New Energy
Solar

FY17 results presentation

28 February 2018

Questions to the New Energy Solar management team can be addressed to info@newenergysolar.com.au

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Agenda

1. Overview
2. FY17 operational and financial results
3. Acquisitions and pipeline update
4. Conclusion and outlook
5. Q&A

Presenters

John Martin, Chief Executive Officer

Liam Thomas, Head of Investments

1 Overview

Key achievements

Solar power plants successfully commissioned, first distributions made to investors, listed on the ASX and continued portfolio growth

Commercial achievements

Commissioned 4 plants with $225MW_{DC}$ capacity

Acquired, committed to or commenced construction on 16 more plants which will bring capacity to $680MW_{DC}$

Distributed 7.2cps, with an FY18 target of 7.75cps

Listed on the ASX and raised a further ~A$200m equity capital

Key achievements (cont.)

… and displaces a significant volume of carbon dioxide emissions

Sustainability achievements[1]

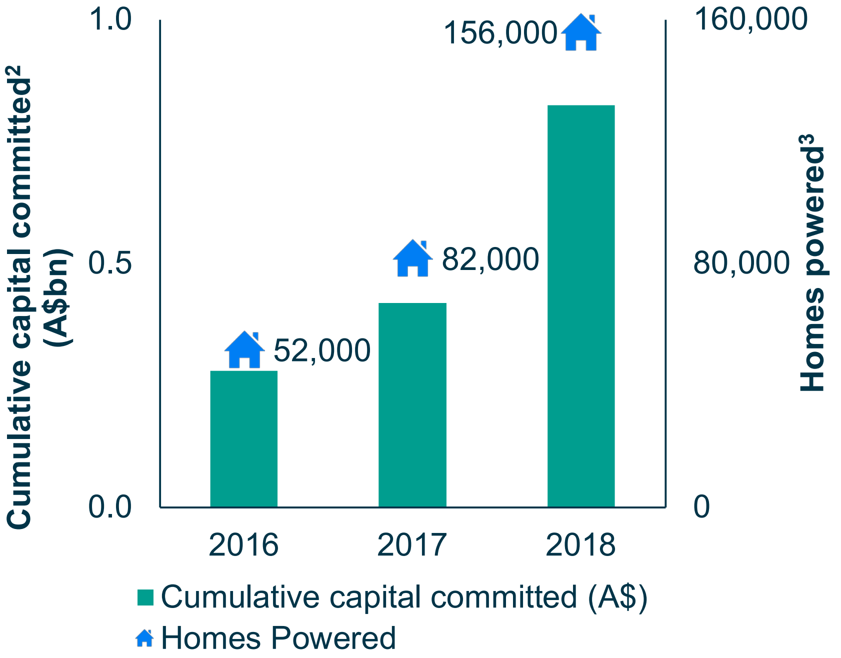
236,000 tonnes of CO_2 displaced in 2017

Equivalent to removing 56,000 cars from the road…

…or powering 52,000 homes

Assisting >4,700 investors to approach carbon neutrality

Growth since inception



Notes:

1. Solar energy plant CO_2 emission reduction calculated using the US Environmental Protection Agency's AVoided Emissions and geneRation Tool (AVERT). CO_2 emissions displacement is calculated as the emissions that would be produced during the calculation period if the same amount of energy was produced by a coal fired plant instead. Average household consumption of approximately 8,375KWh pa and car emissions of $4.2tCO_2$ pa assumed. Carbon neutrality based on 236,000 tonnes of CO_2 displaced by NES' solar plants in 2017 and 200,796,527 weighted average number of NES stapled securities on issue.
2. Cumulative capital committed converted from US$ to A$ at date of acquisition announcement.
3. Based on full year expected production assuming committed MW_{DC} is operational and average household consumption of approximately 8,375KWh per annum.

Portfolio summary

20 plants with blue-chip offtake and a capacity weighted PPA term remaining of 17.7 years at year end[1]

Oregon Plants

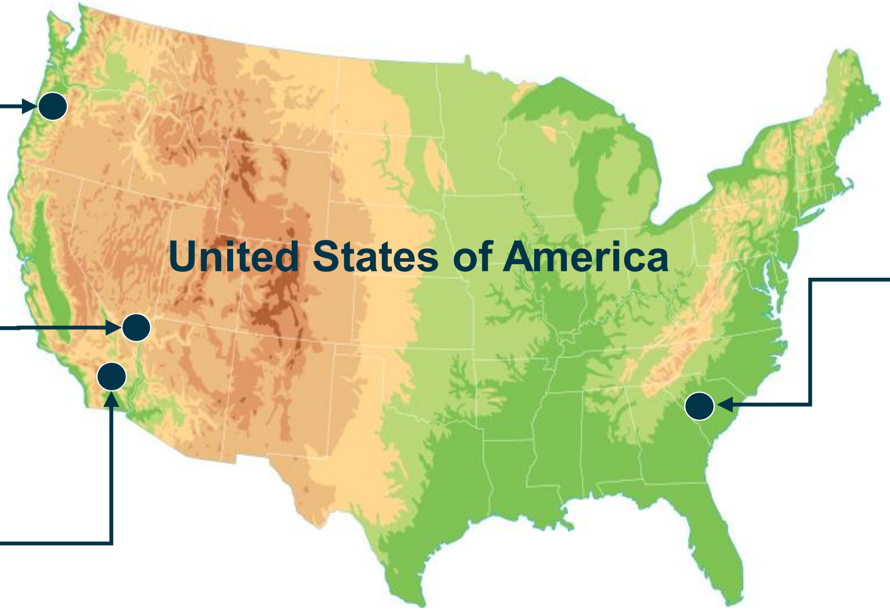
Name	Capacity (MW_{DC})	Location	Offtaker
Bonanza	6.8	Klamath	PacifiCorp
Total	**6.8**		

Nevada Plants

Name	Capacity (MW_{DC})	Location	Offtaker
Boulder Solar 1	125.0	Clarke County	NV Energy
Total	**125.0**		

California Plants

Name	Capacity (MW_{DC})	Location	Offtaker
Stanford SGS	67.4	Rosamond	Stanford University
TID SGS	67.4	Rosamond	Turlock Irrigation District
Total	**134.8**		



North Carolina Plants

Name	Capacity (MW_{DC})	Location	Offtaker/ Expected Offtaker
NC-31	43.2	Blandenboro	Duke Energy Progress
NC-47	47.6	Maxton	Duke Energy Progress
Arthur	7.5	Columbus	Duke Energy Progress
Hanover	7.5	Onslow	Duke Energy Progress
Heedeh	5.4	Columbus	Duke Energy Progress
Organ Church	7.5	Rowan	Duke Energy Carolinas
County Home	7.2	Richmond	Duke Energy Progress
Total	**125.9**		

Additional Committed US Projects

Name	Capacity (MW_{DC})	Location	Expected Offtaker
Undisclosed	200.0	Undisclosed	Investment grade
Rigel Portfolio[2]	87.4	North Carolina and Oregon	Duke Energy Progress and PacifiCorp
Total	**287.4**		

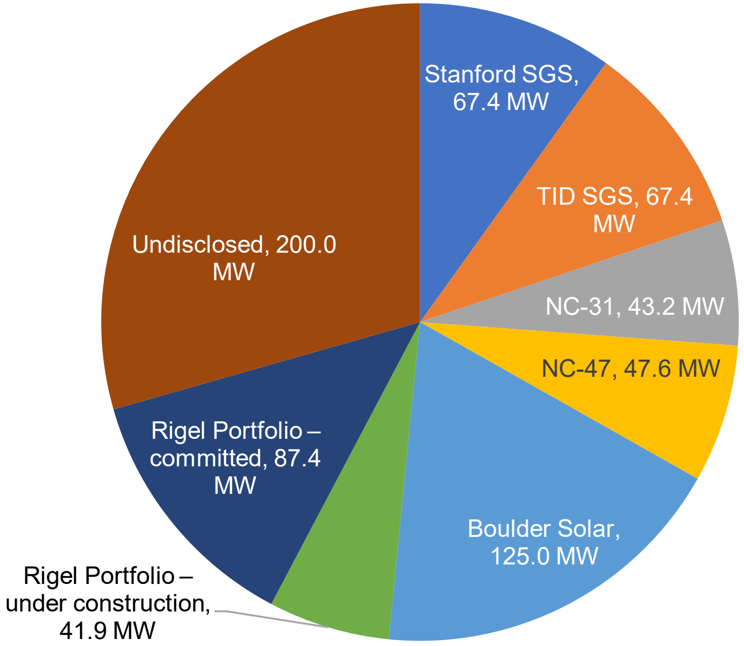
Key
Operational
Acquired and under construction
Committed

Notes: Includes plants that are either wholly or partly owned by NES - refer to slide 29 for NES' share of ownership of each plant. Total portfolio of 680MW_{DC} includes plants that are operational, acquired and under construction or committed. 1. PPA terms of committed projects have been determined from commercial operations date. 2. Rigel Portfolio refers to portfolio of assets NES has acquired, or has committed to acquire from Cypress Creek Renewables.

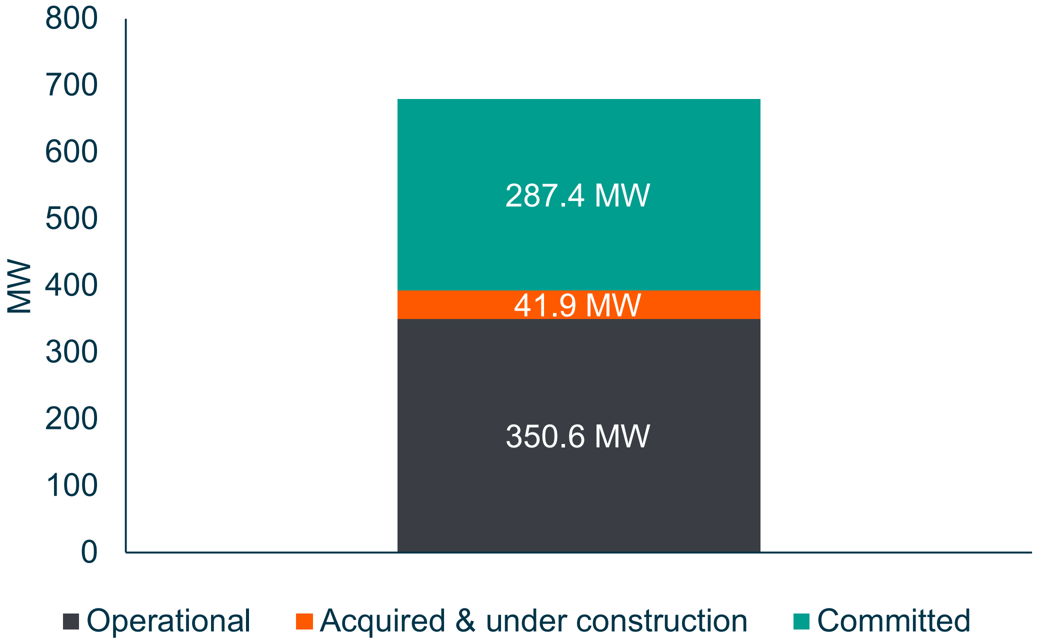
Portfolio composition

Total portfolio (680MW_{DC}) as at 28 February 2018 – includes plants that are operating, acquired and under construction or committed

Portfolio composition



Plants by stage

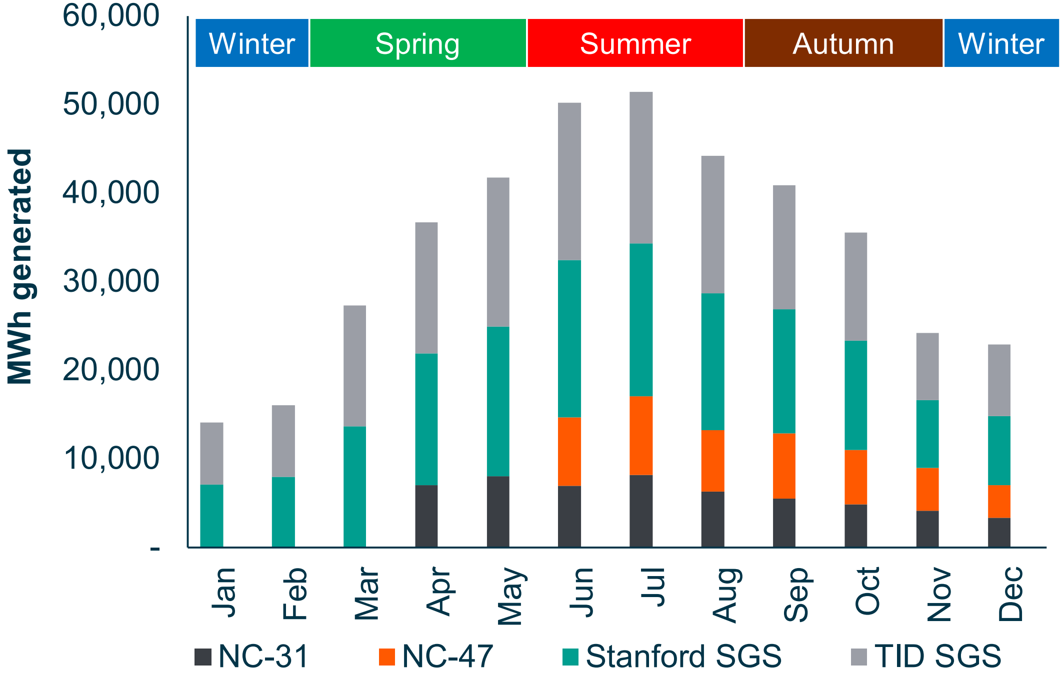


Operational performance

2017 operational performance was consistent with expectations at acquisition

- Whilst there were some months of greater than expected wet weather, the overall performance of the operating portfolio in 2017 was in line with expectations
- Californian experienced one of the wettest years on record, which detracted from Q1 performance. More favourable weather conditions for the remainder of the year resulted in annual power generation in line with management's expectations
- The North Carolina plants (NC-31 and NC-47) became operational in March 2017 and May 2017 respectively. Whilst there was considerable wet weather on the East Coast of the US late in the year, the North Carolina assets met performance expectations

2017 monthly generation by plant



2 FY17 operational and financial results

Summary of FY17 operational and financial results

2017 was a year of significant commercial and environmental achievement

>405GWh generated **236ktCO2e** displaced[1]	• NES' four operational plants performed in line with expectations • Refer slide 9 for further information
US$21.7m underlying revenue **US$17.3m** underlying EBITDA	• Project-level earnings consistent with expectations • Refer slide 12 for further information
A$24.4m statutory revenue **A$(7.1)m** statutory income	• Weakening USD resulted in FX revaluation losses of $27.0m • Refer slides 13-14 for further information
7.2cps FY17 distribution **7.75cps** FY18 target distribution	• 7.2cps distributed in FY17, expected to grow 7.6% to 7.75cps in FY18 • Refer slide 24 for further information

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Note: 1. Solar energy plant CO_2 emission reduction calculated using the US Environmental Protection Agency's AVoided Emissions and geneRation Tool (AVERT). CO_2 emissions displacement is calculated as the emissions that would be produced during the calculation period if the same amount of energy was produced by a coal fired plant instead.

Underlying performance – FY 2017

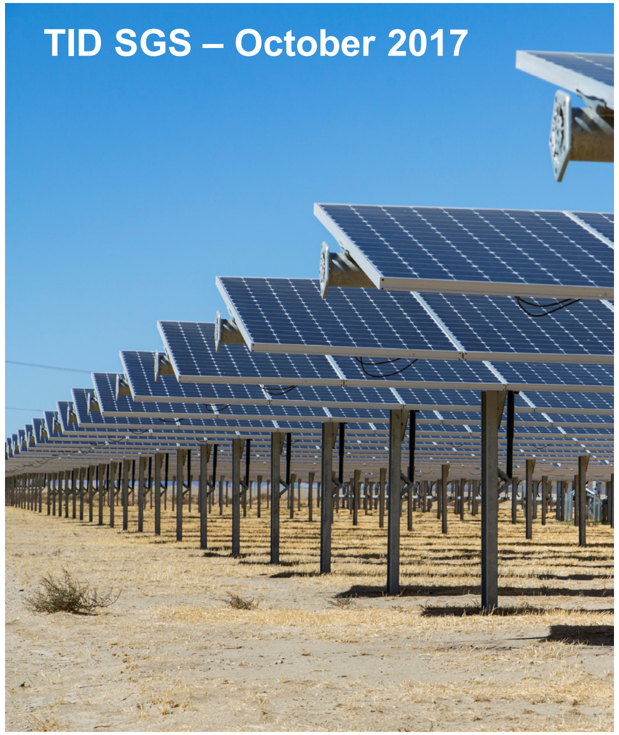
At the asset level, operational solar plants produced US$21.7m of underlying revenue and US$17.3m of underlying EBITDA during 2017

Performance

	CAPACITY	GENERATION
NC-31	43.2MW$_{DC}$	54GWh
NC-47	47.6MW$_{DC}$	45GWh
Stanford SGS	67.4MW$_{DC}$	153GWh
TID SGS	67.4MW$_{DC}$	153GWh
Total	**225.6MW$_{DC}$**	**405GWh**

Earnings

Revenue	US$21.7m
Less: Opex	(US$4.4m)
EBITDA	US$17.3m
Less: Distributions to tax equity and EBITDA attributed to minorities	(US$5.5m)
EBITDA attributable to NES	**US$11.9m**


TID SGS – October 2017

Note: Operating financial performance for NC-31 and NC-47 cover the period since commercial operations date (COD) (March 2017 and May 2017, respectively) to 31 December 2017. There are some differences in the earnings figures due to rounding.

Statutory earnings

NES is an 'Investment Entity' under AASB 10 and therefore does not consolidate its subsidiaries. NES recognises income and fair value movements from its investment in NES US Corp

A$	YEAR ENDED 31 DECEMBER 2017	19 NOV 2015 TO 31 DEC 2016
Revenue		
1 Fair Value Movement	(13,882,089)	10,117,036
3 Foreign exchange gain/(loss)	(872,972)	(4,425,844)
2 Finance Income	10,647,700	3,606,619
Other Income	599,011	-
Total Revenue	**(3,508,350)**	**9,297,811**
Finance Expenses	(663)	(922)
Responsible Entity fees	(191,722)	(137,539)
Investment management fees	(588,513)	(1,242,838)
4 Other operating expenses	(2,806,546)	(813,098)
Total expenses	**(3,587,444)**	**(2,194,397)**
Profit/(loss) before tax	**(7,095,794)**	**7,103,414**
Income tax benefit/(expense)	-	(85,643)
Profit/(loss) after tax for the period	**(7,095,794)**	**7,017,771**

1
- Fair value movements in investments in NES US Corp, including A$27.0m of unrealised foreign exchange losses
- Refer to slide 15 for an overview of fair value movements

2
- Primarily interest income on the loan from New Energy Solar Fund to NES US Corp., a subsidiary of New Energy Solar Limited
- Refer to slide 31 for an overview of NES' structure

3
- Foreign exchange loss on cash balances

4
- Primarily investment diligence, IPO and operational costs

Note: Presented on a combined basis for New Energy Solar Limited and New Energy Solar Fund

Statutory earnings (continued)

Statutory income in FY17 was (A$7.1m), or A$20.8m before foreign exchange losses and fair market value foreign exchange movements

A$	YEAR ENDED 31 DECEMBER 2017
Revenue	
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Foreign exchange gain/(loss)	(872,972)
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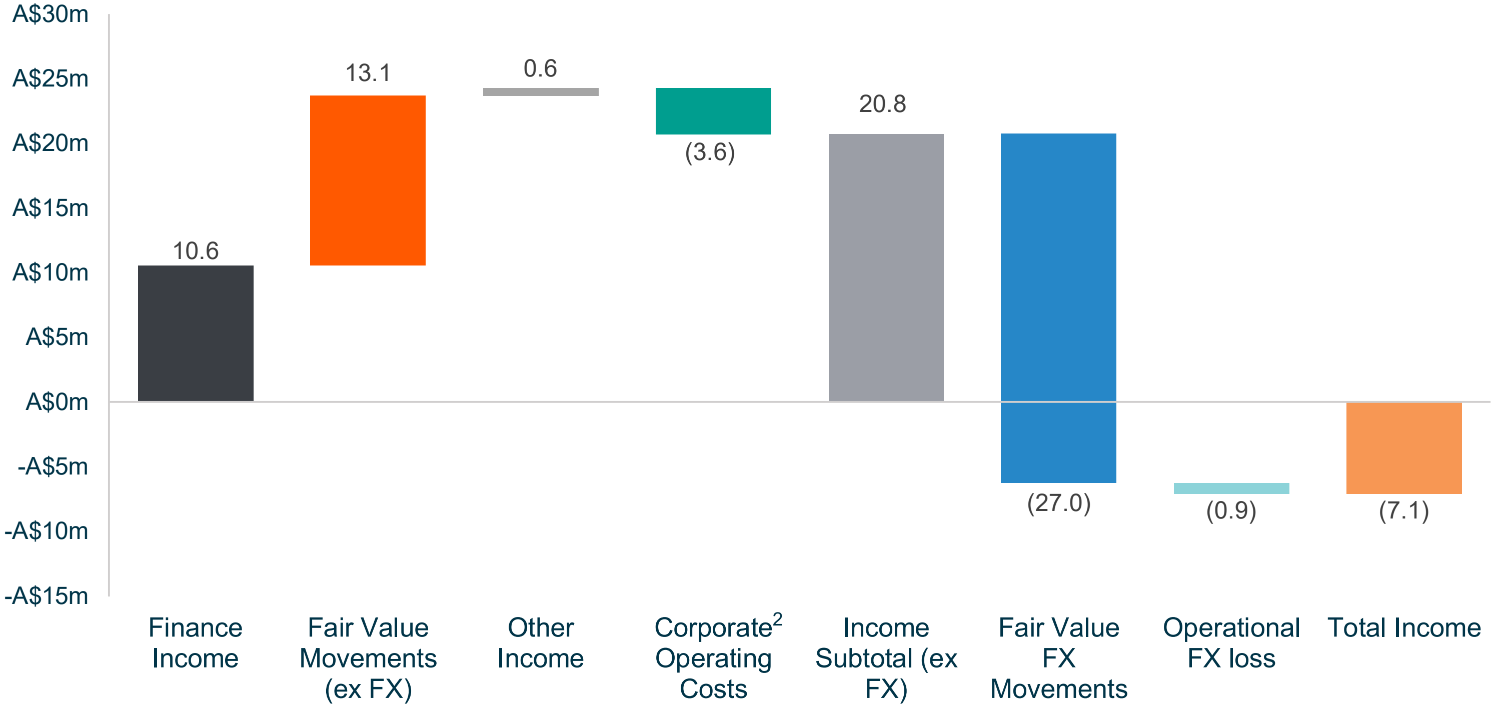
Other operating expenses	(2,806,546)
Total Expenses	**(3,587,444)**
Profit/(loss) before tax	**(7,095,794)**
Income tax benefit/(expense)	-
Profit/(loss) after tax for the period	**(7,095,794)**

Components of FY17 earnings[1]

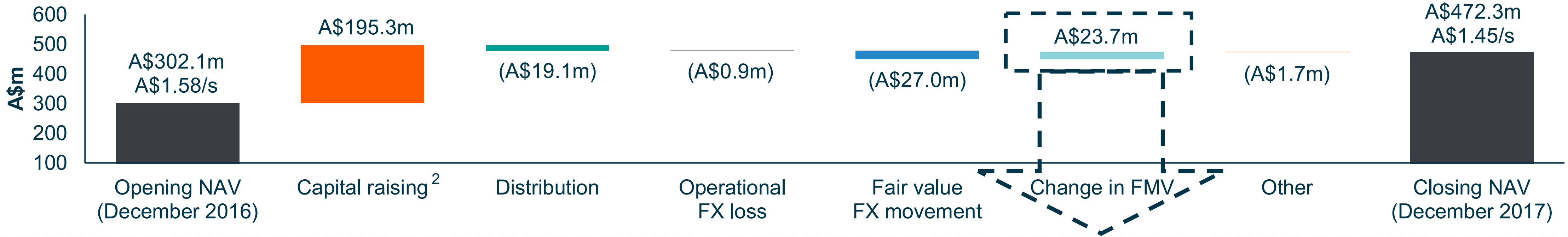


Note: 1. Earnings may not be additive due to rounding. 2. Corporate operating costs comprised of Finance Expenses, Responsible Entity Fees, Investment Management fees and Other operating expense

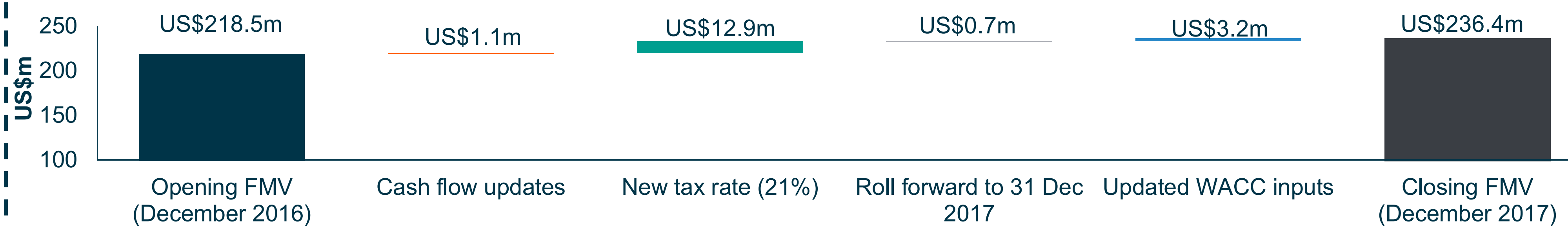
Net Asset Value Bridge

Fair Market Value (FMV) of assets increased by $A23.7m in 2017 before currency movements, with Net Asset Value (NAV) per security of $1.45 at year end

Change in net asset value since 31 December 2016 (A$m)[1]



Change in fair market value since 31 December 2016 (US$m)



Change in FMV (US$)	US$17.9m
Exchange rate (AUD:USD)	0.755
Change in FMV (A$)	**A$23.7m**

Notes:

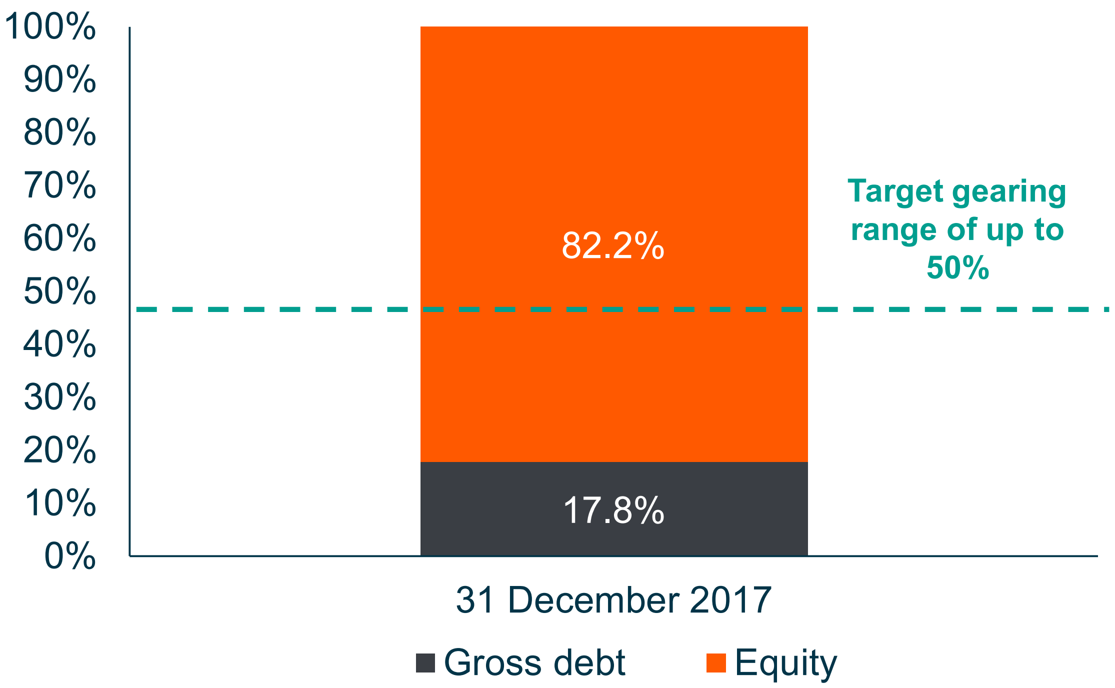
1. NAV per security not additive due to additional securities issued at capital raising
2. Capital raising calculated based on proceeds net of fees and costs

Capital structure and financing

At year end, external look-through gearing was 17.8%[1], providing considerable funding capacity up to the target gearing range of 50% of gross assets

- On 2 October 2017, NES settled a US$62.5m US private placement of loan notes, secured against Stanford SGS and TID SGS
- Given the strong pipeline of investment opportunities, NES' US$20m bank facility was left in place at 31 December 2017. This facility is currently expected to be refinanced prior to its expiry in August 2018
- Along with recently announced transactions, NES is considering options for raising additional debt, including project-level and corporate-level funding alternatives

External look-through gearing



Note: 1. Total look-through gross gearing, calculated as (A) business total gross debt outstanding, divided by (B) the total gross assets of the Business, both as of 31 December 2017.

3 Acquisitions and pipeline update

Acquisition of 200MW_{DC} solar project in US

Project operational late 2019, 20-year PPA in place

- Project to be constructed and operational by late 2019
- 20-year PPA with an investment grade utility offtaker, commencing mid-2020
- Project will be funded by an initial NES equity injection of approximately US$80m, with the remainder funded by non-recourse construction debt facilities
- Expected five-year annual average gross yield of approximately 5.15%[1] pa, with PPA escalation of 1.5% per annum anticipated to provide yield growth
- NES is working with the vendor, a group of large renewable financing banks, and a large tax equity investor, to finalise debt and tax equity financing
- The transaction is currently subject to disclosure limitations – more detailed information will be provided once transaction close is achieved, expected in March 2018

Note: 1. Before transaction costs and fees

Acquisition of Boulder Solar 1

Post balance date acquisition of operating plant with five year average gross yield of 6.6%[1] pa

- Operating for over 12 months, selling 100% of its output to major utility NV Energy under a 20 year PPA
- 49% interest acquired for US$55m; remaining 51% owned by Southern Power, one of the largest integrated energy companies in the US
- Expected to produce a five year average gross yield of 6.6%[1] pa
- Located in Nevada, a new and attractive electricity market for NES that provides an excellent solar resource and progressive regulatory regime favourable to renewable energy

Boulder Solar 1 – December 2017

Note: 1. Before transaction costs and fees

Cypress Creek transaction update

Construction is underway on the first six plants of the Rigel Portfolio

- In October 2017, NES announced an agreement to acquire majority interests in 14 plants totaling 130MW$_{DC}$ from Cypress Creek Renewables (**CCR**) in Oregon and North Carolina (the **Rigel Portfolio**)
- The agreement requires CCR to bring projects to a construction-ready stage, at which time NES closes financing and construction commences
- The plants are being constructed by a subsidiary of CCR. The acquired plants are expected to commence commercial operations in the second and third quarters of 2018
- Solar panels were procured prior to imposition of a tariff on imported panels

Arthur (under construction) – February 2018

Update on acquisition pipeline

Offer document acquisition goals realised, pipeline of quality opportunities still strong

- The acquisition of the Rigel Portfolio, Boulder Solar 1 and the 200MW$_{DC}$ project represent execution of identified pipeline opportunities described in the Offer Document[1]
- In addition to the identified pipeline, NES has continued to source and evaluate new assets for the portfolio
  - Includes both reviewing repeat transaction opportunities with developers it has previously partnered with, as well as leveraging NES' relationships and market presence to access new opportunities
- The recent US tariff announcement on imported panels will likely impact project build costs, but was largely expected, and NES continues to see opportunities that fit with the investment strategy
- Development activity in Australia has increased markedly during recent months, and NES continues to evaluate opportunities for its first Australian acquisition

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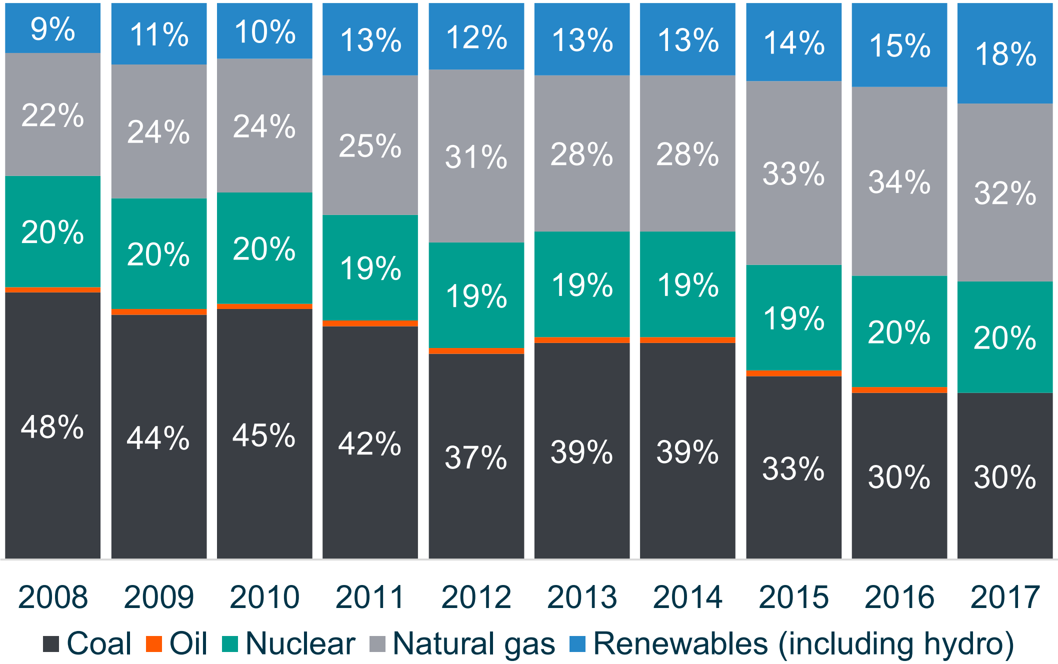
Note: 1. Product Disclosure Statement and prospectus dated 2 November 2017

Transformation to renewables

NES remains well positioned to participate in a transforming global energy market

- Renewable energy generation in the US increased 14.1% year-on-year in 2017, which marks its greatest one year surge ever
- Coal generation's contribution as a percentage of US energy mix has decreased by 18% (from 48% in 2008 to 30% in 2017)
- Global renewable energy capacity is expected to increase 43% from 2016 levels by 2022, with total capacity estimated to be 920GW[2]

US electricity generation by fuel type (%)[1]



Notes: 1. Bloomberg New Energy Finance, Sustainable Energy in America 2018 Factbook. 2. International Energy Agency, Renewables 2017 Market Report

4 Conclusion and outlook

Conclusion and outlook

- Investment in and the development of renewable energy infrastructure has continued pace with US$333.5bn invested globally in 2017, up 3% from 2016[1]
- Significant markets include:
  - The US, where 37 states now have legislative regimes that are favourable for renewable energy[2];
  - Europe, where 30% of total electricity is generated from renewable sources[3] and;
  - China, which installed 53GW of solar PV capacity in 2017, 58% higher than capacity installed in 2016[1]
- Having met the earnings expectations and acquisition goals set out in its Offer document, NES is completing construction and transaction processes, as well as developing new acquisition and development opportunities
- Once all portfolio assets are operational, NES will have interests in a substantial portfolio of 20 assets across four US states generating in excess of 1,400,000 MWh pa
- As a result of portfolio growth the 2018 stapled security distribution is expected to be 7.75cps, representing year-on-year growth of 7.6%

Note: 1. Bloomberg New Energy Finance, The Force Is With Clean Energy: 10 Predictions for 2018. 2. National Conference of State Legislatures – State renewable portfolio and goals. 3. Eurostat – Renewable energy statistics

5 Q&A

Appendix

Investor benefits from the NES Portfolio

Attractive risk adjusted returns alongside positive social impact

- Forecasted distribution growth of 7.6% from 2017 to 2018
- Expected gross yield of 5.3% in 2018[1]
- Assisted more than 4,700 investors offset their carbon emissions in 2017

Exposure to a growing global solar market opportunity

- Commitment to acquire nine additional solar plants with a combined 287MW_{DC} of generation capacity
- Significant pipeline with solar generation capacity forecast to increase from 5% to 32% of global electricity generation capacity by 2040[2]

An operational portfolio with contracted cash flows to creditworthy counterparties

- Five high quality solar plants operating and selling emissions free power under long-term fixed price contracts to creditworthy counterparties
- Six projects under construction

Note: 1. Based on 31 December 2017 security price of $1.46. 2. Source: Bloomberg New Energy Finance, New Energy Outlook 2017.

Investor benefits from the NES Portfolio (cont.)

In 2017, NES' average investor held approximately 60,000 securities and received:

- A cash distribution of approximately A$4,300
- An environmental dividend in the form of a 70 tonne reduction in CO_2 output, which is enough to:
  - Fill 15 Olympic swimming pools[1]
  - Offset the annual carbon footprint of three people
- Both cash distributions and environmental dividends are expected to grow over time

In 2018, an investor can offset their carbon footprint through investing the following amounts in NES:

VALUE INVESTED[2]	CO_2 REDUCTION (TONNES)[2]	CARBON FOOTPRINT OFFSET (NUMBER OF PEOPLE)
A$28,000	22.5	1
A$56,000	45	2
A$112,000	90	4
A$224,000	180	8

Notes: 1. Calculated based on 1 tonne of CO_2 having a volume of 556.2m^3 at room temperature. 2. Based on estimated CO_2 displaced over the 2018 calendar year, NES security price of A$1.46 and 326,297,684 securities outstanding as at 31 December 2017. Average CO_2 emissions per capita in Australia calculated as 22.5t pa over 2016-17 by the Department of the Environment and Energy. This will also depend on assets acquired and capital raised or deployed during the period.

New Energy Solar assets

	ASSET	EQUITY OWNERSHIP %	CAPACITY	LOCATION	ACTUAL/EST. COD	PPA OFFTAKER	PPA TERM (FROM COD)	O&M PROVIDER	PANEL MANUFACTURER
Operational	**Stanford SGS**	99.9%	67.4MW$_{DC}$	Rosamond, California	December 2016	Stanford University	25 Years	Sunpower Corporation, Systems	SunPower
	TID SGS	99.9%	67.4MW$_{DC}$	Rosamond, California	December 2016	Turlock Irrigation District	20 Years	Sunpower Corporation, Systems	SunPower
	NC-31	85.6%	43.2MW$_{DC}$	Bladenboro, North Carolina	March 2017	Duke Energy Progress	10 Years	Grupo GranSolar, LLC	Canadian Solar
	NC-47	90.0%	47.6MW$_{DC}$	Maxton, North Carolina	May 2017	Duke Energy Progress	10 Years	DEPCOM Power, Inc	Canadian Solar
	Boulder Solar I	49.0%	125MW$_{DC}$	Boulder City, Nevada	December 2016	NV Energy	20 Years	Sunpower Corporation, Systems	SunPower
Under Construction	**Arthur**	99.0%[1]	7.5MW$_{DC}$	Columbus, North Carolina	Q2 2018	Duke Energy Progress	15 Years	CCR O&M	Solar Frontier
	Hanover	99.0%[1]	7.5MW$_{DC}$	Onslow, North Carolina	Q2 2018	Duke Energy Progress	15 Years	CCR O&M	Golden Concord
	Heedeh	99.0%[1]	5.4MW$_{DC}$	Columbus, North Carolina	Q2 2018	Duke Energy Progress	15 Years	CCR O&M	Golden Concord
	Organ Church	99.0%[1]	7.5MW$_{DC}$	Rowan, North Carolina	Q2 2018	Duke Energy Carolinas	15 Years	CCR O&M	Solar Frontier
	County Home	99.0%[1]	7.2MW$_{DC}$	Richmond, North Carolina	Q3 2018	Duke Energy Progress	15 Years	CCR O&M	Golden Concord
	Bonanza	99.0%[1]	6.8MW$_{DC}$	Klamath, Oregon	Q3 2018	PacificCorp	~13 Years	CCR O&M	Golden Concord

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Note: 1. 99% equity interest, with entitlement of 100% of cash flow distributed by the relevant HoldCo entity

Key milestones

2015

Nov
Establishment of NES

2016

Jan
Initial equity raising successfully completed

Aug
Committed to acquire NC-31

Oct
Committed to acquire NC-47

Dec
Second equity raising successfully completed

Dec
Acquisition of Stanford SGS and TID SGS

2017

Mar
NC-31 acquisition complete

May
NC-47 acquisition complete

May
NES establishes permanent US office

Jun
Announced distribution reinvestment plan

Jun
Payment of first distribution

Oct
US debt private placement completed

Oct
Committed to acquire 130MW$_{DC}$ Rigel Portfolio

Dec
A$202m equity raise and listing on the ASX

2018

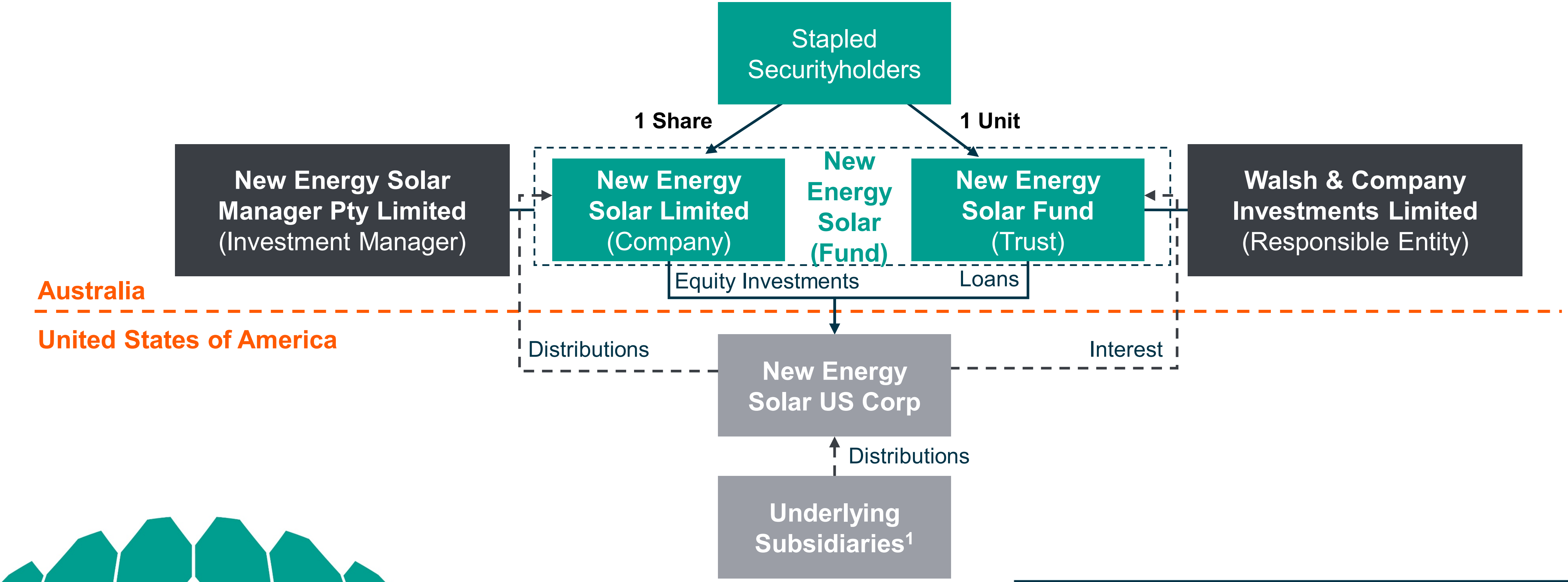
Feb
Committed to acquire 200MW$_{DC}$ US asset

Feb
NES:
- 2 offices
- 18 staff
- 351MW$_{DC}$ operating portfolio
- 42MW$_{DC}$ acquired and under construction
- 287MW$_{DC}$ committed portfolio

Feb
Acquired interest in 125MW$_{DC}$ Boulder Solar I

Overview of NES structure

NES is a staple of shares in New Energy Solar Limited ("NESL") and units in New Energy Solar Fund ("NESF"). NESL and NESF in turn invest in New Energy Solar US Corp.



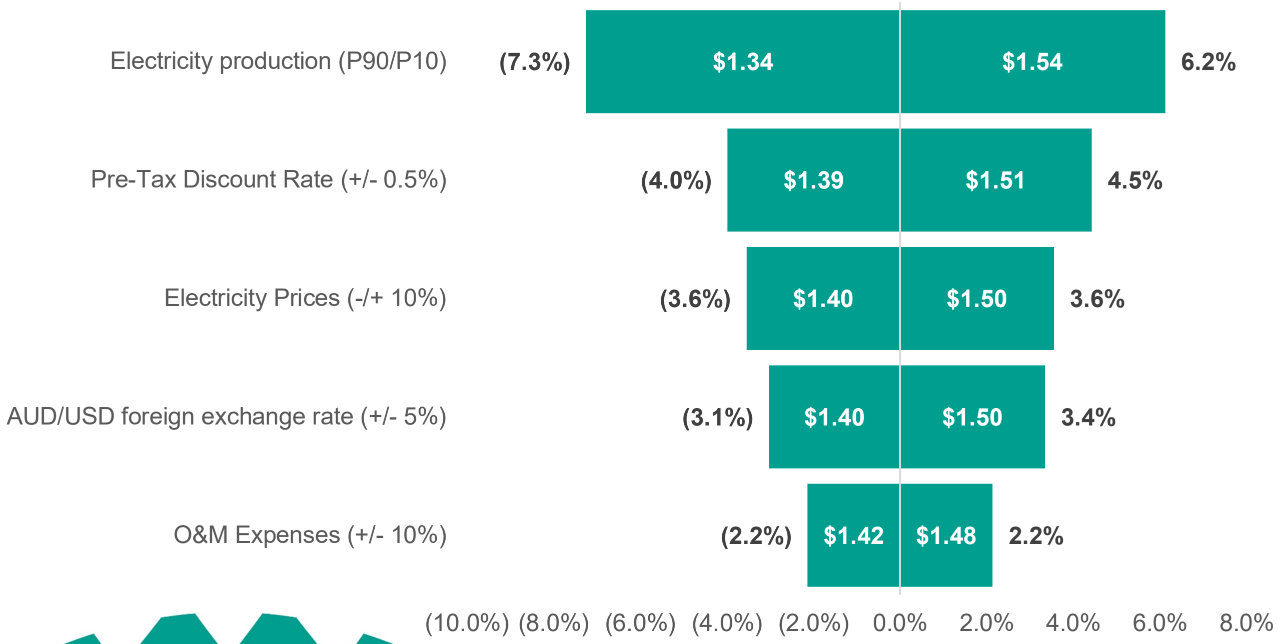
Notes:

1. Underlying plants are held by subsidiaries via partnership structures

NAV sensitivity analysis

NES assesses valuation of its assets against key parameters including variability in production, pricing, cost and foreign exchange rates

Change in net asset value



Notes

- P90/P10 electricity production refers to forecast production volume at 90% and 10% probability of exceedance, a common measure of downside/upside levels for solar plants
- Changes in discount rates affect the fair market value of NES' asset base, and do not effect cash flows generated by the assets
- All of NES' assets have Power Purchase Agreements (PPAs) in place, with exposure to electricity prices only occurring beyond expiry of the PPAs. NES' portfolio has a weighted average PPA term of 17.5 years
- NES remains unhedged against currency movements, and is affected by movements in the US$ exchange rate
- NES has contracted Operations and Maintenance for terms ranging from 1 to 10 years across its sites, and may contract for terms that are more or less favourable upon contract expiry

Stanford SGS and TID SGS sites at sunset – September 2017