

Renewable energy. Sustainable investments.

New Energy Solar¹ (**NEW**, the **Business**) is an award-winning sustainable investment business focused on investing in large-scale solar power plants that generate emissions-free power. As Australia's first ASX-listed solar infrastructure business, NEW has invested more than A\$1 billion in solar plants across the United States (**US**) and Australia, helping investors generate positive social impact alongside attractive financial returns.

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

Summary

Highlights during the quarter include:

- NEW celebrating continued portfolio growth with opening events at the Manildra Solar Power Plant (**Manildra**) and the County Home Solar Power Plant (**County Home**)
- Construction of the large Beryl Solar Power Plant (**Beryl**) and Mount Signal 2 Solar Power Plant (**MS2**) remaining on track for completion later in 2019
- The announcement of a final 2018 distribution of 4.0 cents per stapled security, bringing total distributions since listing in December 2017 to 11.75 cents per stapled security.

The quarter concluded a successful year of growth for NEW, with the portfolio of operational assets increasing from four to thirteen plants across the US and Australia. NEW is now the largest ASX-listed pure-play investor in solar power plants.

Construction across the portfolio during Q4 was pleasing, with Manildra in New South Wales and the Bonanza Solar Power Plant (**Bonanza**) in Oregon both achieving commercial operation.² Construction at MS2 and Beryl ramped up during the quarter, with both plants on track to be completed in 2019.

On 20 November, NEW announced a distribution of 4.0 cents per stapled security for the six months ended 31 December 2018. This resulted in total 2018 distributions being in line with previous guidance of 7.75 cents per stapled security and implying a 5.6% distribution yield.³


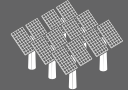






NEW's thirteen operational solar power plants generated approximately 110,000 megawatt hours (**MWh**)⁴ of electricity during Q4. The Nevada and Oregon plants performed in line with management expectations, while the plants in California and North Carolina experienced slightly lower-than-expected generation due largely to adverse weather conditions.

With 316 megawatts (**MW_{DC}**) across three solar plants (Beryl, MS2 and Organ Church) expected to achieve commercial operation in 2019, NEW looks to continue strong growth momentum into the new year.

FINANCIAL SUMMARY (31 DECEMBER 2018)

Market Capitalisation	\$482 million ⁵
Stapled Security Price	\$1.39
Announced 2018 Distribution per Stapled Security	7.75 cents
2018 Distribution Yield	5.6% ³

PORTFOLIO HIGHLIGHTS

 Reaching global scale - now a leading global renewable investor in solar PV power	 More than two million solar panels generating emissions-free electricity ⁶
 22 plants across two continents	 Total portfolio capacity of 844MW _{DC} ⁷
 Displacing an estimated 1,174,000 tonnes ⁸ of CO ₂ ⁷	 Powering 233,000 US and Australian-equivalent homes ^{7,9}
 Removing 304,000 US and Australian-equivalent cars from the road ^{7,10}	 Distributed more than \$25 million to investors in 2018



Did you know?

NEW contributes to twelve of the Sustainable Development Goals (SDG) set out by the United Nations in an effort to address poverty, inequality and climate change.

Read more in NEW's 2018 Sustainability Report
<https://www.newenergysolar.com.au/sustainabilityreport>

PORTFOLIO SUMMARY¹¹

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
MS2	199.6	Southern California Edison
Total	334.4	

NEVADA PLANTS

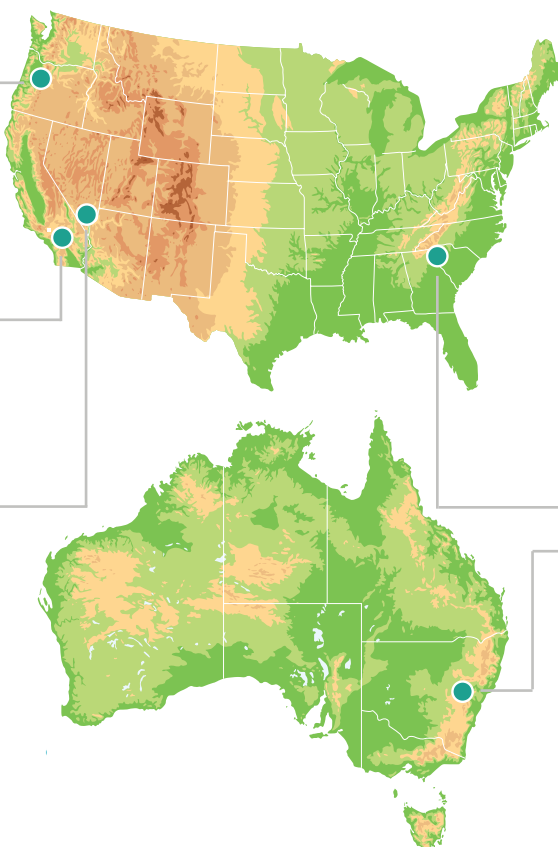
Name	Capacity (MW _{DC})	Offtaker
Boulder Solar 1	124.8	NV Energy

KEY

- Operational
- Acquired/under construction
- Committed

ADDITIONAL COMMITTED US PLANTS

Name	Capacity (MW _{DC})	Location	Expected Offtaker
Rigel Portfolio ¹²	73.8	North Carolina and Oregon	Duke Energy Progress and PacifiCorp



NORTH CAROLINA PLANTS

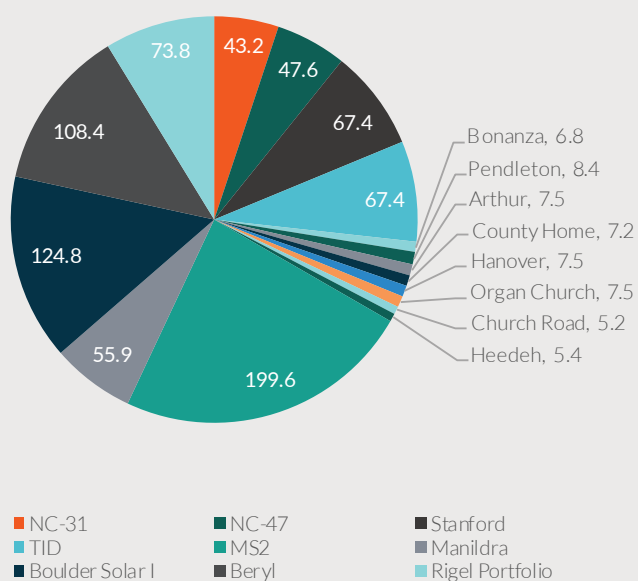
Name	Capacity (MW _{DC})	Offtaker
NC-31	43.2	Duke Energy Progress
NC-47	47.6	Duke Energy Progress
Hanover	7.5	Duke Energy Progress
Arthur	7.5	Duke Energy Progress
Church Road	5.2	Duke Energy Progress
Heedeh	5.4	Duke Energy Progress
Organ Church	7.5	Duke Energy Carolinas
County Home	7.2	Duke Energy Progress
Total	131.1	

NEW SOUTH WALES PLANTS

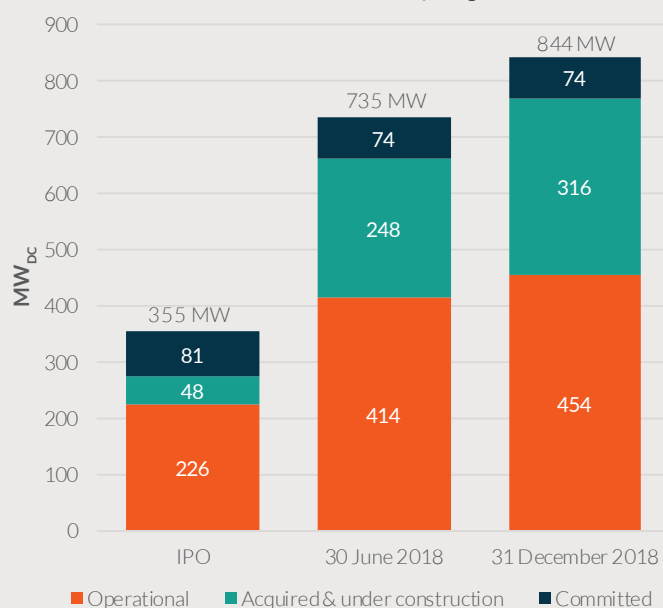
Name	Capacity (MW _{DC})	Offtaker
Manildra	55.9	EnergyAustralia
Beryl	108.4	Sydney Metro
Total	164.3	

NEW PORTFOLIO COMPOSITION (BY PLANT) AS AT 31 DECEMBER 2018

NEW Portfolio Composition (MW_{DC}¹¹)



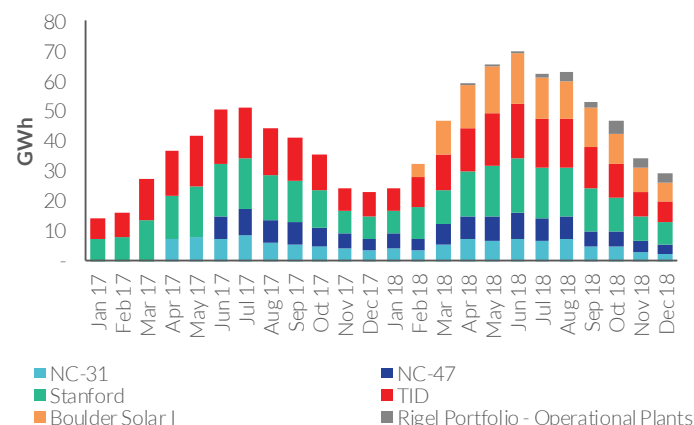
NEW Portfolio by Stage¹¹



PORTFOLIO UPDATE

OPERATING PLANTS^{13,14}

Interests in 13 solar power plants with 454MW_{DC}¹⁵ of capacity as at 31 December 2018.



Two plants (Bonanza and Manildra) reached commercial operation during the quarter. As at 31 December 2018, the Business had 13 operational plants in the US and Australia.

Solar Plant	Capacity (MW _{DC})	Location	Achieved Commercial Operation
Bonanza	6.8	Bonanza, North Carolina	Dec 2018
Manildra	55.9	Manildra, New South Wales	Dec 2018

The operational portfolio produced approximately 110,000MWh⁴ of electricity during the quarter. This represents enough energy to power 12,700 equivalent US and Australian homes.⁹

Production from the operating plants displaced the equivalent of 71,500 tonnes of CO₂⁸ emissions during the quarter, which is comparable to removing nearly 15,600 cars from the road.¹⁰

US PLANTS

The Nevada and Oregon plants performed in line with management expectations over the quarter, with these assets significantly exceeding production expectations during the month of November. Conversely, the California and North Carolina plants underperformed management's expectations due to several adverse weather events.

US portfolio electricity generation was driven by growth in the operating portfolio during the second half of 2018, with a total of six plants achieving commercial operation during Q3 and Q4. These plants contributed an additional 41MW_{DC} of operating capacity to the portfolio.

Total annual production from the US portfolio in 2018 was broadly in line with management's weather-adjusted performance expectations, producing approximately 576,000MWh of electricity.⁴

AUSTRALIAN PLANTS

After some months selling electricity into the National Electricity Market on a merchant basis, Manildra achieved full commercial operation in December 2018 and is now selling electricity and Large-Scale Generation Certificates (LGCs) to EnergyAustralia under its long-term power purchase agreement (PPA).

NEW hosted a well-attended investor day and site tour at Manildra on 29 October 2018. The tour provided investors with the opportunity to learn more about the construction and day-to-day operations of the site. More than 200 people attended, including representatives from NEW, First Solar, Inc. (NASDAQ: FLSR, First Solar), site owners – the Cotton family, and members of Orange and Manildra's local communities.



PLANTS ACQUIRED AND UNDER CONSTRUCTION

Interests in three solar power plants totalling 338MW_{DC} of capacity as at 31 December 2018.

US PLANTS

Construction progress at NEW's North Carolina and Oregon solar plants during Q4 was pleasing.

Bonanza achieved commercial operation during December. Following this milestone, the plant commenced its 13-year PPA with PacifiCorp, a subsidiary of Berkshire Hathaway (NYSE: BRK.A).

The Organ Church Solar Power Plant (Organ Church) reached mechanical completion during Q3 and is expected to achieve commercial operation in Q1 2019.

On 15 November, representatives of NEW's management team attended a ceremony for the completion of construction and commissioning of its six newest solar plants acquired from Cypress Creek Renewables (CCR) at County Home. More than 30 people attended the ceremony, including representatives from Rockingham County, tax equity financier US Bank, and project developer CCR.

Following the start of construction at MS2 during Q3 2018, construction is progressing on schedule, with equipment deliveries being made to the site and pile driving underway. MS2 is expected to achieve commercial operation during H2 2019 and is contracted to sell 100%



of the power and renewable energy credits generated to Southern California Edison from mid-2020.

AUSTRALIAN PLANTS

Construction at Beryl commenced during Q3 2018 and significant progress was made during Q4, with pile driving and tracker installation underway. NEW expects Beryl to achieve commercial operation by mid-2019.

COMMITTED PLANTS

Six solar power plants with $74\text{MW}_{\text{DC}}^{15}$ of capacity as at 31 December 2018.

Subject to meeting conditions precedent, NEW has committed to acquire a further six solar projects from CCR in North Carolina and Oregon as part of the Rigel Portfolio acquisition announced in October 2017.

Funding and construction of these plants remains delayed due to design and development issues. Under the terms of the Rigel Portfolio acquisition, NEW is not obliged to fund these projects until they achieve all relevant development milestones.



ENDNOTES

- ¹ New Energy Solar Limited (**Company**), and Walsh & Company Investments Limited as responsible entity of New Energy Solar Fund (**Trust**), together **New Energy Solar**, the **Business** or **NEW**.
- ² Generally, when a PPA for the sale of electricity commences; the plant has achieved mechanical completion, and electrical infrastructure required to interconnect the plant with the electricity grid has been completed. At this time the plant has been energised, operationally tested and commissioned.
- ³ Based upon NEW's 2018 announced distribution of 7.75 cents and closing stapled security price of \$1.39 on 31 December 2018
- ⁴ Based upon NEW's equity interest in each plant.
- ⁵ Based on \$1.39 NEW stapled security price and 346.6 million stapled securities outstanding as at 31 December 2018.
- ⁶ Figure excludes Rigel Portfolio – Committed.
- ⁷ Estimates assume all plants under construction and committed plants are operational and all plants are owned on a 100% basis.
- 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 Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.
- ¹⁰ Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.
- ¹¹ Includes plants that are wholly or partly owned by NEW. Total portfolio of 844 MW_{DC} includes plants that are operational, acquired and under construction or committed.
- ¹² Rigel Portfolio – Committed refers to the portfolio of solar power plants NEW has committed to acquire from Cypress Creek Renewables if certain conditions are met. Refer to 'Committed Plants' section of this update for further information.
- ¹³ Production included for all solar power plants on a NEW equity interest basis.
- ¹⁴ Manildra electricity production has been excluded from the chart as it only reached commercial operation on 28 December 2018.
- ¹⁵ Accounts for plants on a 100% basis.

Important Notice:

This Quarterly Update (Update) has been prepared by the Investment Manager (New Energy Solar Manager Pty Limited) 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. The past performance of the Business is not a guarantee of the future performance of the Business. 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.