

Renewable energy. Sustainable investments.

New Energy Solar¹ (NEW, the Business) invests in large-scale solar power plants generating emissions-free power sold under long-term power purchase agreements (PPAs) with credit-worthy offtakers.

As Australia's first ASX-listed solar infrastructure business, NEW has invested more than A\$1.3 billion in solar plants across the United States (US) and Australia, enabling investors to achieve attractive risk-adjusted financial returns, and positive social impact.

To learn more about New Energy Solar, please visit www.newenergysolar.com.au.

Summary

Highlights during the quarter include:

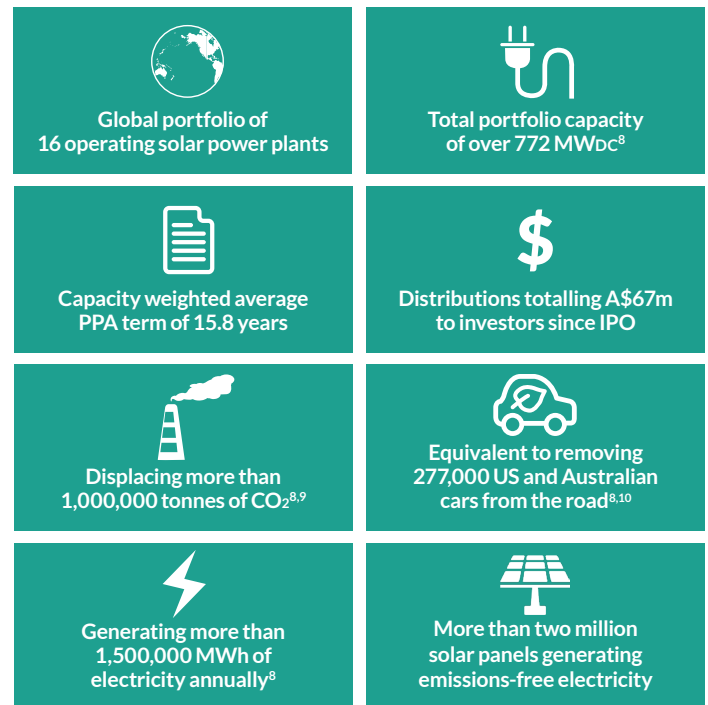
- NEW's portfolio is now fully operational after construction of the Mount Signal 2 (MS2) solar plant was completed in December 2019.
- The announcement of a final 2019 distribution of 4.0 cents per stapled security, bringing total distributions for the calendar year 2019 to 7.9 cents and providing an annual distribution yield of 5.8%².
- The commencement of an asset sale process to improve the market's understanding of NEW's asset values.

The 200-megawatt (MW_{DC}) MS2 plant, located in the Imperial Valley in California, commenced operations on 24 December 2019. Substantial completion of the project was achieved on 17 January 2020. Revenue from electricity sales into the wholesale market at the prevailing spot price will accrue to NEW from substantial completion until the commencement in June 2020 of the plant's 20-year power purchase agreement (PPA) with Southern California Edison.

MS2 is the 16th operating asset in the New Energy Solar portfolio, a significant increase from four operating plants at the time of New Energy Solar's ASX-listing in December 2017. NEW's entire portfolio is now fully operational, with operational capacity 70% higher at 772 MW_{DC} compared to 454 MW_{DC} at the end of December 2018³.

On 18 December 2019, NEW announced a distribution of 4.0 cents per stapled security for the six months ended 31 December 2019. Total 2019 distributions are in line with previous guidance of 7.9 cents per stapled security and imply a 5.8% distribution yield⁴.

The Business announced in November 2019 that it had commenced an asset sale process for a part interest in two of its assets – the newly completed MS2 solar plant in California and the Boulder solar plant in Nevada. Should



a transaction be undertaken, NEW anticipates that the process will reinforce the net asset value of its portfolio and, in turn, go some way to addressing the discount to net asset value at which NEW's securities currently trade. On 20 January 2020, NEW announced that during the sale process it had been asked by potential acquirors to consider the sale of up to a 50% interest in NEW's US and/or Australian portfolio holding companies. Accommodating these requests requires a significantly expanded process; accordingly, NEW has extended the sale timetable and now expects that any sale transaction is unlikely to occur before the end of the second quarter of 2020. There is no guarantee that the process will result in a larger portfolio transaction, or any transaction. Any decision to sell assets will be dependent on it continuing to be in the best interest of securityholders and there being no material change in market conditions.

NEW's 16 operational solar power plants (the **Operating Portfolio**) generated approximately 244,000 megawatt hours (MWh)⁴ of electricity during the quarter. This is estimated to have displaced the equivalent of 175,000 tonnes of CO₂, which is comparable to removing approximately 55,000 cars from the road and powering 36,000 houses, during the quarter.

FINANCIAL SUMMARY (31 DECEMBER 2019)

Market Capitalisation	\$477.4m ⁵
Stapled Security Price	\$1.36
2019 Distribution per Stapled Security	7.9 cents
2019 Distribution Yield	5.8%

PORTFOLIO SUMMARY⁶

OREGON PLANTS

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

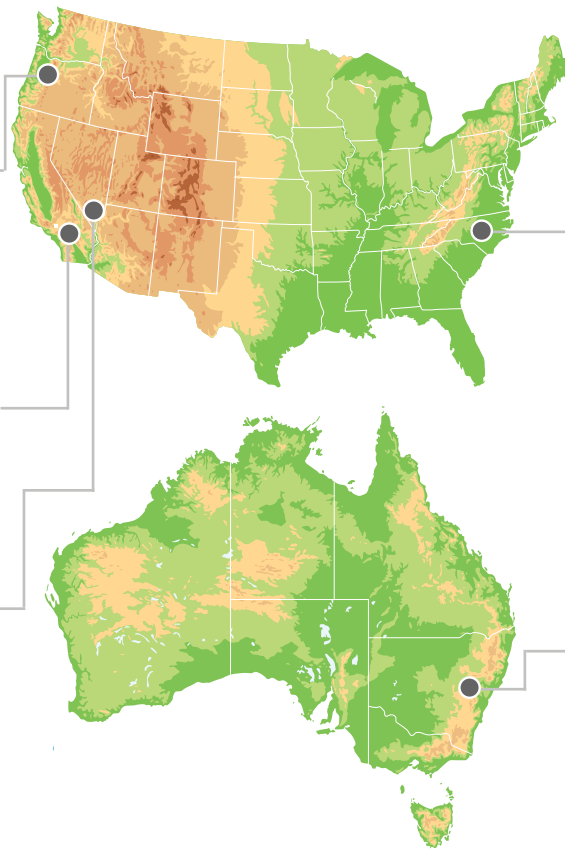
CALIFORNIA PLANTS

Name	Capacity (MW _{DC})	Offtaker
● Stanford	67.4	Stanford University
● TID	67.4	Turlock Irrigation District
● Mount Signal 2	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



NORTH CAROLINA PLANTS

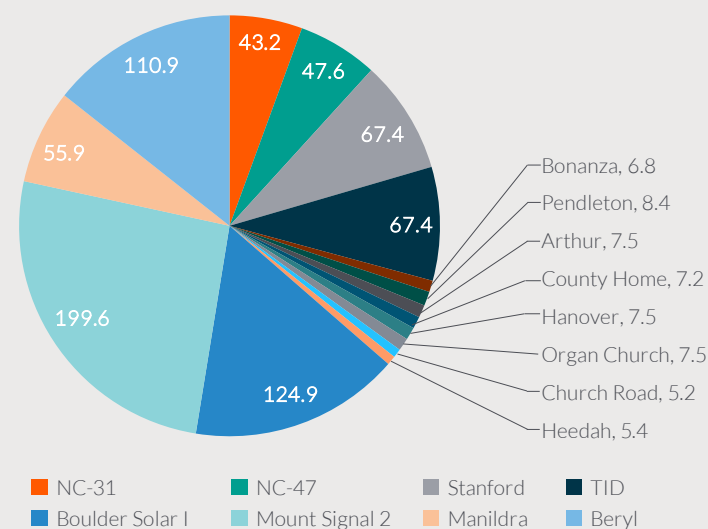
Name	Capacity (MW _{DC})	Offtaker
● NC-31	43.2	Duke Energy Progress
● NC-47	47.6	Duke Energy Progress
● Hanover	7.5	Duke Energy Progress
● Arthur	7.5	Duke Energy Progress
● Church Road	5.2	Duke Energy Progress
● Heedeh	5.4	Duke Energy Progress
● Organ Church	7.5	Duke Energy Carolinas
● County Home	7.2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

NEW SOUTH WALES PLANTS

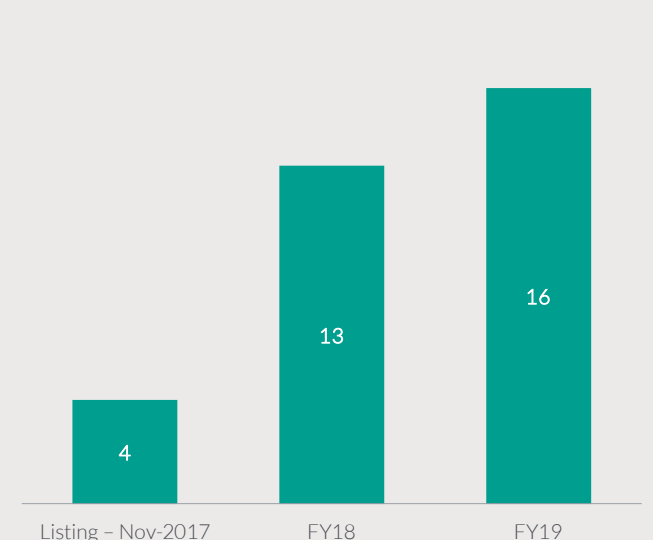
Name	Capacity (MW _{DC})	Offtaker
● Manildra	55.9	EnergyAustralia
● Beryl	110.9	Sydney Metro, and Kellogg's
Total	166.8	

NEW PORTFOLIO COMPOSITION (BY PLANT) AS AT 31 DECEMBER 2019

NEW Portfolio Composition (MW_{DC})⁶



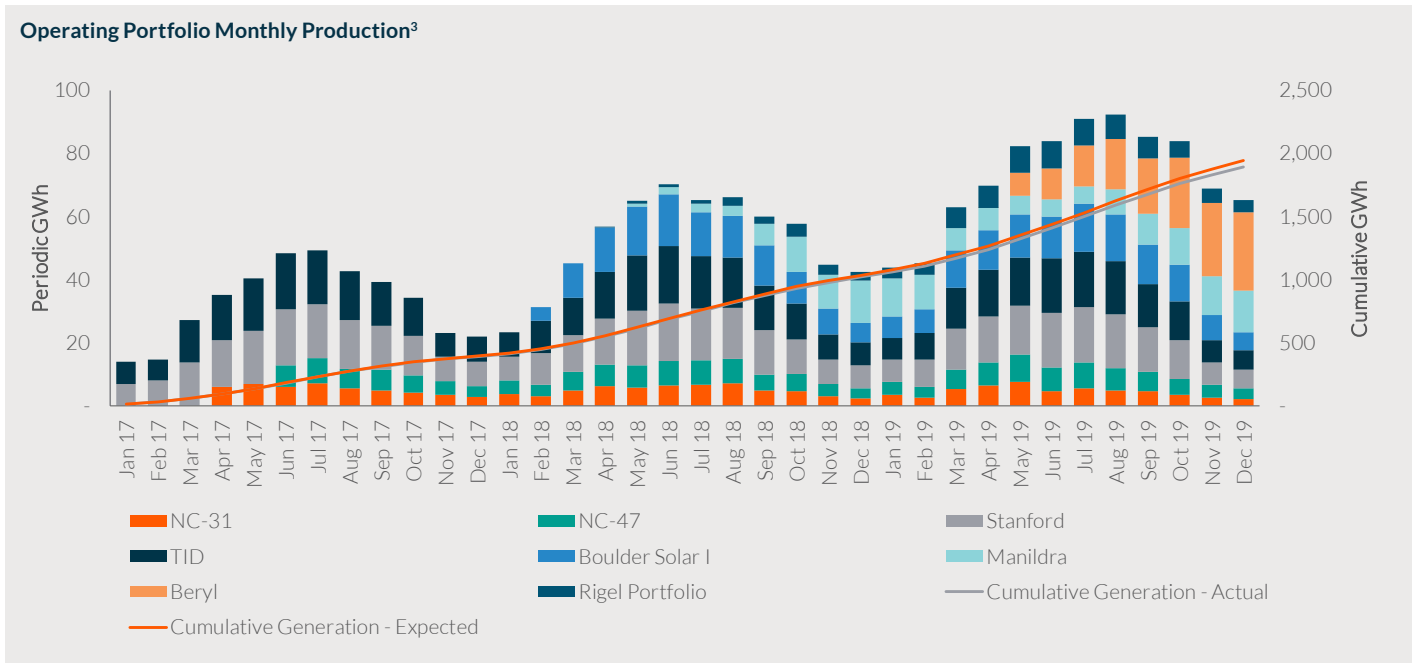
NEW Portfolio – Number of Operating Plants



PORTFOLIO UPDATE

OPERATING PLANTS⁴

The Business has interests in 16 solar power plants totalling 772 MW_{DC}⁷ of capacity as at 31 December 2019. The environmental impact of the portfolio’s production for this quarter is estimated to have displaced the equivalent of 175,000 tonnes of CO₂, which is comparable to removing approximately 55,000 cars from the road.



US PLANTS

Generation for this quarter from NEW’s assets in the western region of the US exceeded the investment manager’s expectation. Specifically, the Boulder Solar 1 Facility (**Boulder**) exceeded production expectations in every month for the quarter.

Conversely, the North Carolina plants underperformed management expectations, largely due to ongoing repairs from storm damage at the NC-31 Solar Power Plant (**NC-31**). NC-31 is on track to be fully restored in 2Q 2020 as repairs are well underway.

Despite the damage issues in North Carolina, the remaining assets in the US portfolio are generating electricity for the fund with minor operational issues. NEW’s US portfolio generated a total of 244,000 MWh⁴ of electricity during the quarter.

AUSTRALIAN PLANTS

At Manildra, initial commissioning issues and grid unavailability experienced in the prior quarter were addressed and the plant performed well throughout this quarter.

Beryl performed below management expectations for the quarter due to inverter component issues that are being rectified under warranty.

NEW’s Australian portfolio generated approximately 107,000 MWh⁴ of electricity during the quarter.

PLANTS ACQUIRED AND UNDER CONSTRUCTION

The NEW portfolio is now fully operational after the remaining solar plant under construction in NEW’s portfolio, the 200 MW_{DC} MS2 plant, completed construction in December 2019.



Did you know?

The SolarBuddy program funding provided by NEW contributed to the distribution of 2,700 lights in Papua New Guinea this year. Find out more about the impact of SolarBuddy by [clicking here](#).

ENDNOTES

- ¹ New Energy Solar Limited (ACN 609 396 983) (**Company**), and Walsh & Company Investments Limited (ACN 152 367 649, AFSL 410 433) as responsible entity of New Energy Solar Fund (ARSN 609 154 298) (**Trust**), together **New Energy Solar**, the **Business** or **NEW**.
- ² Inclusive of the final distribution for the full year of 4.0 cents per security as announced by the Business and based on the semi-annual distribution of 3.9 cents per stapled security for the six-months ending 30 June 2019 and the \$1.36 NEW stapled security price.
- ³ Calculated on a 100% ownership basis.
- ⁴ Production included for all solar power plants on a NEW equity interest basis.
- ⁵ Based on a \$1.36 NEW stapled security price and 351.1 million stapled securities outstanding as at 31 December 2019.
- ⁶ Includes plants that are wholly or partly owned by NEW. Total portfolio of 772 MWdc includes plants that are operational or acquired and under construction.
- ⁷ Accounts for plants on a 100% basis.
- ⁸ Estimates utilise the first year of each plant's electricity production once operational or acquired by the Investment Manager. Assumes all plants are owned by NEW on a 100% basis and that the plant under construction is fully operational.
- ⁹ US CO₂ emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoid Emissions and generation Tool" (**AVERT**). Australian CO₂ emissions displacement is calculated using data from the Australian Government Department of the Environment and Energy.
- ¹⁰ Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.

Important Notice:

This Quarterly Update (**Update**) has been prepared by New Energy Solar Manager Pty Limited (ACN 609 166 645, CAR No. 1237667), the **Investment Manager** of New Energy Solar. An investment in the Business is subject to various risks, many of which are beyond the control of the Investment Manager and the Responsible Entity of the Fund. Past performance is not a reliable indicator of future performance. This Update contains statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. None of the Investment Manager and the Business, their officers, employees, agents, analysts nor any other person named in this Update makes any representation as to the accuracy or likelihood of fulfillment of the forward-looking statements or any of the assumptions upon which they are based. Unless otherwise specified, all references to currency are to Australian dollars.

For further information, contact:

Fleur Jouault

Head of Investor Relations – New Energy Solar
New Energy Solar
+61 405 669 632

Authorised for release by New Energy Solar Limited and Walsh & Company Investments Limited as responsible entity of New Energy Solar Fund.