



24 June 2020

NEW ENERGY SOLAR (ASX: NEW)

OPERATIONAL UPDATE AND DISTRIBUTION ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2020

SUMMARY

- All portfolio solar power plants are now operational and from 1 June 2020, over 96% of output is contracted under power purchase agreements over the next five years.
- Unseasonal weather and heavy rainfall in North Carolina and NSW, combined with performance issues at the newly commissioned plants at Beryl, NSW and Mount Signal 2 (**MS2**), California, have contributed to portfolio underperformance and underlying earnings for the six months to 30 June 2020 are anticipated to be lower than expected.
- Reflecting the lower anticipated underlying earnings, Directors have declared a distribution of 3.00 cents per stapled security for the six-months ended 30 June 2020, 0.90 cents lower than the distribution in the previous corresponding period.
- Operational issues and market conditions impacting performance this period are not expected to impact future underlying earnings.
- Ex-distribution date: 29 June 2020.
- Intended distribution payment date: 17 August 2020.
- Distribution Reinvestment Plan (**DRP**) active for 30 June 2020 distribution.
- **DRP** reinvestment price: ten trading day period less a discount of 2.5%.
- Final date for electing **DRP**: 22 July 2020.

New Energy Solar¹ (**ASX:NEW**) today provides an operational update on the performance of its portfolio in the 2020 year and announces the determination of its Boards, the Board of New Energy Solar Limited and the Board of the Responsible Entity, Walsh & Company Investments Limited, to declare a distribution for the six-month period to 30 June 2020 of 3.00 cents per stapled security, reflecting the anticipated underlying earnings of the portfolio for this period.

All of **NEW**'s portfolio solar plants are operational and from 1 June 2020, over 96% of revenue over the next five years is contracted under long-term power purchase agreements.

¹ New Energy Solar Limited (**Company**) and Walsh & Company Investments Limited (as responsible entity for New Energy Solar Fund (**Trust**)) (**RE**) (together **New Energy Solar, NEW** or the **Business**)

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The operational issues and market conditions that have impacted the portfolio earnings in this period are not expected to have a sustained influence on operational performance.

It should also be noted that the agreement for the sale of an interest in MS2 announced today is conditional until completion, which is anticipated to occur early in the second half of 2020.

OPERATIONAL UPDATE

As indicated at NEW's recent Annual General Meeting, weather and commissioning issues have contributed to operational underperformance of the portfolio during the first half of 2020. Weather conditions in most regions where projects are located were unfavourable, notably North Carolina experienced one of the wettest six months in the last 125 years and the Central West Slopes, NSW, experienced heavy rainfall with some areas recording their highest total autumn rainfall on record. Availability and component failures at MS2 in California and Beryl in New South Wales also reduced underlying earnings below expectations for the period.

In California, the grid operator undertook extensive transmission upgrading work during the half, causing congestion and curtailment of operations at MS2. In addition, inverter module malfunctions, which are not unusual in newly commissioned plants, also reduced the generation of the plant. Replacement parts have been installed and the plant is now operating at expected availability levels. Finally, the reduction in demand precipitated by restrictions imposed to prevent the spread of COVID-19 contributed to a reduction in spot electricity prices in the California market. It should be noted that the power purchase agreement for MS2 with Southern California Edison commenced on 1 June 2020 and the revenue from the plant will no longer be dependent on spot prices in California.

In New South Wales at Beryl, component failures in the first quarter following commissioning in 2019, resulted in reduced performance from this asset. These components have been replaced and the plant is now operating at expected availability levels.

During the period the storm damage repairs at NC-31 were completed and the insurance claim to recover revenue lost as a result of that May 2019 storm was successfully concluded.

More recently, a grass fire near the Stanford and TID facilities at Rosamond in California spread to the site and has caused some damage to the plants. The extent of the damage is still being assessed and the plants are currently operating at reduced availability. The property damage and loss of income from this fire is expected to be covered by insurance.

COVID-19

While the direct impact of COVID-19 on the operation of NEW's portfolio has been limited to date, there are a number of potential longer-term influences which may impact the Business. The pandemic has created significant global economic and financial markets stress which has impacted the general availability and cost of equity, debt and insurance. While NEW has primarily long-term project debt, if the pandemic persists it may have implications for the refinancing terms of some of NEW's smaller facilities maturing in the coming years.

Further, the significant drop in demand for energy precipitated by the global response to the pandemic has seen significantly lower energy prices – including electricity prices. The Business is largely protected from these lower electricity prices because most of NEW's generation is sold under long-term fixed price power purchase agreements to creditworthy counterparties.

However, experts warn that the effects of the pandemic may be felt for many years to come and, accordingly, NEW will continue to monitor the energy market outlook closely and take a cautious approach to all business decisions. Please ensure you review the COVID-19 statement on the NEW website, which will be updated regularly.



DISTRIBUTION FOR FIRST HALF 2020

Reflecting the lower anticipated underlying earnings for the six months to 30 June 2020, the Boards have declared a distribution of 3.00 cents per stapled security for the six-months ended 30 June 2020. This distribution is 0.90 cents lower than the distribution in the previous corresponding period, the six months to 30 June 2019.

The operational issues and market conditions impacting performance this period are not expected to impact future underlying earnings.

DISTRIBUTION REINVESTMENT PLAN (DRP)

NEW will operate a DRP for the 30 June 2020 distribution under which stapled securityholders may elect to have all, or part, of their distribution payment reinvested in new stapled securities.

The reinvestment price will be calculated using the arithmetic average of the daily volume weighted average market price per NEW stapled security during the ten trading days commencing on the trading day following the Record Date less a discount of 2.5%. The ten-trading day period for the 30 June 2020 distribution will commence on 1 July 2020.

If NEW's stapled securities do not trade on a minimum of five days during the ten-trading day period, the reinvestment price will be:

- the most recently announced net asset value (**NAV**) per stapled security, before provision for tax, available at 7pm on the last trading day of the ten-trading day period; or
- such other price as may be determined by the NEW Directors in accordance with NEW's constitutions.

The last day for NEW stapled securityholders to elect to participate in or withdraw from the DRP in respect of this distribution is 5pm (Australian Eastern Standard Time) on 22 July 2020.

Directors will reconsider the appropriateness of continuing with the DRP program once the power plants are operating at expected levels.

NEW stapled securityholders can contact the NEW registry at Link Market Services on +61 1300 554 474, or email registrars@linkmarketservices.com.au to receive a DRP election notice.

30 JUNE 2020 DISTRIBUTION SUMMARY

Distribution for the six-month period ended 30 June 2020	3.00 cents per stapled security
Ex-distribution date	29 June 2020
Record Date for distribution	30 June 2020
Final date for electing DRP	22 July 2020
Expected payment date	17 August 2020
Expected allotment of DRP stapled securities	17 August 2020

Information regarding the tax components of the distribution will be provided in the Tax Distribution Statement for the 2020 tax year.



For further information, contact:

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

Important Information

This information may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs.

This announcement may contain statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Investment Manager (New Energy Solar Manager Pty Limited) and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information.

About New Energy Solar

New Energy Solar was established in November 2015 to invest in a diversified portfolio of solar assets across the globe and help investors benefit from the global shift to renewable energy. The Business acquires large scale solar power plants with long term contracted power purchase agreements. In addition to attractive financial returns, this strategy generates significant positive environmental impacts for investors.

Since establishment, New Energy Solar has raised over A\$500 million of equity, acquired a portfolio of world-class solar power plants, and has a deep pipeline of opportunities primarily across the United States and Australia. New Energy Solar's securities trade on the Australian Securities Exchange under the ticker, NEW.

New Energy Solar is a listed stapled entity consisting of New Energy Solar Fund (ARSN 609 154 298) and New Energy Solar Limited (ACN 159 902 708). For more information, visit:

www.newenergysolar.com.au

