

# Renewable energy. Sustainable investments.

**New Energy Solar<sup>1</sup> (ASX: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.

## MARKET SUMMARY (31 MARCH 2021)

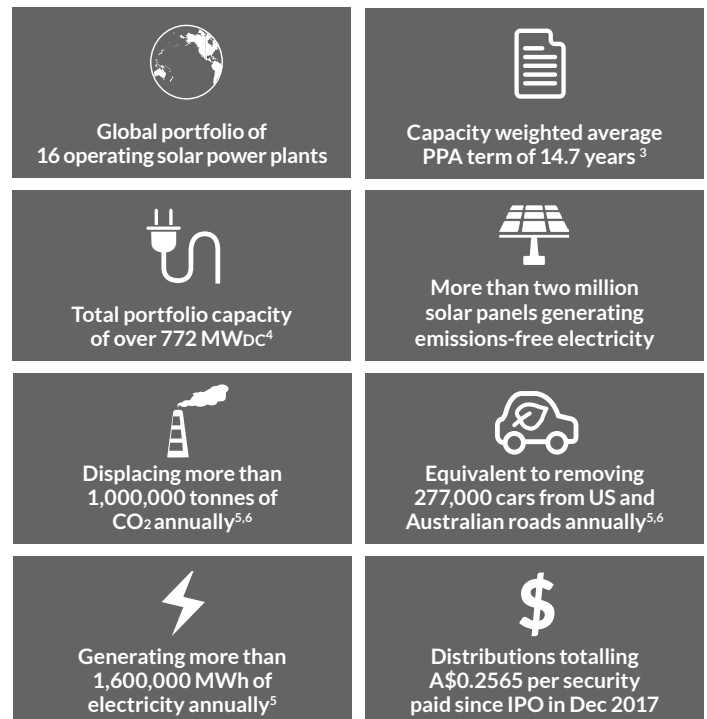
Stapled Security Price	A\$0.78
Securities Outstanding	357.4m
Market Capitalisation	A\$278.8m <sup>2</sup>

To learn more about New Energy Solar, please visit [www.newenergysolar.com.au](http://www.newenergysolar.com.au).

## Summary

Highlights during the quarter include:

- **Strategic review:** the NEW Boards are putting in place measures to enable them to develop capital management initiatives, in the event the Australian asset sale concludes as expected.
- **Australian assets sale:** sale process for the Beryl and Manildra solar power plants is progressing and remains on track for the announcement of an outcome before the end of June 2021.
- **MS2 sale:** sale of first tranche of 25% has completed as announced on 29 March 2021.
- **Remediation of Rosamond plants:** equipment testing and site restoration continues as remediation program is implemented
- **Portfolio performance:** the portfolio performed below the Investment Manager's expectations in Q1 2021 primarily due to the fire-damage at the Rosamond plants, but also as a result of grid curtailment in California and New South Wales. Performance data from third party providers has been delayed and will be available later in the half.
- **Finance:** the 3.0 cent distribution for the six months to 31 December 2020 was paid on 19 March 2021. As advised in the December 2020 quarterly, NEW retired the US\$15 million KCI facility prior to its maturity on 31 March 2021.



## STRATEGIC REVIEW OF NEW

The Boards of NEW are progressing the strategic review initiatives to address the trading discount to net asset value. Assuming the Australian asset sale concludes as expected, the Boards intend to undertake capital management initiatives to restore value for investors. The nature and size of the capital management initiatives will not be known until the Australian asset sale process completes, however, to provide sufficient flexibility Securityholder approval will be sought for a buyback of up to 25% of the issued NEW stapled securities at the NEW AGM on 31 May 2021. Approval by securityholders does not mean that the buyback will encompass 25% of issued NEW securities or that a buyback will be a significant element of the capital management that may be undertaken.

## AUSTRALIAN ASSET SALE

The asset sale process for NEW's Australian assets, Beryl (110.9MW<sub>DC</sub>) and Manildra (55.9MW<sub>DC</sub>), is progressing well. The indicative bid phase is complete and select parties are engaged in intensive due diligence and site visits. The process remains on schedule with completion anticipated by mid-2021. Subject to completion, proceeds from the asset sale will be available for a range of capital management initiatives, which may include security buybacks, capital returns and debt reduction.

### SALE OF INTEREST IN MOUNT SIGNAL 2 (MS2)

On 29 March 2021, NEW announced the completion of the sale to US Solar Fund (USF) of Tranche One of 25% of its largest solar power plant, the 200MW<sub>DC</sub> MS2, for a price of US\$23 million. The completion of Tranche One of the transaction marks the start of the 12-month option enabling USF to acquire a further 25% of MS2 (Tranche Two). The purchase price for Tranche Two is US\$22 million, subject to a performance-based adjustment mechanism which can adjust the price upwards or downwards by up to US\$1 million. Assuming the option for Tranche Two is exercised, the total purchase price for 50% of MS2 will be between US\$44 and US\$46 million which is consistent with the implied net asset value for 50% of MS2 of US\$44.75 million as at 30 June 2020, immediately prior to the deal being agreed.

### PROGRESS ON RESTORATION OF ROSAMOND PLANTS

There has been steady progress in remediating the Rosamond sites following the fire damage in late June 2020, described in previous communications<sup>7</sup>. Testing of the equipment for damage and site restoration is continuing. A large number of damaged modules have been removed and arrangements for their recycling are being finalised. The coming quarter will see the first sections of the plants progressively re-powered and brought online. This work is likely to continue into Q3.

### PORTFOLIO PERFORMANCE

Portfolio performance figures for the quarter have not yet been finalised following delays in receiving data from third party information providers. Accordingly, publication of performance data for the quarter will be delayed and is expected to be published toward the end of May or early June 2021. Management is currently reviewing the frequency with which production data is published and it may be the case that the longer lead time to half and full year results will allow for the compilation of more accurate production data.

### UN PRINCIPLES FOR RESPONSIBLE INVESTING

On 7 April 2021 the parent of the Investment Manager became a signatory to the United Nations sponsored Principles for Responsible Investing ("UN PRI"). The UN PRI's mission aims to support an economically efficient and sustainable financial system by fostering good governance, integrity and accountability.

As part of its commitment to sustainable investing, the Investment Manager is currently reviewing the systems and processes to ensure it operates in a manner that is consistent with the UN PRI's six principles of responsible investing and the modern slavery statement published by the Investment Manager's parent entity. In light of recent articles on labour practices in the manufacture of the polysilicon used in solar PV, an area of particular focus at present is determining the origin of products used by the business and supporting transparent supply chain practices.

See <https://www.unpri.org/pri/about-the-pri> for more information.

Improved reporting of environmental, social and governance issues in line with the implementation of the European Union's disclosure regimes to foster sustainable growth will also be a focus of the Investment Manager given the broader implications of this regime for investors globally.

### COVID-19

NEW's portfolio continues to operate with limited COVID-19 disruptions. The Investment Manager is monitoring potential COVID-19 impacts on the Business, such as changes to debt and equity markets, insurance markets and electricity prices. The Investment Management team in Australia is largely back in the office, while the US team continues to mostly work remotely. Resumption of pre-COVID-19 office and work conventions will depend on when official guidelines recommend it.

## PORTFOLIO SUMMARY<sup>4</sup>

### OREGON PLANTS

Name	Capacity (MW <sub>DC</sub> )	Offtaker
● Bonanza	6.8	PacifiCorp
● Pendleton	8.4	PacifiCorp
<b>Total</b>	<b>15.2</b>	

### CALIFORNIA PLANTS

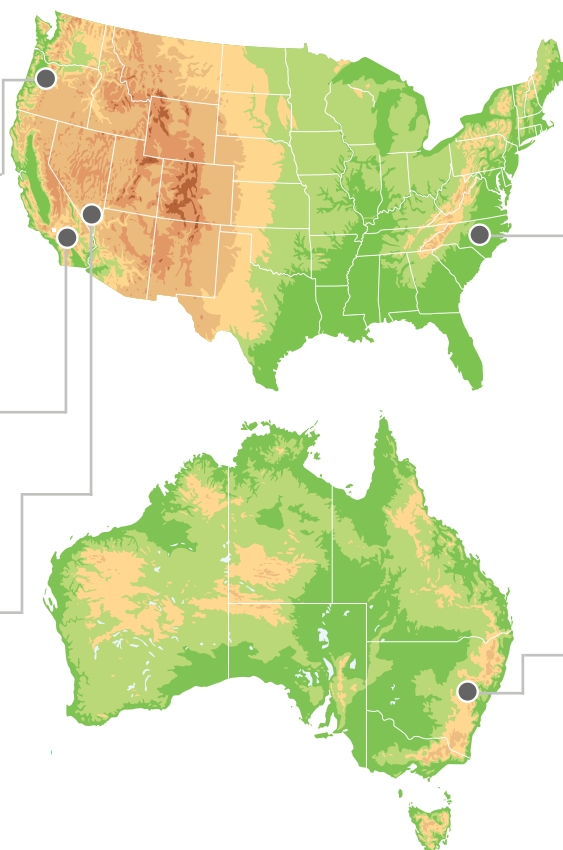
Name	Capacity (MW <sub>DC</sub> )	Offtaker
● Stanford	67.4	Stanford University
● TID	67.4	Turlock Irrigation District
● Mount Signal 2	199.6	Southern California Edison
<b>Total</b>	<b>334.4</b>	

### NEVADA PLANTS

Name	Capacity (MW <sub>DC</sub> )	Offtaker
● Boulder Solar 1	124.8	NV Energy

#### KEY

- Operational



### NORTH CAROLINA PLANTS

Name	Capacity (MW <sub>DC</sub> )	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
<b>Total</b>	<b>131.1</b>	

### NEW SOUTH WALES PLANTS

Name	Capacity (MW <sub>DC</sub> )	Offtaker
● Manildra	55.9	EnergyAustralia
● Beryl	110.9	Sydney Metro, and Kellogg's
<b>Total</b>	<b>166.8</b>	

## ENDNOTES

- 1 New Energy Solar Limited (ACN 609 396 983) (**Company**), and E&P 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 a \$0.78 NEW stapled security price and 357.4 million stapled securities outstanding as at 31 March 2021.
- 3 Capacity-weighted average PPA term remaining as at 31 March 2021.
- 4 Total portfolio of 772 MW<sub>DC</sub> includes plants that are wholly or partly owned by NEW.
- 5 Estimates use 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.
- 6 US CO<sub>2</sub> emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoided Emissions and generation Tool" (**AVERT**). Australian CO<sub>2</sub> emissions displacement is calculated using data from the Australian Government Department of the Environment and Energy.
- 7 Initially announced on 24 June 2020, with damage quantified in 2020 First Half Results announcement on 21 August 2020 and progress previously advised in 4Q2020 Quarterly.

### 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.

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