ABN: 83 642 732 827	1 January 2018 to 31 December 2018	1 January 2017 to 31 December 2017

Results for announcement to the market

		31 December 2018 ($)	31 December 2017 ($)
Total net income - New Energy Solar ("revenue from ordinary activities")	Up by 2,545.6% to	$85,799,115	-$3,508,350
Net operating profit for the year - New Energy Solar ("profit from ordinary activities after tax attributable to securityholders")	Up by 1,229.9% to	$80,178,103	-$7,095,794
Total comprehensive income - New Energy Solar ("total comprehensive income/(loss) attributable to securityholders")	Up by 1,229.9% to	$80,178,103	-$7,095,794

Commentary on results

Refer to attached Annual Report and Financial Statements including the Chairman's Letter to Securityholders and Investment Manager's Report. Additional Appendix 4E disclosure requirements can be found in the notes to these financial statements.

Distributions

	Amount per security	Franked Amount per security
Distribution for 6 months ended 30 June 2018 (paid on 15 August 2018)	3.75 cents	0 cents
Distribution for 6 months ended 31 December 2018 (paid on 15 February 2019)	4.00 cents	0 cents
Total Distributions	7.75 cents	0 cents

Distribution dates:

Record date:	Monday, 31 December 2018
Payment date:	Friday, 15 February 2019

New Energy Solar currently operates a Distribution Reinvestment Plan (**DRP**) under which securityholders may elect to have all, or part, of their distribution reinvested in new securities. To participate in the DRP, securityholders should elect to participate before the close of the nominated DRP final election date (21 January 2019 for the last distribution).

Net tangible assets per security - New Energy Solar

31/12/2018	$1.60
31/12/2017	$1.45

Earnings per security - New Energy Solar

	31 December 2018	31 December 2017
Basic earnings per security	23.85 cents	-3.53 cents
Diluted earnings per security	23.85 cents	-3.53 cents

Financial Report

This report is based on the 31 December 2018 Annual Report which has been audited by Deloitte Touche Tohmatsu.

New Energy Solar

Consisting of:

New Energy Solar Limited
ACN 609 396 983

New Energy Solar Fund
ARSN 609 154 298

Annual Report –
31 December 2018

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1. CHAIRMANS' LETTER

On behalf of New Energy Solar Limited and Walsh & Company Investments Limited (the **Responsible Entity** or **Walsh & Company**), it is our pleasure to present the 2018 Annual Report for New Energy Solar[1] (**NEW** or the **Business**).

2018 marked the Business's first year as a listed entity, during which it delivered on its twin goals of generating financial returns for its investors and making a positive environmental impact.

The key milestones achieved by NEW during 2018 included:

- Paying a distribution of 7.75 cents per Stapled Security, representing a distribution yield of 5.2%[2].
- Displacing the equivalent of over 1.2 kilograms of CO_2 emissions per Stapled Security for the year[3].
- Providing a 11.8% return on equity[4].
- Successfully commissioning seven solar plants in the United States of America (**USA**) and agreeing to acquire its first interests in two solar plants in Australia (Manildra and Beryl). As at 31 December 2018, NEW's portfolio comprised 22 plants that are operating, acquired and under construction or that NEW has committed to acquiring with a total capacity of 846MW_{DC}.
- Increasing net asset value (**NAV**) by 15 cents (10%) per Stapled Security to $1.60 as at 31 December 2018.
- Maintaining the long-term contracted nature of NEW's portfolio and diversifying its power purchase agreement (**PPA**) counterparties. The Business' portfolio had a capacity weighted average PPA remaining term of 16.6 years as at 31 December 2018, which will underpin long-term distributions to NEW securityholders.

INCREASED PORTFOLIO DIVERSITY AND SCALE

NEW's operating portfolio more than doubled in size during the year and as at 31 December 2018 comprised interests in thirteen plants, representing 454MW_{DC} of capacity (the **Operating Portfolio**). The Business's operating portfolio capacity as 31 December 2017 was 225.6MW_{DC}). This increase principally resulted from:

- Commissioning seven power plants in North Carolina and Oregon.
- Successfully acquiring a 49% interest in the 125MW_{DC} Boulder Solar I power plant (**Boulder Solar 1**) in Nevada, USA.
- Agreeing to acquire the Manildra solar power plant (**Manildra**) in NSW, Australia in June 2018.

In the period since 31 December 2018, NEW's 7.5MW_{DC} Organ Church plant in North Carolina reached Commercial Operations[5] and material construction progress was made at its Mount Signal 2 solar power plant (located in Southern California, USA) and Beryl (located in New South Wales, Australia) projects - both plants are expected to reach commercial operations during 2019.

In less than three years since from its creation, the Business has grown its portfolio to comprise 22 solar plants that are operating, acquired and under construction or that NEW has committed to acquiring across Australia and the USA with a total capacity of 846MW_{DC} as at 31 December 2018. As at the date of this report, over half of NEW's

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[1] New Energy Solar refers to the stapled entity comprised of ordinary shares in New Energy Solar Limited (**Company**) and units in the New Energy Solar Fund (**Stapled Security**).

[2] Based upon the 7.75 cents of distributions paid in 2018 and a NEW stapled security price of $1.50 on 31 December 2018.

[3] Calculated using the United States Environmental Protection Agency's "Avoided Emissions and Generation Tool", data from the Australian Department of the Environment and Energy, NEW's proportionate interest in each plant and NEW's weighted average stapled securities outstanding of 336,171,810 in 2018.

[4] Calculated as the sum of distributions and NAV uplift from NEW's initial public offering in December 2017 (**IPO**) divided by IPO NAV of $1.50.

[5] Generally, when a PPA for the sale of electricity commences; the plant has achieved mechanical completion, and electrical infrastructure required to interconnect the plant with the electricity grid has been completed. At this time the plant has been energised, operationally tested and commissioned.

portfolio (by capacity) is now operational, with the remainder of the portfolio expected to be fully operational by the end of 2019.

With supportive investors like yourself, NEW is now one of the top five largest listed pure-play solar investors globally with a portfolio value (inclusive of capital committed) of over $1.1 billion[6] and a target gross return of above 7% per annum over the life of our assets[7].

ENVIRONMENTAL IMPACT

NEW is proud to be the largest listed Australian owner of solar generation.

For the year ended 31 December 2018, the Operating Portfolio generated 627.5 gigawatt hours (**GWh**) of electricity (NEW proportionate interest basis), with this production displacing the equivalent of nearly 412,000 tonnes of CO_2 emissions or removing more than 86,000 cars from the road[8,9].

NEW's contribution to producing emissions-free electricity is expected to grow with the total portfolio expected to generate more than 1,700 GWh of electricity annually[10]. This is the equivalent of displacing about 1,174,000 tonnes of CO_2 emissions, powering about 233,000 US and Australian equivalent homes, or removing nearly 304,000 US and Australian equivalent cars from the road, every year.

FINANCIAL RESULTS

Underlying earnings

The Operating Portfolio generated total underlying revenues of US$42.0 million in the year ended 31 December 2018, with earnings before interest, tax, depreciation and amortisation (**EBITDA**) of US$32.6 million, of which US$22.3 million was attributable to NEW.

Statutory earnings

During the year ended 31 December 2018, the Business (before currency movements) generated total net income of $34.7 million, while operating expenses totalled $6.8 million, and an income tax benefit of $1.2 million arose, resulting in earnings (before currency movements) of $29.1 million.

As the Business is treated as an Investment Entity for accounting purposes, all revaluation gains and losses are passed through the profit and loss statement. As the Australian dollar depreciated by 9.7% against the US dollar during the year (the A$:US$ rate was 0.7809 as at 31 December 2017 compared with 0.7049 as at 31 December 2018), the Business recorded total foreign exchange gains of $51.1 million over the period which led to a total combined profit of $80.2 million.

As at 31 December 2018, the Business had net assets of $555.7 million (31 December 2017: $472.3 million), representing a net asset value (**NAV**) of $1.60 per Stapled Security (31 December 2017: $1.45), an increase of 15 cents per Stapled Security from 31 December 2017. This increase was principally the result of the appreciation of the US dollar highlighted above and gains on underlying solar asset investment fair values, offset by distributions to investors for the period.

GEARING

NEW utilises a prudent level of gearing and its' external 'look-through' gearing[11] as at 31 December 2018 was 48.7%. This gearing level compares to NEW's targeted gearing ratio of 50% of gross assets.

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[6] For US$ assets, the acquisition prices have been converted into A$ using the FX rates on the dates that binding agreements were executed.
[7] Expected portfolio return over useful life of plants before taxes, management expenses, administration costs and external corporate borrowing costs.
[8] US $C0_2$ emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoid Emissions and generation Tool" (AVERT). Australian $C0_2$ emissions displacement is calculated using data from the Australian Government – Department of the Environment and Energy.
[9] Based upon NEW's proportionate interest in each plant.
[10] Generation is illustrative of the total production of each solar power plant based on P50 forecasts and all plants commissioned as expected. NEW's proportionate share of generation is expected to be approximately 1,580 GWh.
[11] Gearing = gross debt / gross asset value.

NEW also had a weighted average debt maturity of 10.5 years as at 31 December 2018, reflecting the long-term contracted nature of the PPA's underpinning its plants and the diversified nature of its funding base.

A SUSTAINABLE INVESTMENT WITH POSITIVE IMPACT

By participating in the global transition towards renewable energy, it is our aim to assist in meeting the world's growing energy demand and generate positive social impact alongside attractive financial returns.

During 2018, the Business also announced that it has partnered with SolarBuddy, an Australian registered charity working to provide safe, reliable and innovative energy solutions to communities across the world. As part of this partnership, NEW is proud to support SolarBuddy in building and distributing over 20,000 solar lanterns, providing 60,000 children across Papua New Guinea and African with access to safe solar lighting.

NEW also published its inaugural Sustainability Report during 2018. The report details how NEW contributes to 12 of the 17 Sustainable Development Goals set by the United Nations through its SolarBuddy partnership, community involvement and investments.

BUSINESS OUTLOOK

The outlook for the Business remains strong with the continued price competitiveness of solar energy in our key markets, the United States of America and Australia.

The Business currently expects to maintain or grow its distribution per Stapled Security during 2019, supported by the expected commissioning of its Mount Signal 2 (**MS2**) and Beryl plants and the continued performance of the Operating Portfolio.

On behalf of the Boards, we thank you for your support and look forward to NEW's continued success during 2019. We also thank the Investment Management team for its significant contribution to the success of the Business.

Yours faithfully,

Alex MacLachlan
Chairman of the Responsible Entity

Jeffrey Whalan
Chairman of the Company

15 February 2019

2. BUSINESS HIGHLIGHTS

KEY MILESTONES

NEW's Business Objectives

- To acquire attractive large-scale solar power plants and associated assets, with contracted cash flows and creditworthy offtakers	- To help investors generate positive social impacts and financial returns through these investments

New Energy Solar is an award-winning sustainable investment business focused on investing in large-scale solar power plants that generate emissions-free power. As Australia's first ASX-listed solar infrastructure business, since its establishment NEW has:

- Invested or committed to invest over $1.1 billion in solar power plants in the United States of America and Australia.
- Acquired or committed to acquire a portfolio of 22 solar asset power plants, representing total capacity of 846MW$_{DC}$. The key events in New Energy Solar's history are set out below.

Figure 1: New Energy Solar's key milestones

2015

November
NEW Established

2016

January
Initial capital raising completed

August
Committed to acquire majority interest in NC-31 solar power plant (**NC-31**)

October
Committed to acquire majority interest in NC-47 solar power plant (**NC-47**)

December
Second equity raising completed
Acquisition of Stanford solar power plant (**Stanford**) and TID solar power plant (**TID**)

2017

March
NC-31 acquisition completed

May
NEW establishes permanent US office
NC-47 acquisition completed

June
Announced Distribution Reinvestment Plan (**DRP**)
Announced first distribution

October
Rosamond US debt private placement completed
Committed to acquire 130MW$_{DC}$ Rigel Portfolio

December
$202m equity raising and listing on the ASX

2018

February
Committed to acquire MS2
Acquired interest in Boulder Solar 1

March
Acquired interest in MS2

June
Agreement to acquire Manildra, NEW's 1st Australian plant
NEW & Clean Energy Finance Corporation sign binding agreements for $50m facility

July
Acquisition of minority interests in NC-31 and NC-47
Agreement to acquire Beryl, NEW's 2nd Australian plant
Issuance of 18.5-year US private placement notes

August
$22m security purchase plan (**SPP**) completed
Construction commenced at MS2 and Beryl solar power plants

November
Completion of construction and commissioning of six plants in North Carolina and Oregon

2019

February
NEW:
- 2 offices; 17 staff
- Yearly distribution of 7.75 cents per stapled security
- Over $1.1bn of capital committed or invested in an 846MW$_{DC}$ solar power plant portfolio
  - 462 MW$_{DC}$ operating portfolio
  - 311 MW$_{DC}$ acquired and under construction
  - 74 MW$_{DC}$ committed portfolio

BUSINESS ACHIEVEMENTS

To deliver on its objectives, and produce its key investment benefits, the Business has a well-defined investment strategy, and clear criteria on which to measure success. The Business made further progress towards its objectives during 2018 and believes continued execution of the strategy will result in ongoing success and growth in returns to securityholders.

Figure 2: New Energy Solar's business achievements to date

- Reaching global scale – now a leading global renewable investor in solar PV power
- More than two million solar panels generating emissions free electricity[13]
- 22 plants across two continents[12]
- Total portfolio capacity of 846MW_{DC}[12,]
- Displacing an estimated 1,174,000 tonnes[14] of CO_2[12]
- Powering 233,000 US and Australian equivalent homes[15]
- Removing 304,000 US and Australian equivalent cars from the road[12,16]
- Distributed more than $25 million to investors in 2018.
- Capacity weighted average PPA term of 16.6 years[17]

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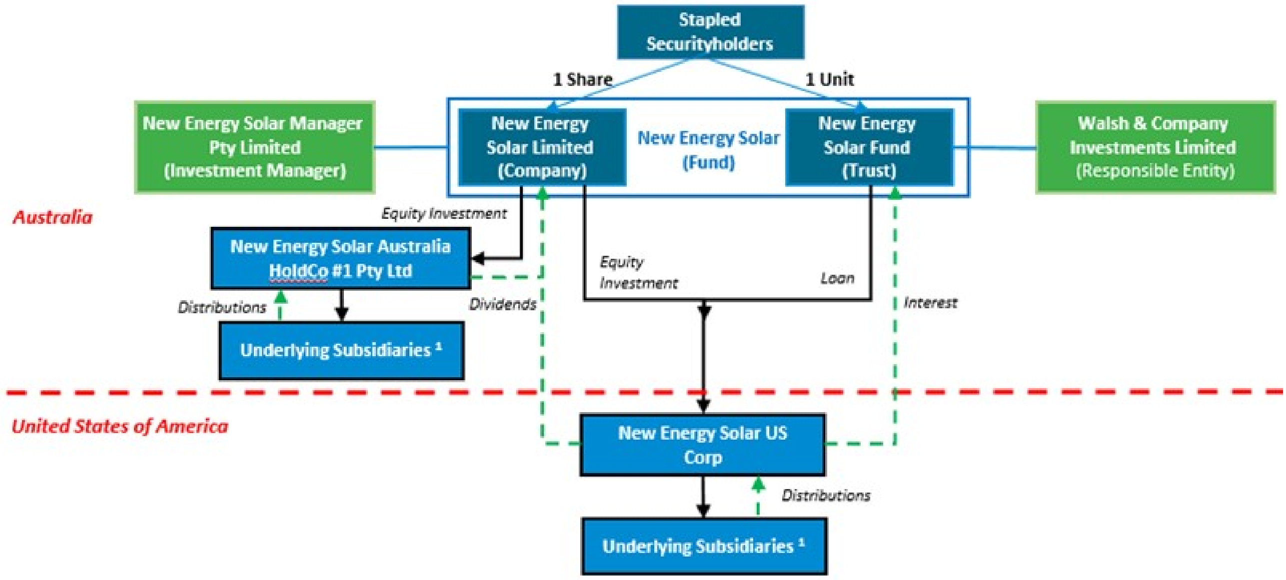
[12] Estimates assume all construction and committed solar power plants are operational and all plants are owned on a 100% basis.
[13] Figure excludes Rigel Portfolio. Rigel Portfolio refers to the portfolio of solar power plants NEW has committed to acquire from Cypress Creek Renewables if certain conditions are met.
[14] US $C0_2$ emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoid Emissions and generation Tool" (AVERT). Australian $C0_2$ emissions displacement is calculated using data from the Australian Government – Department of the Environment and Energy.
[15] Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.
[16] Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.
[17] As at 31 December 2018 and assumes the option to extend the Manildra PPA is exercised.

NEW ENERGY SOLAR STRUCTURE

The following diagram is provided to assist with understanding the financial statements set out in this annual financial report.

Figure 3: New Energy Solar structure



1. Underlying plants are held by subsidiaries via partnership structures

The financial statements of both entities in the stapled structure are shown alongside one another as permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838. The column headed "Fund" has been shown to reflect the combined financial statements of the Company and its subsidiaries and the Trust and its subsidiaries, together representing the Fund. It reflects the stapled securityholders' combined interest in the Company and the Trust by combining the Company and the Trust financial information after eliminating transactions and balances between the Company and the Trust.

The Company and the Trust invest in solar plants via the Company's wholly owned subsidiaries New Energy Solar US Corp (**NES US Corp**) and New Energy Solar Australia HoldCo #1 Pty Limited (**NESAH1**). NES US Corp is funded by a combination of equity from the Company and a loan from the Trust, both of which are denominated in US dollars. NESAH1 is funded by equity and a loan from the Company.

As the Company and the Trust are considered to meet the definition of an 'Investment Entity' (refer 'Summary of significant accounting policies' in the annual financial report), NES US Corp and NESAH1 are not consolidated and are required to be held at fair value in the Company's financial statements. Furthermore, as the combined accounts reflect the net investment of the Company and the Trust in the underlying subsidiaries via equity investment and loans receivable, the loans receivable are also shown at fair value. The total investment (equity investment and loans receivable together) in NES US Corp and NESAH1 is presented on the statement of financial position as "financial assets held at fair value through profit or loss".

The impact of this "Investment Entity" classification on the presentation of the financial statements is that the main operating revenues of the Fund consist of either dividends from NES US Corp and NESAH1, fair value movements in the value of the Company's equity holding in NES US Corp and NESAH1 and the Trust's loan receivable to NES US Corp, and interest income on the loan from the Trust to NES US Corp. Underlying subsidiaries net operating income and other expenses are reflected through the fair value movement in the profit or loss statement.

The underlying earnings of solar plants, being revenues from the sale of energy under the PPA less operating expenses, are distributed on a periodic basis from the underlying plants through to NES US Corp and NESAH1, and underpin the ability to pay interest on the loan to the Trust and dividends to the Company as noted above. These funds ultimately underpin the Fund's distributions/dividends to securityholders.

Additionally, as the Company's equity investment in NES US Corp and the Trust loan to NES US Corp are denominated in US dollars, the Fund is also exposed to valuation movements associated with foreign exchange rate movements.

3. INVESTMENT MANAGER'S REPORT

OVERVIEW OF THE NEW PORTFOLIO

INTERESTS IN 22 PLANTS WITH 846MW$_{DC}$ CAPACITY[19] AS AT 15 FEBRUARY 2019

NEW's portfolio as at 31 December 2018 comprised 22 solar power plants in the US and Australia that are operational, acquired and under construction, or that NEW has committed to acquiring. Details of the NEW portfolio are set out below.

During 2018, NEW acquired or agreed to acquire solar power plants located in New South Wales (Australia), California and Nevada (USA), and increased the size of its portfolio by nearly 500MW$_{DC}$, making NEW a leading global renewable investor in solar photovoltaic (**PV**) power.

The highlights of NEW's activities over 2018 included:

- Entering the Australian solar power market, with NEW agreeing to acquire its first two Australian plants, Manildra (which commenced operations during the year) and Beryl (which is currently under construction).
- Acquiring a 49% interest in Boulder Solar 1 in Nevada in February 2018.
- Acquiring MS2 in Southern California in March 2018 and commencing construction in August 2018.
- Successfully commissioning seven plants (with capacity of 48MW$_{DC}$) in North Carolina and Oregon[18].
- Acquiring the minority interests in NC-31 and NC-47 in July 2018.

Figure 4: NEW portfolio summary: Over 845MW$_{DC}$ across two continents

OREGON PLANTS

Name	Capacity (MW$_{DC}$)	Offtaker
● Bonanza	6.8	PacifiCorp
● Pendleton	8.4	PacifiCorp
Total	**15.2**	

CALIFORNIA PLANTS

Name	Capacity (MW$_{DC}$)	Offtaker
● Stanford	67.4	Stanford University
● TID	67.4	Turlock Irrigation District
● MS2	199.6	Southern California Edison
Total	**334.4**	

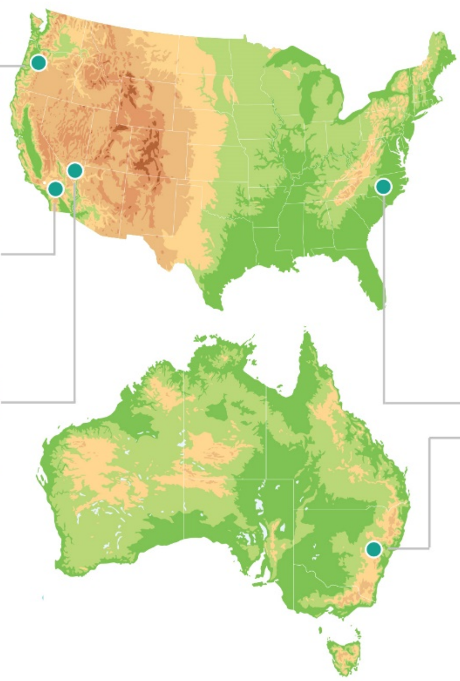
NEVADA PLANTS

Name	Capacity (MW$_{DC}$)	Offtaker
● Boulder Solar 1	124.8	NV Energy

KEY
- ● Operational
- ● Acquired/under construction
- ● Committed

ADDITIONAL COMMITTED US PLANTS

Name	Capacity (MW$_{DC}$)	Location	Expected Offtaker
● Rigel Portfolio[20]	73.8	North Carolina and Oregon	Duke Energy Progress and PacifiCorp



NORTH CAROLINA PLANTS

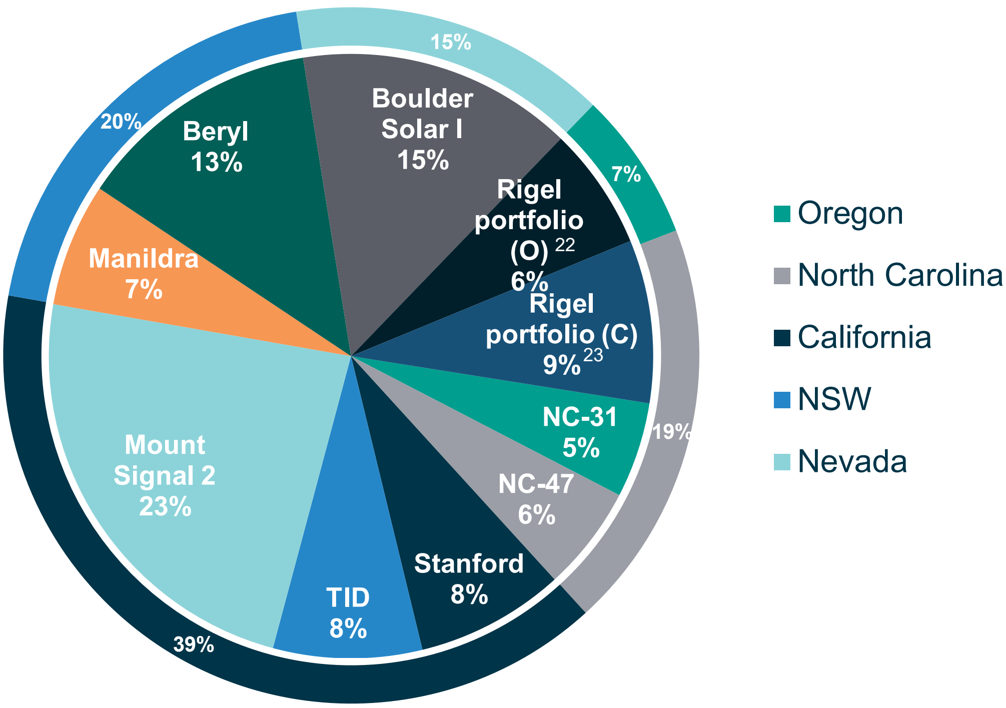
Name	Capacity (MW$_{DC}$)	Offtaker
● NC-31	43.2	Duke Energy Progress
● NC-47	47.6	Duke Energy Progress
● Hanover	7.5	Duke Energy Progress
● Arthur	7.5	Duke Energy Progress
● Church Road	5.2	Duke Energy Progress
● Heedeh	5.4	Duke Energy Progress
● Organ Church	7.5	Duke Energy Carolinas
● County Home	7.2	Duke Energy Progress
Total	**131.1**	

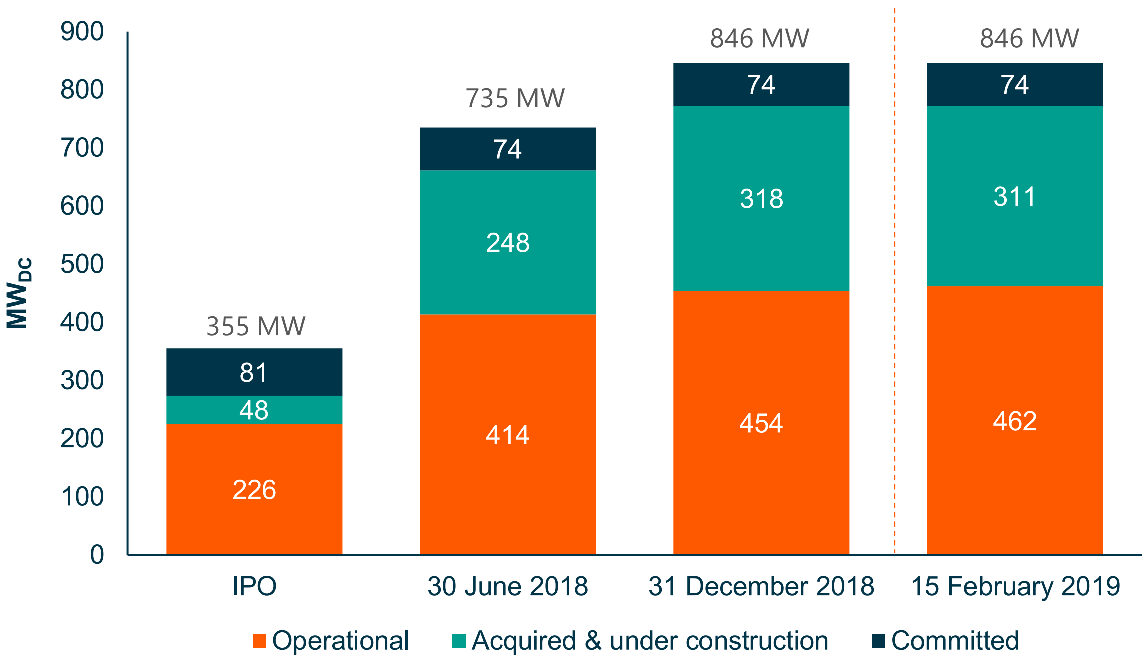
NEW SOUTH WALES PLANTS

Name	Capacity (MW$_{DC}$)	Offtaker
● Manildra	55.9	EnergyAustralia
● Beryl	110.9	Sydney Metro
Total	**166.8**	

[18] Note in addition to these plants, Organ Church achieved Commercial Operation in February 2019.
[19] Includes plants that are wholly or partially owned by NEW. Total portfolio of 846MW$_{DC}$ includes plants that are operational, acquired and under construction or that NEW has committed to acquiring.
[20] Rigel Portfolio refers to the portfolio of solar power plants NEW has committed to acquire from Cypress Creek Renewables if certain conditions are met. Refer to 'Committed Plants' section of this report for further information.

Figure 5: NEW portfolio composition (MW_{DC})[21]





[21] Includes plants that are wholly or partly owned by NEW and accounts for capacity on a 100% ownership basis. Total portfolio of 846 MW_{DC} includes plants that are operational, acquired and under construction or that NEW has committed to acquiring.
[22] Refers to the portion of the Rigel Portfolio that is operational.
[23] Refers to the portion of the Rigel Portfolio is remains committed.

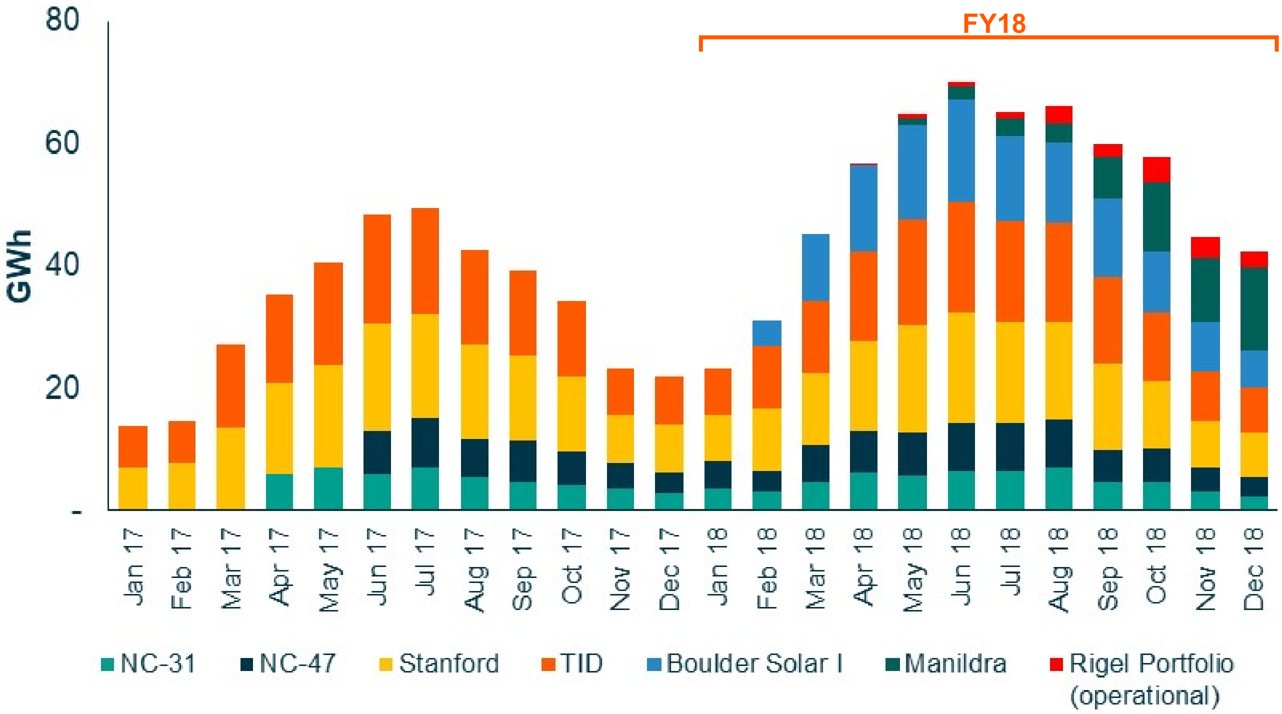
As at 15 February 2019, over half of NEW's portfolio (by capacity) is now operational, with the remainder of the portfolio (including committed plants) expected to be fully operational by the end of 2019. Once all of NEW's solar power plants are fully operational, the total NEW portfolio is expected to generate enough electricity annually to power about 233,000 US and Australian equivalent homes and displace in excess of 1.17 million tonnes of CO_2 emissions, or removing about 304,000 US and Australian equivalent cars from the road, every year.

NEW'S OPERATING PORTFOLIO PERFORMANCE

INTERESTS IN 13 PLANTS WITH CAPACITY OF 454MW$_{DC}$ AS AT 31 DECEMBER 2018

INTERESTS IN 14 PLANTS WITH CAPACITY OF 462MW$_{DC}$ AS AT 15 FEBRUARY 2019

Figure 6: Operating Portfolio generation[24]



[24] Production included for all solar power plants on a NEW proportionate interest basis.

OPERATING PORTFOLIO PERFORMANCE

Tables 1 and 2 show the underlying generation and financial performance of NEW's Operating Portfolio for the year ended 31 December 2018. Generation and profits are expected to increase in future periods as NEW's solar power plants under construction are commissioned.

Table 1: NEW portfolio

	Plant	Plant Capacity (MW_{DC})	2018 Generation (GWh)		PPA term remaining (years)	PPA expiry date
			Gross[25]	NEW Proportionate Share[26]		
Operating	NC-31	43.2	63.0	57.9	8.1	2027
	NC-47	47.6	72.8	68.8	8.3	2027
	Stanford	67.4	152.5	152.4	23.0	2041
	TID	67.4	153.2	153.0	18.2	2037
	Boulder Solar 1	124.8	256.8	125.8	18.1	2037
	Manildra	55.9	51.3	51.3[27]	12.0	2030
	Rigel Portfolio (Operating)	48.0[28]	18.3	18.3[29]	Various	Various
	Organ Church	7.5	-	-	15.0	2034
	Operating Portfolio	**461.8**	**767.8**	**627.5**	**15.6**	**-**
Acquired and Under Construction	Mount Signal 2	199.6	-	-	20.0	2040
	Beryl	110.9	-	-	15.0[30]	2034
Committed	Rigel Portfolio	73.8	-	-	Various[31]	Various
	Total	**846.1**	**767.8**	**627.5**	**16.6**	**-**

The Operating Portfolio's strong generation growth has been driven by increasing capacity from acquisitions and construction of plants completed during the year. As at 15 February 2019, over half of the Business's portfolio is now operational, and construction of Mount Signal 2 and Beryl are expected to be completed by the end of 2019.

The benefits of the portfolio's increasing scale and diversification were seen during 2018, where it performed broadly in line with management's weather-adjusted performance expectations.

[25] Generation calculated on a 100% ownership basis.
[26] Generation attributed to NEW's proportionate interest in each plant.
[27] Includes generation contribution from acquisition date.
[28] Excludes Organ Church which achieved Commercial Operation during February 2019 and did not contribute any generation to NEW during the year ended 31 December 2018.
[29] Includes generation contribution from plant's achievement of Commercial Operations.
[30] Beryl's 15-year PPA with Sydney Metro.
[31] PPA terms of committed projects have been determined from their expected Commercial Operation date.

The strong margins and profit generating characteristics of the Operating Portfolio are illustrated by its underlying earnings shown in Table 2 below.

Table 2: Operating Portfolio underlying financial performance for the year to 31 December 2018. Comparison to prior periods[32]

	Year ended 31 December 2018	Year ended 31 December 2017
Revenue	US$42.0m	US$21.7m
Less: Operating expenses	(US$9.4m)	(US$4.4m)
EBITDA	**US$32.6m**	**US$17.3m**
Less: Distributions to tax equity investors and EBITDA attributable to co-investors	(US$10.3m)	(US$5.5m)
EBITDA attributable to NEW	**US$22.3m**	**US$11.9m**

The Business grew its underlying revenues by US$20.3m (94%) and EBITDA attributable to it by US$10.4m (88%) during the year ended 31 December 2018 compared to the prior year. While there was variability at an individual solar power plant level, generation and availability of the solar power plants in the Operating Portfolio as a whole was broadly in line with the Investment Manager's expectations during the year.

NEW's proportionate share of production from the Operating Portfolio during 2018 was about 627.5GWh (390.2GWh for 2017)[33], representing a 237GWh increase in generation or a 61% from the prior corresponding period, with the increase being attributable to:

- The acquisition by NEW of its interests in Boulder Solar 1 and Manildra.
- A full period of operations from NC-31 and NC-47 and the acquisition of the minority interests in each.
- Production from the operating Rigel Portfolio solar plants that reached Commercial Operation during 2018.

EVENTS SUBSEQUENT TO 31 DECEMBER 2018

At the date of this report (15 February 2019), NEW's Operating Portfolio comprised interests in 14 plants across the USA and Australia with a total capacity of 462MW_{DC} of capacity. These figures include the 7.5MW_{DC} Organ Church solar plant in North Carolina that reached Commercial Operation during February 2019.

Additional NEW solar power plants are expected to commence commercial operations during 2019, as construction and commissioning activities are completed at Mount Signal 2 and Beryl.

[32] Underlying earnings calculated based on unaudited financial statements and management reports. Manildra underlying earnings converted from AUD to USD at FX rate of 1AUD:0.7049USD. Manildra operational expenses have been estimated as actual figures were not available as at 15 February 2019.
[33] Based upon NEW's proportionate interest in each plant.

PLANTS ACQUIRED AND UNDER CONSTRUCTION

INTERESTS IN 3 PLANTS WITH CAPACITY OF 318MW_{DC} AS AT 31 DECEMBER 2018
INTERESTS IN 2 PLANTS WITH CAPACITY OF 311MW_{DC} AS AT 15 FEBRUARY 2019

NEW made considerable progress during the year with the completion of construction and achievement of Commercial Operations at seven solar plants located in North Carolina and Oregon (Hanover, Arthur, Heedeh, Church Road, Pendleton, County Home and Bonanza). The Organ Church solar plant achieved Commercial Operation in February 2019.

During 2019 NEW also acquired interests in two solar plants (Mount Signal 2 in California, USA and Beryl in NSW, Australia) where construction activities are ongoing. Construction for both plants is progressing on schedule and both are expected to be commissioned during 2019.

COMMITTED PLANTS

6 PLANTS WITH CAPACITY OF 74 MW_{DC} AS AT 31 DECEMBER 2018

NEW has committed to acquire six plants (four in North Carolina and two in Oregon), subject to meeting conditions precedent, as part of the Rigel Portfolio acquisition announced in October 2017. Funding and construction of these plants are expected to be delayed due to design and development issues.

Under the terms of the Rigel Portfolio acquisition, NEW is not obliged to fund these projects until they achieve all relevant development milestones.

NEW is continuing to work with the plants' developer on these plants in addition to new plant opportunities.

INVESTMENTS & GEARING

INVESTMENTS

As at 31 December 2018, on a look through basis the Business reported a gross asset value (**GAV**) of A$1.095bn, which corresponds to a net asset value of A$555.7m or A$1.60 per Stapled Security. A detailed breakdown of NEW's GAV is included in Table 3 below.

NEW's NAV increased by A$83.4m during the year ended 31 December 2018 as a result of equity and debt raisings, the depreciation in the Australian dollar and decreased discount rates utilised in the calculation of fair value for its investments.

Table 3: NEW GAV as at 31 December 2018[34]

Plant	Equity	Debt	Enterprise Value
Stanford	US$89.4m	US$56.4m	US$75.0m
TID			US$70.8m
NC-31	US$79.0m	US$26.2m	US$50.2m
NC-47			US$55.0m
Boulder Solar I	US$45.4m	US$21.5m	US$66.9m
Subtotal (US$)	**US$213.7m**	**US$104.1m**	**US$317.8m**
Subtotal (A$ equivalent)	**A$303.2m**	**A$147.7m**	**A$450.9m**
Plants under construction or recently completed[35]	A$223.9m	A$464.0m	A$687.9m
Subtotal	**A$527.1m**	**A$611.7m**	**A$1,138.9m**
NEW working capital / adjustments	A$28.6m		
Total (Net Asset Value)	**A$555.7m**		

GAV Reconciliation

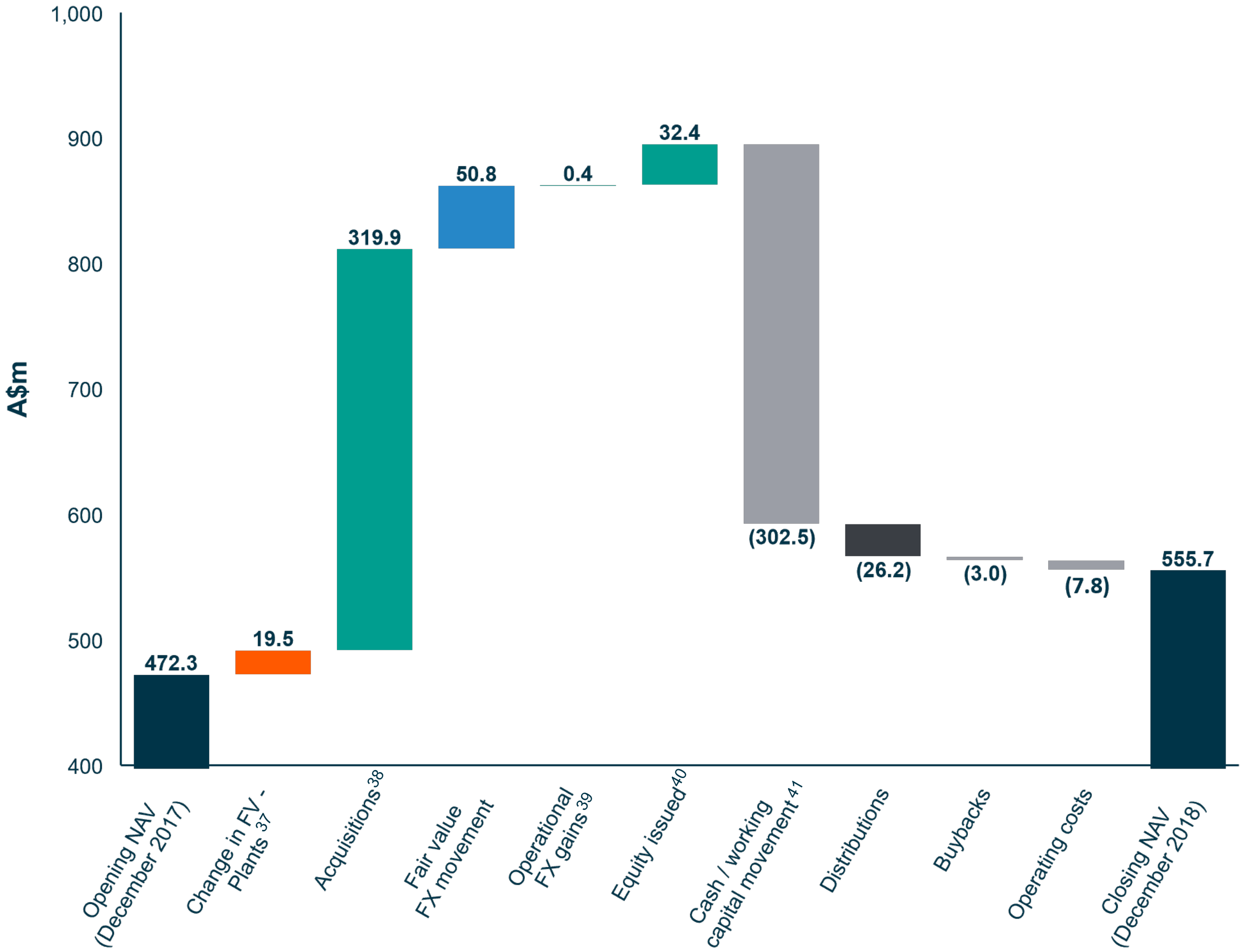
Net Asset Value	A$555.7m
Add: Asset level value of debt	A$611.7m
Subtotal	**A$1,167.4m**
Less: Mount Signal 2 Tax Equity Bridge Loan	(A$88.7m)
NEW Working capital / adjustments	A$16.6m
Gross assets	**A$1,095.3m**

[34] US$ figures converted to A$ at US$:A$ exchange rate of 0.7049 as at 31 December 2018. Figures may not add due to rounding.
[35] Includes Mount Signal 2, Manildra and the portion of the Rigel portfolio that had met all funding requirements as at 31 December 2018.

Refer to Note 16 of the Financial statements for further information on NEW's financial assets held at fair value through profit or loss.

Further detail on the debt figures used in the table above is incorporated into Table 4.

Figure 6: Change in NAV since December 2017



[36] Movements may not be additive due to rounding.
[37] Change in Fair Value attributed to operating plants over the period.
[38] Refers to the acquisitions of Boulder Solar I, Mount Signal 2, minority interests in NC-31 and NC-47, the portion for the Rigel portfolio that was funded as at 31 December 2018 and Manildra.
[39] Foreign exchange gains on cash balances.
[40] Proceeds received from NEW's DRPs and SPP.
[41] Includes debt proceeds raised against operating assets.

GEARING

NEW had gross external 'look-through' debt outstanding of $533.4m as at 31 December 2018, reflecting a gearing ratio of 48.7%[42] NEW has a target gearing ratio of 50% of gross assets).

NEW's weighted average debt maturity of 10.5 years as at 31 December 2018 reflects the long-term contracted nature of the PPA's underpinning its solar power plants and the diversified sources from which it has sourced its debt funding.

NEW's group debt facilities outstanding as at 31 December 2018 are set out below:

Table 4: NEW debt facilities outstanding as at 31 December 2018[43]

Facility	Type	Facility Size	Drawn	Security	Estimated average drawn balance over 2018 (non-capitalising facilities)
North Carolina Facility	Loan	US$26.2m	US$26.2m	NC-31 and NC-47	US$23.1m
US Private Placement 1	Bond	US$62.5m	US$62.5m	Stanford & TID	US$62.5m
Mount Signal 2 Facility[44]	Construction loan	US$217.8m	US$209.3m	Mount Signal 2	N/A[45]
US Revolving Credit Facility	Loan	US$45.0m	US$0.0m	Corporate	US$3.8m
US Private Placement 2	Bond	US$22.7m	US$22.7m	Boulder Solar I	US$11.4m
US Facilities Subtotal		**US$374.2m**	**US$320.7m**		**US$100.7m**
US Facilities Subtotal (A$ equivalent)		**A$530.9m**	**A$455.0m**		**A$142.9m**
CEFC Facility	Loan	A$50.0m	A$0.0m	Corporate	-
Manildra Facility[46]	Construction loan	A$81.7m	A$78.4m	Manildra	A$18.5m
Australian Facilities Subtotal		**A$131.7m**	**A$78.4m**		**A$18.5m**
Total Debt		**A$662.6m**	**A$533.4m**		**A$161.4m**
Gross assets			A$1,095.3m		
Gross Look Through Gearing (%)			**48.7%**		

Refer to Note 9 of the Financial statements for further information on NEW's group debt facilities.

42 Gearing = gross debt / gross asset value (GAV).
43 US$ facilities converted to A$ at US$:A$ exchange rate of 0.7049 as at 31 December 2018.
44 Includes US$8.5m Mount Signal 2 revolving loan facility which was undrawn as at 31 December 2018.
45 Mount Signal 2 Facility excluded as interest payments are capitalising over the construction period.
46 Includes A$6.0m GST facility, A$4.2m of which was drawn as at 31 December 2018.

NEW ENERGY SOLAR'S INVESTMENTS

OPERATING SOLAR POWER PLANTS AS AT 15 FEBRUARY 2019

North Carolina 43MW$_{DC}$ Solar Power Plant (NC-31)

Location	Bladenboro, Bladen County, North Carolina, USA
Generating Capacity	43.2MW$_{DC}$ / 34.2MW$_{AC}$
Commercial Operation Date (COD)	March 2017
PPA Term	10 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	Miller Bros. Solar LLC
Description	NC-31 is located on a 196-acre leased site in Bladenboro, Bladen County, North Carolina, which is approximately 232 kilometres east of Charlotte, North Carolina. The plant commenced commercial operations in March 2017. NEW committed to acquiring a majority interest in NC-31 in August 2016 and acquired its interest in the plant in March 2017. NEW acquired the minority interests in NC-31 in July 2018.


NC-31 Aerial View – May 2017


NC-31 Aerial View – October 2017

North Carolina 48MW$_{DC}$ Solar Power Plant (NC-47)

Location	Maxton, Robeson County, North Carolina, USA
Generating Capacity	47.6MW$_{DC}$ / 33.8MW$_{AC}$
COD	May 2017
PPA Term	10 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	DEPCOM Power, Inc.
Description	NC-47 is located on a 260-acre leased site in Maxton, Robeson County, North Carolina, which is approximately 166 kilometres east of Charlotte. NC-47 commenced commercial operations in May 2017. NEW committed to acquiring a majority interest in the plant in October 2016 and acquired its interest in May 2017. NEW acquired the minority interests in NC-47 in July 2018.


NC-47 Aerial View – May 2017


NC-47 Aerial View – May 2017

Stanford Solar Power Plant (Stanford)

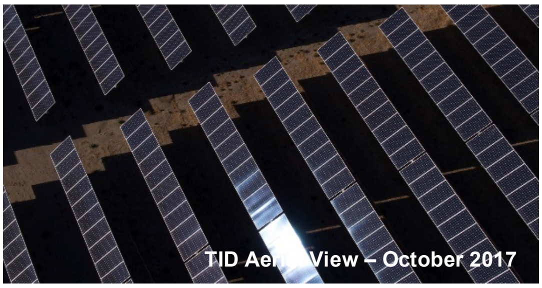
Location	Rosamond, Kern County, California, USA
Generating Capacity	$67.4MW_{DC}$ / $54MW_{AC}$
COD	December 2016
PPA Term	25 years from COD
PPA Offtaker	Stanford University
O&M Service Provider	SunPower Corporation, Systems
Description	Stanford is located on a 242-acre leased site in Rosamond, Kern County, California, which is approximately 120 kilometres north of Los Angeles. Stanford is located next to the TID solar power plant and commenced operations in December 2016. NEW acquired its substantial majority interest in Stanford in December 2016.


Stanford Aerial View – October 2017


Stanford Aerial View – October 2017

Turlock Irrigation District Power Plant (TID)

Location	Rosamond, Kern County, California, USA
Generating Capacity	$67.4MW_{DC}$ / $54MW_{AC}$
COD	December 2016
PPA Term	20 years from COD
PPA Offtaker	Turlock Irrigation District
O&M Service Provider	SunPower Corporation, Systems
Description	TID is located on a 265-acre leased site in Rosamond, Kern County, California, approximately 120 kilometres north of Los Angeles. TID is located next to Stanford and commenced operations in December 2016. NEW acquired its substantial majority interest in TID in December 2016.


TID Aerial View – October 2017


TID Aerial View – October 2017

Boulder Solar 1 Power Plant (Boulder Solar 1)

Location	Boulder City, Nevada, USA
Generating Capacity	$124.8MW_{DC}$ / $100MW_{AC}$
COD	December 2016
PPA Term	20 years from 1 January 2017
PPA Offtaker	NV Energy (owned by Berkshire Hathaway)
O&M Service Provider	SunPower Corporation, Systems
Description	Boulder Solar 1 is located on a 542-acre leased site in Boulder City, Clark County, Nevada, approximately 50 kilometers south of Las Vegas. The plant commenced commercial operations in December 2016. NEW acquired a 49% minority interest in Boulder Solar 1 in February 2018.


Boulder Solar 1 Ground View – January 2018


Boulder Solar 1 Aerial View – January 2018

Hanover Solar Power Plant (Hanover)

Location	Maysville, North Carolina, USA
Generating Capacity	$7.5MW_{DC}$ / $5.0MW_{AC}$
COD	April 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	Cypress Creek Renewables O&M (**CCR O&M**)
Description	Hanover is located on a 45-acre leased site in Maysville, North Carolina. The plant commenced commercial operations in April 2018.


Hanover Ground View – April 2018


Hanover Ground View – April 2018

Manildra Solar Power Plant (Manildra)

Location	Manildra, New South Wales, Australia
Generating Capacity	$55.9MW_{DC}$ / $46.7MW_{AC}$
COD	December 2018
PPA Term	10 years from COD, with an option to extend to 2030
PPA Offtaker	EnergyAustralia
O&M Service Provider	EnergyAustralia
Description	Manildra is located on a 120-hectare leased site 1.5 kilometres north east of the Manildra town centre. Manildra is currently operating and delivering electricity into the National Electricity Market. The plant achieved full commercial operations in December 2018. NEW announced its agreement to acquire Manildra in June 2018.


Manildra Aerial View – July 2018


Manildra Aerial View – July 2018

Arthur Solar Power Plant (Arthur)

Location	Tabor City, North Carolina, USA
Generating Capacity	$7.5MW_{DC}$ / $5.0MW_{AC}$
COD	July 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	Arthur is located on a 35-acre leased site in Tabor City, North Carolina. The plant commenced commercial operations in July 2018.


Arthur Ground View – August 2018


Arthur Ground View – August 2018

Heedeh Solar Power Plant (Heedeh)

Location	Delco, North Carolina, USA
Generating Capacity	5.4MW DC / 4.5MW AC
COD	July 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	Heedeh is located on a 21-acre leased site in Delco, North Carolina. The plant commenced commercial operations in July 2018.


Heedeh Ground View – August 2018


Heedeh Ground View – August 2018

Church Road Solar Power Plant (Church Road)

Location	Angier, North Carolina, USA
Generating Capacity	5.2MW DC / 5.0MW AC
COD	August 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	Church Road is located on a 21-acre leased site in Angier, North Carolina. The plant commenced commercial operations in August 2018.


Church Road Ground View – May 2018


Church Road Ground View – May 2018

Pendleton Solar Power Plant (Pendleton)

Location	Pendleton, Oregon, USA
Generating Capacity	8.4MW$_{DC}$ / 6.0 MW$_{AC}$
COD	September 2018
PPA Term	13.2 years from COD
PPA Offtaker	PacifiCorp
O&M Service Provider	CCR O&M
Description	Pendleton is located on a 44-acre leased site 5 kilometres west of Pendleton, Oregon. The plant commenced commercial operations in September 2018.


Pendleton Ground View – October 2018


Pendleton Ground View – October 2018

County Home Solar Power Plant (County Home)

Location	Rockingham, North Carolina, USA
Generating Capacity	7.5MW$_{DC}$ / 5.0 MW$_{AC}$
COD	September 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	County Home is located on a 30-acre leased site located 5 kilometres southeast of Rockingham, North Carolina. The plant commenced commercial operations in September 2018.


County Home Ground View – August 2018


County Home Ground View – August 2018

Bonanza Solar Power Plant (Bonanza)

Location	Bonanza, Oregon, USA
Generating Capacity	6.8MW$_{DC}$ / 4.8 MW$_{AC}$
COD	December 2018
PPA Term	12.9 years from COD
PPA Offtaker	PacifiCorp
O&M Service Provider	CCR O&M
Description	Bonanza is located a 57-acre leased site located 30 kilometres east of Klamath Falls, Oregon. The plant commenced commercial operations in December 2018.


Bonanza Ground View – October 2018


Bonanza Ground View – October 2018

Organ Church Solar Power Plant (Organ Church)

Location	Organ Church, North Carolina, USA
Generating Capacity	7.5MW$_{DC}$ / 5.0 MW$_{AC}$
COD	February 2019
PPA Term	15.0 years from COD
PPA Offtaker	Duke Energy Carolinas
O&M Service Provider	CCR O&M
Description	Organ Church is located a 45-acre leased site located 15 kilometres northwest of Kannapolis, North Carolina. The plant commenced commercial operations in February 2019.


Organ Church Ground View – August 2018


Organ Church Ground View – August 2018

PLANTS ACQUIRED AND UNDER CONSTRUCTION AS AT 15 FEBRUARY 2019

Plant	Mount Signal 2	Beryl
Location	Imperial Valley, California, USA	Beryl, New South Wales, Australia
Generating Capacity	$199.6MW_{DC}$	$110.9\ MW_{DC}$
Estimated COD	H2 2019	Mid 2019
PPA Term	20 years from COD	15 years from COD
PPA Offtaker	Southern California Edison	Sydney Metro
O&M Service Provider	First Solar	First Solar

INFORMATION ON THE INVESTMENT MANAGER

New Energy Solar Manager Pty Limited is the Investment Manager of the Company and the Trust. The Investment Manager is a related body corporate of the Responsible Entity.

The Investment Manager is responsible for executing the strategy of the Business in accordance with the terms of the Investment Management Agreement. This includes:

- Identifying investment opportunities.
- Undertaking due diligence.
- Engaging and managing operations and maintenance providers.
- Engaging and managing asset, project and construction management providers.
- Seeking to maximise the value of the Business' assets.
- Negotiating with power purchasers.
- Assisting in procuring advisors to provide support (where required) in the assessment of investment opportunities.
- Assisting in procuring advisors (where required) for debt arranging and other treasury services, and procuring other third party services as reasonably required.
- Advising on and executing asset exit strategies.
- Advising on and executing on liquidity events for investors.

SENIOR MANAGEMENT TEAM

The senior members of the Investment Manager who are responsible for the management of New Energy Solar are set out below.

Each of the members of the senior management team are employed by a member of the Evans Dixon Group and provide services for the benefit of the Business. Further information on the Investment Manager team is provided at www.newenergysolar.com.au

Senior Management Team

John Martin
CEO, New Energy Solar

BEcon (USYD)

John was appointed as New Energy Solar's Managing Director and CEO in May 2017. John brings a wealth of experience and capability to the role after more than two decades in corporate advisory and investment banking with a focus on the infrastructure, energy and utility sectors.

John previously led the Infrastructure and Utilities business at corporate advisory firm Aquasia where he advised on more than $10 billion of infrastructure and utility M&A and financing transactions. Prior to this John held various investment bank management positions including the Head of National Australia Bank Advisory and the Joint Head of Credit Markets and Head of Structured Finance at RBS/ABN AMRO.

During his time at ABN AMRO, John managed the Infrastructure Capital business which was viewed as a market leader in the development and financing of infrastructure and utility projects in Australia. John started his career as an economist with the Reserve Bank of Australia and then worked in various treasury and risk management positions, before moving to PwC as the partner responsible for financial risk management. At PwC John advised some of Australia's largest corporations on the management and valuation of currency, interest rate and commodity exposures – with a focus on advising energy companies trading in the Australian National Electricity Market.

John has a Bachelor of Economics (Honours) from the University of Sydney. John is a member of the Advisory Board for the Cordish Dixon Private Equity Fund III (ASX:CD3), and is a past board member of Infrastructure Partnerships Australia.

Liam Thomas
Chief Investment Officer

BAgribus (Curtin), MSc (Curtin), MBA (MELB)

Liam joined New Energy Solar in March 2016 to lead transaction origination and execution activities. Liam has over 14 years' experience in M&A, corporate and business development, projects, and commercial management in the energy, infrastructure, mining and agribusiness sectors.

Prior to joining the Investment Manager, Liam was a senior member of the International Development team at Origin Energy focused on the investment and development strategy for utility scale solar, hydro, and geothermal projects in Latin America and South-East Asia. Liam's previous roles have included General Manager of Commercial Development at Aurizon, Commercial Manager for the Northwest Infrastructure iron ore port joint venture, and Project Manager at Orica, focusing on large-scale mining-related infrastructure and manufacturing projects. Earlier in Liam's career, he worked in the agricultural commodities sector with AWB Limited.

Liam has a Bachelor of Agribusiness and Master of Science from Curtin University, and a Master of Business Administration from the University of Melbourne.

Michael van de Vlies
Chief Financial Officer

BAcc (UTS), CA

Michael is responsible for the finance activities of the Investment Manager, including business planning, budgeting, forecasting, financial reporting, taxation, treasury, balance sheet management and risk management.

Michael has over 16 years' experience working in Finance, Infrastructure and Investment Management. Michael previously led a team responsible for the financial reporting, fund administration, regulatory and compliance reporting globally across AMP Capital's $15bn Infrastructure Equity funds. Prior to this, Michael held various finance roles including General Manager of Finance and Group Financial Controller at BAI Communications, a Communications Infrastructure business owned by CPPIB and Senior Manager at Macquarie. While at Macquarie, Michael worked across a range of listed and unlisted infrastructure funds in sectors including airports and communications.

Michael holds a Bachelor of Accounting from the University of Technology, Sydney and is a member of the Institute of Chartered Accountants in Australia.

New Energy Solar
Corporate Governance Statement
For the year ended 31 December 2018

New Energy Solar Limited (the **Company**) and Walsh & Company Investments Limited, as Responsible Entity of New Energy Solar Fund (the **Trust**) (**Responsible Entity**), together form New Energy Solar (the **Fund**), a stapled entity group, whose securities are traded on the Australian Securities Exchange (**ASX**). The Fund has no employees and its day-to-day functions and investment activities are managed by the Responsible Entity of the Trust (Walsh & Company Investments Limited) and New Energy Solar Manager Pty Limited (**Investment Manager**), in accordance with the relevant management agreements.

The directors of the Company and the directors of the Responsible Entity recognise the importance of good corporate governance.

The Fund's corporate governance charter (**Corporate Governance Charter**), which incorporates the Fund's policies referred to below, is designed to ensure the effective management and operation of the Fund and will remain under regular review. The Corporate Governance Charter is available on the Fund's website **newenergysolar.com.au.**

A description of the Fund's adopted practices in respect of the eight Principles and Recommendations from the Third Edition of the ASX *Corporate Governance Principles and Recommendations* is set out below. All these practices, unless otherwise stated, were in place throughout the year and to the date of this report.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

BOARD ROLES AND RESPONSIBILITIES

The board of the Company (**Company Board**) and the board of the Responsible Entity (**RE Board**) (together, the **Boards**) are responsible for the overall operation, strategic direction, leadership and integrity of the Fund and in particular, are responsible for the Fund's growth and success. In meeting its responsibilities, the Boards undertake the following functions:

- Providing and implementing the Fund's strategic direction;
- Reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Fund are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- Overseeing the integrity of the Fund's accounting and corporate reporting systems, including the external audit;
- Ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance;
- Reviewing and overseeing internal compliance and legal regulatory compliance;
- Ensuring compliance with the Company and the Trust's constitutions and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)* **(Corporations Act)**;
- Overseeing the Fund's process for making timely and balanced disclosures of all material information concerning the Fund, and
- Communicating with and protecting the rights and interests of all securityholders.

The Boards have established a formal policy which sets out its functions and responsibilities. A review of the policy is conducted annually.

The responsibility for the operation and administration of the Fund is delegated, by the Boards, to the New Energy Solar Manager Pty Limited (**Investment Manager**) as set out in the relevant management agreement. The Boards ensure the Investment Manager is appropriately qualified and experienced to discharge its responsibilities. The Investment Manager will be responsible for implementing the Fund's strategic objectives and operating within the risk appetite as set out within the Investment Guidelines.

APPOINTMENT OF DIRECTORS

The Company has adopted a formal process to ensure that appropriate checks are undertaken before appointing a person, or putting forward to securityholders a candidate for election as a director. The Company has outsourced part of this function to an external service provider, which specialises in completing background checks, to verify the candidate's experience, education, criminal record and bankruptcy history.

Upon proposing a candidate for election or re-election as a director, the Company provides security holders with all the relevant material information in its possession to allow securityholders to make an informed decision on whether or not to elect or re-elect the candidate. The information will generally include:

- biographical details of the candidate, including their qualifications, experience and skills which may be relevant to the board of the Company; and
- details of any current or past directorships held by the candidate.

Each director of the Company receives a formal appointment letter outlining their terms of employment, responsibilities, conditions and expectations of their engagement.

ROLE OF THE COMPANY SECRETARY

The company secretary of the Company (**Company Secretary**) is directly accountable to the Company Board, through the Chairperson of the Company Board on all matters to do with the proper functioning of the Company Board. This includes:

- advising the Company Board on governance matters;
- circulating to the Company Board all board papers in advance of any proposed meeting;
- ensuring that the business at board meetings is accurately captured in the minutes; and
- facilitating the induction and professional development of directors.

DIVERSITY

The Company currently does not have any employees and therefore has adopted a diversity policy which is applicable only to the Company Board. A copy of the policy setting out its objectives and reporting practices can be found on the Company's website.

As required by the policy, at the commencement of each financial year, the Company Board is required to set measurable objectives to allow it to achieve and maintain diversity on the board. The measurable objective for gender diversity, as agreed by the Company's Board for FY2018, is set out below:

- At least one female director representation on the Company Board.

The outcome for the year, as reported by the Company Board, is set out below:

- As at 31 December 2018, there was one female and five male directors; and
- The Company Board was satisfied it had achieved its measurable objectives for FY2018.

2. STRUCTURE THE BOARD TO ADD VALUE

BOARD COMPOSITION

The Company and the Responsible Entity seek to maintain Boards with a broad range of skills. The Company maintains a skills matrix below which lists the skills that have been identified as the ideal attributes the Company seeks to achieve across its board membership:

- Leadership
- Industry Knowledge
- Understanding of Solar Infrastructure
- Government Policy
- Communications
- Financial & Accounting
- Funds Management
- Risk Based Auditing & Risk Management
- Capital Raising
- Legal

The composition of the Boards is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience, and expertise relevant to the position of director.

The directors of the Company during the 2018 financial year and as at the date of this report are:

Jeffrey Whalan –Non-Executive Chairperson
Maxine McKew – Non-Executive Director
James Davies – Non-Executive Director
John Holland – Non-Executive Director
Alan Dixon – Director
John Martin – Director

The directors of the Responsible Entity during the 2018 financial year and as at the date of this report are:

Alex MacLachlan - Chairperson
Tristan O'Connell – Director (resigned 9 July 2018)
Warwick Keneally – Director
Mike Adams – Director (appointed 9 July 2018)

The company secretaries of the Company and the Responsible Entity during the 2018 financial year and as at the date of this report are:

Hannah Chan
Simon Barnett (resigned 20 November 2018)
Caroline Purtell (appointed 20 November 2018)

The Company Board comprises four independent non-executive directors, Jeffrey Whalan, Maxine McKew, James Davies and John Holland. An independent non-executive director is a non-executive director who is independent of the Investment Manager and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their judgement.

The Company is committed to diversity in the composition of its Board. The directors will continue to monitor the composition of the Company Board.

The RE Board is not independent. The RE Board however has established a compliance committee (**Compliance Committee**) with a majority of Independent members who are responsible for; monitoring the extent to which the Responsible Entity complies with the Trust's relevant regulations, compliance plan, constitution and reporting the findings to the RE Board, reporting to the Australian Securities & Investments Commission (**ASIC**) if the Compliance Committee is of the view that the Responsible Entity has not complied with the compliance plan or any relevant laws, and to assess at regular intervals whether the Trust's compliance plan is adequate and make recommendations to RE Board about any changes that the Compliance Committee considers should be made to the compliance plan.

The Fund recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size and structure of the Fund, the functions that would be performed by these committees are best undertaken by the Boards.

The Boards will review their view on committees in line with the ASX Recommendations and in light of any changes to the size or structure of the Fund, and if required may establish committees to assist them in carrying out their functions. At that time the Boards will adopt a charter for such committees in accordance with the ASX Recommendations and industry best practice.

It is the Company Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX listing rules (**Listing Rules**) and the *Corporations Act*. In accordance with the Corporate Governance Charter, directors are entitled to seek independent advice at the expense of the Fund. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Fund.

PERFORMANCE EVALUATION

The Company Board conducts a review of its collective performance and the performance of its directors annually. This process includes consideration of feedback provided by directors via a questionnaire. The Company Board and individual directors, including the chairperson, were evaluated during the year ending 31 December 2018 in accordance with these processes.

INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT

On appointment, the directors are individually briefed by the Investment Manager. Directors are entitled to receive appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as directors effectively. The Company's induction program is structured to enable a new director to gain an understanding of the Company's investments, financial, strategic, operational and risk management position, and their rights, duties and responsibilities.

The Company Secretary is responsible for facilitating the induction and ongoing development of all directors, and where necessary, from time to time, will recommend relevant courses and industry seminars which may assist directors in discharging their duties.

3. ACT ETHICALLY AND RESPONSIBLY

CODE OF CONDUCT

The Boards are committed to maintaining ethical standards in the conduct of its business activities. The Boards reputation as an ethical business organisation is important to its ongoing success and it expects all its officers to be familiar with and have a personal commitment to meeting these standards. In this regard the directors have adopted a code of conduct (**Code of Conduct**) to define basic principles of business conduct. The Code of Conduct requires officers and employees to abide by the policies of the Fund and the law. The Code of Conduct is a set of principles giving direction and reflecting the Fund's approach to business conduct and is not a prescriptive list of rules for business behaviour. The Code of Conduct covers ethical operations, compliance with laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading.

The Code of Conduct is set out in section 5 of the Fund's Corporate Governance Charter.

SECURITY TRADING POLICY

The Boards have established a security trading policy (**Security Trading Policy**) to apply to trading in the Fund's securities on the ASX. This policy outlines the permissible dealing of the Fund's securities while in possession of price sensitive information and applies to all directors of the Company, the Responsible Entity and the Investment Manager.

The Security Trading Policy imposes restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

The Security Trading Policy is set out in section 6 of the Fund's Corporate Governance Charter.

INSIDER TRADING POLICY

The Boards have established an insider trading policy (**Insider Trading Policy**) to apply to trading in the Fund's securities. This policy applies to all directors, executives and employees of the Company, Responsible Entity and the Investment Manager. All directors, executives and employees of the Company, Responsible Entity and Investment Manager must not deal in the Fund's securities while in possession of price sensitive information. In addition, the Security Trading Policy sets out additional restrictions which apply to directors and executives of the Company, the Responsible Entity and the Investment Manager.

The Insider Trading Policy is set out in section 7 of the Fund's Corporate Governance Charter.

4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

COMPLIANCE COMMITTEE

As a registered managed investment scheme, the Trust has a compliance plan that has been lodged with ASIC (**Compliance Plan**). The Compliance Plan is reviewed comprehensively every year to ensure that the way in which the Trust operates protects the rights and interests of securityholders and that major compliance risks are identified and properly managed.

The Responsible Entity has formed a Compliance Committee to ensure the Trust complies with the relevant regulations, its Compliance Plan and its constitution. The Compliance Committee meets and reports to the RE Board on a quarterly basis.

The Compliance Committee is structured with three members, the majority of which are independent. Details of the Compliance Committee members are as follows:

Michael Britton (Independent Member)(**Chairperson**)

Michael is one of two independent members of the Compliance Committee. He is a member of the compliance committee for the Fort Street Real Estate Capital Fund Series, the Cordish Dixon Private Equity Fund Series , the Evans & Partners Global Flagship Fund and the Evans & Partners Global Disruption Fund. Michael has over 35 years of commercial and financial services experience, initially with Boral Limited and culminating in 12 years as General Manager of the corporate businesses of The Trust Company Limited (now part of Perpetual Limited) (**The Trust Company**) where he established the company's reputation as a leader in the delivery of independent responsible entity services. He has represented The Trust Company as a director on the boards of both domestic and offshore operating subsidiary companies and a large number of special purpose companies delivering the responsible entity function in both conventional and stapled, ASX listed and unlisted managed investment schemes. Michael has acted as a Responsible Manager (as recognised by ASIC), a member of committees of inspection in relation to large insolvency administrations and as an independent compliance committee member for substantial investment managers with portfolios of managed investment schemes.

Currently Michael is an independent director on the boards of the now unlisted Westfield Corporation Limited, Westfield America Management Limited (following Unibail Rodamco absorbing the Westfield offshore Shopping Malls). He is an independent director of the unlisted Knights Capital Group Limited, a Perth-based investor and property manager. He is sole independent director of three special purpose companies involved in high profile wholesale debt capital and securitisation transactions in the aviation and motor vehicle industries and is also a panel member for the Australian Financial Complaints Authority (formerly Financial Ombudsman Service Limited).

Michael holds degrees in Jurisprudence and Law from the University of New South Wales and is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Barry Sechos (Independent Member)

Barry is one of two independent members of the Compliance Committee. Barry is member of the Compliance Committee for the US Masters Residential Property Fund, the Australian Governance & Ethical Index Fund, the Evans & Partners Global Disruption Fund, the Evans & Partners Australian Flagship Fund, the Evans & Partners Asia Fund,the Evans & Partners Global Flagship Fund, the Cordish Dixon Private Equity Fund Series, the Venture Capital Opportunities Fund, the Fort Street Real Estate Capital Fund Series and the US Masters Residential Property Fund. Barry is a Director of Sherman Group Pty Limited, a privately-owned investment company, and is responsible for managing the legal, financial and operational affairs of Sherman Group of companies. Barry has 30 years experience in corporate law and finance having spent seven years as a banking and finance lawyer at Allen Allen & Hemsley (Sydney, Singapore and London), and eight years as a Director of EquitiLink Funds Management and Aberdeen Asset Management Australia. Barry is also a Director of Paddington St Finance Pty Ltd, a specialist structured finance company, See Saw Films, a film production and finance group and winner of the 2011 Academy Award for Best Picture, Concentrated Leaders Fund Limited, an investment company listed on the ASX, Regeneus Limited, an ASX listed biotech company and a Director of Sherman Centre for Culture and Ideas, a charitable cultural organisation.

Mike Adams (Internal Member)

Refer to information on directors on page 11.

AUDIT & RISK COMMITTEE

The Fund has established a joint Audit & Risk Committee. The members of the Audit & Risk Committee during the year were:

James Davies (Independent Member) (**Chairperson**)
Barry Sechos (Independent Member)
Jeffrey Whalan (Independent Member)
John Holland (Independent Member)
Warwick Keneally (Internal Member)

The chairperson of the Audit & Risk Committee is an independent non-executive director and is not the chairperson of the Company Board or the RE Board. The Committee consists of three independent non-executive directors of the Company, one non-independent executive director of the RE Board and one independent advisor.

The primary function of the Audit & Risk Committee is to assist the Boards in discharging their responsibility to exercise due care, diligence and skill in relation to the following areas:

- Application of accounting policies to the Fund's financial reports and statements
- Monitoring the integrity of the financial information provided to security holders, regulators and the general public
- Corporate conduct and business ethics, including auditor independence and ongoing compliance with laws and regulations
- Maintenance of an effective and efficient audit
- Appointment, compensation and oversight of the external auditor, and ensuring that the external auditor meets the required standards for auditor independence
- Assess the adequacy of the Fund's process for managing risk
- Regularly monitoring and reviewing corporate governance policies and codes of conduct.

The Audit & Risk Committee meets four times a year. The Audit & Risk Committee will report to the Boards at a minimum of two times a year.

A copy of the Audit & Risk Committee Charter is available on the Fund's website.

5. MAKING TIMELY AND BALANCED DISCLOSURE

The Boards are committed to complying with their continuous disclosure obligations under the Corporations Act, as well as releasing relevant information to the market and securityholders in a timely and direct manner to promote investor confidence in the Fund and its securities.

The Fund has adopted a continuous disclosure policy (**Continuous Disclosure Policy**) to ensure the Fund complies with its continuous disclosure obligations under the Corporations Act and the Listing Rules.

The Continuous Disclosure Policy is set out in section 4 of the Fund's Corporate Governance Charter.

This policy is administered by the Boards and the Investment Manager as follows:

- the Boards are involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy;
- the Company Secretary is responsible for the overall administration of this policy and all communications with the ASX; and
- senior management of the Investment Manager are responsible for reporting any material price sensitive information to the Company Secretary and observing the Fund's no comments policy.

6. RESPECT THE RIGHTS OF SECURITYHOLDERS

RIGHTS OF SECURITYHOLDERS

The Fund promotes effective communication with security holders. The Boards have developed a strategy within its Continuous Disclosure Policy to ensure that securityholders are informed of all major developments affecting the Fund's performance, governance, activities and state of affairs. This includes using a website to facilitate communication with securityholders. Each securityholder is also provided online access to Link Market Services Limited (the **Registry**) to allow them to receive communications from, and send communication to, the Fund and the Registry. Information is communicated through announcements published on the Fund website, releases to the media and the dispatch of financial reports. Securityholders are provided with an opportunity to access such reports and releases electronically. Copies of all announcements are available on the Fund's website at **newenergysolar.com.au**.

These include:

- quarterly investment updates;
- the half-year report;
- the annual report;
- the notice of annual general meeting, explanatory memorandum and the Chairperson's address;
- announcements made to comply with the Fund's continuous disclosure requirements; and
- correspondence sent to securityholders on matters of significance to the Fund.

The Boards encourage full participation of securityholders at the general meetings to ensure a high level of accountability and identification with the Fund's strategy. Securityholders who are unable to attend the general meeting are given the opportunity to provide questions or comments in relation to the audit of the Fund ahead of the meeting and where appropriate, these questions are answered at the meeting. The external auditor is also invited to attend the annual general meeting of the Fund and is available to answer any questions concerning the conduct, preparation and content of the auditor's report.

7. RECOGNISE AND MANAGE RISK

The Boards are responsible for identifying, assessing, monitoring and managing the significant areas of risk applicable to the Fund and its operations. The Boards have established an Audit & Risk Committee to deal with these matters. The Boards monitor and appraise financial performance, including the approval of annual and half-year financial reports and liaising with the Fund's auditors.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the RE Board has adopted a Risk Management Framework (**RMF**). The RMF is set out in section 8 of the Fund's Corporate Governance Charter. The RE Board conducts an annual review of the RMF to satisfy itself that the framework continues to be sound. The last review took place on 28 August 2018.

The Boards are responsible for maintaining proper financial records. In addition, the Boards receive a letter half yearly from the Fund's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Australian accounting standards (**Accounting Standards**).

The Fund does not have a material exposure to environmental, economic and social sustainability risks. For further information, please see the 2018 Sustainability Report which is available on the Fund's website.

The Boards provide declarations required by Section 295A of the Corporations Act for all financial periods and confirms that in its opinion the financial records of the Fund have been properly maintained and that the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Fund, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Fund's external auditor.

8. REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION POLICIES

Due to the relatively small size of the Fund and its operations, the Company Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the directors.

In accordance with the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. Under the Listing Rules, the maximum fees payable to directors may not by increased without the prior approval from securityholders at a general meeting of the Company. Directors will seek approval from time to time as deemed appropriate. The Company does not intend to remunerate its directors through an equity-based remuneration scheme.

The maximum total remuneration of the directors of the Company has been set at $400,000 per annum to be divided among them in such proportions as they agree. However, Alan Dixon and John Martin have agreed not to be paid any remuneration for the services they performed as directors. Total directors' fees for the year ended 31 December 2018 were $225,000.

No director of the Responsible Entity receives any direct remuneration from the Fund. In accordance with the Responsible Entity's constitution, the Responsible Entity is entitled to a management fee for services rendered.

Details of the Fund's related party transactions are set out in the notes to the financial statements in the Annual Report.

The directors of New Energy Solar Limited (the **Company**) and Walsh & Company Investments Limited, as Responsible Entity of New Energy Solar Fund (the **Trust**), together forming New Energy Solar, a listed stapled group, present their report together with the annual financial report for New Energy Solar Limited and New Energy Solar Fund, (collectively referred to as the **Fund**), for the year ended 31 December 2018.

DIRECTORS

The directors of New Energy Solar Limited at any time during or since the end of the financial year are listed below:

Jeffrey Whalan – Non-Executive Chairperson
Maxine McKew – Non-Executive Director
James Davies – Non-Executive Director
John Holland – Non-Executive Director
John Martin
Alan Dixon

The directors of Walsh & Company Investments Limited at any time during or since the end of the financial year are listed below:

Alex MacLachlan
Tristan O'Connell (resigned 9 July 2018)
Warwick Keneally
Mike Adams (appointed 9 July 2018)

Directors were in office from the start of the year to the date of this report, unless otherwise stated.

INFORMATION ON THE DIRECTORS OF NEW ENERGY SOLAR LIMITED

Jeffrey Whalan – Non-Executive Chairperson

Jeffrey is an Independent Director of New Energy Solar Limited. He is Managing Director of the Jeff Whalan Learning Group, a specialist human resources company. He was a senior executive officer in the Australian Public Service from 1990 to 2008.

Jeffrey was appointed an Officer in the Order of Australia in 2008 for his work as chief executive officer of Centrelink. Among other things, the award recognised his achievements in 'the development of corporate accountability processes'.

Jeffrey is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management. As CEO of Centrelink, Jeffrey was responsible for the largest agency of the Australian Public Service, $70 billion of government outlays and 27,000 staff. Prior to joining Centrelink, he was chief executive officer of Medicare Australia. Jeffrey has held Deputy Secretary positions in the Departments of Prime Minister and Cabinet, Defence and the then Department of Family and Community Services. He has also held senior executive positions in the Transport and Health departments.

During the past three years Jeff has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:
- Australian Governance Masters Index Fund Limited (since 2010, delisted on 16 July 2018)
- Global Resource Masters Fund Limited (since 2008, delisted on 11 March 2016)

Maxine McKew – Non-Executive Director

Maxine is an author and Honorary Enterprise Professor of the Melbourne Graduate School of Education at the University of Melbourne. Her most recent book, published by Melbourne University Press in 2014, is Class Act, a study of the key challenges in Australian schooling. This publication followed the success of her memoir, Tales From the Political Trenches, an account of her brief but tumultuous time in the Federal Parliament.

Maxine's background traverses both journalism and politics. For many years she was a familiar face to ABC TV viewers and was anchor of prestigious programs such as the 7.30 Report and Lateline. Her work has been recognised by her peers with both Walkley and Logie awards.

When she left journalism to enter politics, Maxine wrote herself into the Australian history books by defeating Prime Minister John Howard in the Sydney seat of Bennelong. In government she was both parliamentary secretary for early childhood and later, for regional development and local government.

Maxine is a director of Per Capita and the State Library of Victoria.

During the past three years Maxine has not acted as director of any Australian listed public entity.

James Davies – Non-Executive Director

James has over 30 years of experience in investment management across real estate, private equity, infrastructure, natural resources and special situations. Most recently he was Head of Funds Management at New Forests Asset Management, overseeing $2.5 billion worth of investments in broad acre real estate, forestry assets and environmental markets. Prior to that he held Director roles at Hastings Funds Management Limited and Royal Bank of Scotland's Strategic Investments Group. He has sat on numerous Investment Committees and Boards including as Chairman of Timberlink Australia and Forico.

James holds a Bachelor of Computer Science from the University of New England, a Masters of Business Administration from London Business School and is a Graduate of the Australian Institute of Company Directors.

During the past three years James has acted as a director of the following Australian listed public entity:
- Eildon Capital Limited (since 2016)

John Holland – Non-Executive Director

John holds a portfolio of complementary non-executive board roles. In particular, he chairs KCG Europe, a brokerage business which is part of the Virtu Financial group, and Open Door Capital Management (a Greater China Asset Management company), as well as acting as Non-Executive Director of sQuidcard Limited (a UK and African Payments business in the Education and Aid Sectors).

Prior to his current roles, John was Managing Director and Member of UBS Investment Bank Board. Over the course of his 24-year career at UBS and its predecessor banks, John helped to build and then led UBS' leading Asian Equities and banking business based in Hong Kong, before returning to London to assume various senior management roles in the Global Equities business.

Throughout his career, John has had significant experience working with a wide range of Financial Regulators, including a three-year stint as a member of the European Securities Markets Experts Group advising the European Commission on new regulation.

John holds a Master of Arts (Hon) from Oriel College, Oxford University, majoring in Philosophy, Politics and Economics.

During the past three years John has acted as a non-executive director of the following Australian listed public entity:
- Asian Masters Fund Limited (since 2010, delisted on 17 May 2018)

John Martin

John was appointed as New Energy Solar's Managing Director and CEO in May 2017. John brings a wealth of experience and capability to the role after more than two decades of experience in corporate advisory and investment banking with a focus on the infrastructure, energy and utility sectors.

John previously led the Infrastructure and Utilities business at corporate advisory firm Aquasia where he advised on more than $10 billion of infrastructure and utility M&A and financing transactions. Prior to this John held various investment bank management positions including the Head of National Australia Bank Advisory and the Joint Head of Credit Markets and Head of Structured Finance at RBS/ABN AMRO.

During his time at ABN AMRO, John managed the Infrastructure Capital business which was viewed as a market leader in the development and financing of infrastructure and utility projects in Australia. John started his career as an economist with the Reserve Bank of Australia and then worked in various treasury and risk management positions, before moving to PwC as the partner responsible for financial risk management. At PwC John advised some of Australia's largest corporations on the management and valuation of currency, interest rate and commodity exposures – with a focus on advising energy companies trading in the Australian National Electricity Market.

John has a Bachelor of Economics (Honours) from the University of Sydney. John is a member of the Advisory Board for the Cordish Dixon Private Equity Fund III (ASX:USP), and is a past board member of Infrastructure Partnerships Australia.

During the past three years John has not acted as director of any Australian listed public entity.

Alan Dixon

Alan is the Managing Director and CEO of Evans Dixon, an asset manager and financial advisory firm established in February 2017, through the merger of Evans & Partners and Dixon Advisory. Evans Dixon has over $20 billion of assets under management or advice.

Primarily based in the US, Alan also oversees the firm's senior leaders and influences the strategic initiatives of more than 600 professionals working with clients in Sydney, Melbourne, Brisbane, Canberra, Jersey City and New York City. He is also Managing Director and CEO of Dixon Advisory USA, a leader in the US urban single-family home rental business.

Alan joined Dixon Advisory in January 2001. Prior to joining Dixon Advisory, Alan worked in Chartered Accountancy and Investment Banking roles in Australia.

Alan holds a Bachelor of Commerce from the Australian National University and is a member of the Institute of Chartered Accountants in Australia. He is also an SMSF Professionals' Association of Australia (SPAA) Accredited SMSF Specialist Advisor™.

During the past three years Alan has acted as an executive director of the following Australian listed public entity:
- Evans Dixon Limited (since May 2018)

INFORMATION ON THE DIRECTORS OF WALSH & COMPANY INVESTMENTS LIMITED

Alex MacLachlan

Alex joined Dixon Advisory in 2008 to lead the then newly formed Funds Management division, which later became Walsh & Company. From funds under management of under $100 million at the time of his start, Alex has grown Walsh & Company Group to over $5 billion of assets under management today, with investments across residential and commercial property, fixed income, private equity, listed equities and renewable energy. Prior to joining the firm, Alex was an investment banker at UBS AG, where he rose to Head of Energy for Australasia. During his tenure in investment banking, Alex worked on more than $100 billion in mergers and acquisitions and capital markets transactions, advising some of the world's leading companies.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.

During the past three years Alex has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:
- Asian Masters Fund Limited (since 2009, delisted on 17 May 2018)
- Australian Governance Masters Index Fund Limited (since 6 July 2018, delisted 16 July 2018)
- Australian Masters Corporate Bond Fund No 5 Limited (since 2009, delisted 26 August 2016)
- Australian Masters Yield Fund No 1 Limited (since 2010, delisted 28 July 2017)
- Australian Masters Yield Fund No 2 Limited (since 2010, delisted 28 July 2017)
- Australian Masters Yield Fund No 3 Limited (since 2011, delisted 13 April 2018)
- Australian Masters Yield Fund No 4 Limited (since 2011)
- Australian Masters Yield Fund No 5 Limited (since 2012)
- US Masters Residential Property Fund (since 2011)
- Evans & Partners Global Flagship Fund (since 2012)
- Global Resource Masters Fund Limited (since 2008, delisted 11 March 2016)
- Cordish Dixon Private Equity Fund I (since 2012)
- Cordish Dixon Private Equity Fund II (since 2013)
- Cordish Dixon Private Equity Fund III (since 2016)
- Evans & Partners Global Disruption Fund (since 2017)
- Australian Governance & Ethical Index Fund (since 2018)
- Evans & Partners Asia Fund (since 2018)
- Evans & Partners Australian Flagship Fund (since 2018)

Tristan O'Connell

Tristan is Group Chief Financial Officer and Company Secretary for Evans Dixon Limited and was Director of Walsh & Company Investments Limited until 9 July 2018.

At Evans Dixon, Tristan oversees the finance and accounting function of the firm's group of companies. This incorporates funds management accounting for eighteen funds. He began his association with Dixon Advisory in 2005, joining to spearhead its financial management and growth.

Tristan brought to Evans Dixon more than a decade in corporate financial and management roles within the wholesale markets industry. This included a long tenure at Tullet Prebon, one of the world's leading inter-dealer broker firms that specialise in over-the-counter interest rate, foreign exchange, energy and credit derivatives. Tristan was Financial Controller of the Australian operation and held senior finance roles in their Singapore and London offices.

Tristan has Bachelor of Commerce from the Australian National University, is a member of CPA Australia and is Fellow of the Financial Services Institute of Australasia.

During the past three years Tristan has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- US Masters Residential Property Fund (since 2011 until 9 July 2018)
- Evans & Partners Global Flagship Fund (since 2012 until 9 July 2018)
- Cordish Dixon Private Equity Fund I (since 2012 until 9 July 2018)
- Cordish Dixon Private Equity Fund II (since 2013 until 9 July 2018)
- Cordish Dixon Private Equity Fund III (since 2016 until 9 July 2018)
- Evans & Partners Global Disruption Fund (since 2017 until 9 July 2018)
- Evans & Partners Asia Fund (since 2018 until 9 July 2018)
- Evans & Partners Australian Flagship Fund (since 2018 until 9 July 2018)

Warwick Keneally

Warwick is Head of Finance at Walsh & Company, the Funds Management division of Evans Dixon Limited. Before joining Walsh & Company, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management. Among his former roles, Warwick worked on the initial stages of the HIH insolvency as part of the key management group tasked with the wind-down of the global estate.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Member of the Institute of Chartered Accountants in Australia and New Zealand.

During the past three years Warwick has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Australian Masters Yield Fund No 4 Limited (since 2017)
- Australian Masters Yield Fund No 5 Limited (since 2017)
- Cordish Dixon Private Equity Fund I (since 2017)
- Cordish Dixon Private Equity Fund II (since 2017)
- Cordish Dixon Private Equity Fund III (since 2017)
- Evans & Partners Global Disruption Fund (since 2017)
- Evans & Partners Global Flagship Fund (since 2017)
- US Masters Residential Property Fund (since 2017)
- Australian Governance & Ethical Index Fund (since 2018)
- Evans & Partners Asia Fund (since 2018)
- Evans & Partners Australian Flagship Fund (since 2018)
- Asian Masters Fund Limited (since 11 May 2018, delisted on 17 May 2018)
- Australian Governance Masters Index Fund Limited (since 6 July 2018, delisted 16 July 2018)

Mike Adams

Mike has extensive experience across a broad range of corporate, commercial and private client sectors. His core practice areas involve the provision of advice and transactional expertise in relation to new and existing retail financial products and the regulatory framework within which they operate, as well as debt and equity financing, intellectual property, and film and television media law among others.

Mike has previously worked in private practice, public sector and in-house roles in Australia, New Zealand and the United Kingdom, acting across multiple industries for a variety of clients, including high-networth individuals, banks and financial institutions, as well as numerous listed and unlisted corporate entities. Mike was appointed to the Board of Walsh & Company Investments Limited on 9 July 2018.

Mike is also a director with Barnett Law, a Sydney-based financial services law firm, and is admitted as a solicitor of the Supreme Court of NSW. He has a Bachelor of Laws from the University of Otago.

During the past three years Mike has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Australian Governance & Ethical Index Fund (since 9 July 2018)
- Cordish Dixon Private Equity Fund I (since 9 July 2018)
- Cordish Dixon Private Equity Fund II (since 9 July 2018)
- Cordish Dixon Private Equity Fund III (since 9 July 2018)
- Evans & Partners Asia Fund (since 9 July 2018)
- Evans & Partners Australian Flagship Fund (since 9 July 2018)
- Evans & Partners Global Disruption Fund (since 9 July 2018)
- Evans & Partners Global Flagship Fund (since 9 July 2018)
- US Masters Residential Property Fund (since 9 July 2018)

INFORMATION ON THE COMPANY SECRETARIES

Hannah Chan BCom, MCom, CA

Hannah has a Bachelor of Commerce degree in Finance from the University of NSW and a Master of Commerce degree in Accounting from the University of Sydney. She is also a Chartered Accountant with the Institute of Chartered Accountants in Australia and New Zealand. Prior to joining Walsh & Company, Hannah gained extensive audit experience while working with Deloitte Touche Tohmatsu and Ernst & Young.

Hannah is also the Company Secretary of Australian Masters Yield Fund Series, Evans & Partners Asia Fund, Australian Governance Masters Index Fund Limited and joint Company Secretary of Walsh & Company Investments Limited and Walsh and Company Asset Management Pty Limited. Hannah is a director of Australian Fund Accounting Services Pty Limited.

Hannah was appointed as Company Secretary on 19 November 2015.

Caroline Purtell BA, LLB, LLM

Caroline provides corporate governance and corporate secretariat services to the management, boards of directors and committees for a portfolio of entities within the Walsh & Company group. Prior to joining Walsh & Company, Caroline has worked in top tier legal firms including King & Wood Mallesons, Sydney and Clifford Chance, London specialising in banking, finance and corporate law.

Caroline has a Bachelor of Arts, Bachelor of Laws and Master of Laws (Honours) all from Sydney University. She is also qualified to practice as a solicitor in both NSW and England.

Caroline was appointed as Company Secretary of New Energy Solar Limited and Walsh and Company Investments Limited on 20 November 2018.

Simon Barnett

Simon is a lawyer with significant expertise assisting financial services businesses in dealing with regulators, structuring and launching new wholesale and retail products and navigating through the regulatory and legal issues that arise in this complex area of the law.

In addition to new product offerings and capital market transactions, Simon’s experience extends to retail financial product advice, joint ventures and regulatory matters including ASX, ASIC and APRA issues, managed funds, privacy, AML/CTF legislation and risk and compliance policy frameworks.

Simon holds a Practising Certificate with the Law Society of NSW and is admitted as a solicitor of the Supreme Court of NSW and is a barrister and solicitor of the High Court of New Zealand. He has a Bachelor of Laws and a Bachelor of Arts (Economics) from the University of Otago.

Simon was appointed as Company Secretary on 19 November 2015 and resigned on 20 November 2018.

DIRECTORS' MEETINGS

The number of Directors' meetings of the Company held during the year ended 31 December 2018, and the number of meetings attended by each director were:

	New Energy Solar Limited Board	
	No. of meetings attended	No. of meetings eligible
Jeff Whalan	7	7
John Holland	7	7
Maxine McKew	6	7
James Davies	7	7
Alan Dixon	7	7
John Martin	7	7

Eligible: represents the number of meetings held during the time the director held office.

AUDIT AND RISK COMMITTEE MEETINGS

The number of joint Audit and Risk Committee meetings of the Company and the Trust held during the year ended 31 December 2018, and the number of meetings attended by each member were:

	Joint Audit and Risk Committee	
	No. of meetings attended	No. of meetings eligible
James Davies (appointed 5 July 2018)	2	2
Jeff Whalan	4	4
John Holland (appointed 5 July 2018)	1	2
Barry Sechos	4	4
Warwick Keneally (appointed 5 July 2018)	2	2
Tristan O'Connell (resigned 5 July 2018)	2	2

Eligible: represents the number of meetings held during the time the member held office.

REMUNERATION REPORT – NEW ENERGY SOLAR LIMITED

(A) REMUNERATION POLICY

Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval from the Company in general meeting. Directors will seek approval from time to time as deemed appropriate.

Under the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. However, Alan Dixon and John Martin have agreed not to be paid any remuneration for the services they performed as directors. John Martin who acts as CEO of the Fund is remunerated by the Investment Manager (or related entities of the Investment Manager). Investment Management fees are set out in note 18 to the financial statements.

The independent directors, John Holland, James Davies and Maxine McKew each are entitled to receive $50,000 per annum respectively. As an independent chairperson, Jeffrey Whalan is entitled to receive $75,000 per annum.

These fees exclude any additional fee for any service-based agreement which may be agreed upon from time to time and also excludes reimbursement of out of pocket expenses. These fees are inclusive of statutory superannuation, where appropriate.

In addition to the above, as members of the Audit and Risk Committee, John Holland and Jeff Whalan each are entitled to receive $10,000 per annum, and as chairperson, James Davies is entitled to receive $15,000 per annum.

(B) KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel include the directors who have authority and responsibility for planning, directing and controlling the activities of the Company. No other executive personnel are employed or remunerated by the Company.

Details of remuneration paid during the year to key management personnel are set out in the table below.

2018	Salary, fees and commission $	Superannuation contributions $	Cash bonus $	Audit and risk committee * $	Other $	Total $
Directors						
Jeffrey Whalan	68,493	6,507	-	5,000	-	80,000
John Holland	50,000	-	-	5,000	-	55,000
Maxine McKew	45,662	4338	-	-	-	50,000
James Davies	45,662	4338	-	7,500	-	57,500
Alan Dixon	-	-	-	-	-	-
John Martin	-	-	-	-	-	-
	209,817	15,183	-	17,500	-	242,500

* Audit and risk committee fees represents the period since appointment on 5 July 2018.

2017	Salary, fees and commission $	Superannuation contributions $	Cash bonus $	Audit and risk committee $	Other $	Total $
Directors						
Jeffrey Whalan **	11,416	1,084	-	-	-	12,500
John Holland **	8,333	-	-	-	-	8,333
Maxine McKew **	7,610	723	-	-	-	8,333
James Davies **	7,610	723	-	-	-	8,333
Alan Dixon	-	-	-	-	-	-
John Martin	-	-	-	-	-	-
Alex MacLachlan	-	-	-	-	-	-
Tom Kline	-	-	-	-	-	-
Adam Chandler	-	-	-	-	-	-
Warwick Keneally	-	-	-	-	-	-
	34,969	2,530	-	-	-	37,499

** Remuneration represents payments made in respect of the period since appointment as director on 27 October 2017.

(C) SERVICE AGREEMENTS

The Company does not presently have formal service agreements or employment contracts with any key management personnel.

The Directors remuneration is not linked to the performance of the Company or Trust.

(D) DIRECTORS' PROTECTION DEEDS

The Company has agreed to provide access to board papers and minutes to current and former directors of the Company while they are directors and for a period of 7 years after they cease to be directors.

The Company has agreed to indemnify, to the extent permitted by the Corporations Act 2001, each officer in respect of certain liabilities, which the director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each director a directors' and officers' policy of insurance for the period that he or she is a director and for a period of 7 years after the officer ceases to be a director.

(E) BENEFICIAL AND RELEVANT INTEREST OF DIRECTORS IN SHARES

As at the date of this report, details of directors who hold shares for their own benefit or who have an interest in holdings through a third party and the total number of such shares held are listed as follows:

Director of the Company	No. of securities	No. of class B options
Jeffrey Whalan	521,552	38,333
John Holland	154,445	-
James Davies	38,058	12,500
Maxine McKew	66,666	33,333
Alan Dixon	7,172,043	533,332
John Martin	538,106	728,599
Director of the Responsible Entity of the Trust		
Alex MacLachlan	105,925	17,666
Warwick Keneally	41,832	23,999
Mike Adams	-	-

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Company and the Trust during the year were pursuing and investing in large-scale solar plants that generate emissions-free power. There were no significant changes in the nature of these activities during the year.

DISTRIBUTIONS

Distributions paid or declared to securityholders during, or since the end of, the year were as follows:

- 3.75 cents per stapled security for the six months ended 30 June 2018 paid on 15 August 2018 amounting to $12,370,296.
- 4.00 cents per stapled security for the six months ended 31 December 2018 announced on 20 November 2018, paid on 15 February 2019 amounting to $13,863,888.

REVIEW AND RESULTS OF OPERATIONS

Please refer to the Investment Manager's Report for details relating to the operations during the financial year.

For the year ended 31 December 2018, on a combined basis, the Fund's profit was $80.2 million (31 December 2017: $7.1 million loss). The Company reported a profit of $45.7 million (31 December 2017: $0.4 million profit) and the Trust reported a profit of $34.5 million (31 December 2017: $7.5 million loss).

The 2018 profit includes foreign exchange gains on US dollar denominated investments and loan receivables, and gains on underlying solar asset investment fair values. The foreign exchange gains noted were driven by the strengthening of the US dollar against the Australian dollar over the year, with a 31 December 2018 closing A$:US$ rate of $0.7049 compared to $0.7809 as at 31 December 2017, which reflects a 9.7% depreciation of the A$ against the US$ during the year.

Foreign exchange gains totaled $51.1 million, comprised of $25.5 million recorded as part of the fair value movement in the US denominated financial assets of the Company, $25.3 million recorded as part of the fair value movement in the US denominated financial assets of the Trust and $0.3 million foreign exchange gains recorded by the Trust in relation to US denominated cash and receivables.

On a pre-currency movements basis, for the year ended 31 December 2018, on a combined basis, the Fund generated net income of $34.7 million (31 December 2017: $24.4 million), operating expenses for the period totaled $6.8 million (31 December 2017: $3.6 million) and an income tax benefit arose for $1.2 million (31 December 2017: nil), resulting in after tax earnings before currency movements of $29.1 million (31 December 2017: $20.8m).

At 31 December 2018, on a combined basis, the Fund's net assets are $555.7 million (31 December 2017: $472.3 million), representing a net asset value per stapled security of $1.60 (31 December 2017: $1.45). The Company's net assets are $301.1 million (31 December 2017: $210.5 million), representing a net asset value per share of $0.87 (31 December 2017: $0.65) and the Trust's net assets are $254.6 million (31 December 2017: $261.8 million), representing a net asset value per unit of $0.73 (31 December 2017: $0.80).

During the year, the Fund provided total cash funding of $32.6 million to the Company's wholly owned subsidiary New Energy Solar US Corp to enable the investment in US solar assets. This was provided as equity funding of $32.6 million from the Company.

On 27 June 2018, the Fund reallocated capital from the Trust to the Company. This was achieved by a capital return by the Trust of $0.0914 per issued unit in the Trust, which was compulsorily applied as a capital contribution for existing shares in the Company. The total number of stapled securities on issue did not change and the combined net asset value of the stapled securities remained the same before and immediately after the capital reallocation.

The purpose for undertaking the capital reallocation was to simplify inter-entity arrangements and allocate available capital so that it resides in the entity which provides the best outcome to Securityholders. The capital reallocation mechanism has been previously approved by Securityholders at the Annual General Meeting held on 3 May 2017.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Aside from the changes described above under the heading "review and results of operations", during the financial year, the Company and the Trust raised capital totaling $11 million and $11 million respectively as part a security purchase plan capital raising, for the purpose of carrying on their principal investment activities.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

A distribution of 4.0 cents per stapled security totaling $13,863,888 was declared on 20 November 2018 and was paid to securityholders on 15 February 2019. 3,668,464 stapled securities were issued under the Fund's Distribution Reinvestment Plan.

On 11 February 2019, New Energy Solar Australia HoldCo #1 Pty Limited, a subsidiary of the Company, paid the purchase price of $51,373,327 for the acquisition of its 100% interest in the Manildra solar farm in New South Wales, Australia from a subsidiary of First Solar, Inc.. This was funded by existing cash and a drawdown of debt facilities.

On 12 February 2019, New Energy Solar Australia HoldCo #1 Pty Limited, a subsidiary of the Company, completed the acquisition of its 49% interest in the Beryl solar farm in New South Wales, Australia. The Beryl solar farm is under construction and is due to be completed mid 2019. The purchase price paid was $9,245,860 representing the 100% interest being acquired, with 51% of the interest acquired being placed in escrow until change of control consents are received (expected when the plant is operational). This was funded by existing cash and a drawdown of debt facilities.

Other than the matters discussed above, no matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company or the Trust's operations, the results of those operations, or the Company or the Trust's state of affairs in future financial years.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company and the Trust will continue to undertake their activities described in this report. The Report to Stapled Securityholders which forms part of this financial report includes details of the outlook for solar markets in which the Company and the Trust invests. Further details are included in the Report to Stapled Securityholders and Manager's Report which forms part of this financial report.

ENVIRONMENTAL REGULATION

The Company and the Trust are not subject to any particular and significant environmental regulations under a law of the Commonwealth or a State or Territory.

OTHER RELEVANT INFORMATION

The following lists other relevant information required under the Corporations Act 2001:

- details of fees paid to the Responsible Entity during the financial year – refer to note 19 to the financial statements

- the Responsible Entity did not hold any interests in the Company or the Trust at the end of the financial year

- details of issued interests in the Company and the Trust during the financial year – refer to note 6 to the financial statements.

INDEMNITY AND INSURANCE

Indemnities have been given and insurance premiums paid, during or since the end of the financial year, for all of the Directors of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Under the Trust's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Trust's assets for any loss, damage expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Trust.

Insurance premiums have been paid, during or since the end of the financial year, for all of the directors of the Responsible Entity of the Trust. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Company and the Trust.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor, Deloitte Touche Tohmatsu, for non-audit services are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Fund, acting as advocate for the Fund or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors

ALEX MACLACHLAN
Chairman of the Responsible Entity

JEFFREY WHALAN
Chairman of the Company

15 February 2019

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

15 February 2019

The Board of Directors
New Energy Solar Limited and
Walsh & Company Investments Limited
As Responsible Entity for
New Energy Solar Fund
Level 15, 100 Pacific Highway
North Sydney NSW 2060

Dear Board Members

New Energy Solar Limited and New Energy Solar Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of New Energy Solar Limited and to the directors of the Responsible Entity of New Energy Solar Fund.

As lead audit partner for the audit of the financial statements of New Energy Solar Limited and New Energy Solar Fund for the financial year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

New Energy Solar
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2018

	Notes	New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-18 $	Fund (combined Company and Trust) 31-Dec-17 $
Net income							
Fair value gain/(loss) of financial assets at fair value through profit or loss	9	47,237,536	1,521,102	23,096,495	(15,403,191)	70,334,031	(13,882,089)
Foreign exchange gain/(loss)		6,068	(111,537)	352,114	(761,435)	358,182	(872,972)
Finance income	3	108,775	31,841	14,998,127	10,615,859	15,106,902	10,647,700
Other income		-	159,389	-	439,622	-	599,011
Total net income		**47,352,379**	**1,600,795**	**38,446,736**	**(5,109,145)**	**85,799,115**	**(3,508,350)**
Fair value movement of forward foreign currency derivatives		-	-	(1,559,881)	-	(1,559,881)	-
Finance expenses		(497,745)	(240)	(749)	(423)	(498,494)	(663)
Responsible entity fees	19	-	-	(225,770)	(191,722)	(225,770)	(191,722)
Investment management fees	19	(1,153,544)	(234,594)	(1,189,938)	(353,919)	(2,343,482)	(588,513)
Accounting and audit fees		(190,130)	(154,333)	(193,372)	(318,124)	(383,502)	(472,457)
Legal and advisory expenses		(314,504)	(272,701)	(226,733)	(688,951)	(541,237)	(961,652)
Salary and wage expenses		(225,000)	(37,499)	-	-	(225,000)	(37,499)
Marketing expenses		(170,899)	(202,314)	(247,021)	(310,808)	(417,920)	(513,122)
Listing and registry expenses		(127,464)	(251,508)	(121,945)	(366,274)	(249,409)	(617,782)
Other operating expenses		(142,272)	(85,806)	(207,060)	(118,228)	(349,332)	(204,034)
Total expenses		**(2,821,558)**	**(1,238,995)**	**(3,972,469)**	**(2,348,449)**	**(6,794,027)**	**(3,587,444)**
Profit/(loss) before tax		**44,530,821**	**361,800**	**34,474,267**	**(7,457,594)**	**79,005,088**	**(7,095,794)**
Income tax benefit	4	1,173,015	-	-	-	1,173,015	-
Profit/(loss) after tax for the year		**45,703,836**	**361,800**	**34,474,267**	**(7,457,594)**	**80,178,103**	**(7,095,794)**
Other comprehensive income, net of income tax		**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income/(loss) for the year		**45,703,836**	**361,800**	**34,474,267**	**(7,457,594)**	**80,178,103**	**(7,095,794)**
Earnings per security							
Basic and diluted earnings/(loss) (cents per security)	5	13.60	0.18	10.25	(3.71)	23.85	(3.53)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

New Energy Solar
Statement of financial position
As at 31 December 2018

	Notes	New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-18 $	Fund (combined Company and Trust) 31-Dec-17 $
ASSETS							
Current assets							
Cash and cash equivalents	7	6,475,915	8,105,112	16,554,264	34,021,450	23,030,179	42,126,562
Trade and other receivables	8	69,290	800,078	1,160,421	1,230,916	983,241	2,030,994
Total current assets		**6,545,205**	**8,905,190**	**17,714,685**	**35,252,366**	**24,013,420**	**44,157,556**
Non-current assets							
Financial assets held at fair value through profit or loss	9	292,263,917	201,874,660	252,846,452	239,831,684	545,110,369	441,706,344
Deferred tax assets	4	1,774,728	-	-	-	1,774,728	-
Other assets - deferred borrowing costs		1,398,177	-	-	-	1,398,177	-
Total non-current assets		**295,436,822**	**201,874,660**	**252,846,452**	**239,831,684**	**548,283,274**	**441,706,344**
Total assets		**301,982,027**	**210,779,850**	**270,561,137**	**275,084,050**	**572,296,694**	**485,863,900**
LIABILITIES							
Current liabilities							
Trade and other payables	10	812,766	161,876	571,027	224,334	1,137,323	386,210
Current tax payable		59,379	85,643	-	-	59,379	85,643
Derivative financial liabilities	11	-	-	1,559,881	-	1,559,881	-
Distribution payable	13	-	-	13,863,888	13,051,907	13,863,888	13,051,907
Total current liabilities		**872,145**	**247,519**	**15,994,796**	**13,276,241**	**16,620,471**	**13,523,760**
Total liabilities		**872,145**	**247,519**	**15,994,796**	**13,276,241**	**16,620,471**	**13,523,760**
Net assets		**301,109,882**	**210,532,331**	**254,566,341**	**261,807,809**	**555,676,223**	**472,340,140**
EQUITY							
Issued capital	6	252,292,020	207,418,305	233,667,317	264,999,858	485,959,337	472,418,163
Retained earnings/(accumulated losses)		48,817,862	3,114,026	20,899,024	(3,192,049)	69,716,886	(78,023)
Total equity		**301,109,882**	**210,532,331**	**254,566,341**	**261,807,809**	**555,676,223**	**472,340,140**

The above statement of financial position should be read in conjunction with the accompanying notes

New Energy Solar
Statement of changes in equity
For the year ended 31 December 2018

	Notes	New Energy Solar Limited (Company) Issued capital	Retained earnings	Total
		$	$	$
Balance at 1 January 2017		**14,751,154**	**2,752,226**	**17,503,380**
Profit after tax for the year		-	361,800	361,800
Other comprehensive income, net of income tax		-	-	-
Total comprehensive loss for the year		**-**	**361,800**	**361,800**
Issue of securities		100,061,862	-	100,061,862
Capitalised issue costs, net of income tax		(4,172,593)	-	(4,172,593)
Capital reallocation		96,777,882	-	96,777,882
Balance at 31 December 2017		**207,418,305**	**3,114,026**	**210,532,331**

	Notes	New Energy Solar Limited (Company) Issued capital	Retained earnings	Total
		$	$	$
Balance at 1 January 2018		**207,418,305**	**3,114,026**	**210,532,331**
Profit after tax for the year		-	45,703,836	45,703,836
Other comprehensive income, net of income tax		-	-	-
Total comprehensive income for the year		**-**	**45,703,836**	**45,703,836**
Issue of securities		15,647,874	-	15,647,874
Capitalised issue costs, net of income tax		(26,305)	-	(26,305)
Deferred tax asset recognised in current year in connection with prior year issue costs		595,919	-	595,919
Share buybacks		(1,497,814)	-	(1,497,814)
Buyback costs, net of income tax		(2,687)	-	(2,687)
Capital reallocation		30,156,728	-	30,156,728
Balance at 31 December 2018	6	**252,292,020**	**48,817,862**	**301,109,882**

	New Energy Solar Fund (Trust) Issued capital	Retained earnings /(accumulated losses)	Total
	$	$	$
Balance at 1 January 2017	**280,323,437**	**4,265,545**	**284,588,982**
Loss after tax for the year	-	(7,457,594)	(7,457,594)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive loss for the year	**-**	**(7,457,594)**	**(7,457,594)**
Issue of securities	104,890,433	-	104,890,433
Capitalised issue costs, net of income tax	(4,311,885)	-	(4,311,885)
Capital reallocation	(96,777,882)	-	(96,777,882)
Distributions	(19,124,245)	-	(19,124,245)
Balance at 31 December 2017	**264,999,858**	**(3,192,049)**	**261,807,809**

The above statement of changes in equity should be read in conjunction with the accompanying notes

New Energy Solar
Statement of changes in equity
For the year ended 31 December 2018

	Notes	Issued capital	Retained earnings /(accumulated losses)	Total
		New Energy Solar Fund (Trust)		
		$	**$**	**$**
Balance at 1 January 2018		**264,999,858**	**(3,192,049)**	**261,807,809**
Profit after tax for the year		-	34,474,267	34,474,267
Other comprehensive income, net of income tax		-	-	-
Total comprehensive income for the year		**-**	**34,474,267**	**34,474,267**
Issue of securities		16,163,972	-	16,163,972
Capitalised issue costs, net of income tax		(30,153)	-	(30,153)
Unit buybacks		(1,454,914)	-	(1,454,914)
Buyback costs, net of income tax		(3,728)	-	(3,728)
Capital reallocation		(30,156,728)	-	(30,156,728)
Distributions	13	(15,850,990)	(10,383,194)	(26,234,184)
Balance at 31 December 2018	6	**233,667,317**	**20,899,024**	**254,566,341**

	Notes	Issued capital	Retained earnings /(accumulated losses)	Total
		Fund (combined Company and Trust)		
		$	**$**	**$**
Balance at 1 January 2017		**295,074,591**	**7,017,771**	**302,092,362**
Loss after tax for the year		-	(7,095,794)	(7,095,794)
Other comprehensive income, net of income tax		-	-	-
Total comprehensive loss for the year		**-**	**(7,095,794)**	**(7,095,794)**
Issue of securities		204,952,295	-	204,952,295
Capitalised issue costs, net of income tax		(8,484,478)	-	(8,484,478)
Distributions		(19,124,245)	-	(19,124,245)
Balance at 31 December 2017		**472,418,163**	**(78,023)**	**472,340,140**

	Notes	Issued capital	Retained earnings /(accumulated losses)	Total
		Fund (combined Company and Trust)		
		$	**$**	**$**
Balance at 1 January 2018		**472,418,163**	**(78,023)**	**472,340,140**
Profit after tax for the year		-	80,178,103	80,178,103
Other comprehensive income, net of income tax		-	-	-
Total comprehensive income for the year		**-**	**80,178,103**	**80,178,103**
Issue of securities		31,811,846	-	31,811,846
Capitalised issue costs, net of income tax		(56,458)	-	(56,458)
Deferred tax asset recognised in current year in connection with prior year issue costs		595,919	-	595,919
Securities buybacks		(2,952,728)	-	(2,952,728)
Buyback costs, net of income tax		(6,415)	-	(6,415)
Distributions	13	(15,850,990)	(10,383,194)	(26,234,184)
Balance at 31 December 2018	6	**485,959,337**	**69,716,886**	**555,676,223**

The above statement of changes in equity should be read in conjunction with the accompanying notes

New Energy Solar
Statement of cash flows
For the year ended 31 December 2018

	Notes	New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-18 $	Fund (combined Company and Trust) 31-Dec-17 $
Cash flows from operating activities							
Interest income received		108,775	39,040	15,253,634	11,821,761	15,362,409	11,860,801
Other income		492,680	-	-	-	492,680	-
Payments to suppliers		(2,000,273)	(1,893,604)	(1,711,508)	(2,241,247)	(3,711,781)	(4,134,851)
Income tax paid		(26,264)	-	-	-	(26,264)	-
Net cash flow from operating activities	7	**(1,425,082)**	**(1,854,564)**	**13,542,126**	**9,580,514**	**12,117,044**	**7,725,950**
Cash flows from investing activities							
Payments for investments	9	(32,621,447)	(87,000,000)	-	-	(32,621,447)	(87,000,000)
Repayments from/(loans to) subsidiaries	9	(10,530,274)	-	10,163,873	(75,599,634)	(366,401)	(75,599,634)
Payments for forward FX contracts losses		-	-	-	(400,366)	-	(400,366)
Net cash flow from investing activities		**(43,151,721)**	**(87,000,000)**	**10,163,873**	**(76,000,000)**	**(32,987,848)**	**(163,000,000)**
Cash flows from financing activities							
Proceeds from issue of securities	5	15,647,874	100,061,862	16,163,972	104,890,433	31,811,846	204,952,295
Payments for securities buybacks		(1,497,814)	-	(1,454,914)	-	(2,952,728)	-
Payment of issue and buyback costs		(34,786)	(4,172,593)	(33,881)	(4,311,886)	(68,667)	(8,484,479)
Proceeds from/(payment of) capital reallocation		30,156,728	96,777,882	(30,156,728)	(96,777,882)	-	-
Payments of transaction costs relating to loans		(1,570,232)	-	-	-	(1,570,232)	-
Proceeds/(repayment) of loans from New Energy Solar Fund to New Energy Solar Limited		246,470	(101,641,998)	(246,470)	101,641,998	-	-
Distributions paid		-	-	(25,422,203)	(6,072,338)	(25,422,203)	(6,072,338)
Net cash flow from financing activities		**42,948,240**	**91,025,153**	**(41,150,224)**	**99,370,325**	**1,798,016**	**190,395,478**
Net (decrease)/increase in cash and cash equivalents		**(1,628,563)**	**2,170,589**	**(17,444,225)**	**32,950,839**	**(19,072,788)**	**35,121,428**
Cash at the beginning of the year		8,105,112	5,938,759	34,021,450	1,286,068	42,126,562	7,224,827
Effect of exchange rate changes		(634)	(4,236)	(22,961)	(215,457)	(23,595)	(219,693)
Cash and cash equivalents at the end of the year	7	**6,475,915**	**8,105,112**	**16,554,264**	**34,021,450**	**23,030,179**	**42,126,562**

The above statement of cash flows should be read in conjunction with the accompanying notes

1. GENERAL INFORMATION

The financial statements comprise:

- New Energy Solar Limited (**Company**), a listed public company incorporated in Australia;
- New Energy Solar Fund (**Trust**), a listed managed investment scheme registered and domiciled in Australia, with Walsh & Company Investments Limited acting as Responsible Entity;

on a combined basis referred to as New Energy Solar (the **Fund**).

One share in the Company and one unit in the Trust have been stapled together to form a listed single stapled security (**Stapled Security**). These securities are publicly traded on the Australian Securities Exchange Limited (ASX).

The principal activity of the Company and the Trust is indirectly investing (through provision of equity and debt to underlying investment entities) in large-scale solar plants that generate emissions-free power.

REVENUE AND EXPENSES

New Energy Solar is indirectly investing in utility scale solar power plants that generate emissions free power via the Company's wholly owned Australian subsidiary, New Energy Solar Australia HoldCo #1 Pty Limited, and its wholly owned US subsidiary, New Energy Solar US Corp.

New Energy Solar Australia HoldCo #1 Pty Limited is funded by equity and/or debt from the Company. New Energy Solar US Corp is funded by a combination of equity from the Company and a loan from the Trust, both of which are denominated in US dollars.

As the Company and the Trust are both considered to meet the definition of an 'investment entity' for accounting purposes (see below), New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp are not consolidated in the Company's financial statements, rather they are required to be held at fair value in the financial statements.

The impact of this on the financial statements is that the main operating revenues of the Fund consist of dividends from New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp, fair value movements in the value of the Company's investment in New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp, and interest on the loan from the Trust to New Energy Solar US Corp. Net operating income from underlying solar assets held in Australia and the US and all underlying subsidiary expenses are reflected through the movement in the fair value of investments in the profit or loss statement.

The underlying cash flows of solar power plants, being revenues from the sale of electricity and renewable energy certificates less expenses, are distributed on a periodic basis from underlying projects through to New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp, and underpin the ability to pay interest on the loan to the Trust and dividends to the Company as noted above.

Additionally, as both the Company's equity investment in New Energy Solar US Corp and the Trust's loan to New Energy Solar US Corp are denominated in US dollars, and the Company and the Responsible Entity do not currently intend to hedge its exposure to foreign currencies, the Fund is also exposed to valuation movements associated with changes in the US dollar/Australian dollar exchange rate.

BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis and are based on historical cost with the exception of financial assets held at fair value through profit or loss, which are measured at fair value. All amounts are presented in Australian dollars unless otherwise noted.

STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Company and the Trust comply with the International Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The financial statements were authorised for issue by the directors of the Company and the Responsible Entity of the Trust, Walsh & Company Investments Limited, on 15 February 2019. For the purposes of preparing the financial statements, the Company and the Trust are for-profit entities.

The Company and the Trust have each applied ASIC Corporations (Stapled Group Reports) Instrument 2015/838 and therefore include the financial statements of the other entity in their financial report in adjacent columns to their own financial statements.

AMENDMENTS TO ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Company and the Trust have adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company and the Trust include:

- AASB 9 Financial Instruments and related amending Standards
- AASB 15 Revenue from Contracts with Customers and related amending Standards
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

New standards effective as at 1 January 2018

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 January 2018 and its adoption has not resulted in any changes in underlying accounting policies of the Company and the Trust, and therefore has no impact on their financial statements.

AASB 15 Impact analysis

AASB 15 is effective for accounting periods beginning on or after 1 January 2018. The objective of AASB 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. A five-step model framework is adopted to recognise revenue based on the amount of consideration to which the entity expects to be entitled to in exchange for goods or services promised to customers.

Scope:

AASB 15 applies to all contracts with customers except those within the scope of AASB 117 Leases, AASB 9 Financial Instruments, AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 4 Insurance Contracts and non-monetary exchanges between entities in the same line of business to facilitate sales to customers.

Application to the Company and the Trust:
The adoption of AASB 15 does not have a material impact on the Company and the Trust's two revenue streams:

– Interest revenue earned from loans that have been issued to underlying subsidiaries; and
– Gains on its investments at fair value through profit and loss.

Both revenue streams are specifically excluded from the scope of AASB 15 and are instead included within the scope of AASB 9, which was previously early adopted by the Company and the Trust since their inception in 2015.

Accordingly, adoption of AASB 15 did not result in any changes to the accounting policies adopted by the Company and the Trust.

AASB 9 *Financial Instruments*

The Company and the Trust have since their inception early adopted AASB 9 *Financial Instruments* which was issued in December 2014. Accordingly, there are no resultant changes in accounting policies during the financial year.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations which will be applied in the financial year ending 31 December 2019 are not expected to be material. The potential impact of the new or revised Standards and Interpretations that will be effective for years ending on or after 31 December 2020 have not yet been determined.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	31 December 2019
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128' and AASB 2017-5 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections'	1 January 2022 (Editorial corrections in AASB 2017-5 apply from 1 January 2018)	31 December 2022
AASB 2017-6 'Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation'	1 January 2019	31 December 2019
AASB 2017-7 'Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures'	1 January 2019	31 December 2019
AASB 2018-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle'	1 January 2019	31 December 2019
AASB 2018-6 'Amendments to Australian Accounting Standards - Definition of a Business'	1 January 2020	31 December 2020
AASB 2018-7 'Amendments to Australian Accounting Standards – Definition of Material'	1 January 2020	31 December 2020
Interpretation 23 'Uncertainty over Income Tax Treatments'	1 January 2019	31 December 2019

In addition, at the date of authorisation of the financial statements the following IASB Standards and IFRIC Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation and presentation of the financial report.

A) BASIS FOR NON-CONSOLIDATION

New Energy Solar (or the **Fund**) comprises New Energy Solar Limited (the **Company**) and New Energy Solar Fund (the **Trust**). The equity securities of the Company and the Trust are stapled and cannot be traded separately.

The parent entity of the stapled group has been determined to be the Company. The Company holds investments, directly or indirectly, through subsidiaries or other underlying entities including the Trust which is considered to be a subsidiary of the Company under the accounting standards.

The Company and the Trust are considered to meet the definition of an 'Investment Entity' as described in AASB 10 'Consolidated Financial Statements' (refer below). Under AASB 10 an Investment Entity is required to hold its subsidiaries at fair value through the profit and loss rather than consolidate them. Subsidiaries are entities over which control is exercised. Control exists when the entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

As noted above the Trust is considered to be a subsidiary of the Company under accounting standards and is therefore required to be recorded by the Company at its fair value. However, the fair value of the Company's investment in the Trust as reflected in the Company's financial statements is considered to be nil as a result of the Company holding no direct interest in this subsidiary. The Company financial statements therefore include all of its own direct and indirect interest in subsidiaries at fair value, but do not reflect any value attributable to the Trust except for loans made between the Company and the Trust.

The financial statements of the Trust are shown separately under the heading "New Energy Solar Fund (Trust)". As noted above because the Trust is considered to be an investment entity, its financial statements reflect its financial assets, including loan receivables and its investment in direct and indirect subsidiaries, at fair value. The Trust had no subsidiaries as at the reporting date.

The column headed "**Fund"** in the financial statements represents non-IFRS financial information (Fund financial statements) which has been included to reflect the combined financial statements of the Company and the Trust, together representing the Fund. The Fund financial statements have been prepared to reflect the stapled securityholders' combined interest in the Company and the Trust by aggregating the Company and the Trust financial information after eliminating transactions and balances between the Company and the Trust. The accounting policies adopted in the preparation of the Fund financial statements is consistent with that adopted in respect of the Company and the Trust financial statements.

The Company, Trust and Fund financial information disclosures in the format presented in the financial statements is in accordance with an ASIC Order 17-1127 issued on 14 December 2017.

Investment Entity Classification

Under the definition of an Investment Entity, as set out in AASB 10, an entity must satisfy all of the following three tests:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services; and
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company and the Trust satisfy the above three tests in consideration of the following factors:

- The Company and the Trust have multiple investors, having obtained funds from a diverse group of securityholders that would not otherwise have access individually to invest in renewable power generation assets;
- The business purpose of the Company and the Trust, is to invest funds for investment income and potential capital growth. The intended underlying assets, including those held directly or indirectly by the Company and the Trust, will have limited operational lives and therefore minimal residual value and so will not be expected to be held indefinitely; and
- The Company and Trust measure and evaluate performance of their existing and intended future underlying investments on a fair value basis which is most relevant for its securityholders.

The directors have also assessed that the Company meets the typical characteristics of an Investment Entity described in AASB 10 in that:

- It is a separate legal entity;
- Ownership interests in the entity are held by a wide pool of investors who are not related parties; and
- Through its subsidiaries, it holds a portfolio of investments.

In respect of the Trust, the directors have assessed that whilst the first two characteristics above are met, since it presently does not hold any investments, it therefore does not meet all the typical characteristics described in the accounting standard. Notwithstanding this, the directors have concluded based on the Trust being part of the same stapled structure as the Company and having the same principal business purpose of investing in financial assets for investment returns, that it is appropriately classified as an Investment Entity.

B) FUNCTIONAL AND PRESENTATION CURRENCY

The functional and presentation currency of the Company and the Trust is Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange at the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

C) FINANCIAL INSTRUMENTS

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Company and the Trust become a party to the contractual provisions of the instrument.

i. Financial assets

Being "Investment Entities", the financial assets of both the Company and the Trust are measured initially and (except for trade receivables and other short term financial assets) on an ongoing basis at fair value through profit or loss. Financial assets of the Company and the Trust measured at fair value includes investments in subsidiaries and loan receivables.

ii. Financial liabilities

Financial liabilities are classified as derivative and non-derivative instruments as appropriate. The Company and the Trust determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method. Derivative instruments are subsequently measured at fair value, with movements recorded through profit or loss.

iii. Derivative financial instruments

Derivative financial instruments may be utilised to manage exposure to foreign exchange rate risks (foreign currency forward contracts) and interest rate risks (interest rate swap contracts).

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company and/or the Trust have both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

iv. Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

v. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions at the measurement date. The Responsible Entity of the Trust and the directors of the Company determine the fair value of subsidiary investments based on underlying assets information received from the Investment Manager. The Investment Manager's assessment of fair value of underlying asset investments is determined in accordance with "AASB 13 – Fair Value Measurement", using discounted cash flow principles unless a more appropriate methodology is applied. The Investment Manager may at its discretion source independent valuers to undertake these valuations, or to corroborate the results of its own valuations.

D) IMPAIRMENT OF ASSETS

The directors of the Company and Responsible Entity assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the expected loss which is recognised in profit or loss.

Debt instruments carried at amortised cost (principally trade receivable balances) are assessed on a forward-looking basis for any lifetime expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and interest receivable, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

No impairment assessment is performed in respect of financial assets where fair value changes are recorded in profit or loss.

E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

F) TRADE RECEIVABLES AND OTHER SHORT TERM FINANCIAL ASSETS

Short term trade receivables and other financial assets are recorded at amortised cost if the following conditions are met, otherwise they are measured at fair value:

- where the financial asset is held within a business model with the objective to collect contractual cash flows; and
- contractual terms of the financial asset give rise on specific dates to cashflows that are solely repayment of principal and interest on the principal amount outstanding.

G) INTERESTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Company or the Trust has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Pursuant to “AASB 128 Investments in Associates and Joint Ventures” the Company and the Trust have elected to measure investments in associates and joint ventures at fair value through profit or loss.

H) TRADE AND OTHER PAYABLES

Trade and other payables are recognised when the Company and the Trust becomes obliged to make payments resulting from the purchase of goods or services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of the recognition of the liability.

I) PROVISIONS

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

J) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

K) TAXES

i. Income tax

Australian Trust

Under current Australian income tax laws, the Responsible Entity (as trustee of the Trust) is not liable to pay income tax on the net (taxable) income of the Trust, provided the Trust is not a corporate unit trust or a public trading trust and its distributable income (taxable income) for each income year is fully distributed to securityholders, by way of cash or reinvestment.

Australian Company

Under current Australian income tax laws, the Company is liable to pay income tax at the prevailing corporate tax rate, currently 30%.

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

ii. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except to the extent the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the unrecoverable GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable. Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

The Trust qualifies for reduced input tax credits at a minimum rate of 55% as a recognised trust scheme under specific provisions in the GST legislation.

L) REVENUE RECOGNITION

i. Interest income

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

ii. Dividend/distribution income

Dividend/distribution income is recognised on the date that the Company and the Trust's right to receive the dividend/distribution is established.

M) EARNINGS PER SECURITY

Basic earnings per security is calculated by dividing the profit or loss attributable to securityholders by the weighted average number of securities outstanding during the financial year. Diluted earnings per security is the same as there are no potential dilutive ordinary securities as at reporting date.

N) OPERATING SEGMENTS

The Company and the Trust currently operate in a single operating segment, being in the business of investing in solar asset plants. Presently these solar asset plants are owned in the United States of America and Australia.

O) COMPARATIVES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

P) SHARE/UNIT CAPITAL

i. Ordinary shares, units and options

Ordinary shares, units and options are classified as equity. Issued capital is recognised at the fair value of consideration received by the Company and the Trust. Incremental costs directly attributable to the issue of ordinary shares/units are recognised as a deduction from equity.

ii. Dividend/distribution to securityholders

Dividends/distributions are recognised in the reporting period in which they are declared, determined, or publicly recommended by the board of the Company and/or the Responsible Entity.

Q) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company and the Trust's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and based on historic experience and other factors believed to be reasonable under the circumstances.

Investment entity classification
The directors have assessed that both the Company and the Trust continue to meet the definition of an Investment Entity. This assessment includes judgement of the factors supporting Investment Entity classification as set out in note 2(a).

Fair value recognition
As the definition of an 'investment entity' under AASB 10 is met, the Company and the Trust account for their subsidiaries at fair value through profit or loss, rather than consolidating them. In performing this fair value assessment underlying investment assets are therefore measured at fair value for financial reporting purposes. Once an underlying operating asset held by a subsidiary has been owned for a period of no more than twelve months, the Board and the Responsible Entity will appoint the Investment Manager to produce investment valuations on an appropriate basis. Such valuations will be performed at least annually thereafter. The valuation of solar asset investments are based on discounted cash flow models which are subject to key estimates and assumptions relating to weighted average cost of capital, electricity prices, electricity production and operating expenses. The valuations include unobservable inputs and will therefore be categorised as Level 3 investments. The Investment Manager may at its discretion source independent valuers to undertake these valuations. Refer note 9 and note 16 for further information relating to fair value assessments.

3. FINANCE INCOME

	New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-18 $	Fund (combined Company and Trust) 31-Dec-17 $
Interest income on cash at bank	108,775	31,841	219,030	29,205	327,805	61,046
Interest income on loan to New Energy Solar US Corp (subsidiary of the Company)	-	-	14,779,097	10,586,654	14,779,097	10,586,654
	108,775	**31,841**	**14,998,127**	**10,615,859**	**15,106,902**	**10,647,700**

4. INCOME TAX

	New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-18 $	Fund (combined Company and Trust) 31-Dec-17 $
Income tax benefit						
Current tax	-	-	-	-	-	-
Deferred tax - in respect of current year	(789,989)	-	-	-	(789,989)	-
Deferred tax - in respect of prior years	(383,026)	-	-	-	(383,026)	-
Aggregate income tax benefit	(1,173,015)	-	-	-	(1,173,015)	-
Numerical reconciliation of income tax expense and tax at the statutory rate						
Profit before income tax expense	44,530,821	361,800	34,474,267	(7,457,594)	79,005,088	(7,095,794)
Tax at the statutory Australian tax rate of 30%	13,359,246	108,540	-	-	13,359,246	108,540
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:						
Fair value gains not assessable	(14,171,261)	(456,331)	-	-	(14,171,261)	(456,331)
Non-deductible expenses	22,026	38,569	-	-	22,026	38,569
Deferred tax asset on loss not recognised	-	309,222	-	-	-	309,222
Deferred tax asset from prior year recognised in current year	(383,026)	-	-	-	(383,026)	-
Income tax benefit	**(1,173,015)**	**-**	**-**	**-**	**(1,173,015)**	**-**
Income tax recognised directly in equity						
Current tax - share buy-back costs	(1,152)	-	-	-	(1,152)	-
Deferred tax - equity issue costs in respect of current year	(4,642)	-	-	-	(4,642)	-
Deferred tax - equity issue costs in respect of prior years	(595,919)	-	-	-	(595,919)	-
Total income tax recognised directly in equity	**(601,713)**	**-**	**-**	**-**	**(601,713)**	**-**

Deferred tax assets recognised at balance date comprises:

	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	$	$	$	$	$	$
Tax losses (revenue)	1,234,447	-	-	-	1,234,447	-
Deductible temporary differences	540,281	-	-	-	540,281	-
Total	1,774,728	-	-	-	1,774,728	-

5. EARNINGS PER SECURITY

(i) Calculated earnings per security

	New Energy Solar Limited (Company) 31-Dec-18 cents	New Energy Solar Limited (Company) 31-Dec-17 cents	New Energy Solar Fund (Trust) 31-Dec-18 cents	New Energy Solar Fund (Trust) 31-Dec-17 cents	Fund (combined Company and Trust) 31-Dec-18 cents	Fund (combined Company and Trust) 31-Dec-17 cents
Basic and diluted earnings/(loss) per security	13.60	0.18	10.25	(3.71)	23.85	(3.53)

(ii) Earnings used to calculate basic and diluted earnings per security

	$	$	$	$	$	$
Profit/(loss) from continued operations used to calculate basic and diluted earnings/(loss) per security	45,703,836	361,800	34,474,267	(7,457,594)	80,178,103	(7,095,794)

(iii) Weighted average number of securities

	No.	No.	No.	No.	No.	No.
Weighted average number of securities outstanding used to calculate basic earnings per security	336,171,810	200,796,527	336,171,810	200,796,527	336,171,810	200,796,527
Effect of dilution *	-	-	-	-	-	-
Weighted average number of securities outstanding used to calculate diluted earnings per security	**336,171,810**	**200,796,527**	**336,171,810**	**200,796,527**	**336,171,810**	**200,796,527**

There are no transactions that would significantly change the number of securities at the end of the reporting period.

* Outstanding options are “out of the money” (option exercise price exceeds security price) at balance date and therefore have no dilutionary impact on diluted earnings per security.

6. EQUITY – ISSUED CAPITAL

(i) Movements in issued capital

	New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-18 $	Fund (combined Company and Trust) 31-Dec-17 $
Balance at beginning of year	207,418,305	14,751,154	264,999,858	280,323,437	472,418,163	295,074,591
Capital reallocation - June 2017	-	96,777,882	-	(96,777,882)	-	-
Issue of securities - August 2017	-	1,065,106	-	1,852,993	-	2,918,099
Issue of securities - December 2017	-	98,996,756	-	103,037,440	-	202,034,196
Issue of securities - February 2018	2,364,708	-	2,973,234	-	5,337,942	-
Capital reallocation - June 2018	30,156,728	-	(30,156,728)	-	-	-
Issue of securities - August 2018	13,283,166	-	13,190,738	-	26,473,904	-
Issue costs	(26,305)	(4,172,593)	(30,154)	(4,311,885)	(56,459)	(8,484,478)
Deferred tax asset recognised in current year in connection with prior year issue costs	595,919	-	-	-	595,919	-
Buybacks	(1,497,814)	-	(1,454,914)	-	(2,952,728)	-
Buyback costs	(2,687)	-	(3,728)	-	(6,415)	-
Distributions - June 2017	-	-	-	(6,072,338)	-	(6,072,338)
Distributions - December 2017	-	-	-	(13,051,907)	-	(13,051,907)
Distributions - June 2018	-	-	(7,317,082)	-	(7,317,082)	-
Distributions - December 2018	-	-	(8,533,907)	-	(8,533,907)	-
Balance at the end of year	**252,292,020**	**207,418,305**	**233,667,317**	**264,999,858**	**485,959,337**	**472,418,163**

(ii) Movements in stapled securities

	New Energy Solar Limited (Company) 31-Dec-18 No.	New Energy Solar Limited (Company) 31-Dec-17 No.	New Energy Solar Fund (Trust) 31-Dec-18 No.	New Energy Solar Fund (Trust) 31-Dec-17 No.	Fund (combined Company and Trust) 31-Dec-18 No.	Fund (combined Company and Trust) 31-Dec-17 No.
Balance at beginning of year	326,297,684	189,760,552	326,297,684	189,760,552	326,297,684	189,760,552
Issue of securities - August 2017	-	1,847,668	-	1,847,668	-	1,847,668
Issue of securities - December 2017	-	134,689,464	-	134,689,464	-	134,689,464
Issue of securities - February 2018	3,657,035	-	3,657,035	-	3,657,035	-
Issue of securities - August 2018	18,710,596	-	18,710,596	-	18,710,596	-
Buybacks	(2,068,120)	-	(2,068,120)	-	(2,068,120)	-
Balance at the end of year	**346,597,195**	**326,297,684**	**346,597,195**	**326,297,684**	**346,597,195**	**326,297,684**

All issued stapled securities are fully paid. The holders of stapled share/unit securities are entitled to one vote per security at meetings of the Company and the Trust and are entitled to receive dividends/distributions declared from time to time by the Company and the Trust.

During the prior year, 67,344,732 Class A Options and 67,344,732 Class B Options were issued over stapled securities in the Fund for nil consideration in conjunction with the December 2017 security issue.

At balance date, 67,344,732 Class A Options and 67,344,732 Class B Options were outstanding. The Class A Options are exercisable at $1.55 per security during a 20 business day period ending at 5.00pm (AEDT) on 8 February 2019. The Class B Options are exercisable at $1.60 per security during a 20 business day period ending at 5.00pm (AEDT) on 8 August 2019.

Security buyback

The Company and the Trust announced an on-market security buyback program on 2 May 2018 of up to 10 million securities over a 12 month period commencing 17 May 2018 and expiring 16 May 2019. The buybacks are being undertaken as an active capital management tool to provide liquidity to existing securityholders should they seek to exit their investment at a discount to net asset value.

During the year ended 31 December 2018, the Company and the Trust acquired stapled securities from securityholders for a total consideration of $2,952,728 as part of the buyback program announced on 2 May 2018. 2,068,120 securities acquired under the program have been cancelled resulting in a reduction of fully paid ordinary stapled securities on issue.

The Company and the Trust remain committed to active capital management to provide liquidity for investors as well as enhancing shareholder returns.

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-18 $	Fund (combined Company and Trust) 31-Dec-17 $
Cash and bank balances	6,475,915	8,105,112	16,554,264	34,021,450	23,030,179	42,126,562

Reconciliation of profit/(loss) after income tax to net cash used in operating activities:

	31-Dec-18 $	31-Dec-17 $	31-Dec-18 $	31-Dec-17 $	31-Dec-18 $	31-Dec-17 $
Profit/(loss) after income tax expense for the year	45,703,836	361,800	34,474,267	(7,457,594)	80,178,103	(7,095,794)
Adjustments for:						
Fair value movement of financial assets at fair value through profit or loss	(47,237,536)	(1,521,102)	(23,096,495)	15,403,191	(70,334,031)	13,882,089
Net foreign exchange gains	634	4,236	(59,184)	615,824	(58,550)	620,060
Fair value movement of forward foreign currency derivatives	-	-	1,559,881	-	1,559,881	-
Amortisation of deferred borrowing costs	172,055	-	-	-	172,055	-
Change in operating assets and liabilities:						
Decrease/(Increase) in receivables	730,788	1,768,465	316,964	1,164,282	1,047,752	2,932,747
Decrease in deferred tax assets	(1,173,015)	-	-	-	(1,173,015)	-
Increase/(decrease) in payables	404,420	(2,467,963)	346,693	(145,189)	751,113	(2,613,152)
Increase in provision for income tax	(26,264)	-	-	-	(26,264)	-
Net cash flow from operating activities	(1,425,082)	(1,854,564)	13,542,126	9,580,514	12,117,044	7,725,950

Reconciliation of liabilities arising from financing activities:

Company	**1-Jan-18**	**Financing cash flows**	**31-Dec-18**
	$	**$**	**$**
Other liabilities - New Energy Solar Fund	-	246,470	246,470
	-	246,470	246,470

Company	**1-Jan-17**	**Financing cash flows**	**31-Dec-17**
	$	**$**	**$**
Loan payable	101,641,998	(101,641,998)	-
	101,641,998	(101,641,998)	-

There were no liabilities arising from financing activities in relation to the Trust.

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-18 $	Fund (combined Company and Trust) 31-Dec-17 $
Interest receivable - New Energy Solar US Corp	-	-	871,175	833,753	871,175	833,753
GST receivable	29,538	301,851	42,776	397,163	72,314	699,014
Other receivables - subsidiary entity, New Energy Solar US Corp	12,250	498,227	-	-	12,250	498,227
Other receivables - New Energy Solar Limited	-	-	246,470	-	-	-
Other receivables	27,502	-	-	-	27,502	-
	69,290	**800,078**	**1,160,421**	**1,230,916**	**983,241**	**2,030,994**

There are no balances included in receivables that contain assets that are impaired. The receivables are recorded at carrying amounts that are reasonable approximations of fair value.

9. NON-CURRENT ASSETS – FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund owns its existing underlying solar asset portfolio through the Company's immediate subsidiary companies. The Fund's investment in its immediate subsidiaries consists of a combination of equity and debt provided by the Company and debt provided by the Trust. As an 'investment entity' the Company records its equity investment at fair value, which comprises the assessed fair value of the underlying solar asset portfolio and the residual net assets of the company and its controlled entities, and records its loan receivable at fair value. Similarly, the Trust as an 'investment entity' records its loan receivable at fair value.

At balance date, the fair value of the Company and Trust's combined total investment in immediate subsidiaries and its controlled entities comprises the following:

		New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-18 $	Fund (combined Company and Trust) 31-Dec-17 $
Investment in New Energy Solar Australia HoldCo #1 Pty Limited	- Equity	10	-	-	-	10	-
	- Loans	10,530,274	-	-	-	10,530,274	-
Investment in New Energy Solar US Corp	- Equity	281,733,633	201,874,660	-	-	281,733,633	201,874,660
	- Loans	-	-	252,846,452	239,831,684	252,846,452	239,831,684
		292,263,917	**201,874,660**	**252,846,452**	**239,831,684**	**545,110,369**	**441,706,344**

The investment in subsidiaries comprises on a 'look-through' basis the following:

	New Energy Solar Limited (Company)	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)	Fund (combined Company and Trust)
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	$	$	$	$	$	$
Fair value of underlying solar asset interests held (i)	1,138,886,515	302,733,158	-	-	1,138,886,515	302,733,158
Cash or cash equivalents	31,040,663	216,994,573	-	-	31,040,663	216,994,573
Construction loans to underlying solar project entities (ii)	25,248,529	22,303,041	-	-	25,248,529	22,303,041
Funds on deposit as security for guarantees (iii)	9,221,280	-	-	-	9,221,280	-
Loan funding provided by New Energy Solar Fund to New Energy Solar US Corp (iv)	(252,846,452)	(239,831,684)	252,846,452	239,831,684	-	-
Fair value of 3rd party loan funding provided (v)	(611,713,810)	(105,652,439)	-	-	(611,713,810)	(105,652,439)
Deferred borrowing costs	7,322,166	-	-	-	7,322,166	-
Asset acquisition liabilities	(54,965,536)	-	-	-	(54,965,536)	-
Deferred tax liabilities	(8,583,605)	-	-	-	(8,583,605)	-
Other net assets/liabilities	8,654,167	5,328,011	-	-	8,654,167	5,328,011
	292,263,917	**201,874,660**	**252,846,452**	**239,831,684**	**545,110,369**	**441,706,344**

(i) The balance recorded at 31 December 2018 relates to:
a. the company's interest in the NC-31, NC-47, Stanford, TID and Boulder operating solar asset plants. The fair value of these assets totaling $450.9 million is based on a discounted cash flow valuation as further described in note 16.
b. the company's interest in Manildra, Mount Signal 2 and Cypress Creek portfolio of solar asset plants. These assets remain under construction or have been acquired or become operational within 12 months of balance date, and their fair value totaling $688.0 million is considered to materially represent equity purchase price paid plus directly attributable transaction costs and asset specific debt.

(ii) This balance represents loans provided in connection with the solar asset plants acquired from Cypress Creek which are under construction. The loans are interest bearing and provided on commercial terms and are repayable at the earlier of the occurrence of specific construction milestones or pre-defined maturity dates.

(iii) This balance represents short-term term deposits held by the Company's wholly owned subsidiary, New Energy Solar Australia HoldCo #1 Pty Limited, as a cash-backed guarantee relating to completion of its acquisition of the Manildra and Beryl solar farms located in New South Wales.

(iv) As at 31 December 2018, the fair value of Note Purchase Agreements with New Energy Solar US Corp that New Energy Solar Fund invested into in the amount of US$121,580,750 (face value US$121,981,082, effective 9 December 2016) and US$56,650,714 (face value US$57,803,480, effective 15 December 2017) has been converted to Australian dollars at the prevailing A$:US$ spot rate of 0.7049 (31 December 2017 spot rate 0.7809). The loans to New Energy Solar US Corp have a 7 year loan term from inception and a fixed interest rate of 6%. These loans are unsecured. The fair value of these loan receivables is based on a revaluation at balance date with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of these loan receivables.

(v) 3rd party loan funding is comprised of the following:

Underlying 3rd party debt summary

Held by:	Facility size (base currency $m)	Drawn face value (base currency $m)	31 Dec 2018 FX rate:	Drawn face value (A$m)	Drawn fair value (base currency $m)	31 Dec 2018 FX rate:	Drawn fair value (A$m)
NES US Funding 1 LLC (a)	USD 26.2	USD 26.2	0.7049	37.2	USD 26.2	0.7049	37.2
NES Antares HoldCo LLC (b)	USD 62.5	USD 62.5	0.7049	88.7	USD 56.4	0.7049	80.0
NES Perseus HoldCo LLC (c)	USD 22.7	USD 22.7	0.7049	32.2	USD 21.5	0.7049	30.5
NES Hercules Class B Member LLC & NES Hercules Project Holdings LLC (d)	USD 209.3	USD 209.3	0.7049	296.9	USD 209.3	0.7049	296.9
NES Hercules Class B Member LLC & NES Hercules Project Holdings LLC (d)	USD 248.5	USD 62.5	0.7049	88.7	USD 62.6	0.7049	88.7
NES Hercules Class B Member LLC & NES Hercules Project Holdings LLC (d)	USD 8.5	USD 0.0	0.7049	-	USD 0.0	0.7049	-
NES Galaxy LLC (e)	USD 45.0	USD 0.0	0.7049	-	USD 0.0	0.7049	-
Manildra Finco Pty Limited (f)	AUD 81.7	AUD 78.4	n/a	78.4	AUD 78.4	n/a	78.4
				622.1			611.7

a. US$26.2 million term credit facility held by NES US Funding 1 LLC, a wholly owned indirect subsidiary of the Company, with KeyBank National Association. As at 31 December 2018, this facility was fully drawn to US$26.2 million. The loan matures on 2 July 2019. As part of the financing agreement, KeyBank National Association hold a charge over the NC-31 and NC-47 solar plant assets.
b. US$62.5million senior secured fixed rate notes issued in October 2017 by NES Antares HoldCo LLC, a wholly owned indirect subsidiary of the Company, to notes purchasers via the United States private placement market. The notes are amortising over 24 years maturing 30 September 2041. As part of the note purchase agreements, the noteholders hold a charge over the Stanford SGS and TID SGS asset interests held.
c. US$22.7million senior secured fixed rate notes issued in July 2018 by NES Perseus HoldCo LLC, a wholly owned indirect subsidiary of the Company, to notes purchasers via the United States private placement market. The notes are amortising over 18.5 years maturing 28 February 2037. As part of the note purchase agreements, the noteholders hold a charge over NES Perseus HoldCo LLC, the entity which owns the underlying membership interest in the Boulder solar asset.
d. Mount Signal 2 non-recourse construction financing facilities, comprising a Construction Loan facility, ITC Bridge Loan facility and Revolving Loan facility, totaling US$466.3 million established on 19 March 2018 held by NES Hercules Class B Member LLC and NES Hercules Project Holdings LLC, both currently wholly-owned indirect subsidiaries of the Company, provided by HSBC Bank USA N.A., Santander Bank N.A. and KeyBank National Association.
- The Construction Loan is a US$209.3 million facility which will convert to a Term Loan with a limit of the same amount on or after construction is complete. The loan matures on the 8th anniversary of the term loan conversion date. As at 31 December 2018, the construction loan was fully drawn.
- The ITC Bridge Loan is a US$248.5 million facility sized to provide a bridge to the equity investment of the tax equity investor, which occurs in two stages based on construction progress. The ITC Bridge Loan is repaid at construction completion largely with the proceeds of the tax equity investors initial and final equity capital contributions, as well as a small amount of ordinary equity which has already been contributed to the project. As at 31 December 2018, the ITC Bridge Loan was drawn to US$62.6 million.
- The Revolving Loan facility is a US$8.5 million facility available to support debt service up to US$6.5 million and O&M expenses up to $2.0 million. This facility is undrawn as at 31 December 2018. The revolving loan maturity date is the same as the term loan maturity date, which is the 8th anniversary of the term loan conversion date.

The Construction Loan, ITC Bridge Loan and Revolving Loan are secured by the assets of the borrowers NES Hercules Class B Member LLC and NES Hercules Project Holdings LLC with collateral pledges relating to the tax equity investor's future equity capital contributions, as well as various collateral pledges of material project documents. Once the tax equity investor has made their initial investment, the security pool will include the assets of the tax equity partnership owned by NES Hercules Class B Member LLC and the tax equity investor.
e. US$45.0 million revolving loan and letter of credit facility established during the year held by NES Galaxy LLC, a subsidiary of the Company, with KeyBank National Association, repayable no later than 5 June 2021. As at 31 December 2018, the revolving loan was undrawn. This loan is secured by a first lien on cash flows from underlying subsidiaries of NES Galaxy LLC.
f. $75.7 million construction facility and $6.0 million GST facility held by Manildra Finco Pty Ltd, a wholly owned indirect subsidiary of the Company, with Societe General and The Bank of Tokyo – Mitsubishi UFJ, Ltd. As at 31 December 2018, $74.2 million and $4.2 million was drawn in relation to each facility respectively. At agreed milestone dates, the construction facility converts to a term facility which expires February 2022. The GST facility expires on the date that is the earlier of March 2019 or 12 months after the construction facility conversion date. The facilities are secured by a charge over the Manildra solar assets. In November 2018, the engineering, procurement and construction (EPC) contractor RCR O'Donnell Griffin Pty Ltd and its parent company RCR Tomlinson Limited entered into administration. Under the loan agreement, insolvency of the EPC contract counterparty is a default event, and this has been acknowledged in correspondence with the lenders. The lenders are supportive of bringing the project to completion and have not requested repayment of the loan.

In addition to the above, the following Letter of Credit facilities have been provided as follows:

- KeyBank National Association has provided Letter of Credit facilities to both NES US Funding 1 LLC and NES Antares HoldCo LLC to the value of US$4.8 million and US$21.5 million expiring on 5 June 2027. As at 31 December 2018, these Letter of Credit facilities were drawn to US$3.9 million and US$19.6 million respectively.
- HSBC Bank USA N.A. have provided a Letter of Credit facility to NES Hercules Class B Member LLC and NES Hercules Project Holdings LLC to the value of US$41.8 million expiring in December 2027. As at 31 December 2018, this Letter of Credit facility was drawn to US$17.1 million.
- KeyBank National Association has provided a Letter of Credit facility to NES Perseus HoldCo LLC to the value of US$8.3 million expiring on 25 July 2028. As at 31 December 2018, this Letter of Credit facility was drawn to US$8.3 million.

Movement in the equity and debt investments associated with the Company and the Trust's investment in immediate subsidiaries during the year were as follows:

	New Energy Solar Limited (Company) 31-Dec-18	New Energy Solar Limited (Company) 31-Dec-17	New Energy Solar Fund (Trust) 31-Dec-18	New Energy Solar Fund (Trust) 31-Dec-17	Fund (combined Company and Trust) 31-Dec-18	Fund (combined Company and Trust) 31-Dec-17
Investment in financial assets held at fair value through profit or loss opening balance	**201,874,660**	**113,353,558**	**239,831,684**	**179,635,241**	**441,706,344**	**292,988,799**
Total funds invested during the year in New Energy Solar Australia HoldCo #1 Pty Limited	10,530,284	-	-	-	10,530,284	-
Total funds invested/(repaid) during the year in New Energy Solar US Corp	32,621,437	87,000,000	(10,081,727)	75,599,634	22,539,710	162,599,634
Unrealised movement in fair value through profit or loss (i) (ii)	47,237,536	1,521,102	23,096,495	(15,403,191)	70,334,031	(13,882,089)
Investment in financial assets held at fair value through profit or loss closing balance	**292,263,917**	**201,874,660**	**252,846,452**	**239,831,684**	**545,110,369**	**441,706,344**

(i) The Company's 'movement in fair value' amount of $47.2 million is comprised of a $21.7 million increase in New Energy Solar US Corp net asset value and an unrealised foreign exchange translation gain of $25.5 million.

As at 31 December 2018, the fair value of the Company's US dollar investment in New Energy Solar US Corp has been converted to Australian dollars at the prevailing A$:US$ spot rate of 0.7049 (31 December 2017 spot rate 0.7809) resulting in the unrealised foreign exchange gain noted of $25.5 million.

The $21.7 million net asset value increase is mainly attributable to an increase in the fair value of underlying solar assets, offset by interest expense incurred on loans provided by New Energy Solar Fund to New Energy Solar US Corp, interest expense on loans provided by third parties to subsidiaries of the company, other sundry operating expenses of the company and its subsidiaries, and the positive impact on investment fair value of a $12.6 million loans payable valuation decrease in relation to New Energy Solar US Corp's loan from New Energy Solar Fund and the senior secured fixed rate notes in NES Perseus HoldCo LLC and NES Antares HoldCo LLC (refer 9(iv) and (v) above).

(ii) The Trust's 'movement in fair value' amount of $23.1 million is comprised of $25.3 million foreign exchange gains during the year in relation to the US dollar denominated loan provided by the Trust to New Energy Solar US Corp, offset by a $2.2 million loan fair value decrease based on a revaluation at balance date with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivables. As at 31 December 2018, the fair value of Note Purchase Agreements with New Energy Solar US Corp that New Energy Solar Fund invested into have been converted to Australian dollars at the prevailing A$:US$ spot rate of 0.7049 (31 December 2017 spot rate 0.7809). The loans to New Energy Solar US Corp have a 7 year loan term and a fixed interest rate of 6% and are unsecured.

10. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	New Energy Solar Limited (Company)	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)	Fund (combined Company and Trust)
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	$	$	$	$	$	$
Trade payables	102,756	15,111	57,859	22,014	160,615	37,125
Accrued liabilities	451,384	136,115	508,703	197,856	960,087	333,971
Other liabilities	12,156	10,650	4,465	4,464	16,621	15,114
Other liabilities - New Energy Solar Fund	246,470	-	-	-	-	-
	812,766	**161,876**	**571,027**	**224,334**	**1,137,323**	**386,210**

The average credit period for trade payables is generally 30 days. No interest is charged on trade payables from the date of invoice. The Company and the Trust have risk management policies to ensure payables are paid within credit terms.

11. CURRENT LIABILITIES – DERIVATIVE FINANCIAL LIABILITIES

	New Energy Solar Limited (Company)	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)	Fund (combined Company and Trust)
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	$	$	$	$	$	$
Foreign exchange forward contracts	-	-	1,559,881	-	1,559,881	-

Foreign exchange forward contracts are used to mitigate exchange rate exposure arising from US dollar cash flows. Contracts to the value of $57.0 million are outstanding at balance date and are due to expire during the first quarter of the 2019 year. These contracts were entered into to hedge anticipated US dollar cash receipts expected over the same time period.

US-dollar forward contracts have not been designated as hedging instruments in cash flow hedges. The fair values at the reporting date are set out above.

12. BORROWINGS

In June 2018, the Company entered into a new loan facility with the Clean Energy Finance Corporation to provide bridge funding for the acquisition of solar assets. The total available amount under the facility is $50.0 million.

No amounts have been drawn as at 31 December 2018 under this facility. The facility termination date is the fifth anniversary of the agreement. Drawn amounts are repayable 12 months after the date of drawing or earlier if a capital raising is undertaken during that equivalent period. The loan is a fixed rate, Australian-dollar denominated loan. Interest is payable at the end of each calendar quarter, or where repayment is due, on the repayment due date.

The loan is secured by the Company's assets, including shares in its immediate subsidiaries, subject to other security and subordination arrangements for existing project and corporate debt facilities.

All other borrowings have been undertaken by subsidiaries of the Company and are shown in note 9.

13. DISTRIBUTIONS

Distributions paid or declared to securityholders during or since the end of the year were as follows:

- 3.75 cents per stapled security for the six months ended 30 June 2018 paid on 15 August 2018 amounting to $12,370,296 (30 June 2017: $6,072,338).
- 4.0 cents per stapled security for the six months ended 31 December 2018 announced on 20 November 2018, paid on 15 February 2019 amounting to $13,863,888 (31 December 2017: $13,051,907).

14. OPERATING SEGMENTS

The Company and the Trust currently operate solely in a single segment being investing in solar assets. Solar assets are in Australia and the United States of America. Revenue, profit/(loss), net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (CODM) for the single identified operating segment are the amounts reflected in the Statement of Profit & Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.

The board of directors of the Company and the Responsible Entity of the Trust, together are considered to represent the CODM for the purposes of assessing performance and determining the allocation of resources.

Geographical information

The Fund operates in two principal geographic areas – Australia (country of domicile) and the United States of America.

The Fund's revenue and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

Revenue

	New Energy Solar Limited (Company)	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)	Fund (combined Company and Trust)
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	$	$	$	$	$	$
Australia	108,775	31,841	219,030	29,205	327,805	61,046
United States of America	47,243,604	1,568,954	38,227,706	(5,138,350)	85,471,310	(3,569,396)
	47,352,379	**1,600,795**	**38,446,736**	**(5,109,145)**	**85,799,115**	**(3,508,350)**

Non-current assets

	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	$	$	$	$	$	$
Australia	11,928,461	-	-	-	11,928,461	-
United States of America	281,733,633	201,874,660	252,846,452	239,831,684	534,580,085	441,706,344
	293,662,094	**201,874,660**	**252,846,452**	**239,831,684**	**546,508,546**	**441,706,344**

15. FINANCIAL INSTRUMENTS

CAPITAL MANAGEMENT

The Company and the Trust manage their capital to ensure that they will be able to continue as going concerns, while maximising the return to securityholders. The Company and the Trust's principal use of cash raised is to fund investments as well as ongoing operational expenses.

The directors monitor and review the broad structure of the Company and the Trust's capital on an ongoing basis. At balance date, the capital structure consists of equity only. There are no externally imposed capital requirements.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company and the Trust are exposed to the following risks from its use of financial instruments:
- market risk (market price risk, foreign exchange risk and interest rate risk)
- credit risk
- liquidity risk.

The directors of the Company and the Responsible Entity of the Trust have overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring risk management policies.

A) MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Company and the Trust are primarily exposed to market risks arising from fluctuations in market prices, foreign currency and interest rates. Refer to note 15 for further details of market price risk relating to the Company's investment portfolio.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. Foreign exchange rate movements will impact on the Australian dollar value of the Company's and the Trust's financial assets and liabilities denominated in a currency that is not the Company's or Trust's functional currency.

The Company and the Trust are exposed to US$ foreign exchange risk through their US$ denominated cash and receivable balances, their investment activities and income derived from these activities.

The table below details the carrying amounts of the Company's and the Trust's foreign currency denominated assets and liabilities (US$) at the reporting date that are denominated in a currency different to the functional currency. This represents the Australian dollar exposure, converted at an exchange rate of 0.7049 (31 December 2017 rate 0.7809).

31 December 2018

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-18	31-Dec-18	31-Dec-18
	$	$	$
Cash and cash equivalents	472	566	1,038
Financial assets (equity investments)	281,733,633	-	281,733,633
Financial assets (loan receivables)	-	252,846,452	252,846,452
Financial assets (other receivables)	-	871,175	871,175
	281,734,105	**253,718,193**	**535,452,298**

31 December 2017

	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-17 $	Fund (combined Company and Trust) 31-Dec-17 $
Cash and cash equivalents	110	11,569,618	11,569,728
Financial assets (equity investments)	201,874,660	-	201,874,660
Financial assets (loan receivables)	-	239,831,684	239,831,684
Financial assets (other receivables)	-	833,753	833,753
	201,874,770	**252,235,055**	**454,109,825**

Sensitivity Analysis

The effect of the foreign exchange risk relating to equity investments (investment in New Energy Solar US Corp) is recorded in profit or loss as part of the overall fair value movement in the financial asset (refer to note 9). The effect of foreign exchange risk relating to cash and cash equivalents, loans receivable and other receivables is recorded in profit or loss as a foreign exchange gain or loss.

The Company and the Trust considers a 5% movement in the A$ against US$ as at 31 December 2018 to be a reasonable possibility at the end of the reporting period. The impact of the strengthening and weakening of A$ against US$ in profit or loss is shown by the amounts below as it relates to cash and cash equivalents, equity investments, debt investments and other receivables. This analysis assumes that all other variables remain constant.

31 December 2018

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
AUD stengthened +5%	**Effect on profit before tax $**	**Effect on profit before tax $**	**Effect on profit before tax $**
Cash and cash equivalents	(23)	(27)	(50)
Financial assets (equity investments)	(13,415,887)	-	(13,415,887)
Financial assets (loan receivables)	-	(12,040,307)	(12,040,307)
Financial assets (other receivables)	-	(41,485)	(41,485)
	(13,415,910)	**(12,081,819)**	**(25,497,729)**
AUD weakened -5%	**Effect on profit before tax $**	**Effect on profit before tax $**	**Effect on profit before tax $**
Cash and cash equivalents	25	30	55
Financial assets (equity investments)	14,828,086	-	14,828,086
Financial assets (loan receivables)	-	13,307,708	13,307,708
Financial assets (other receivables)	-	45,851	45,851
	14,828,111	**13,353,589**	**28,181,700**

31 December 2017

AUD stengthened +5%	New Energy Solar Limited (Company) Effect on profit before tax $	New Energy Solar Fund (Trust) Effect on profit before tax $	Fund (combined Company and Trust) Effect on profit before tax $
Cash and cash equivalents	(5)	(550,934)	(550,939)
Financial assets (equity investments)	(9,613,079)	-	(9,613,079)
Financial assets (loan receivables)	-	(11,420,556)	(11,420,556)
Financial assets (other receivables)	-	(39,703)	(39,703)
	(9,613,084)	**(12,011,193)**	**(21,624,277)**

AUD weakened -5%	Effect on profit before tax $	Effect on profit before tax $	Effect on profit before tax $
Cash and cash equivalents	6	608,927	608,933
Financial assets (equity investments)	10,624,982	-	10,624,982
Financial assets (loan receivables)	-	12,622,720	12,622,720
Financial assets (other receivables)	-	43,882	43,882
	10,624,988	**13,275,529**	**23,900,517**

In management's opinion the above sensitivity analysis is not representative of the inherent foreign exchange risk, as the year end exposure does not necessarily reflect the exposure during the course of the entire year.

Forward foreign exchange contracts

The Company and the Trust may enter into forward foreign exchange contracts to manage the risk associated with foreign currency cash movements associated with its investment activities.

The following table details the foreign currency forward contracts outstanding at the end of the reporting period.

New Energy Solar Limited (Company)

No outstanding contracts

New Energy Solar Fund (Trust)

Outstanding contracts	Average exchange rate 31-Dec-18	Average exchange rate 31-Dec-17	Foreign currency 31-Dec-18	Foreign currency 31-Dec-17	Notional value 31-Dec-18	Notional value 31-Dec-17	Fair value assets/(liabilities) 31-Dec-18	Fair value assets/(liabilities) 31-Dec-17
Cash flow hedges	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Sell USD								
Less than 3 months	0.724	-	41,278,860	-	57,000,000	-	(1,559,881)	-
							(1,559,881)	-

Fund (combined Company and Trust)

Outstanding contracts	Average exchange rate 31-Dec-18	Average exchange rate 31-Dec-17	Foreign currency 31-Dec-18	Foreign currency 31-Dec-17	Notional value 31-Dec-18	Notional value 31-Dec-17	Fair value assets/(liabilities) 31-Dec-18	Fair value assets/(liabilities) 31-Dec-17
Cash flow hedges	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Sell USD								
Less than 3 months	0.724	-	41,278,860	-	57,000,000	-	(1,559,881)	-
							(1,559,881)	-

As at 31 December 2018, the aggregate amount of unrealised losses under foreign exchange forward contracts recognised in the profit or loss is $1.6 million. US-dollar forward exchange contracts have not been designated as hedging instruments in cash flow hedges.

Interest rate risk
Interest rate risk is the risk that cash flows associated with financial instruments will fluctuate due to changes in market interest rates.

The Company and the Trust are directly exposed to interest rate risk on their variable rate bank deposits and currently do not hedge against this exposure. The Trust does not bear interest rate risk on its loan funding provided to New Energy Solar US Corp as the loan interest rate is fixed for the duration of the loan facility.

Sensitivity analysis
The Company and the Trust consider a 50 basis point increase or decrease to be a reasonably possible change in interest rates. The impact of a 50 basis point movement in interest rates on profit or loss and equity is shown in the table below.

31 December 2018

		New Energy Solar Limited (Company) Effect on profit before tax $	New Energy Solar Fund (Trust) Effect on profit before tax $	Fund (combined Company and Trust) Effect on profit before tax $
Variable rate deposits	+50 basis points	32,380	82,771	115,151
Variable rate deposits	-50 basis points	(32,380)	(82,771)	(115,151)

31 December 2017

		New Energy Solar Limited (Company) Effect on profit before tax $	New Energy Solar Fund (Trust) Effect on profit before tax $	Fund (combined Company and Trust) Effect on profit before tax $
Variable rate deposits	+50 basis points	40,526	170,107	210,633
Variable rate deposits	-50 basis points	(40,526)	(170,107)	(210,633)

B) CREDIT RISK

Credit risk is the risk that contracting parties to a financial instrument will cause a financial loss for the Company or the Trust by failing to discharge an obligation. The Company and the Trust manage credit risk by ensuring deposits are made with reputable financial institutions. The majority of funds of the Company and the Trust at reporting date were deposited with Australia and New Zealand Banking Group Limited and Macquarie Bank Limited (Australia).

The carrying amount of financial assets that represents the maximum credit risk exposure at the reporting date are detailed below:

31 December 2018

	New Energy Solar Limited (Company)	New Energy Solar Fund (Trust)	Fund (combined Company and Trust)
	31-Dec-18	31-Dec-18	31-Dec-18
Summary of exposure	$	$	$
Cash and cash equivalents	6,475,915	16,554,264	23,030,179
Loans receivable *	10,530,274	252,846,452	263,376,726
Interest receivable	-	871,176	871,176
GST receivable	29,538	42,776	72,314
Other receivables - related party	39,752	-	39,752
	17,075,479	**270,314,668**	**287,390,147**

31 December 2017

	31-Dec-17	31-Dec-17	31-Dec-17
Summary of exposure	$	$	$
Cash and cash equivalents	8,105,112	34,021,450	42,126,562
Loans receivable *	-	239,831,684	239,831,684
Interest receivable	-	833,753	833,753
GST receivable	301,851	397,163	699,014
Other receivables - related party	498,227	-	498,227
	8,905,190	**275,084,050**	**283,989,240**

* Loans receivable represent loans to New Energy Solar US Corp and New Energy Solar Australia HoldCo #1 Pty Limited.

C) LIQUIDITY RISK

Liquidity risk is the risk that the Company or the Trust will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The Company's and the Trust's approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's and the Trust's reputation.

The Company's and the Trust's liquidity primarily comprises cash at bank totaling $6,475,915 and $16,554,264 respectively at 31 December 2018 ($8,105,112 and $34,021,450 respectively at 31 December 2017) which is held to cover their day-to-day running costs and expenditures.

The following is the contractual maturity of financial liabilities. The table has been drawn based on the undiscounted cash flows of liabilities based on the earliest date on which the Company and the Trust can be required to settle the liability.

31 December 2018

New Energy Solar Limited (Company)	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
Trade and other payables	-	812,766	-

New Energy Solar Fund (Trust)	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
Trade and other payables	-	571,027	-
Derivative financial liabilities	-	1,559,881	-
	-	2,130,908	-

Fund (combined Company and Trust)	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
Trade and other payables	-	1,137,323	-
Derivative financial liabilities	-	1,559,881	-
	-	2,697,204	-

31 December 2017

New Energy Solar Limited (Company)	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
Trade and other payables	-	161,876	-

New Energy Solar Fund (Trust)	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
Trade and other payables	-	224,334	-

Fund (combined Company and Trust)	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
Trade and other payables	-	386,210	-

16. FAIR VALUE MEASUREMENT

The Company and Trust are exposed to market price risk based on investments in underlying solar assets and on loan receivable balances which are measured on a fair value basis.

FAIR VALUE

The fair value of financial assets and financial liabilities approximate their carrying values at the reporting date.

The table below analyses recurring fair value measurements for financial assets. The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2018

New Energy Solar Limited (Company)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Investments held at fair value through profit or loss	-	-	281,733,643	281,733,643
Loans receivable at fair value	-	10,530,274	-	10,530,274

New Energy Solar Fund (Trust)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Loans receivable at fair value	-	252,846,452	-	252,846,452

Fund (combined Company and Trust)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Investments held at fair value through profit or loss	-	-	281,733,643	281,733,643
Loans receivable at fair value	-	263,376,726	-	263,376,726

31 December 2017

New Energy Solar Limited (Company)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Investments held at fair value through profit or loss	-	-	201,874,660	201,874,660

New Energy Solar Fund (Trust)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Loans receivable at fair value	-	239,831,684	-	239,831,684

Fund (combined Company and Trust)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Investments held at fair value through profit or loss	-	-	201,874,660	201,874,660
Loans receivable at fair value	-	239,831,684	-	239,831,684

Refer below for a description of the valuation basis adopted for the material asset class constituting the Company's equity investment in its subsidiaries, being the underlying solar assets held at balance date.

The fair value of loan advances to New Energy Solar US Corp was assessed at balance date with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivables.

TRANSFERS DURING THE YEAR

The Company and the Trust recognises transfers between levels of the fair value hierarchy during the reporting period which the transfer has occurred. There were no transfers between levels during the financial period.

Reconciliation of level 3 fair value measurements

31 December 2018

	New Energy Solar Limited (Company)	Fund (combined Company and Trust)
	Investments held at fair value through profit or loss $	Investments held at fair value through profit or loss $
Opening balance	201,874,660	201,874,660
Transfers into level 3	-	-
Total gains or losses:		
- in profit or loss	47,237,536	47,237,536
Total funds invested during the year in New Energy Solar US Corp	32,621,437	32,621,437
Total funds invested during the year in New Energy Solar Australia HoldCo #1 Pty Limited	10	10
Closing balance	281,733,643	281,733,643

SOLAR ASSET VALUATION METHODOLOGY AND PROCESS

For underlying investments in solar plants under construction, otherwise becoming operational or having been acquired shortly (up to 12 months) prior to the balance date, the Directors assess the existence of any significant changes in market factors impacting the value of such assets in the interim period. The fair value of these assets at balance date may be considered to materially reflect their denominated currency purchase price paid inclusive of direct acquisition costs and debt, where this represents the value at which the Directors consider the assets could be sold in an orderly transaction between market participants at the balance date. At 31 December 2018, the fair value of assets under construction or recently completed which were valued on this basis totaled $688.0 million.

For other investments in solar plants which are operational at balance date, the Directors base the fair value of the investments in solar assets on information received from the Investment Manager. At a minimum, valuations will be performed annually and otherwise as determined by the Directors. The Business engages suitably qualified independent valuation firms to assist in its assessment of fair value.

The Directors review and consider the fair value arrived at by the Investment Manager, including any independent external valuation obtained, before making their assessment of the fair value of the investments. Fair value is calculated with reference to a discounted cash flow (**DCF**) methodology.

In a DCF analysis, the fair value of a solar asset investment is derived from the present value of the asset's expected future cash flows, comprising a range of operating assumptions for revenues and costs and an appropriate discount rate range.

The Investment Manager reviews a range of sources in determining its fair valuation of solar asset investments and applicable discount rate ranges. The analysis undertaken includes:

- Reviewing the capital asset pricing model outputs and implied risk premia over relevant risk-free rates.
- Comparing New Energy Solar's discount rates to global peers.
- Having a suitably qualified independent valuation firm review the underlying valuations including the discount rate ranges determined by the Investment Manager.

A broad range of assumptions are used in the valuation models. Given the long-term nature of the solar asset investments, the valuation inputs are assessed using long-term historical data to reflect the asset's life. Where possible, assumptions are based on observable market and technical data.

The Investment Manager also engages technical experts such as long-term electricity price forecasters to provide reliable long-term data for use in its valuations.

FAIR VALUE OF SOLAR ASSET INVESTMENTS

As at 31 December 2018, the fair value of operating solar asset investments (valued by DCF methodology) was $450.9 million (US$317.9 million), comprising:

Plant	Fair Value as at 31 December 2018 ($ million)	Fair Value as at 31 December 2017 ($ million)
Stanford	US$75.0	US$72.4
TID	US$70.8	US$68.1
NC-31	US$50.2	US$45.0
NC-47	US$55.0	US$50.9
Boulder Solar I	US$66.9	
Total (US$)	**US$317.9**	**US$236.4**
A$ to US$ foreign exchange rate at balance date	0.7049	0.7809
Total (A$)	**A$450.9**	**A$302.7**

The fair value of the Business' renewable energy assets as at 31 December 2018 was determined through the adoption of a pre-tax weighted average cost of capital in the range of 5.9% to 7.4%.

The Company and the Trust have established a control framework with respect to measurement and assessment of fair values. The Board of Directors of the Company and the responsible entity of the Trust have overall responsibility for analysing the performance and fair value movements of underlying US investments during each reporting period.

SENSITIVITY ANALYSIS

Set out below are the key assumptions the Directors believe would have a material impact upon the fair value of NEW's solar asset investments and NAV per Stapled Security should they change. The following sensitivities assume the relevant input is changed over the entire useful life of each of the underlying renewable energy assets, while all other variables remain constant. All sensitivities have been calculated independently of each other.

The Directors consider the changes in inputs to be within a reasonable expected range based on their understanding of market transactions. This is not intended to imply that the likelihood of change or that possible changes in value would be restricted to this range.

DCF sensitivities for solar asset investments where underlying asset fair value is considered to materially represent carrying cost (i.e. denominated currency equity purchase price paid inclusive of direct acquisition costs and debt) have not been included in the table below. If the fair value (carrying cost) of these assets were to change by 5% this would equate to $34.4 million at 31 December 2018.

		31 December 2018		31 December 2017	
Input	**Change in input**	**Change in fair value(A$ million)**	**Change in NAV per Stapled Security (A$ cents)**	**Change in fair value(A$ million) ***	**Change in NAV per Stapled Security (A$ cents) ***
A$/US$ foreign exchange rate	+ 5.0%	(21.5)	(6.2)	(14.4)	(4.4)
	- 5.0%	23.7	6.8	15.9	4.9
Pre-tax	+ 0.5%	(28.3)	(8.2)	(19.0)	(5.8)

discount rate	- 0.5%	31.3	9.0	21.1	6.5
Electricity production (change from P50)	P90	(50.6)	(14.6)	(34.6)	(10.6)
	P10	42.9	12.4	29.1	8.9
Merchant Period Electricity Prices	- 10.0%	(26.9)	(7.8)	(16.9)	(5.2)
	+ 10.0%	26.9	7.8	16.9	5.2
Operations & maintenance expenses	+ 10.0%	(16.1)	(4.7)	(10.2)	(3.1)
	10.0%	16.1	4.6	10.2	3.1

FOREIGN EXCHANGE RATE

The fair value of NEW's solar asset investments located in the United States of America are first determined in US$ for financial reporting purposes. The sensitivity shown looks at the impact of a change in the A$ to US$ exchange rate. A 5% appreciation and 5% depreciation of the assumed US$ to A$ exchange rate (of A$: US$0.7049 as at 31 December 2018) has been considered to determine the resultant impact on NEW's fair value of investments and NAV per Stapled Security.

PRE-TAX DISCOUNT RATE

The value of NEW's operating solar asset investments are determined using a pre-tax WACC approach based on the Capital Asset Pricing Model. This approach takes into account long-term assumptions regarding risk-free rates, market risk premia, applicable tax rates, gearing levels, counterparty quality and asset specific items. The pre-tax WACC range used to determine the fair market valuation of NEW's underlying solar assets is in the range of 5.9% to 7.4%.

This sensitivity demonstrates the impact of a change in the pre-tax WACC applied to all of NES' renewable energy asset investments as at 31 December 2018. A range of + / - 0.5% has been considered to determine the resultant impact on NEW's NAV per Stapled Security and the fair value of its solar asset investments.

ELECTRICITY PRODUCTION

NEW's solar asset investments are valued based upon a forecast P50 solar energy generation profile (being a 50% probability that this generation estimate will be met or exceeded). A technical adviser has derived this generation estimate by taking into account a range of irradiation datasets, satellite and ground-based measurements, and site-specific loss factors including module performance degradation, module mismatch and inverter losses. These items are then considered in deriving the anticipated production of the individual solar asset (MWh per annum) based upon a 50% probability of exceedance.

The sensitivity shown looks at the impact on the fair value of solar asset investments and NAV per Stapled Security of a change of production estimates to P90 (90% likely probability of exceedance) and a P10 generation estimate (10% probability of exceedance).

As P10 generation estimates were not independently obtained for each solar asset on or about the time of the asset acquisition, the Directors have determined a proxy P10 estimate for those assets by assessing the relationship between the independently determined P50 and P90 generation estimates for each of the assets in the Operating Portfolio (e.g. a 1-year P90 generation estimate might be 92.5% of a 1-year P50 generation estimate, implying that it is 7.5% lower than the P50 generation estimate).

In determining the proxy P10 generation estimate, the Directors have assumed that the relationship between a P50 generation estimate and a P10 generation estimate is the same as that between a P50 generation estimate and a P90 generation estimate in absolute terms. Therefore a 1-year P10 generation estimate by this methodology would be 107.5% (i.e. 100% + 7.5%) of the asset's P50 generation estimate.

MERCHANT PERIOD ELECTRICITY PRICES

Each of the assets underlying NEW's solar asset investments have long-term PPAs in place with creditworthy energy purchasers and thus the PPA prices are not impacted by energy price changes during this period. For the post-PPA period of each solar asset, the Directors use long-term electricity price forecasts that have been prepared by a market consultant in their determination of the fair value of NEW's operating solar asset investments.

The sensitivities show the impact of an increase / decrease in power prices for each year of the power price curve for each plant over the plant's remaining economic life after the conclusion of the existing PPAs. A flat 10% increase /

decrease in market electricity prices from forecasted levels over the remaining asset life of all plants have been used in the sensitivity analysis.

OPERATING EXPENSES

The operating costs of the assets underlying NEW's solar asset investments include annual operations and maintenance (O&M), asset management (AM), insurance expenses, land lease expenses, major maintenance and general administration expenses.

The sensitivity above assumes a 10% increase / decrease in annual operating costs for all underlying assets and the resultant impact on NEW's fair value of investments and NAV per Stapled Security.

LOAN FAIR VALUE SENSITIVITY ANALYSIS

The Directors have also assessed the impact of a change in interest rate environment on the fair value of the loan receivable to New Energy Solar US Corp held by the Trust as set out below.

		31 December 2018		31 December 2017	
Input	**Change in input**	**Change in fair value of investments (A$ thousands)**	**Change in NAV per Stapled Security (A$ cents)**	**Change in fair value of investments (A$ thousands)**	**Change in NAV per Stapled Security (A$ cents)**
US interest rates	+ 0.5%	(5,285)	(1.52)	(6,086)	(1.87)
	- 0.5%	5,422	1.56	6,255	1.92

Sensitivity of the loan receivable to foreign exchange movements is included in note 15.

17. CONTROLLED AND JOINTLY CONTROLLED ENTITIES

As 'Investment Entities' the Company and the Trust recognise all underlying investments in their direct and indirect subsidiaries and jointly controlled entities at fair value through profit or loss. Below is the legal name for the Holding Company and the remaining legal entities controlled or jointly controlled through the investment in the HoldCo entities at reporting date.

Company

Name of entity	Place of registration and operation	Direct or Indirect Holding	Principal Activity	Economic interest 31 Dec 2018	Economic interest 31 Dec 2017
New Energy Solar US Corp.	United States of America	Direct	HoldCo	100.00%	100.00%
NES Rosamond 1S, LLC	United States of America	Indirect	SPV	100.00%	100.00%
SSCA XLI Class B Member HoldCo, LLC	United States of America	Indirect	SPV	99.90%	99.90%
SSCA XLI Class B Member, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Rosamond 2T, LLC	United States of America	Indirect	SPV	100.00%	100.00%
GFS I Class B Member HoldCo, LLC	United States of America	Indirect	SPV	99.90%	99.90%
GFS I Class B Member, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES US NC-31 LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES US NC-47 LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES US Funding 1, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Antares HoldCo, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Orion HoldCo, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Callisto Lender, LLC	United States of America	Indirect	SPV	100.00%	100.00%
SSCA XLI Holding Company, LLC	United States of America	Indirect	SPV	(i)	(i)
GFS I Holding Company, LLC	United States of America	Indirect	SPV	(i)	(i)
US-NC-31 Sponsor, LLC	United States of America	Indirect	SPV	100.00%	(i)
IS-31 Holdings, LLC	United States of America	Indirect	SPV	100.00%	(i)
Innovative Solar 31, LLC	United States of America	Indirect	SPV	100.00%	(i)
US-NC-47 Sponsor, LLC	United States of America	Indirect	SPV	100.00%	(i)
IS-47 Holdings, LLC	United States of America	Indirect	SPV	100.00%	(i)
Innovative Solar 47, LLC	United States of America	Indirect	SPV	100.00%	(i)
NES Rigel HoldCo, LLC	United States of America	Indirect	SPV	99.00%	99.00%
New Energy Solar Australia HoldCo #1 Pty Limited	Australia	Direct	HoldCo	100.00%	-
NES Galaxy, LLC	United States of America	Indirect	SPV	100.00%	-
NES Perseus HoldCo, LLC	United States of America	Indirect	SPV	100.00%	-
BSPCB Class B Member, LLC	United States of America	Indirect	SPV	100.00%	-
BSP Class B Member Holdco, LLC	United States of America	Indirect	SPV	100.00%	-
BSP Class B Member, LLC	United States of America	Indirect	SPV	100.00%	-
BSP Holding Company, LLC	United States of America	Indirect	SPV	49.00%	-
NES Hercules HoldCo, LLC	United States of America	Indirect	SPV	100.00%	-
NES Hercules Class B Member, LLC	United States of America	Indirect	SPV	100.00%	-
NES Hercules Buyer, LLC	United States of America	Indirect	SPV	100.00%	-
NES Hercules TE Holdings, LLC	United States of America	Indirect	SPV	100.00%	-
NES Hercules Project Holdings, LLC	United States of America	Indirect	SPV	100.00%	-
NES Hercules ProjectCo, LLC	United States of America	Indirect	SPV	100.00%	-
Imperial Valley Solar 2, LLC	United States of America	Indirect	SPV	100.00%	-
Manildra Hold Trust	Australia	Indirect	SPV	100.00%	-
Manildra Prop Hold Pty Limited	Australia	Indirect	SPV	100.00%	-
Manildra Asset Trust	Australia	Indirect	SPV	100.00%	-
Manilda Prop Pty Limited	Australia	Indirect	SPV	100.00%	-
Manildra Finco Pty Limited	Australia	Indirect	SPV	100.00%	-
Manildra Solar Farm Pty Limited	Australia	Indirect	SPV	100.00%	-

Trust

Name of entity	Place of registration and operation	Direct or Indirect Holding	Principal Activity	Economic interest 31 Dec 2018	Economic interest 31 Dec 2017
-	N/A	N/A	N/A	N/A	N/A

(i) The economic interest percentage held is not readily determinable since the investors have different classes of shares with entitlements which change over time, including preferential entitlements and entitlements to tax losses.

All Special Purpose Vehicle (SPV) activities relate to ownership and operation of solar energy assets.

18. KEY MANAGEMENT PERSONNEL

DIRECTORS

The following persons were directors of New Energy Solar Limited during the financial year:

Jeffrey Whalan – Non-Executive Chairperson
James Davies – Non-Executive Director
John Holland – Non-Executive Director
Maxine McKew – Non-Executive Director
John Martin
Alan Dixon

The following persons were directors of Walsh & Company Investments Limited during the financial year:

Alex MacLachlan
Tristan O'Connell (resigned 9 July 2018)
Warwick Keneally
Mike Adams (appointed 9 July 2018)

John Martin and Alex MacLachlan are also directors of the Investment Manager, New Energy Solar Manager Pty Limited.

KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration of directors and other members of key management personnel during the year was as follows:

	31 Dec 2018 $	31 Dec 2017 $
Short-term benefits	225,000	37,499
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Termination benefits	-	-
	225,000	37,499

As at the reporting date, details of directors who hold securities for their own benefit or who have an interest in holdings through a third party and the total number of such securities held are listed as follows:

Director of the Company	No. of securities	No. of class A options	No. of class B options
Jeffrey Whalan	521,552	38,333	38,333
John Holland	150,000	-	-
James Davies	36,962	12,500	12,500
Maxine McKew	66,666	33,333	33,333
Alan Dixon	7,163,770	533,332	533,332
John Martin	529,672	733,909	728,599
Director of the Responsible Entity of the Trust			
Alex MacLachlan	102,876	17,666	17,666
Warwick Keneally	41,832	23,999	23,999
Mike Adams	-	-	-

19. RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

RELATED PARTY INVESTMENTS IN THE FUND

The Responsible Entity or its associates does not hold any investments in the Company or the Trust.

RESPONSIBLE ENTITY FEE

Walsh & Company Investments Limited, as Responsible Entity of the Trust receives a Responsible Entity Fee for the performance of its duties under the constitution of the Trust. The Responsible Entity Fee is 0.08% per annum (exclusive of GST) calculated on the gross asset value of the Trust and payable monthly in arrears by the Trust.

For the year ended 31 December 2018, $215,207 (31 December 2017: $182,632), exclusive of GST, was paid or payable to the Responsible Entity.

Total Responsible Entity fee included in trade and other payables of the Trust at 31 December 2018 is $54,700 (31 December 2017: $19,523).

INVESTMENT MANAGER FEE

New Energy Solar Manager Pty Limited, as Investment Manager of the Fund receives an Investment Manager Fee of 0.7% per annum (exclusive of GST) calculated on the Enterprise Value of the Fund, payable quarterly in arrears. Fees are either payable by the Company, Trust or Controlled Entities depending on the recipient of investment manager services.

During the year, from 1 July 2018, the Investment Manager waived part of its fees to create the revised sliding scale fee structure as set out below:

Management Fee Structure		**Base Management Fee** (% of Enterprise Value (**EV**))	**Acquisition and Disposal Fee** (% of Purchase Price or Net Sale Proceeds)
Current Fees (excluding GST) – up to 30 June 2018		0.70%	1.50%
	Enterprise Value band		
Revised Fees for EV within each band[1] (excluding GST) – from 1 July 2018	Less than or equal to A$1.0 billion	0.70%	1.50%
	Greater than A$1.0 billion to A$2.0 billion	0.55%	0.90%
	Greater than A$2.0 billion	0.40%	0.40%

For the year ended 31 December 2018, $1,133,570 (31 December 2017: $233,902), exclusive of GST, was paid or payable to the Investment Manager by the Company, $1,168,529 (31 December 2017: $352,544), exclusive of GST, was paid or payable by the Trust and $4,221,864 (31 December 2017: 1,822,903), exclusive of GST, was paid or payable by New Energy Solar US Corp, a controlled entity of the Company.

Total Investment Manager fee included in trade and other payables at 31 December 2018 is $364,000 (31 December 2017: $29,384) for the Company and $349,000 (31 December 2017: $36,802) for the Trust.

STRUCTURING AND HANDLING FEES

For the year ended 31 December 2018, no Structuring and Handling fees were paid to the Responsible Entity by the Company or the Trust. There were no outstanding Structuring and Handling Fees as at 31 December 2018.

For the prior year ended 31 December 2017, in respect of the Offer by the Fund under the Product Disclosure Statement & Prospectus dated 2 November 2017, the Responsible Entity was entitled to receive a Contribution Fee of 3.0% (excluding GST), which was broken down by the Responsible Entity into the Structuring Fee of 0.75% (excluding GST) and the Handling Fee of 2.25% (excluding GST), of the gross proceeds raised by the Fund under the Offer, payable after the close of the Offer. The component of the Contribution Fee payable by the Trust falls under the Trust Constitution. The component of the Contribution Fee payable by the Company falls under an agreement between the Responsible Entity and the Company.

[1] These Proposed Fees are applied on a marginal basis to each EV band. For example, the revised Base Management Fee for an EV of A$1,500 million would be A$9.75m (excluding GST) which is the sum of (A$1,000 million multiplied by 0.70%) plus (A$500 million multiplied by 0.55%).

For the prior year ended 31 December 2017, Structuring and Handling fees of $2,969,903, exclusive of GST, was paid to the Responsible Entity by the Company and $3,091,123, exclusive of GST, was paid by the Trust. There were no outstanding Structuring and Handling Fees as at 31 December 2017.

Per the Product Disclosure Statement & Prospectus dated 2 November 2017, the fees noted above were then used to partially or fully fund the payment of fees to Morgan Stanley, Evans and Partners, Walsh & Company and other Licensees in relation to the capital raising.

ACQUISITION FEE

New Energy Solar Manager Pty Limited, in its capacity as Investment Manager, is responsible for sourcing, undertaking due diligence investigations, recommending solar energy asset acquisitions as well as advising, providing recommendations, and executing investment exit strategies to the Fund.

The Investment Manager receives an Acquisition Fee of 1.5% (excluding GST) of the purchase price (excluding acquisition costs) of assets acquired by the Company and the Trust or their respective Controlled Entities. The Acquisition Fee is payable to the Investment Manager upon completion of the acquisition of any asset by the Company and the Trust or their respective Controlled Entities, and prorated fee payment in the case of an acquisition by instalments/part-payments.

During the year, from 1 July 2018 the Investment Manager waived part of its fees as set out in the table included under "Investment Manager Fee" above.

For the year ended 31 December 2018, Acquisition Fees of $7,886,111 (31 December 2017: $1,821,312), exclusive of GST, was paid or payable to the Investment Manager by New Energy Solar US Corp, a Controlled Entity of the Company, and $1,640,466 (31 December 2017: nil), exclusive of GST, was paid or payable to the Investment Manager by New Energy Australia HoldCo #1 Pty Limited, a Controlled Entity of the Company. For the year ended 31 December 2018, no acquisition fees (31 December 2017: nil), exclusive of GST, was paid or payable to the Investment Manager directly by the Company.

Total Acquisition Fees included in trade and other payables of the Company at 31 December 2018 is nil (31 December 2017: nil).

FUND ADMINISTRATION FEES

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Evans Dixon Operations Pty Limited, the parent of the Responsible Entity, provides fund administration services to the Company and the Trust under an agreement with the Investment Manager. Time spent by staff is charged to the Company and the Trust at agreed rates up to an annual cap. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the year ended 31 December 2018 were $57,000 (31 December 2017: $26,300), exclusive of GST, by the Company and $63,000 (31 December 2017: $93,700), exclusive of GST, by the Trust.

Total fund administration fees included in trade and other payables at 31 December 2018 is $15,300 (31 December 2017: $13,090) for the Company and $14,700 (31 December 2017: $19,910) for the Trust.

DEBT ARRANGING FEES

Walsh & Company Corporate Advisory, a division of Walsh & Company Asset Management Pty Limited which is a wholly-owned subsidiary of Evans Dixon Operations Pty Limited, the parent of the Responsible Entity, was engaged on 21 June 2017 to provide debt arranging services to the Fund, including contacting and liaising with capital providers, negotiating borrowing terms, obtaining credit ratings, implementing interest rate hedging strategies and executing documentation. Walsh & Company Corporate Advisory were successful in securing debt, interest rate hedging and letter of credit facilities at competitive terms for the Fund, providing diversification to the Fund's capital sources.

For this service, Walsh & Company Corporate Advisory receives debt arranging fees ranging from 0.5%-2.0% of the face value of new third party debt and letter of credit facilities.

During the year ended 31 December 2018, Walsh & Company Corporate Advisory successfully negotiated new debt and banking facilities totaling $443.0 million (US$277.0 million plus A$50.0 million) and associated interest rate hedging (31 December 2017: US$108.8 million (A$139.3 million)).

For the year ended 31 December 2018, debt arranging fees of $500,000 (31 December 2017: nil) was paid or payable to Walsh & Company Corporate Advisory by the Company, and $3,530,357 (31 December 2017: $2,051,103) was paid or payable to Walsh & Company Corporate Advisory by wholly owned subsidiaries of NES US Corp.

Total debt arranging fees included in trade and other payables of the Company and the Trust at 31 December 2018 is nil (31 December 2017: nil).

PROJECT SERVICES AGREEMENT

New Energy Solar US Corp, a subsidiary of the Company, entered into a non-exclusive arrangement dated 27 October 2017 with NES Project Services, LLC for the provision of asset management, operations and maintenance services and/or construction management services (Services). The agreement is for an initial one year term, with rolling one year extensions if the agreement has not been terminated. The Services will be provided upon request by NES US Corp. at prevailing market rates at the time. The Services will be provided on arm's length and commercial terms.

The primary focus of these activities is to ensure that construction service providers successfully deliver projects on time and cost. Key tasks include construction project management, regular site visits, contract supervision, identification and resolution of potential issues and construction payment approvals.

For the year ended 31 December 2018, project managers completed 133 site visits across 6 active construction projects in North Carolina and 46 site visits across 2 active construction projects in Oregon. These 8 projects incurred construction expenditures of $111.2 million (US$78.4 million) during the year. Work also started reviewing construction plans and schedules for the Mount Signal II project in California which was acquired by NES for approximately $411.4m (US$290.0m) and commenced construction in July 2018. Project services fees of $1,889,508 were paid or payable by New Energy Solar US Corp, a Controlled Entity of the Company for the year.

20. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company and the Trust:

	New Energy Solar Limited (Company) 31-Dec-18 $	New Energy Solar Limited (Company) 31-Dec-17 $	New Energy Solar Fund (Trust) 31-Dec-18 $	New Energy Solar Fund (Trust) 31-Dec-17 $
Auditors of the Company and the Trust				
Deloitte Touche Tohmatsu				
Audit and review of the Company and the Trust financial statements	112,200	54,340	107,800	88,660
Other advisory services, including IPO related services	-	141,456	-	149,744
Taxation services	79,465	7,996	76,349	33,122
	191,665	**203,792**	**184,149**	**271,526**

Fees were also paid by subsidiaries of the Company to Deloitte Touche Tohmatsu as follows:

Audit of subsidiary financial statements $90,000

Fees were also paid by subsidiaries of the Company to other audit firms - Deloitte Tax LLP as follows:

Taxation services $99,965

21. CAPITAL COMMITMENTS

As at 31 December 2018, the Company and the Trust do not have any direct outstanding capital commitments.

New Energy Solar Australia HoldCo #1 Pty Limited, a wholly owned subsidiary of the Company, has committed to the purchase of the Manildra and Beryl solar assets in the amount of $94.5 million in total. These acquisitions have been settled after 31 December 2018. Refer note 23 “events after the reporting period”.

NES Orion HoldCo LLC, a wholly owned subsidiary of the Company, has committed to acquire six plants (four in North Carolina and two in Oregon), subject to meeting conditions precedent, as part of the Rigel Portfolio acquisition announced in October 2017. Funding and construction of these plants are expected to be delayed due to design and development issues. Under the terms of the Rigel Portfolio acquisition, NES Orion HoldCo LLC is not obliged to fund these projects until they achieve all relevant development milestones. NES Orion HoldCo LLC is continuing to work with the plants’ developer on these plants in addition to new plant opportunities. The total amount of the commitment is unknown at this point in time due to the design and development delays.

22. CONTINGENT LIABILITIES

The Company acts as guarantor to New Energy Solar Australia HoldCo #1 Pty Limited in relation to the acquisition amounts referred to under “Capital Commitments” above.

The directors of the Company and Responsible Entity are not aware of any other potential liabilities or claims against the Company or the Trust as at the end of the reporting period.

23. EVENTS AFTER THE REPORTING PERIOD

A distribution of 4.0 cents per stapled security totaling $13,863,888 was declared on 20 November 2018 and was paid to securityholders on 15 February 2019. 3,668,464 stapled securities were issued under the Fund’s Distribution Reinvestment Plan.

On 11 February 2019, New Energy Solar Australia HoldCo #1 Pty Limited, a subsidiary of the Company, paid the purchase price of $51,373,327 for the acquisition of its 100% interest in the Manildra solar farm in New South Wales, Australia from a subsidiary of First Solar, Inc.. This was funded by existing cash and a drawdown of debt facilities.

On 12 February 2019, New Energy Solar Australia HoldCo #1 Pty Limited, a subsidiary of the Company, completed the acquisition of its 49% interest in the Beryl solar farm in New South Wales, Australia. The Beryl solar farm is under construction and is due to be completed mid 2019. The purchase price paid was $9,245,860 representing the 100% interest being acquired, with 51% of the interest acquired being placed in escrow until change of control consents are received (expected when the plant is operational). This was funded by existing cash and a drawdown of debt facilities.

Other than the matters discussed above, no matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company or the Trust's operations, the results of those operations, or the Company or the Trust's state of affairs in future financial years.

New Energy Solar
Directors' declaration
For the year ended 31 December 2018

The directors of the Company and directors of the Responsible Entity of the Trust declare that, in the directors' opinion:

- the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

- the financial statements are in compliance with International Financial Reporting Standards as stated in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company and the Trust's financial position as at 31 December 2018 and of their performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

ALEX MACLACHLAN	**JEFFREY WHALAN**
Chairman of the Responsible Entity	Chairman of the Company

15 February 2019

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Stapled Security Holders of New Energy Solar Limited and New Energy Solar Fund

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of New Energy Solar Limited (the "Company") and New Energy Solar Fund (the "Trust"), which comprise the statements of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies and other explanatory information, and the directors' declarations.

In our opinion the accompanying financial report of the Company and the Trust, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company and Trust's financial position as at 31 December 2018 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company and the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company and the directors of Walsh & Company Investments Limited (the "Responsible Entity" of the Trust), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Fair Value Recognition - Company
 	
As at 31 December 2018 the Company has determined the fair value of its investment in its immediate subsidiary company, New Energy Solar US Corp., to be $281.7 million as disclosed in Note 9. The fair value amount comprises the assessed fair value of the underlying solar asset portfolio and the residual net assets of New Energy Solar US Corp. and its controlled entities.
 	
As disclosed in Note 2(Q), significant estimation uncertainty is involved in the determination of the fair value of the underlying solar asset portfolio. This is based on discounted cash-flow (DCF) models, subject to key assumptions including weighted average cost of capital (WACC), electricity production, electricity prices and operating expenses.
	Our procedures included, but were not limited to:
	
	• Agreeing, on a sample basis, cash transfers made during the financial year in respect of underlying solar asset acquisitions to relevant supporting agreements and legal documentation;
	
	• Updating our understanding of and evaluating Management's key processes and internal controls in so far as they apply to fair value determination of the Company's investment in its subsidiary New Energy Solar US Corp., including the fair value of underlying solar assets held, and performing walk through tests to assess the adequate design and implementation of the controls;
	
	• For underlying investments in solar assets under construction, or otherwise acquired or becoming operational within 12 months of year-end balance date, assessing the reasonableness of Management's basis for concluding that the investment price paid, inclusive of direct acquisition costs, materially represents the investment's fair value at balance date;
	
	• For underlying solar assets subject to comprehensive DCF valuations, obtaining Management's valuations and:
	
	    ◦ In conjunction with our valuation specialists assessing the appropriateness of the approach adopted in the valuation models and assessing the reasonableness of the key assumptions, including those underlying the WACC and the electricity price forecasts adopted;
	
	    ◦ Assessing the cash flow projections by agreeing a sample of model revenue and cost inputs to underlying power purchase contracts, supplier agreements and independent data sources; and
	
	    ◦ Testing on a sample basis the mathematical accuracy of the valuation models.
	
	• Obtaining Management's expert valuation report and:
	
	    ◦ Assessing the objectivity and competence of the valuer; and
	
	    ◦ Assessing the valuer's considerations and conclusions reached, including consistency with Management's valuation model outputs.
	
	• Assessing the appropriateness of the disclosures included in Note 2, Note 9 and Note 16 to the financial statements.

Deloitte.

Other Information

The directors of the Company and the Responsible Entity of the Trust (the "Directors") are responsible for the other information. The other information comprises the information included in the Company and the Trust's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Trust to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company or the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company or the Trust's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Trust to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 15 of the Directors' Report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of New Energy Solar Limited, for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Report on the Fund Financial Statements

Opinion on the Fund Financial Statements

We have audited the Fund Financial Statements, representing the combined financial statements of the Company and the Trust ("the Fund"), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies.

In our opinion, the accompanying Fund Financial Statements for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the basis of preparation described in Note 2(A).

Responsibilities

The directors are responsible for the preparation and presentation of the Fund Financial Statements. Our responsibility is to express an opinion on the Fund Financial Statements based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 15 February 2019

STATEMENT OF QUOTED SECURITIES AS AT 31 JANUARY 2019

- There are 5,585 unitholders holding a total 346,108,399 ordinary securities
- The 20 largest unitholders between them hold 7.45% of the total securities on issue

DISTRIBUTION OF QUOTED UNITS AS AT 31 JANUARY 2019

Distribution of securityholders category (size of holding)	Number of securityholders
1-1,000	156
1,001-5,000	291
5,001-10,000	355
10,001-100,000	3,867
100,001 and over	916
Totals	**5,585**
Holding less than marketable parcel	37

SUBSTANTIAL SECURITYHOLDINGS AS AT 31 JANUARY 2019

There are no substantial unitholders pursuant to the provisions of section 671B of the *Corporations Act 2001*.

DIRECTORS' SECURITYHOLDINGS

As at 31 January 2019 directors of the Fund held a relevant interest in the following securities on issue by the Fund.

Director of the Company	Ordinary securities	Class A options	Class B options
Jeffrey Whalan	551,552	38,333	38,333
John Holland	150,000	-	-
James Davies	36,962	12,500	12,500
Maxine McKew	66,666	33,333	33,333
Alan Dixon	7,163,770	533,332	533,332
John Martin	529,672	733,909	728,599
Director of the Responsible Entity of the Trust	**Ordinary securities**	**Class A options**	**Class B options**
Alex MacLachlan	102,876	17,666	17,666
Warwick Keneally	41,832	23,999	23,999
Mike Adams	-	-	-

RESTRICTED SECURITIES

There are no restricted securities on issue by the Fund.

TOP 20 HOLDERS OF ORDINARY SECURITIES AT 31 JANUARY 2019

Securityholder name	Number of securities held	% of total
MR ORANGE PTY LIMITED	6,616,660	1.912%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,490,630	1.009%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,376,728	0.976%
PJA INVESTMENTS AUSTRALIA PTY LTD	2,666,666	0.770%
ZONDA CAPITAL PTY LTD	1,333,334	0.385%
NETWEALTH INVESTMENTS LIMITED	852,891	0.246%
MR DAMIEN JOSEPH KENNEALLY & MRS CANDACE LYNN	825,406	0.238%
J & V KING PTY LTD	753,550	0.218%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	686,329	0.198%
NETWEALTH INVESTMENTS LIMITED	614,403	0.178%
THEROPOD PTY LTD	524,188	0.151%
PROF ARTHUR DAVID SHULMAN & PROF LINDA SOPHIE	493,065	0.142%
CITICORP NOMINEES PTY LIMITED	465,359	0.134%
SILKZINC PTY LTD	451,843	0.131%
MJG BLOOM PTY LIMITED	450,813	0.130%
CRIMSON PERMANENT ASSURANCE COMPANY PTY LTD	445,802	0.129%
MR NICHOLAS ANTHONY JACQUES & MRS VIRGINIA LOUISE	443,925	0.128%
MR NEIL CLIFFORD BARRETT & MRS HEATHER MAEVE BARRETT	442,400	0.128%
MR DANIEL GEZA BEDO & MRS CATHERINE BEDO	431,398	0.125%
MRS LORRAINE MARY HAWES & MR DAVID CHARLES HAWES	428,267	0.124%
Total held by top 20 holders of ordinary securities	**25,793,657**	**7.452%**

OTHER

Since admission to the ASX on 4 December 2017 to the date of the financial report, the Company and the Trust has used the cash assets at the time of admission in a way consistent with its business objectives.

The Fund's securities are quoted on the official list of the Australian Securities Exchange Limited (ASX).

ASX Code is NEW.

NEW ENERGY SOLAR

New Energy Solar Limited
(ACN 609 396 983)

New Energy Solar Fund
(ARSN 609 154 298)

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James Davies (Non-Executive Director)
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