

Renewable energy. Sustainable investments.

New Energy Solar¹ (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 aims to achieve attractive risk-adjusted financial returns for investors, and a positive social impact. In 2021, NEW sold its two Australian plants and completed the sale of 25% of Mt Signal 2 in California. NEW's portfolio is now located entirely in the US.

MARKET SUMMARY (31 DECEMBER 2021)

Stapled Security Price	A\$0.82
Securities Outstanding	320.6m
Market Capitalisation	A\$262.9m ²

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

Summary

Highlights during the quarter include:

- **Remediation of Rosamond plants:** Stanford and TID at or above 98% capacity at end of 2021.
- **Portfolio performance:** The portfolio generated 6.9% below weather-adjusted expectations for the fourth quarter of 2021.
- **Dividend:** A dividend of 1 cent per share was declared on 11 February. The dividend is expected to be paid on 6 April with the ex-dividend date on 16 February.
- **Business Update:** NEW released a business update on 11 February (**Business Update**) advising that it would be revisiting the recommendations of its Strategic Review to maximise value for shareholders given the persistent share price to net asset value (NAV) discount. These recommendations include individual asset and portfolio sales transactions.
- **Buy-back programs:** Following completion of the Australian asset sales on 30 July 2021, NEW conducted an off-market buy-back from 20 September 2021 to 22 October 2021.



PROGRESS ON RESTORATION OF ROSAMOND PLANTS

The remediation of the fire-damaged Stanford and TID solar plants at Rosamond, California progressed steadily throughout 2021. At year end, both sites were operating at or above 98% capacity. Commissioning of the remediated sections is expected to be concluded by the end of February 2022. The plants have been performing well and testing of specific sections of the site is continuing to ensure the plant is restored to its condition prior to the fire. NEW is working with its insurers to recover the cost of work and testing. The remediation represented one of the largest solar plant restoration projects undertaken in the US.



PORTFOLIO PERFORMANCE

Following the sale of the Australian assets, performance data is provided for NEW’s 14 solar power plants, all located in the United States.

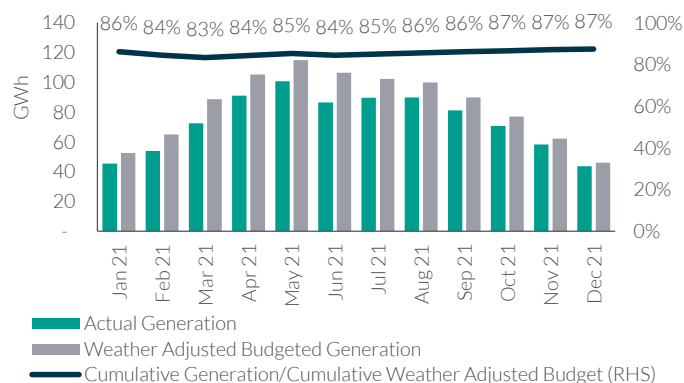
The plants generated 6.9% below weather-adjusted expectations in the three months to 31 December 2021 but revenue was 6.0% below expectations. For the full year, generation was 12.6% below weather-adjusted expectations but curtailment compensation and business interruption proceeds reduced the impact on revenue, with full year revenue 6.2% below weather-adjusted expectations.

The ongoing remediation at the Rosamond plants saw significant progress this quarter with the sites performing at or above 98% of their optimal capacity by the end of the quarter. The Rosamond plants contributed to approximately one third of the underperformance experienced over the quarter.

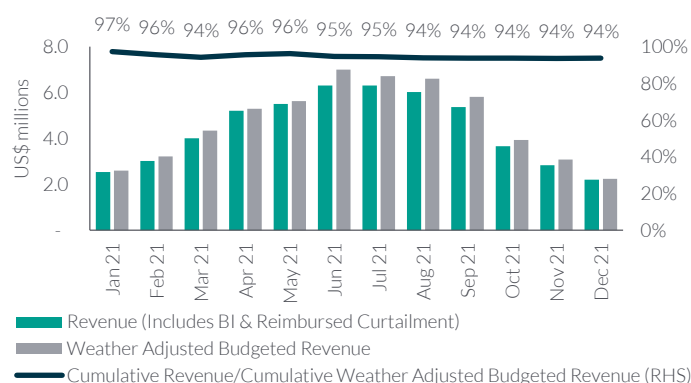
At MS2, the largest plant in the portfolio, scheduled curtailment by the offtaker accounted for 4.9% of the underperformance for the quarter, but over 94% of this curtailment was compensated curtailment, accordingly the impact on revenue was less significant.

The balance of the underperformance for the quarter was attributable to unscheduled maintenance at MS2, Boulder, and the North Carolina plants, and faults in the trackers on both the Boulder and Bonanza plants in Nevada and Oregon. In Oregon, the tracker issues followed measures to protect the plant during the summer fires in 2021.

US Portfolio Generation Performance



US Portfolio Revenue Performance



DIVIDEND AND BUSINESS UPDATE

On 11 February, NEW announced that a dividend of 1 cent per share would be paid for the second half of 2021. The reduced dividend is the result of operating circumstances over 2021, accelerated spending to bring the remediation of the Rosamond plants forward, and debt amortization, all of which reduced free cashflow available to pay dividends. Negotiations with the Rosamond plant insurers are ongoing, with further insurance proceeds expected in the first quarter of 2022.

On 10 February, US Solar Fund (USF) announced that it was exercising its option to purchase a further 25% interest in MS2. NEW expects to declare a further dividend or return of capital (subject to shareholder approval) of 3.0 cents upon close of that sale and receipt of the US\$21 million purchase price.

On 11 February, the Board of NEW released its Business Update on the implementation of the Strategic Review undertaken, together with RBC Capital Markets, in 2020. The first phase measures, including the sale of the first 25% tranche of MS2 to USF, and the sale of the Australian assets, returned some value to shareholders but have not succeeded in closing the gap between the share price and net asset value of the portfolio. Accordingly, the Board has decided to revisit the recommendations of the Strategic Review to return value to shareholders. These recommendations include further asset sales, either as whole-of-portfolio or individual asset transactions.

The process is expected to take at least the first six months of 2022 and NEW will update shareholders in accordance with its continuous disclosure obligations.

SHARE BUY-BACKS

An off-market share buy-back was completed on 22 October 2021 and, as advised, an on-market share buy-back commenced on 3 November 2021. Activity in an on-market buy-back is governed by ASX rules and market practice. Over the course of the quarter, over 1.3 million shares were acquired and subsequently cancelled.

The on-market buy-back will remain paused while the Company revisits the recommendations of the Strategic Review, as advised in the Business Update released on the ASX on 11 February 2022.

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 is able to return to the office, subject to vaccination, mask wearing and social distancing requirements. Continuation of pre-COVID-19 office and work conventions will remain dependent on official guidelines.

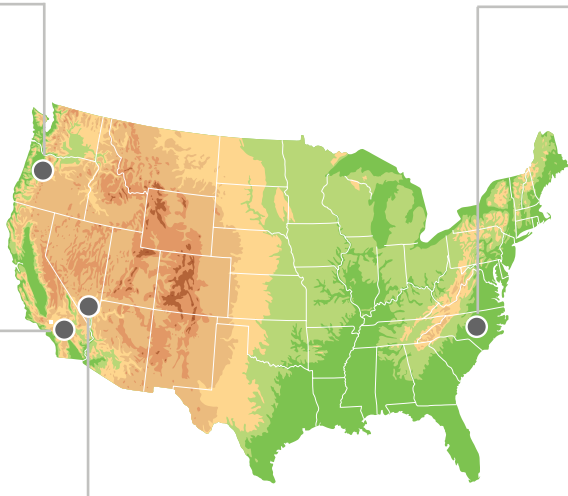
PORTFOLIO SUMMARY⁴

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

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	



ENDNOTES

- ¹ New Energy Solar Limited (ACN 609 396 983), **New Energy Solar**, the **Business** or **NEW**.
- ² Based on a \$0.82 NEW stapled security price and 320.6 million stapled securities outstanding as at 31 December 2021.
- ³ Capacity-weighted average PPA term remaining as at 31 December 2021.
- ⁴ Total portfolio of 606 MW_{DC} 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 CO₂ emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoided Emissions and geneRation Tool" (**AVERT**).

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. 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.