

**NEW ENERGY SOLAR (ASX: NEW)**  
**ANNUAL GENERAL MEETING OF NEW ENERGY SOLAR LIMITED**  
**CHAIRMAN'S ADDRESS**

Good morning and welcome to the Annual General Meeting of New Energy Solar Limited.

Today we are conducting this meeting remotely to comply with government measures to restrict the transmission of the COVID-19 virus. Hopefully you have read the Virtual Meeting Online Guide provided by Link Market Services. You should have received it together with the Notice of Meeting, but it is also available on the New Energy Solar website under the key documents tab. While a face-to-face meeting is, in my view, preferable for conveying the progress of the business and the Board's stewardship of the business, we must all adapt to new ways of doing things to ensure the health and safety of Australians.

Before discussing the progress of the business, I would like to cover the key points of New Energy Solar's statement on its operations during this time and to reinforce that the direct impact of COVID-19 has been limited to date. You can find on the NEW website a statement that describes the business continuity plan and impact of the current circumstances on NEW's operations. Fortunately, the assets operate with very little input from humans, electricity continues to be generated and sold under the power purchase agreements for each asset and the Investment Management team is working well remotely. While we noted in our latest quarterly update that we have experienced unfavourable weather conditions and had some commissioning issues on two of our assets, these are un-related to the pandemic. We are continuing to work through the last of these commissioning issues.

However, while the direct impact from COVID-19 on our operations has been limited to date, this is a time to be cautious. The pandemic has created significant stress in financial markets and impacted on the general availability and cost of equity and debt. While NEW has primarily long-term project debt, if the pandemic should persist it may have implications for the refinancing terms of some of our smaller facilities maturing in the coming years.

Further, the significant drop in demand for energy created by the global response to the pandemic has seen significantly lower energy prices – including electricity prices. New Energy Solar is largely protected

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from these lower electricity prices because most of our 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, we will continue to monitor market conditions closely and take a cautious approach to all business decisions. Please ensure you review our COVID-19 statement on the website, which will be updated regularly.

Moving on from COVID-19, it is important to acknowledge that NEW has met a key milestone since our last annual general meeting – now 100% of our assets are operational versus assets accounting for approximately 60% of our current capacity, at the end of 2018. The power purchase agreement for the most recently operational asset, Mount Signal 2 in California, begins next week on 1 June 2020. Once this agreement commences, every asset's output will be contracted, with only a small portion of Beryl's output being sold in the merchant market. In summary, from next week, over 96% of revenue over the next five years is contracted under long-term power purchase agreements. The capacity weighted average length of the agreements was 15.8 years at the end of 2019.

The financial results of the business reflect the increasing maturity of the portfolio. Total underlying revenues for 2019 increased 29% from the 2018 year to US\$54.3 million. Earnings also grew and earnings before interest, tax, depreciation and amortization for the portfolio increased 24% over the previous year to US\$40.3 million. The Business distributed dividends totaling 7.9 cents per stapled security in 2019. There was also a major environmental dividend. In 2019 the Business displaced 692,000 tonnes of CO<sub>2</sub>, which is the equivalent of removing 189,000 cars from the roads. This has made a significant contribution to the environment and is something of which we should all be proud.

The 2019 year was a very busy year with the commissioning of the Organ Church plant in North Carolina, the Beryl plant in New South Wales and the Mount Signal 2 plant in California. Beryl and Mount Signal 2 are two of the portfolio's more significant assets and as a result generation capacity increased 70% from 454MWDC at the end of 2018 to 772MWDC at the end of 2019. While both Mount Signal 2 and Beryl experienced some commissioning issues around some of the equipment on site, these issues are now largely resolved. New Energy Solar is now a fully operating solar infrastructure business selling power under long term contracts.

Despite this progress, the security price for New Energy Solar has not reflected the achievements made in completing the construction of the portfolio and in bringing all of our solar plants into operation. The



security price is at a substantial discount to our NTA. A major factor in the discount appears to be selling by clients of the Dixon Advisory business, impacted by poor sentiment attaching to that business.

The gap between the security price and the NTA is the top priority for the Board. In a major step to address the discount at which the securities trade, the business embarked on an asset sales process at the end of 2019. The rationale for the sale of minority interests in one or two US based solar plants and/or the sale of a minority share in either the US or Australian holding companies, is twofold. Firstly, a sale of a share in an asset will demonstrate the market value of NEW's portfolio and provide the Australian market with a better understanding of the value of solar assets, particularly those located in the US market. Secondly, the proceeds from any sale could be used for capital management purposes, which may include an on-market buyback of securities, paying down some shorter-term debt, payment of a special dividend, or a combination of these initiatives.

The asset sale process is continuing despite the onset of the pandemic and the challenging conditions being experienced in financial markets. As advised in January, we expect to provide an update by the end June 2020. I must, however, emphasise that these are highly uncertain times and there is no guarantee that any transaction will result from this process and that the Board will only approve a transaction that is in the best interests of securityholders.

Finally, I would like to thank the Investment Management team. You have seen CEO John Martin, Chief Investment Officer Liam Thomas and CFO Michael van der Vlies at results and update presentations, but a larger and very capable team in the US and Australia works alongside them. I would also like to thank my fellow board members for their work this year and for their enthusiasm for renewable energy.



## 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. New Energy Solar 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 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 US 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:

<http://www.newenergysolar.com.au/>

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

