

31 December 2020

NEW ENERGY SOLAR (ASX: NEW)

**NEW SELLS UP TO A 50% INTEREST IN MS2
TRANSACTION VALUE CONSISTENT WITH NET ASSET VALUE**

New Energy Solar¹ (**ASX: NEW**) today announces the sale of up to a 50% interest in its solar power plant, Mount Signal 2 (**MS2**), to US Solar Fund plc (**USF**) for a total price of between US\$44 and US\$46m million (the **Transaction**). The purchase price is consistent with the implied net asset value for 50% of MS2 of US\$44.75 million, based on the last audited net asset value for MS2 of US\$89.5 million as at 30 June 2020. The Transaction is structured in two tranches with Tranche One consisting of an immediate acquisition of an initial 25% equity interest for a fixed price of US\$23m. Tranche Two consists of an option for USF to acquire a further 25% equity interest for US\$22m subject to a performance-based adjustment mechanism which can adjust the price upwards or downwards by up to US\$1m. The option can be exercised at any time in the 12 months following completion of Tranche One.

While NEW announced the conditional sale of an interest in MS2 to a different potential buyer on 24 June 2020, NEW and that potential buyer were unable to reach agreement on the material terms of the transaction. Following the expiration of the exclusivity period granted to the potential buyer, NEW was able to consider competing proposals, resulting in the Boards of NEW determining to proceed with the superior proposal from USF.

John Martin, NEW CEO stated, “We set out to sell 50% of MS2 this year to reduce NEW’s gearing, confirm MS2’s net asset value and to reduce the weighting of the 200MW_{DC} MS2 in NEW’s portfolio. The process led to NEW entering into exclusive negotiations with another potential buyer but, as we know, 2020 was a difficult year for many reasons and we were unable to agree a mutually acceptable transaction with that potential buyer. A subsequent and superior offer from USF for 25% of MS2 with an option to acquire a further 25% was accepted by the Boards of NEW.

“MS2 is a substantial and well-situated project with a 20-year PPA with Southern California Edison. In light of the decision to sell NEW’s Australian assets and focus on the US market, selling a smaller initial portion of the equity in MS2 this year is an outcome that suits NEW’s positioning as it will maintain management of the asset. We look forward to entering into this partnership with USF”, concluded Mr Martin.

¹ E&P Investments Limited (**E&P**), as the Responsible Entity for the New Energy Solar Fund (**Trust**), and New Energy Solar Limited (**Company**), together **New Energy Solar** or **NEW**.

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Completion of Tranche One of the MS2 Transaction is expected during the first quarter of 2021. There will be no disposal fee payable by NEW to its investment manager with respect to the Transaction.

The Transaction is independent of the sale process for NEW's Australian assets: Beryl (110.9MWDC), and Manildra (55.6MWDC). The timetable for that process is unchanged with indicative offers expected in the first quarter of 2021. In the short-term, the proceeds from the initial sale of 25% of MS2 will be used to repay debt. Once the Australian asset sale process is complete then additional capital management initiatives will be considered.

Co-investments between NEW and USF in US solar power assets like MS2 were contemplated at the time of USF's initial public offering and listing. To ensure arm's length terms, the USF and NEW Boards each adopted a Transaction-specific protocol, with each Board retaining independent advisors. The NEW Boards were advised by Jefferies LLC, Foley & Lardner and Ashurst.

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

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 609 396 983). For more information, visit: www.newenergysolar.com.au

