

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.

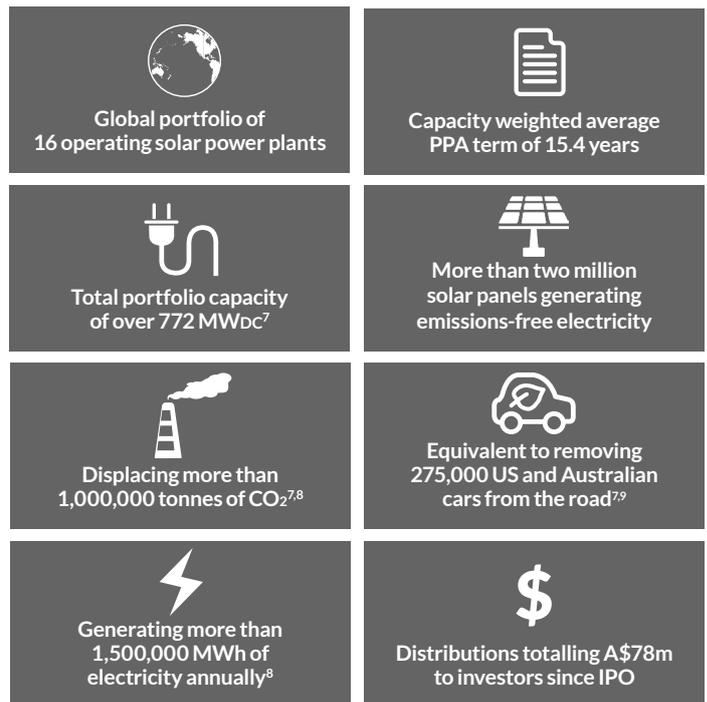
Summary

Highlights during the quarter include:

- **COVID-19 impact:** There continues to be relatively little direct impact on the day-to-day operations of NEW's portfolio. However, uncertainty and the mounting economic cost of the pandemic are influencing insurance costs and longer-term electricity pricing and may impact future access to capital. A more detailed COVID-19 statement is available on the New Energy Solar website.
- **Mount Signal 2 PPA commences:** The power purchase agreement (PPA) for MS2 with Southern California Edison commenced on 1 June 2020.
- **Mount Signal 2 asset sale agreement:** NEW has entered into a conditional agreement to sell a 50% interest in Mount Signal 2 (MS2) to NextPowerIII (NPIII). Completion of a binding agreement remains subject to a number of conditions.
- **Distribution:** Announcement of a 3 cents per Stapled Security distribution for the six-months ending 30 June 2020. This represents a dividend yield of 5.2%².

While NEW's day-to-day operations have continued relatively unimpeded by the effects of COVID-19, the Investment Manager has identified a number of potential longer-term risks to the Business. The unfavourable macroeconomic impact of the pandemic, together with the high degree of uncertainty as to future economic conditions, has resulted in increased insurance costs and may impact the future availability and cost of equity and debt. More broadly in the electricity market, forecasts as to future demand and supply and electricity pricing reflect considerable caution and lower expected levels of future economic activity. NEW is monitoring the energy market outlook closely and will take a cautious approach to all business decisions.

The Investment Management team continues to work remotely and will transition back to the office in time and having regard to official guidelines.



During the quarter, NEW announced a conditional agreement for the sale of a 50% interest in MS2 to NPIII, a private solar fund managed by UK-based NextEnergy Capital Group. Completion of the transaction remains subject to a number of conditions including final confirmatory due diligence, an in-person site visit, final negotiation, and execution of satisfactory documentation. Despite COVID-19 restrictions in California, NEW and NPIII are working toward transaction close in the second half of 2020.

MS2's PPA with Southern California Edison commenced on 1 June 2020. Prior to the commencement of the PPA, MS2's revenue was a product of the prevailing spot price in the Californian wholesale electricity market. Under the escalating-price PPA, the plant sells 100% of its electricity output at a known, contracted price. From 30 June 2020, over 97% of electricity generated by NEW's entire portfolio is contracted under PPAs over the next five years.

On 24 June, NEW announced a distribution of 3 cents per Stapled Security for the six-months ending 30 June 2020. This distribution is 0.90 cents lower than the distribution in the previous corresponding period, reflecting lower anticipated underlying earnings. Importantly, the operational issues and market conditions impacting performance this period are not expected to impact future underlying earnings.

NEW's 16 operational solar power plants (the **Operating Portfolio**) generated approximately 375,000 megawatt hours (MWh)³ of electricity during the quarter. This is estimated to have displaced the equivalent of 234,000 tonnes of CO₂, which is comparable to removing approximately 60,000 cars from the road and powering 51,000 houses, during the quarter.

PORTFOLIO SUMMARY⁴

OREGON PLANTS

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

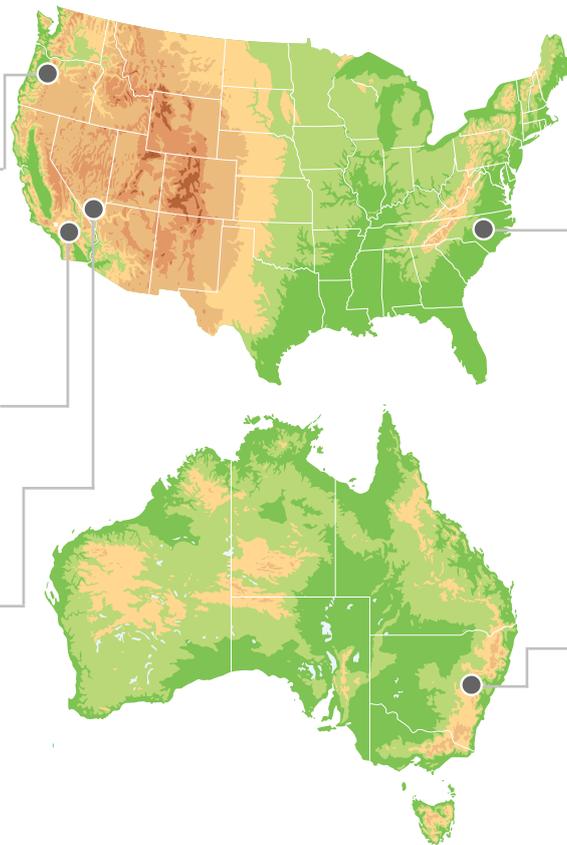
CALIFORNIA PLANTS

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



NORTH CAROLINA PLANTS

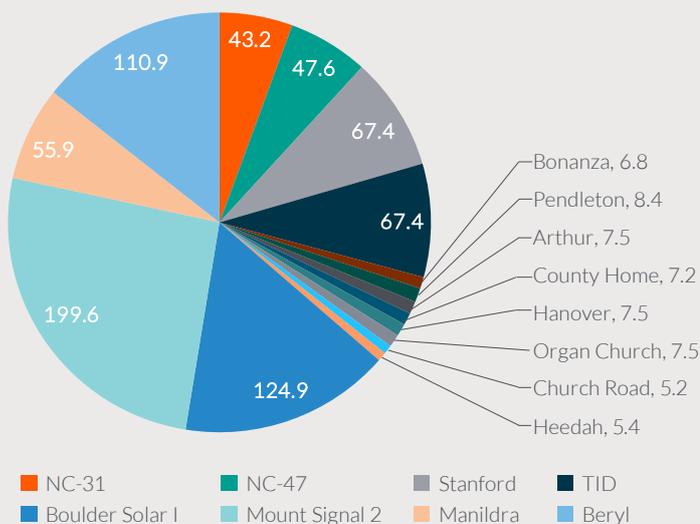
Name	Capacity (MW _{DC})	Offtaker
● NC-31	43.2	Duke Energy Progress
● NC-47	47.6	Duke Energy Progress
● Hanover	7.5	Duke Energy Progress
● Arthur	7.5	Duke Energy Progress
● Church Road	5.2	Duke Energy Progress
● Heedah	5.4	Duke Energy Progress
● Organ Church	7.5	Duke Energy Carolinas
● County Home	7.2	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 30 JUNE 2020

NEW Portfolio Composition (MW_{DC})⁴



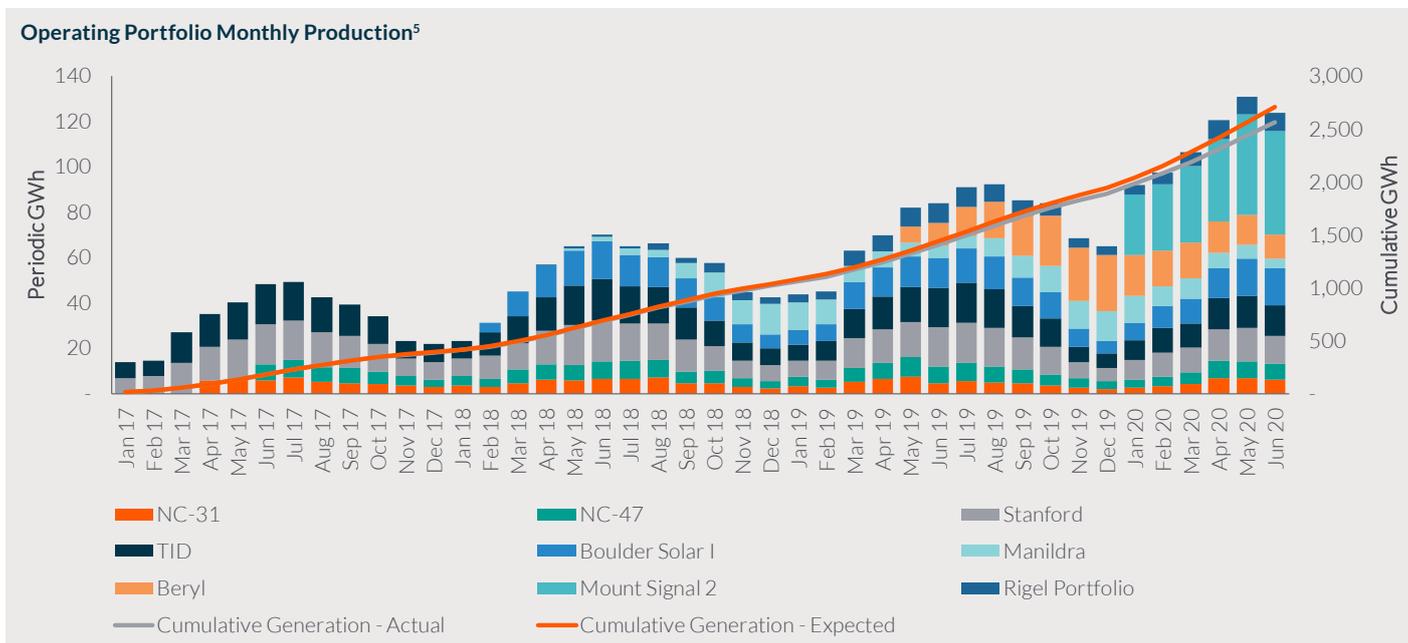
NEW Portfolio – Number of Operating Plants



PORTFOLIO UPDATE

OPERATING PLANTS³

NEW has interests in 16 solar power plants totalling 772 MW_{DC}⁴ of capacity as at 30 June 2020. The environmental impact of the portfolio’s production for this quarter is estimated to have displaced the equivalent of 234,000 tonnes of CO₂, which is comparable to removing approximately 60,000 cars from the road.



US PLANTS

NEW’s US portfolio generated a total of 321,000 MWh³ of electricity during the quarter, below the Investment Manager’s expectation for the quarter. Performance was impacted by commissioning issues at MS2 and unfavourable weather conditions in the US, with North Carolina experiencing one of the wettest six months in the last 125 years. However, on a like-for-like basis, aggregated plant performance improved when compared to the corresponding period in 2019. In particular, Boulder Solar I, located in Nevada, delivered an exceptionally strong quarter of production.

In California, the grid operator, CAISO, undertook extensive transmission upgrading work during the quarter, causing congestion and curtailment of operations at MS2. MS2 also experienced some inverter malfunctions, an issue often seen in newly commissioned plants. Replacement parts will be installed and the plant is expected to achieve improved availability levels.

During the quarter, the Investment Manager successfully completed the storm damage repairs at NC-31 and largely concluded the associated insurance claim to recover the lost revenue arising from the May 2019 storm. More recently, a grass fire near the Stanford and TID facilities at Rosamond in California caused some damage to the plants. The extent of the damage is 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.

AUSTRALIAN PLANTS

NEW’s Australian portfolio generated a total of 54,000 MWh of electricity during the quarter, exceeding the Investment Manager’s expectations after accounting for poor weather conditions. The Central West Slopes, NSW, experienced heavy rainfall with some areas recording their highest total autumn rainfall on record.

During the quarter, commissioning issues requiring component replacements at Beryl were completed and the solar power plant is now operating at expected availability levels. Manildra performed well over the quarter.

FINANCIAL SUMMARY (30 JUNE 2020)

Stapled Security Price	\$1.15
Securities Outstanding	353.3m
Market Capitalisation	\$406.3m ⁶



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 Based on the semi-annual distribution of 3.0 cents per stapled security for the six-months ending 30 June 2020 and the \$1.15 NEW stapled security price at that date.
- ³ Production included for all solar power plants on a NEW equity interest basis.
- ⁴ Total portfolio of 772 MW_{DC} includes plants that are wholly or partly owned by NEW.
- ⁵ Accounts for plants on a 100% ownership basis.
- ⁶ Based on a \$1.15 NEW stapled security price and 353.3 million stapled securities outstanding as at 30 June 2020.
- ⁷ 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 all plants are fully operational for the period.
- ⁸ 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.
- ⁹ 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.