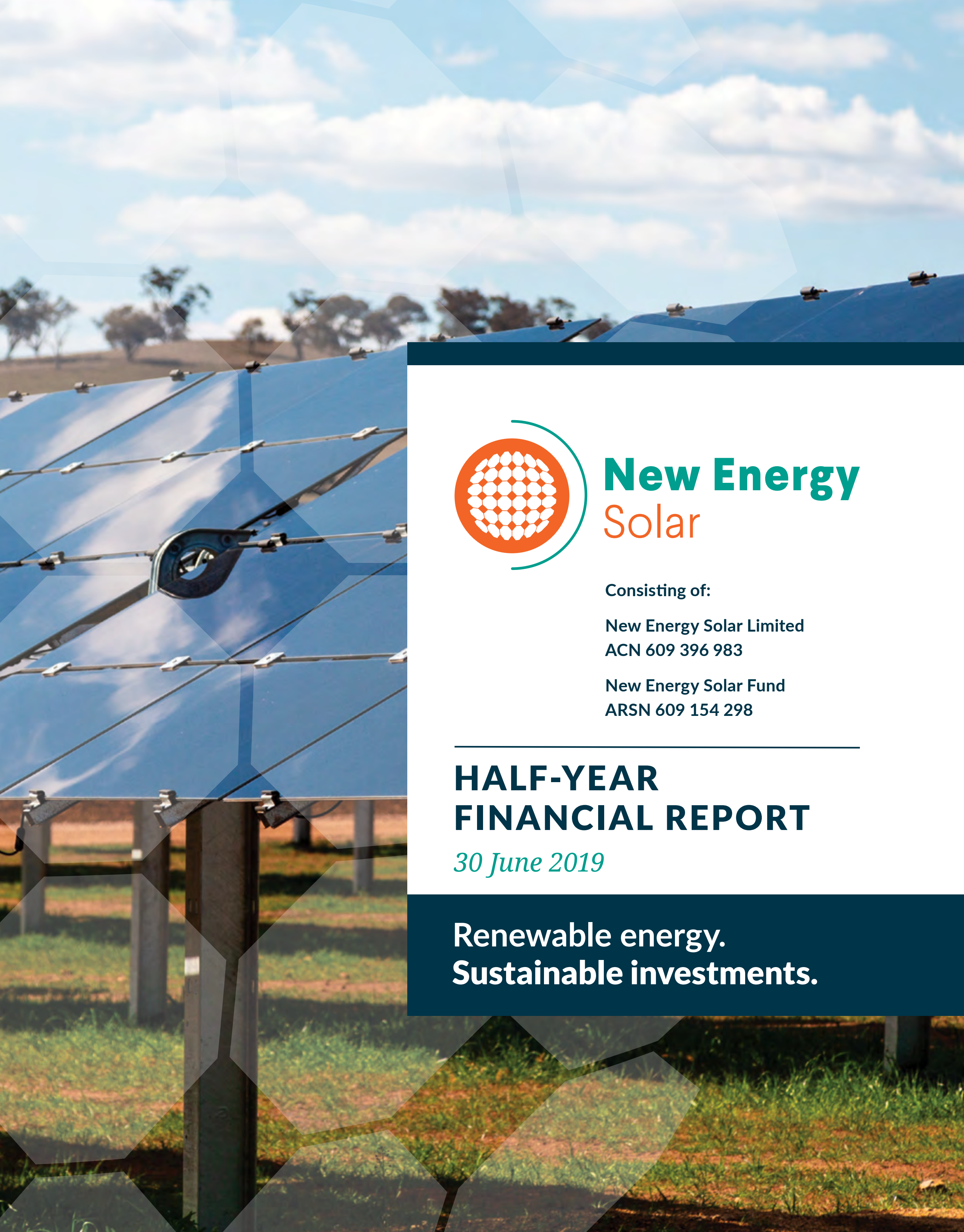

New Energy Solar

Consisting of:

New Energy Solar Limited
ACN 609 396 983

New Energy Solar Fund
ARSN 609 154 298

HALF-YEAR FINANCIAL REPORT

30 June 2019

Renewable energy.
Sustainable investments.

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Chairmans' Letter

Beryl ground view – February 2019

NC-31 aerial view – March 2017

Chairmans' Letter

FOR THE HALF-YEAR ENDED 30 JUNE 2019

We are pleased to present the half year report for New Energy Solar[1] (**NEW** or the **Business**) on behalf of New Energy Solar Limited and Walsh & Company Investments Limited (the **Responsible Entity** or **Walsh & Company**) for the six months ended 30 June 2019.

Over this half-year to 30 June 2019 NEW achieved significant progress in bringing its portfolio into operation, and thereby continuing to deliver the twin goals of generating stable financial returns for its investors and positive environmental impact.

The key milestones during the half included:

- NEW paying a distribution of 3.9 cents per stapled security for the period to 30 June 2019. The Business has increased its target distribution from 7.75 cents per Stapled Security in 2018 to 7.9 cents per Stapled Security for 2019, representing a distribution yield of 6.2%[2].
- net asset value (**NAV**) as at 30 June 2019 of $1.55 per Stapled Security, a decrease of 5 cents per Stapled Security from 31 December 2018 largely as a result of distribution payments and an increase in the market value of debt due to the significant decline in bond rates over the period.
- reducing NEW's Base Management Fee by 7.5 basis points or nearly 11%, reflecting the economies of scale available to NEW's Investment Manager after successfully launching the US$200 million solar investment vehicle (**US Solar Fund plc**) on the London Stock Exchange in April 2019.
- two portfolio solar power plants achieving commercial operations, resulting in NEW's portfolio now comprising 15 operating plants and one plant under construction, totalling capacity of 772MW_{DC}.
- Signing a long term PPA with Kellogg's in July 2019 to supply electricity generated by Beryl. At 30 June 2019, 97% of NEW's revenue is earned from long term PPA contracts with high quality counterparties with a weighted average duration of over 16 years.
- NEW electing not to proceed with the acquisition of six remaining projects from Cypress Creek Renewables (**CCR**) following delays in achieving permitting for the projects.
- the Business generating an 'environment dividend' equivalent to a reduction in CO_2 emissions of 0.72 kilograms of CO_2 per Stapled Security for the half year[3].

1. New Energy Solar refers to the stapled entity comprised of ordinary shares in New Energy Solar Limited (**Company**) and units in the New Energy Solar Fund (**Stapled Security**).
2. Based upon the closing NEW stapled security price of $1.28 on 30 June 2019.
3. Calculated using the United States Environmental Protection Agency's "Avoided Emissions and Generation Tool", data from the Australian Department of the Environment and Energy, NEW's proportionate interest in each plant and 348,628,762 securities outstanding as at 30 June 2019.

INCREASED OPERATING CAPACITY AND PORTFOLIO MATURITY

NEW's operating portfolio increased to 15 plants during the period, representing 573MW_{DC} of capacity (the **Operating Portfolio**) as at 30 June 2019. This compares to the operating portfolio at the time of ASX-listing in December 2017, which comprised four plants representing 226MW_{DC}.

Specifically this half, the portfolio grew and consolidated with:

- the commissioning of NEW's second solar plant in New South Wales, Australia, the 110.9MW_{DC} Beryl solar plant (**Beryl**)
- the commissioning of the 7.5MW_{DC} Organ Church solar plant located in North Carolina (**Organ Church**), completing the portfolio of eight utility-scale solar plants that NEW acquired from CCR between December 2017 and April 2018 (**CCR Portfolio**)
- the Business electing not to proceed with the acquisition of the remaining six projects totalling 73.8MW_{DC} that NEW had committed to acquire from CCR on 5 October 2017 (the **Remaining Projects**).

We were very pleased with the commissioning of Beryl during June 2019, less than one year after NEW announced its acquisition in July 2018. The plant immediately began to generate revenue for investors under its long-term PPA, selling most of the electricity and large-scale generation certificates generated to the NSW Government's recently opened North West Metro. Then in July, NEW announced that Beryl had executed a second long-term PPA to sell the majority of the remaining uncontracted electricity generation to Kellogg (Aust.) Pty. Ltd (**Kellogg's**). Securing these stable, long-term contracts provides revenue certainty to underpin distributions to stapled securityholders, while also assisting Sydney Metro and Kellogg's with their transition towards renewable energy sources.

NEW elected not to proceed with the Remaining Projects due to ongoing development delays and in light of the growth of the Business following the original negotiations with CCR. NEW had committed no funds to these projects. Since NEW announced the Remaining Projects acquisition agreement on 5 October 2017, the Business successfully acquired four alternative projects with a combined capacity of 491.2MW_{DC}. At this stage, the Business is largely fully invested and focused on commissioning the final plant in construction.

The remaining portfolio asset in construction is the 199.6MW_{DC} Mount Signal 2 solar power plant (**MS2**) in California, US. Construction work advanced significantly during this half year and it continues to progress on time and on budget towards commercial operation at the end of this calendar year.

The growth of New Energy Solar in the four years since its inception is consistent with our expectations for the Business, but it is nonetheless impressive. From an understanding that the energy sector was heading for fundamental change, the Business has grown its portfolio to 16 solar plants across Australia and the US with a total capacity of 772MW_{DC}. In just the last year, the portfolio has evolved from seven operating plants with a total capacity of 414MW_{DC} to 15 operating plants with a capacity of 573MW_{DC}. With the support of investors like yourself, NEW is now a globally significant solar investor with a portfolio value of $1.3 billion[4].

4. Gross asset value as at 30 June 2019 was A$1,283.2m.

ENVIRONMENTAL IMPACT

NEW is proud to be the largest listed Australian owner of solar generation. Once NEW's portfolio is fully operational later this year, we will be one of the largest solar generation owners in the world.

During the six months ended 30 June 2019, the Operating Portfolio generated nearly 388 gigawatt hours (**GWh**) of electricity, with this production displacing the equivalent of 252,000 tonnes of CO_2[5] emissions, powering 50,400 US and Australian equivalent homes[6], or removing 65,200 cars from the road[7].

FINANCIAL RESULTS

UNDERLYING EARNINGS

The operating portfolio performed largely in line with the Investment Manager's expectations during the six months ended 30 June 2019, generating total underlying revenues of US$23.8 million, with earnings before interest, tax, depreciation and amortisation (**EBITDA**) of US$16.5 million, of which US$11.2 million was attributable to NEW.

STATUTORY EARNINGS

During the half-year, the Business (before currency movements) generated total net loss of $2.8 million, while operating expenses (before currency movements) for the half-year totalled $2.8 million, and an income tax benefit of $0.5 million arose, resulting in an after-tax loss (before currency movements) of $5.2 million.

As the Business is treated as an Investment Entity for accounting purposes, all revaluation gains and losses are passed through the profit and loss statement. During the half-year period ended 30 June 2019 the US dollar was largely unchanged against the Australian dollar (the A$:US$ rate was 0.7020 as at 31 December 2018 compared with 0.7049 at 30 June 2019). As a result, the Business recorded total foreign exchange gains of $1.4 million over the period leading to a total combined loss of $3.8 million.

As at 30 June 2019, the Business had net assets of $540.9 million (31 December 2018: $555.7 million), representing a net asset value (**NAV**) of $1.55 per stapled security (31 December 2018: $1.60), a decrease of 5 cents per stapled security from 31 December 2018. In addition to the payment of a 4 cent distribution and ongoing operating costs of the fund, the NAV was negatively impacted by approximately 5 cents due to the decline in bond rates over the period. This change in bond rates led to the revaluation of debt held by a number of assets where the interest rate is fixed or hedged to a fixed rate. There was no offsetting increase in asset fair market values because asset discount rates are based on long-term average bond rates, rather than the rates prevailing at the end of the period. The Manager is reconsidering the method by which the

5. Calculated using the United States Environmental Protection Agency's "Avoided Emissions and Generation Tool", data from the Australian Department of the Environment and Energy.
6. Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.
7. Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.

fair value of the solar plants is assessed in order to better account for the impact of short-term movements in bond rates on the value of equity. Excluding the impact of the debt revaluation, the solar plant valuations increased moderately over the period by 4 cents per stapled security, principally due to the positive benefits of the change to the panels used in the construction of Beryl.

GEARING

NEW targets a long-term gearing level of 50% of gross assets but as at 30 June 2019, NEW's external 'look-through' gearing[8] was 57.8%. With the completion of construction, this is expected to represent the high point of the Business' gearing. It is scheduled to be progressively repaid over time – bringing long-term average gearing below 50%. Given the current attractive level of interest rates and funding costs, the Business will be looking for opportunities to extend the term of some of its shorter dated debt facilities.

NEW's weighted average debt maturity of 8.6 years as at 30 June 2019 reflects the long-term contracted nature of the PPA's underpinning its plants and the diversified nature of its funding base.

BUSINESS OUTLOOK

The outlook for the Business remains positive with continued improvements in the price competitiveness of solar energy relative to other power sources in our key markets, the United States of America and Australia.

The Business has grown its expected target distribution from 7.75 per stapled security to 7.9 cents per stapled security, supported by the expected transition to a fully operational portfolio once MS2 is commissioned later this year.

In terms of the environmental impact of the Business, once fully operational, NEW's total portfolio is expected to generate more than 1,500 gigawatts (**GWh**) of emissions-free electricity annually[9]. This is equivalent to displacing > 1,000,000 tonnes of CO_2 emissions[10], powering nearly 225,000 US and Australian-equivalent homes[11], or removing over 275,000 US and Australian-equivalent cars from the road, every year[12].

8. Gearing = gross debt / gross asset value.

9. Generation is illustrative of total production of each solar power plant based on P50 forecasts and all plants commissioned as expected. NEW's proportionate share of generation is expected to be approximately 1,475GWh.

10. Calculated using the United States Environmental Protection Agency's "Avoided Emissions and Generation Tool", data from the Australian Department of the Environment and Energy.

11. Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.

12. Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.

On behalf of the Boards, we thank you for your ongoing support of the Business and look forward to NEW's continued success. We also thank the Investment Management team for its significant contribution to the success of the Business.

Yours faithfully,

ALEX MACLACHLAN
Chairman of the Responsible Entity
14 August 2019

JEFFREY WHALAN
Chairman of the Company

Manildra ground view - August 2018

Business Highlights

Beryl ground view - February 2019

Business Highlights

FOR THE HALF-YEAR ENDED 30 JUNE 2019

KEY MILESTONES

NEW's Business Objectives:

- **To acquire attractive large-scale solar power plants and associated assets, with contracted cash flows and creditworthy offtakers.**
- **To help investors generate positive social impacts and financial returns through these investments.**

New Energy Solar 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, since its establishment NEW has acquired a portfolio of 16 solar power plants, representing portfolio value of $1.3 billion and total capacity of 772MW$_{DC}$. The key events in New Energy Solar's history are set out below.

Figure 1: New Energy Solar's key milestones

2015

November
NEW Established

2016

January
Initial capital raising completed

December
Second equity raising completed
Acquired interest in Stanford and TID

2017

March
Acquired interest in NC-31

May
Acquired interest in NC-47
NEW establishes permanent US office

June
Announced Distribution Reinvestment Plan and first distribution

October
Committed to acquire 130MW$_{DC}$ Rigel Portfolio
US debt private placement completed

December
$202m equity raising and listing on the ASX

2018

February
Acquired interest in Boulder Solar I

March
Acquired interest in MS2

June
Agreement to acquire Manildra
Signed binding agreements for $50m CEFC acquisition facility

July
Acquired NC-31 and NC-47 minority interests
Agreement to acquire Beryl
USPP completed

August
$22m equity raising completed
Construction commenced at MS2 and Beryl

2019

February
Completed construction and commissioning of Rigel portfolio
Acquired interest in Manildra

May
Closed on a US$23m senior secured term loan

June
Recapitalised existing debt into a US$27.3m senior secured term loan

July
Acquired interest in Beryl
Beryl Solar Power Plant executed PPA with Kellogg's

July
NEW:
- 2 offices; 21 staff
- 772MW$_{DC}$ solar power plant portfolio valued at $1.3bn
  - 573MW$_{DC}$ operating portfolio
  - 200MW$_{DC}$ acquired and under construction

BUSINESS ACHIEVEMENTS

To deliver on its objectives, and produce its key investment benefits, the Business has a well-defined investment strategy, and clear criteria on which to measure success. The Business made further progress towards its objectives during 2019 to date and believes continued execution of the strategy will result in ongoing success and growth in returns to stapled securityholders.

Table 1: New Energy Solar business achievements to date[13, 14, 15, 16]

Global portfolio of 16 solar plants	Total portfolio capacity of over 772MW$_{DC}$*	15 sites operational
Capacity-weighted average PPA term of 16.2 years*[13]	Distributions totalling A$53m to investors since IPO	Generating more than 1,500,000 MWh of electricity annually*
Displacing >1,000,000 tonnes of CO_2*[14]	Equivalent to removing 275,000 US & Australian cars from the road*[15]	… or powering 225,000 US and Australian homes*[16]

* Estimates assume all plants under construction are operational and all plants are owned on a 100% basis.

13. As at 30 June 2019, including all plants in the NEW portfolio and assumes the option to extend the Manildra PPA is exercised.

14. US CO_2 emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoid Emissions and generation Tool" (AVERT). Australian CO_2 emissions displacement is calculated using data from the Australian Government – Department of the Environment and Energy.

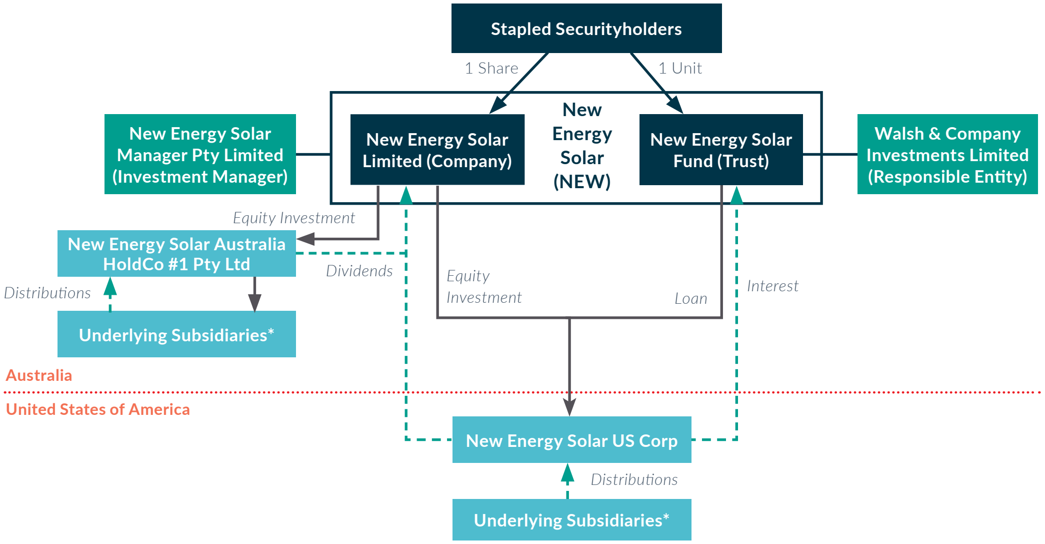
15. Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.

16. Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.

NEW ENERGY SOLAR STRUCTURE

The following diagram is provided to assist with understanding the financial statements set out in this half-year financial report.

Figure 2: New Energy Solar structure



* Underlying plants are held by subsidiaries via partnership structures.

The financial statements of both entities in the stapled structure are shown alongside one another as permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838. The column headed "Fund" has been shown to reflect the combined financial statements of the Company and its subsidiaries and the Trust and its subsidiaries, together representing the Fund. It reflects the stapled securityholders' combined interest in the Company and the Trust by combining the Company and the Trust financial information after eliminating transactions and balances between the Company and the Trust.

The Company and the Trust invest in solar plants via the Company's wholly owned US subsidiaries New Energy Solar US Corp (**NES US Corp**) and New Energy Solar Australia HoldCo#1 Pty Limited (**NESAH1**). NES US Corp is funded by a combination of equity from the Company and a loan from the Trust, both of which are denominated in US dollars. NESAH1 is funded by equity from the Company.

As the Company and the Trust are considered to meet the definition of an 'Investment Entity' (refer 'Summary of significant accounting policies' in the annual financial report), NES US Corp and NESAH1 are not consolidated and are required to be held at fair value in the Company's financial statements. Furthermore, as the combined accounts reflect the net investment of the Company and the Trust in the underlying subsidiaries via equity investment and loans receivable, the loans receivable are also shown at fair value. The total investment (equity investment and loans receivable together) in NES US Corp and NESAH1 is presented on the statement of financial position as "financial assets held at fair value through profit or loss".

The impact of this “Investment Entity” classification on the presentation of the financial statements is that the main operating revenues of the Fund consist of either dividends from NES US Corp and NESAH1, fair value movements in the value of the Company’s equity holding in NES US Corp and NESAH1, and interest income on the loan from the Trust to NES US Corp. Underlying subsidiaries net operating income and other expenses are reflected through the fair value movement in the profit or loss statement.

The underlying earnings of solar plants, being revenues from the sale of energy under the PPA less operating expenses, are distributed on a periodic basis from the underlying plants through to NES US Corp and NESAH1, and underpin the ability to pay interest on the loan to the Trust and dividends to the Company as noted above. These funds ultimately underpin the Fund’s distributions/dividends to securityholders.

Additionally, as the Company’s equity investment in NES US Corp and the Trust loan to NES US Corp are denominated in US dollars, the Fund is also exposed to valuation movements associated with foreign exchange rate movements.

NC-31 site inspection – October 2017

Investment Manager's Report

Church Road PV module closeup - May 2018

Investment Manager's Report

FOR THE HALF-YEAR ENDED 30 JUNE 2019

OVERVIEW OF THE NEW PORTFOLIO

INTERESTS IN 16 PLANTS WITH 772MW_{DC} CAPACITY[17] AS AT 30 JUNE 2019

NEW's portfolio as at 30 June 2019 comprised 16 solar power plants in the US and Australia that are operational or acquired and under construction. Details of the NEW portfolio are set out below.

Since its initial public offering (**IPO**) in December 2017, NEW has acquired or agreed to acquire solar power plants located in New South Wales (Australia), North Carolina, California, and Nevada (USA), and has increased the size of its operating portfolio by approximately 350MW_{DC}. NEW's total portfolio capacity of 772MW_{DC} makes NEW a leading global renewable investor in solar photovoltaic (**PV**) power.

The highlights of NEW's acquisition activity since its IPO have included:

- Acquiring 49% of Boulder Solar 1 in Nevada in February 2018.
- Acquiring Mount Signal 2 in Southern California in March 2018.
- Commissioning all eight utility-scale solar plants acquired from CCR after Organ Church reached commercial operations in February 2019.
- Establishing its presence in the Australian solar power market, with NEW commissioning its two Australian plants, Manildra and Beryl, in December 2018 and June 2019.

17. Includes plants that are wholly or partially owned by NEW. Total portfolio of 772MW_{DC} includes plants that are operational, acquired and under construction.

Figure 3: NEW portfolio summary: Over 772MW$_{DC}$ across two continents[18]

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	

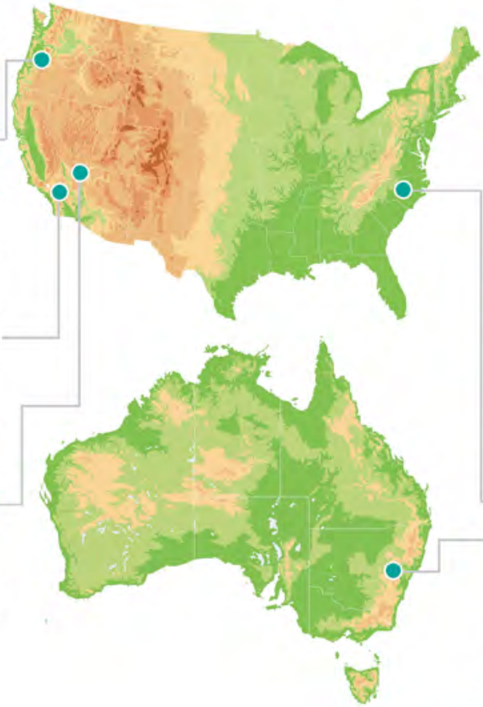
NEVADA PLANTS

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

KEY

●Operational

●Acquired/under construction



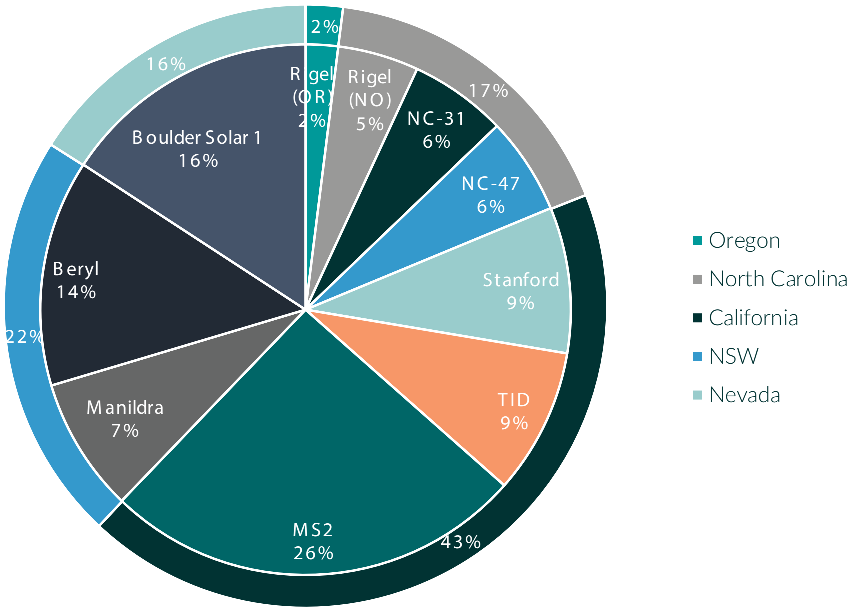
NORTH CAROLINA PLANTS

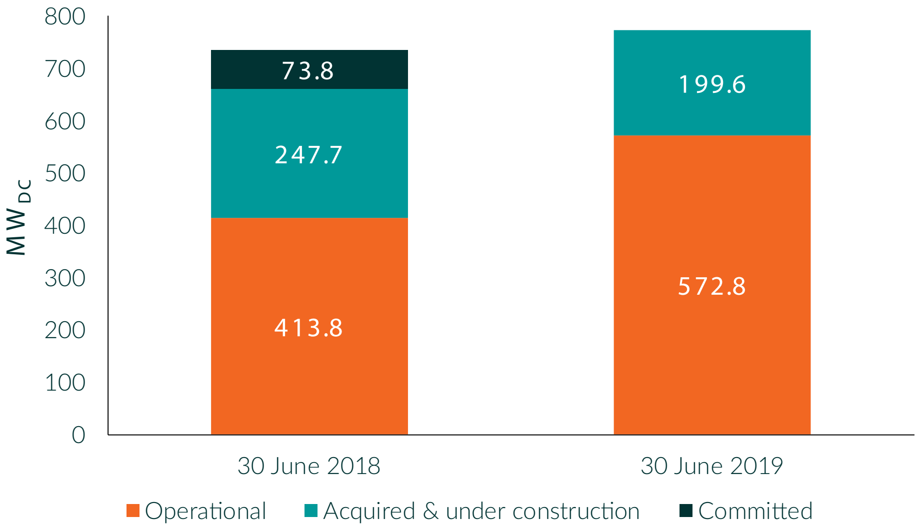
Name	Capacity (MW$_{DC}$)	Offtaker
●NC-31	43.2	Duke Energy Progress
●NC-47	47.6	Duke Energy Progress
●Hanover	7.5	Duke Energy Progress
●Arthur	7.5	Duke Energy Progress
●Church Road	5.2	Duke Energy Progress
●Heedeh	5.4	Duke Energy Progress
●Organ Church	7.5	Duke Energy Carolinas
●County Home	7.2	Duke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

NEW SOUTH WALES PLANTS

Name	Capacity (MW$_{DC}$)	Offtaker
●Manildra	55.9	EnergyAustralia
●Beryl	110.9	Sydney Metro, and Kellogg's
Total	166.8	

Figure 4: NEW portfolio composition (772MW$_{DC}$) as at 30 June 2019[18, 19]





18. Includes plants that are wholly or partly owned by NEW and accounts for capacity on a 100% ownership basis.

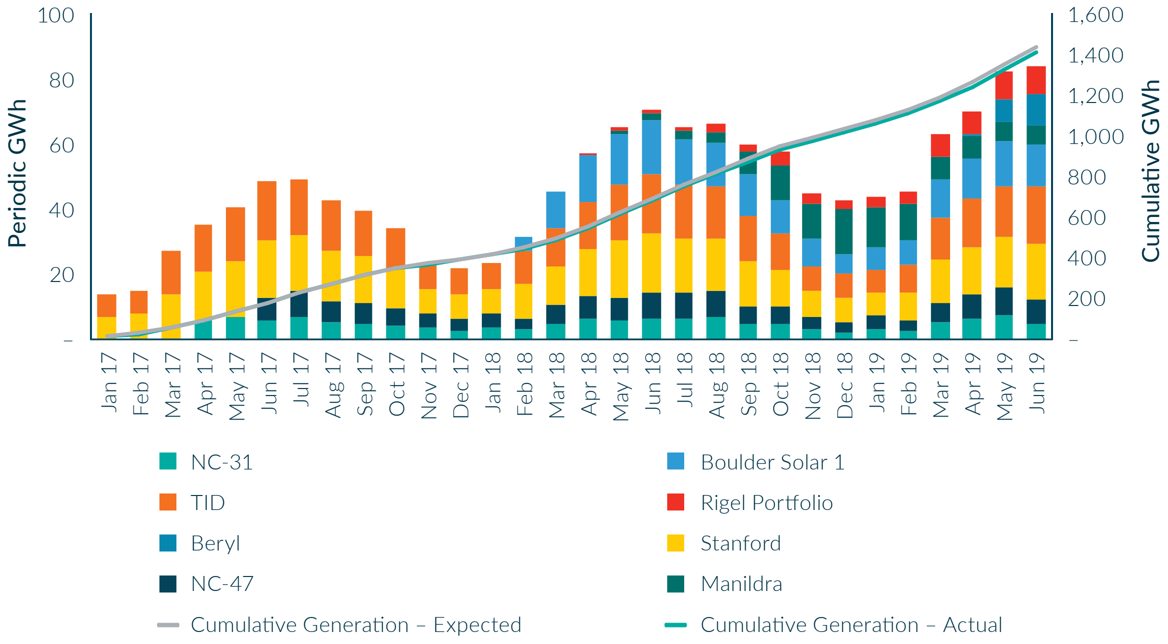
19. Rigel Portfolio refers to the eight solar power plants – Arthur, Bonanza, Church Road, County Home, Hanover, Heedeh, Organ Church and Pendleton – that NEW has successfully acquired from CCR.

Once all of NEW's solar power plants are commissioned and operating, the total NEW portfolio is expected to generate enough electricity annually to power approximately 225,000 US and Australian equivalent homes[20] and displace in excess of 1 million tonnes of CO_2 emissions[21], or removing about 275,000 US and Australian equivalent cars from the road[22], every year.

NEW'S OPERATING PORTFOLIO PERFORMANCE

INTERESTS IN 15 PLANTS WITH 573MW$_{DC}$ CAPACITY AS AT 30 JUNE 2019

Figure 5: Operating Portfolio monthly generation[23]



20. Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.

21. US CO_2 emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoid Emissions and generation Tool" (AVERT). Australian CO_2 emissions displacement is calculated using data from the Australian Government – Department of the Environment and Energy.

22. Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.

23. Production included for all solar power plants on a NEW proportionate interest basis.

OPERATING PORTFOLIO PERFORMANCE

Table 2 shows the underlying generation and financial performance of NEW's Operating Portfolio for the six months ended 30 June 2019, which have increased from prior periods due to the commissioning of Beryl and Organ Church. Generation and profits are expected to increase in future periods once MS2 is commissioned during H2 2019.

Table 2: NEW portfolio

	PLANT	PLANT CAPACITY (MW_{DC})	H1 2019 GENERATION (GWH)		PPA TERM REMAINING (YEARS)	PPA EXPIRY DATE
			GROSS [24]	NEW PROPORTIONATE SHARE[25]		
Operating	NC-31	43.2	29.9	29.9	7.7	2027
	NC-47	47.6	36.9	36.9	7.9	2027
	Stanford	67.4	76.1	76.0	22.5	2041
	TID	67.4	76.1	76.0	17.7	2037
	Boulder Solar 1	124.8	133.6	65.4	17.5	2036
	Manildra	55.9	48.5	48.5[26]	11.5[27]	2030
	Beryl	110.9	17.1	17.1	13.6[28]	2034
	Rigel Portfolio	55.6	38.0	38.0[29]	13.7	2033
	Operating Portfolio	**572.8**	**456.0**	**387.8**	**15.1**	
Under Construction	Mount Signal 2	199.6	–	–	20.0	2039
	Total[30]	**772.4**	**456.0**	**387.8**	**16.2[31]**	

24. Generation calculated on a 100% ownership basis.

25. Generation attributed to NEW's proportionate interest in each plant.

26. Assumes the option to extend the Manildra PPA is exercised.

27. Assumes the option to extend the Manildra PPA is exercised.

28. Weighted average of the 15-year PPA with Sydney Metro for 69% of Beryl's generation expiring and the PPA with Kellogg's for 29% of Beryl's generation. Assumed that Kellogg's exercises their PPA extension option and the option expires on 31 December 2029.

29. Includes generation contribution from plant's achievement of Commercial Operations.

30. Totals may not be additive due to rounding.

31. Total average PPA term remaining is the capacity weighted average term.

The strong margins and profit generating characteristics of the Operating Portfolio are illustrated by its underlying earnings shown in Table 3 below.

Table 3: Operating Portfolio underlying financial performance for the six months to 30 June 2019 (US$m)[32]

US$M	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019
Revenue	9.4	12.3	18.3	23.7	23.8
Less: Operating expenses	(1.9)	(2.5)	(4.3)	(5.1)	(7.3)
EBITDA	**7.5**	**9.8**	**14.0**	**18.6**	**16.5**
Less: Distributions to tax equity investors and EBITDA attributable to minority investors	(3.0)	(3.6)	(5.2)	(5.0)	(5.3)
EBITDA attributable to NEW	**4.5**	**6.2**	**8.8**	**13.6**	**11.2**

The Business grew its underlying revenues by US$5.5 million (30%) and EBITDA attributable to it by US$2.4 million (27%) during the six months ended 30 June 2019 compared to the six months ended 30 June 2018. While there was variability at an individual solar power plant level in the six months to 30 June 2019, generation and availability of the solar power plants in the Operating Portfolio as a whole was in line with the Investment Manager's expectations during the period.

Production during the period was 456GWh (361.6GWh for the six months ended 30 June 2018)[33]. This result represented an increase of generation of over 94GWh or 26% from the prior corresponding period, with the increase being attributable to:

- a full period of operations from Manildra.
- commencement of operations of Beryl and Organ Church during the period.

The additional plants have materially increased the positive environmental impact of the NEW Operating Portfolio, with electricity generation from the Operating Portfolio during the six-month period ended 30 June 2019:

- displacing an estimated >1,000,000 tonnes of carbon emissions[34]
- removing nearly 275,000 US and Australian equivalent cars from the road[35]
- powering almost 225,000 US and Australian equivalent houses.[36]

32. Underlying earnings calculated based on unaudited financial statements and management reports. Manildra and Beryl underlying earnings converted from AUD to USD at FX rate of 1AUD:0.7020USD.

33. Generation calculated on a 100% ownership basis.

34. US CO_2 emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoid Emissions and generation Tool" (AVERT). Australian CO_2 emissions displacement is calculated using data from the Australian Government – Department of the Environment and Energy.

35. Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.

36. Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.

EVENTS SUBSEQUENT TO 30 JUNE 2019

At the date of this report (14 August 2019), NEW had secured an additional PPA for Beryl with Kellogg's (Aust.) Pty. Ltd., a subsidiary of Kellogg Company. Kellogg Company is a leading global cereal company with net sales of over US$13bn in 2018 and is a member of the RE100 initiative to transition to sourcing 100% of its global electricity needs from renewable sources.

While the Kellogg's PPA commences on execution, it effectively contracts the purchase of electricity from the date the Plant began generation until the expiry date of 31 December 2026. Kellogg's has an option to extend the term for three years until 31 December 2029.

PLANTS ACQUIRED AND UNDER CONSTRUCTION

INTERESTS IN 1 PLANT WITH 200MW_{DC} CAPACITY AS AT 30 JUNE 2019

NEW has made considerable progress during the six-month period with the construction and commissioning of solar power plants located in New South Wales, Australia, and Oregon, USA. Beryl and Organ Church reached commercial operations during the half-year ending 30 June 2019.

Construction and commissioning activities are also well progressed at the only remaining solar plant under construction, the 200MW_{DC} MS2 located in California, USA, with expected commissioning during H2 2019.

INVESTMENTS & GEARING

NET ASSET VALUE

As at 30 June 2019, on a look through basis the Business reported a net asset value (**NAV**) of A$540.9 million or A$1.55 per Stapled Security. A detailed breakdown of NEW's NAV is included in Table 4 below.

NEW's NAV decreased by A$14.8m or 5 cents per Stapled Security during the half-year ended 30 June 2019. In addition to the payment of a 4 cent distribution and ongoing operating costs of the fund, the NAV was negatively impacted by approximately 5 cents due to the decline in bond rates over the period. This change in bond rates led to the revaluation of debt held by a number of assets where the interest rate is fixed or hedged to a fixed rate. There was no offsetting increase in asset fair market values because asset discount rates are based on long-term average bond rates, rather than the rates prevailing at the end of the period. The Manager is reconsidering the method by which the fair value of the solar plants is assessed in order to reflect the long-term stable returns and valuation which are expected of the equity held in assets with highly contracted revenues and stable cash flows. Excluding the impact of the debt revaluation, the solar plant valuations increased moderately over the period by 4 cents per share, principally due to the positive benefits of the change to the panels used in the construction of Beryl.

Table 4: NEW NAV as at 30 June 2019[37]

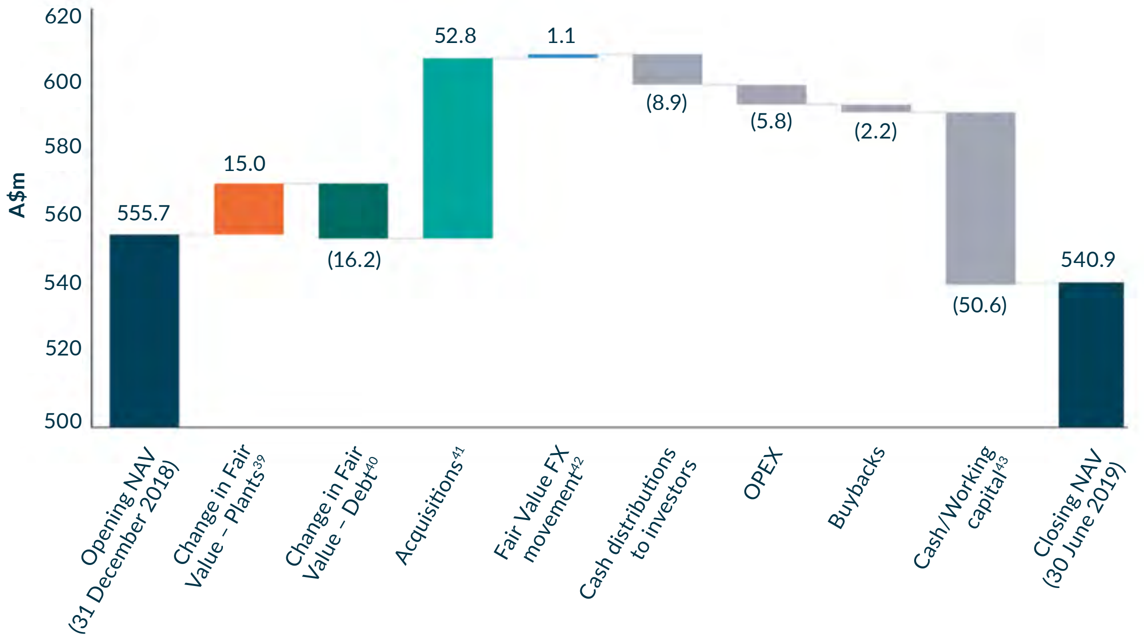
ASSET	EQUITY	DEBT (FAIR VALUE)	DEBT (OUTSTANDNG BALANCE)	ENTERPRISE VALUE[38]
US PLANTS				
Stanford	US$83.4m	US$63.7m	US$62.5m	US$75.6m
TID				US$71.6m
NC-31	US$74.6m	US$27.4m	US$27.3m	US$47.7m
NC-47				US$54.3m
Boulder Solar 1	US$43.1m	US$24.0m	US$22.7m	US$67.1m
Rigel portfolio	US$33.8m	US$24.0m	US$22.6m	US$57.8m
MS2	US$91.0m	US$234.9m	US$209.3m	US$325.9m
Subtotal (US$)	**US$325.9m**	**US$374.1m**	**US$344.4m**	**US$700.0m**
Subtotal (A$ equivalent)	**A$464.3m**	**A$532.9m**	**A$490.6m**	**A$997.2m**
AUS PLANTS				
Manildra	A$62.1m	A$78.0m	A$71.5m	A$140.1m
Beryl	A$66.1m	A$140.1m	A$125.4m	A$206.3m
Subtotal	**A$128.2m**	**A$218.1m**	**A$196.9m**	**A$346.4m**
Subtotal All Plants	**A$592.5m**	**A$751.0m**	**A$687.5m**	**A$1,343.5m**
US Solar Fund stake	A$21.9m	–	–	A$21.9m
Corporate Debt	(A$54.8m)	A$54.8m	A$54.8m	-
Working capital	(A$18.7m)	–	–	(A$18.7m)
Total	**A$540.9m**	**A$805.9m**	**A$742.3m**	**A$1,346.8m**
Net asset value	**A$540.9m**	**–**	**–**	**–**

Refer to Note 6 of the Financial statements for further information on NEW's financial assets held at fair value through profit or loss.

37. US$ figures converted to A$ at US$:A$ exchange rate of 0.7020 as at 30 June 2019. Figures may not add due to rounding.

38. Enterprise Value = Equity + Debt (Fair Value).

Figure 6: Change in NAV since December 2018



39. Change in FV attributed to operating plants over the period.

40. Change in fair value of debt attributable to outstanding debt facilities over the period.

41. Refers to the portion of Beryl that was funded during H1 2019. Foreign exchange gains on the A$ value of operating plants over the period, and fair value loss of forward foreign currency derivatives.

42. Foreign exchange gains on the A$ value of operating plants over the period, and fair value loss of forward foreign currency derivatives.

43. Includes debt proceeds raised against operating assets.

GEARING

NEW had gross external look through debt outstanding of $742.3 million as at 30 June 2019. This reflects a gearing ratio of 57.8%[44] as at 30 June 2019 (NEW has a target long-term gearing ratio of 50% of gross assets). With the completion of construction, this is expected to represent the high point of the Business' gearing. It is scheduled to be progressively repaid over time – bringing long-term average gearing below 50%.

NEW's weighted average debt maturity of 8.6 years as at 30 June 2019 reflects the long-term contracted nature of the PPA's underpinning its solar power plants and the diversified sources from which it has sourced its debt funding.

NEW's group debt facilities outstanding as at 30 June 2019 are set out in Table 5 below:

Table 5: NEW debt facilities outstanding as at 30 June 2019

FACILITY	TYPE	FACILITY SIZE	DRAWN	SECURITY
North Carolina Facility	Loan	US$27.3m	US$27.3m	NC-31 and NC-47
US Private Placement 1	Bond	US$62.5m	US$62.5m	Stanford & TID
MS2 Facility[45]	Construction loan	US$209.3m	US$209.3m	Mount Signal 2
US Revolving Credit Facility	Loan	US$45.0m	US$38.5m	Corporate
US Private Placement 2	Bond	US$22.7m	US$22.7m	Boulder Solar I
Rigel Facility	Loan	US$22.6m	US$22.6m	Rigel Portfolio
US Facilities Subtotal		**US$389.4m**	**US$382.9m**	
US Facilities Subtotal (A$ equivalent)[46]		**A$554.7m**	**A$545.4m**	
CEFC Facility	Loan	A$50.0m	A$0.0m	Corporate
Manildra Facility	Loan	A$71.5m	A$71.5m	Manildra
Beryl Facility[47]	Loan	A$125.4m	A$125.4m	Beryl
Australian Facilities Subtotal		**A$246.9m**	**A$196.9m**	
Total Debt		**A$801.6m**	**A$742.3m**	
Gross assets			A$1,283.2m	
Gross Look Through Gearing (%)			**57.8%**	

Refer to Note 6 of the Financial statements for further information on NEW's group debt facilities.

44. Gearing = total debt / Gross Asset Value.

45. Excludes US$8.5m MS2 revolving loan facility which was undrawn as at 30 June 2019. 3. Facility excluded as interest payments are capitalising over the construction period.

46. US$ values converted to A$ using 30 June 2019 FX rate of 1AUD:0.7020USD.

47. Excludes A$7.0m GST facility, A$2.0m of which was drawn as at 30 June 2019.

NEW ENERGY SOLAR'S INVESTMENTS

OPERATING SOLAR POWER PLANTS AS AT 30 JUNE 2019

Stanford Solar Power Plant (Stanford)


Stanford Aerial View – October 2017


Stanford Aerial View – October 2017

Location	Rosamond, Kern County, California, USA
Generating Capacity	67.4 MW_{DC}/54 MW_{AC}
Commercial Operation Date (COD)	December 2016
PPA Term	25 years from COD
PPA Offtaker	Stanford University
O&M Service Provider	SunPower Corporation, Systems
Description	Stanford is located on a 242-acre leased site in Rosamond, Kern County, California, which is approximately 120 kilometres north of Los Angeles. Stanford is located next to the TID solar power plant and commenced operations in December 2016. NEW acquired its substantial majority interest in Stanford in December 2016.

Turlock Irrigation District Power Plant (TID)


TID Aerial View – October 2017


TID Aerial View – October 2017

Location	Rosamond, Kern County, California, USA
Generating Capacity	67.4 MW_{DC}/54 MW_{AC}
COD	December 2016
PPA Term	20 years from COD
PPA Offtaker	Turlock Irrigation District
O&M Service Provider	SunPower Corporation, Systems
Description	TID is located on a 265-acre leased site in Rosamond, Kern County, California, approximately 120 kilometres north of Los Angeles. TID is located next to Stanford and commenced operations in December 2016. NEW acquired its substantial majority interest in TID in December 2016.

North Carolina 43 MW_{DC} Solar Power Plant (NC-31)

Location	Bladenboro, Bladen County, North Carolina, USA
Generating Capacity	43.2 MW_{DC}/34.2 MW_{AC}
COD	March 2017
PPA Term	10 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	Miller Bros. Solar LLC
Description	NC-31 is located on a 196-acre leased site in Bladenboro, Bladen County, North Carolina, which is approximately 232 kilometres east of Charlotte, North Carolina. The plant commenced commercial operations in March 2017. NEW committed to acquiring a majority interest in NC-31 in August 2016 and acquired its interest in the plant in March 2017. NEW acquired the minority interests in NC-31 in July 2018.

North Carolina 48 MW_{DC} Solar Power Plant (NC-47)

Location	Maxton, Robeson County, North Carolina, USA
Generating Capacity	47.6 MW_{DC}/33.8 MW_{AC}
COD	May 2017
PPA Term	10 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	DEPCOM Power, Inc.
Description	NC-47 is located on a 260-acre leased site in Maxton, Robeson County, North Carolina, which is approximately 166 kilometres east of Charlotte. NC-47 commenced commercial operations in May 2017. NEW committed to acquiring a majority interest in the plant in October 2016 and acquired its interest in May 2017. NEW acquired the minority interests in NC-47 in July 2018.

Boulder Solar 1 Power Plant (Boulder Solar 1)


Boulder Solar 1 Ground View – January 2018


Boulder Solar 1 Aerial View – January 2018

Location	Boulder City, Nevada, USA
Generating Capacity	124.8MW_{DC} / 100MW_{AC}
COD	December 2016
PPA Term	20 years from 1 January 2017
PPA Offtaker	NV Energy (owned by Berkshire Hathaway)
O&M Service Provider	SunPower Corporation, Systems
Description	Boulder Solar 1 is located on a 542-acre leased site in Boulder City, Clark County, Nevada, approximately 50 kilometers south of Las Vegas. The plant commenced commercial operations in December 2016. NEW acquired a 49% minority interest in Boulder Solar 1 in February 2018.

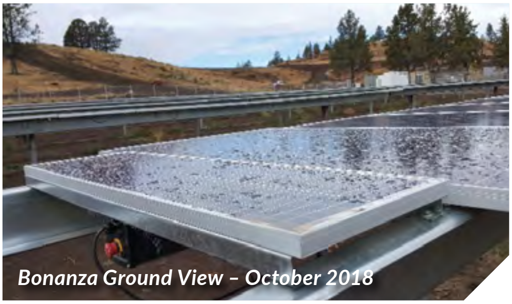
Arthur Solar Power Plant (Arthur)


Arthur Ground View – August 2018


Arthur Ground View – August 2018

Location	Tabor City, North Carolina, USA
Generating Capacity	7.5MW_{DC} / 5.0MW_{AC}
COD	July 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	Cypress Creek Renewables O&M (**CCR O&M**)
Description	Arthur is located on a 35-acre leased site in Tabor City, North Carolina. The plant commenced commercial operations in July 2018.

Bonanza Solar Power Plant (Bonanza)


Bonanza Ground View – October 2018


Bonanza Ground View – October 2018

Location	Bonanza, Oregon, USA
Generating Capacity	6.8MW$_{DC}$ / 4.8 MW$_{AC}$
COD	December 2018
PPA Term	12.9 years from COD
PPA Offtaker	PacifiCorp
O&M Service Provider	CCR O&M
Description	Bonanza is located a 57-acre leased site located 30 kilometres east of Klamath Falls, Oregon. The plant commenced commercial operations in December 2018.

Church Road Solar Power Plant (Church Road)


Church Road Ground View – May 2018


Church Road PV Module closeup – May 2018

Location	Angier, North Carolina, USA
Generating Capacity	5.2MW$_{DC}$ / 5.0MW$_{AC}$
COD	August 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	Church Road is located on a 21-acre leased site in Angier, North Carolina. The plant commenced commercial operations in August 2018.

County Home Solar Power Plant (County Home)

Location	Rockingham, North Carolina, USA
Generating Capacity	7.5MW_{DC} / 5.0 MW_{AC}
COD	September 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	County Home is located on a 30-acre leased site located 5 kilometres southeast of Rockingham, North Carolina. The plant commenced commercial operations in September 2018.

Hanover Solar Power Plant (Hanover)

Location	Maysville, North Carolina, USA
Generating Capacity	7.5MW_{DC} / 5.0MW_{AC}
COD	April 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	Hanover is located on a 45-acre leased site in Maysville, North Carolina. The plant commenced commercial operations in April 2018.

Heedeh Solar Power Plant (Heedeh)


Heedeh Ground View – August 2018

Location	Delco, North Carolina, USA
Generating Capacity	$5.4MW_{DC}$ / $4.5MW_{AC}$
COD	July 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	Heedeh is located on a 21-acre leased site in Delco, North Carolina. The plant commenced commercial operations in July 2018.


Heedeh Ground View – August 2018

Organ Church Solar Power Plant (Organ Church)


Organ Church Ground View – August 2018

Location	Organ Church, North Carolina, USA
Generating Capacity	$7.5MW_{DC}$ / $5.0\ MW_{AC}$
COD	February 2019
PPA Term	15.0 years from COD
PPA Offtaker	Duke Energy Carolinas
O&M Service Provider	CCR O&M
Description	Organ Church is located a 45-acre leased site located 15 kilometres northwest of Kannapolis, North Carolina. The plant commenced commercial operations in February 2019.


Organ Church Ground View – August 2018

Pendleton Solar Power Plant (Pendleton)

Pendleton Ground View – October 2018

Pendleton Ground View – October 2018

Location	Pendleton, Oregon, USA
Generating Capacity	8.4MW$_{DC}$ / 6.0 MW$_{AC}$
COD	September 2018
PPA Term	13.2 years from COD
PPA Offtaker	PacifiCorp
O&M Service Provider	CCR O&M
Description	Pendleton is located on a 44-acre leased site 5 kilometres west of Pendleton, Oregon. The plant commenced commercial operations in September 2018.

Manildra Solar Power Plant (Manildra)

Manildra Aerial View – July 2018

Manildra Ground View – July 2018

Location	Manildra, New South Wales, Australia
Generating Capacity	55.9MW$_{DC}$ / 46.7MW$_{AC}$
COD	December 2018
PPA Term	10 years from COD, with an option to extend to 2030
PPA Offtaker	EnergyAustralia
O&M Service Provider	First Solar
Description	Manildra is located on a 120-hectare leased site 1.5 kilometres north east of the Manildra town centre. Manildra is currently operating and delivering electricity into the National Electricity Market. The plant achieved full commercial operations in December 2018. NEW announced its agreement to acquire Manildra in June 2018.

Beryl Solar Power Plant (Beryl)

Beryl Ground View – February 2019

Beryl Aerial View – March 2019

Location	Beryl, New South Wales, Australia
Generating Capacity	$110.9MW_{DC}$ / $87MW_{AC}$
COD	June 2019
PPA Term	15 (Sydney Metro)[48] c. 7.5 years with an option to extend to December 2029 (Kellogg's)[49]
PPA Offtaker	Sydney Metro (69% of generation) Kellogg's (29% of generation)
O&M Service Provider	First Solar Australia
Description	Beryl is located in Central West NSW, approximately five kilometres west of Gulgong. The plant achieved full commercial operations in June 2019. NEW announced its agreement to acquire Beryl in June 2018.

48. The Sydney Metro PPA represents approximately 69% of Beryl's generation during the 15-year term.

49. The Kellogg's PPA represents approximately 29% of Beryl's generation during the ~7.5-year initial term. Kellogg's has an option to extend the term for three years until 31 December 2029.

PLANTS UNDER CONSTRUCTION AS AT 30 JUNE 2019

Mount Signal 2 Solar Power Plant (MS2)

MS2 Ground View – July 2019

MS2 Ground View – July 2019

Location	Imperial Valley, California, USA
Generating Capacity	199.6MW_{DC}
Estimated COD	H2 2019
PPA Term	20 years from COD
PPA Offtaker	Southern California Edison
O&M Service Provider	First Solar
Description	MS2 is currently under construction in Imperial Valley, California. The plant is expected to reach commercial operations during H2 2019. NEW announced its agreement to acquire MS2 in February 2018.

INFORMATION ON THE INVESTMENT MANAGER

New Energy Solar Manager Pty Limited is the Investment Manager of the Company and the Trust. The Investment Manager is a related body corporate of the Responsible Entity.

The Investment Manager is responsible for executing the strategy of the Business in accordance with the terms of the Investment Management Agreement. This includes:

- Identifying investment opportunities.
- Undertaking due diligence.
- Engaging and managing operations and maintenance providers.
- Engaging and managing asset, project and construction management providers.
- Seeking to maximise the value of the Business' assets.
- Negotiating with power purchasers.
- Assisting in procuring advisors to provide support (where required) in the assessment of investment opportunities.
- Assisting in procuring advisors (where required) for debt arranging and other treasury services, and procuring other third party services as reasonably required.
- Advising on and executing asset exit strategies.
- Advising on and executing on liquidity events for investors.

SENIOR MANAGEMENT TEAM

The senior members of the Investment Manager who are responsible for the management of New Energy Solar are set out below.

Each of the members of the senior management team are employed by a member of the Evans Dixon Group and provide services for the benefit of the Business. Further information on the Investment Manager team is provided at **www.newenergysolar.com.au**

JOHN MARTIN BEcon (USYD)

CEO, NEW ENERGY SOLAR

John was appointed as New Energy Solar's Managing Director and CEO in May 2017. John brings a wealth of experience and capability to the role after more than two decades in corporate advisory and investment banking with a focus on the infrastructure, energy and utility sectors.

John previously led the Infrastructure and Utilities business at corporate advisory firm Aquasia where he advised on more than $10 billion of infrastructure and utility M&A and financing transactions. Prior to this John held various investment bank management positions including the Head of National Australia Bank Advisory and the Joint Head of Credit Markets and Head of Structured Finance at RBS/ABN AMRO.

During his time at ABN AMRO, John managed the Infrastructure Capital business which was viewed as a market leader in the development and financing of infrastructure and utility projects in Australia. John started his career as an economist with the Reserve Bank of Australia and then worked in various treasury and risk management positions, before moving to PwC as the partner responsible for financial risk management. At PwC John advised some of Australia's largest corporations on the management and valuation of currency, interest rate and commodity exposures – with a focus on advising energy companies trading in the Australian National Electricity Market.

John has a Bachelor of Economics (Honours) from the University of Sydney. John is a member of the Advisory Board for the Cordish Dixon Private Equity Fund III (ASX:CD3), and is a past board member of Infrastructure Partnerships Australia.

LIAM THOMAS BAgribus (Curtin), MSc (Curtin), MBA (MELB)

CHIEF INVESTMENT OFFICER

Liam joined New Energy Solar in March 2016 to lead transaction origination and execution activities. Liam has over 14 years' experience in M&A, corporate and business development, projects, and commercial management in the energy, infrastructure, mining and agribusiness sectors.

Prior to joining NES, Liam was a senior member of the International Development team at Origin Energy focused on the investment and development strategy for utility scale solar, hydro, and geothermal projects in Latin America and South-East Asia. Liam's previous roles have included General Manager of Commercial Development at Aurizon, Commercial Manager for the Northwest Infrastructure iron ore port joint venture, and Project Manager at Orica, focusing on large-scale mining-related infrastructure and manufacturing projects. Earlier in Liam's career, he worked in the agricultural commodities sector with AWB Limited.

Liam has a Bachelor of Agribusiness and Master of Science from Curtin University, and a Master of Business Administration from the University of Melbourne.

MICHAEL VAN DER VLIES BAcc (UTS), CA

CHIEF FINANCIAL OFFICER

Michael is responsible for the finance activities of the Investment Manager, including business planning, budgeting, forecasting, financial reporting, taxation, treasury, balance sheet management and risk management.

Michael has over 16 years' experience working in Finance, Infrastructure and Investment Management. Michael previously led a team responsible for the financial reporting, fund administration, regulatory and compliance reporting globally across AMP Capital's $15bn Infrastructure Equity funds. Prior to this, Michael held various finance roles including General Manager of Finance and Group Financial Controller at BAI Communications, a Communications Infrastructure business owned by CPPIB and Senior Manager at Macquarie. While at Macquarie, Michael worked across a range of listed and unlisted infrastructure funds in sectors including airports and communications.

Michael holds a Bachelor of Accounting from the University of Technology, Sydney and is a member of the Institute of Chartered Accountants in Australia.

Church Road ground view – May 2018

Directors' Report

TID ground view – October 2017

Directors' Report

FOR THE HALF-YEAR ENDED 30 JUNE 2019

The directors of New Energy Solar Limited (the **Company**) and Walsh & Company Investments Limited, as Responsible Entity of New Energy Solar Fund (the **Trust**), together forming New Energy Solar, a listed stapled group, present their report together with the half-year financial report for New Energy Solar Limited and New Energy Solar Fund, (collectively referred to as the **Fund**), for the half-year ended 30 June 2019.

DIRECTORS

The directors of New Energy Solar Limited at any time during or since the end of the financial period are listed below:

Jeffrey Whalan	Non-Executive Chairperson
Maxine McKew	Non-Executive Director
James Davies	Non-Executive Director
John Holland	Non-Executive Director
John Martin	
Alan Dixon	

The directors of Walsh & Company Investments Limited at any time during or since the end of the financial period are listed below:

Alex MacLachlan

Warwick Keneally

Mike Adams

Directors were in office from the start of the half-year to the date of this report, unless otherwise stated.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Company and the Trust during the half-year were pursuing and investing in large-scale solar plants that generate emissions-free power. There were no significant changes in the nature of these activities during the period.

DISTRIBUTIONS

Distributions paid or declared to securityholders during, or since the end of, the half-year were as follows:

- 3.90 cents per stapled security for the six months ended 30 June 2019 payable on 15 August 2019 amounting to $13,596,522.

REVIEW AND RESULTS OF OPERATIONS

Please refer to the Investment Manager's Report for details relating to the operations during the financial period.

For the half-year ended 30 June 2019, on a combined basis, the Fund's loss was $3.8 million (30 June 2018: $38.8 million profit). The Company reported a loss of $22.6 million (30 June 2018: $14.3 million profit) and the Trust reported a profit of $18.9 million (30 June 2018: $24.5 million).

The half-year to 30 June 2019 loss is driven by the fair value loss of financial assets at fair value. This is mainly driven by a $35.5 million decrease to the net asset value of NES US Corp, caused by the negative impact on investment fair value of the loans payable valuation decrease in relation to New Energy Solar US Corp's loan from New Energy Solar Fund and the senior secured fixed rate notes in NES Perseus HoldCo LLC and NES Antares HoldCo LLC. The decrease is partially offset by an increase in net asset value of $12.8 million in New Energy Solar Australia HoldCo #1.

At 30 June 2019, on a combined basis, the Fund's net assets are $540.9 million (31 December 2018: $555.7 million), representing a net asset value per stapled security of $1.55 (31 December 2018: $1.60). The Company's net assets are $363.5 million (31 December 2018: $301.1 million), representing a net asset value per share of $1.04 (31 December 2018: $0.87) and the Trust's net assets are $177.4 million (31 December 2018: $254.6 million), representing a net asset value per unit of $0.51 (31 December 2018: $0.73).

On 26 June 2019, the Fund reallocated capital from the Trust to the Company. This was achieved by a capital return by the Trust of $0.2398 per issued unit in the Trust, which was compulsorily applied as a capital contribution for existing shares in the Company. The total number of stapled securities on issue did not change and the combined net asset value of the stapled securities remained the same before and immediately after the capital reallocation.

The purpose for undertaking the capital reallocation was to simplify inter-entity arrangements and allocate available capital so that it resides in the entity which provides the best outcome to Securityholders. The capital reallocation mechanism has been previously approved by Securityholders at the Annual General Meeting held on 3 May 2017.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 8 August 2019, Class B options in New Energy Solar, a stapled entity comprised of New Energy Solar Fund and New Energy Solar Limited expired. 14,998 Class B Options were exercised at $1.60 per security, and the balance of 67,329,734 were cancelled on expiry.

Other than the matters discussed above, no matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company or the Trust's operations, the results of those operations, or the Company or the Trust's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors

ALEX MACLACHLAN
Chairman of the Responsible Entity

JEFFREY WHALAN
Chairman of the Company

14 August 2019

Auditor's Independence Declaration

Manildra ground view – August 2018

Stanford at sunset – September 2017

Auditor's Independence Declaration

FOR THE HALF-YEAR ENDED 30 JUNE 2019

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Board of Directors
New Energy Solar Limited and
Walsh & Company Investments Limited
As Responsible Entity for
New Energy Solar Fund
Level 15, 100 Pacific Highway
North Sydney NSW 2060

14 August 2019

Dear Board Members

Auditor's Independence Declaration to New Energy Solar Limited and New Energy Solar Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of New Energy Solar Limited and to the directors of the Responsible Entity of New Energy Solar Fund.

As lead audit partner for the review of the financial reports of New Energy Solar Limited and New Energy Solar Fund for the half-year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

TID ground view – September 2017

Financial Statements

TID PV module closeup – September 2017

Condensed Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Notes	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
		30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
		$	$	$	$	$	$
Net income							
Fair value (loss)/gain of financial assets at fair value through profit or loss	6	(21,456,175)	14,807,146	14,230,504	17,993,518	(7,225,671)	32,800,664
Foreign exchange gain		2	6,046	113,641	192,559	113,643	198,605
Finance income	2	23,340	58,140	5,664,918	7,387,571	5,688,258	7,445,711
Total net income		**(21,432,833)**	**14,871,332**	**20,009,063**	**25,573,648**	**(1,423,770)**	**40,444,980**
Fair value loss of forward foreign currency derivatives		–	–	(158,764)	–	(158,764)	–
Finance expenses		(470,653)	(187)	(564)	(368)	(471,217)	(555)
Responsible entity fees	13	–	–	(100,291)	(112,469)	(100,291)	(112,469)
Investment management fees	13	(765,624)	(400,151)	(461,736)	(465,341)	(1,227,360)	(865,492)
Accounting and audit fees		(82,114)	(70,004)	(66,787)	(82,938)	(148,901)	(152,942)
Legal and advisory expenses		(119,662)	(611,667)	(102,825)	(137,274)	(222,487)	(748,941)
Salary and wage expenses		(112,500)	(108,333)	–	–	(112,500)	(108,333)
Marketing expenses		(64,338)	(98,849)	(122,976)	(172,674)	(187,314)	(271,523)
Listing and registry expenses		(25,750)	(9,466)	(25,474)	(6,983)	(51,224)	(16,448)
Other operating expenses		(66,984)	(65,453)	(97,497)	(125,957)	(164,481)	(191,411)
Total expenses		**(1,707,625)**	**(1,364,110)**	**(1,136,914)**	**(1,104,004)**	**(2,844,539)**	**(2,468,114)**
(Loss)/profit before tax		**(23,140,458)**	**13,507,222**	**18,872,149**	**24,469,644**	**(4,268,309)**	**37,976,866**
Income tax benefit		512,803	840,541	–	–	512,803	840,541
(Loss)/profit after tax for the period		**(22,627,655)**	**14,347,763**	**18,872,149**	**24,469,644**	**(3,755,506)**	**38,817,407**
Other comprehensive income, net of income tax		**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive (loss)/ income for the period		**(22,627,655)**	**14,347,763**	**18,872,149**	**24,469,644**	**(3,755,506)**	**38,817,407**
Earnings per security							
Basic and diluted (loss)/ earnings (cents per security)	3	(6.49)	4.36	5.42	7.44	(1.08)	11.80

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Statement of Financial Position

AS AT 30 JUNE 2019

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	Notes	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
ASSETS		$	$	$	$	$	$
Current assets							
Cash and cash equivalents		17,087	6,475,915	795,714	16,554,264	812,801	23,030,179
Trade and other receivables	5	43,407	69,290	624,812	1,160,421	542,291	983,241
Total current assets		**60,494**	**6,545,205**	**1,420,526**	**17,714,685**	**1,355,092**	**24,013,420**
Non-current assets							
Financial assets held at fair value through profit or loss	6	360,517,305	292,263,917	190,035,846	252,846,452	550,553,151	545,110,369
Deferred tax assets		2,298,307	1,774,728	–	–	2,298,307	1,774,728
Other assets – deferred borrowing costs		1,234,272	1,398,177	–	–	1,234,272	1,398,177
Total non-current assets		**364,049,884**	**295,436,822**	**190,035,846**	**252,846,452**	**554,085,730**	**548,283,274**
Total assets		**364,110,378**	**301,982,027**	**191,456,372**	**270,561,137**	**555,440,822**	**572,296,694**
LIABILITIES							
Current liabilities							
Trade and other payables	7	531,808	812,766	298,061	571,027	703,941	1,137,323
Current tax payable		54,713	59,379	–	–	54,713	59,379
Derivative financial liabilities	8	–	–	158,764	1,559,881	158,764	1,559,881
Distribution payable	10	–	–	13,596,522	13,863,888	13,596,522	13,863,888
Total current liabilities		**586,521**	**872,145**	**14,053,347**	**15,994,796**	**14,513,940**	**16,620,471**
Total liabilities		**586,521**	**872,145**	**14,053,347**	**15,994,796**	**14,513,940**	**16,620,471**
Net assets		**363,523,857**	**301,109,882**	**177,403,025**	**254,566,341**	**540,926,882**	**555,676,223**
EQUITY							
Issued capital	4	337,333,650	252,292,020	144,033,528	233,667,317	481,367,178	485,959,337
Retained earnings		26,190,207	48,817,862	33,369,497	20,899,024	59,559,704	69,716,886
Total equity		**363,523,857**	**301,109,882**	**177,403,025**	**254,566,341**	**540,926,882**	**555,676,223**

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 30 JUNE 2019

NEW ENERGY SOLAR LIMITED (COMPANY)

	Notes	Issued capital	Retained earnings	Total
		$	$	$
Balance at 1 January 2018		**207,418,305**	**3,114,026**	**210,532,331**
Profit after tax for the period		–	14,347,763	14,347,763
Other comprehensive income, net of income tax		–	–	–
Total comprehensive income for the period		**–**	**14,347,763**	**14,347,763**
Issue of securities		2,364,708	–	2,364,708
Deferred tax asset recognised in current period in connection with prior year issue costs		5,279,923	–	527,993
Share buybacks		(50,899)	–	(50,899)
Capital reallocation		30,156,728	–	30,156,728
Balance at 30 June 2018		**240,416,835**	**17,461,789**	**257,878,624**

	Notes	Issued capital	Retained earnings/ (accumulated losses)	Total
		$	$	$
Balance at 1 January 2019		**252,292,020**	**48,817,862**	**301,109,882**
Loss after tax for the period		–	(22,627,655)	(22,627,655)
Other comprehensive income, net of income tax		–	–	–
Total comprehensive loss for the period		**–**	**(22,627,655)**	**(22,627,655)**
Issue of securities		2,695,085	–	2,695,085
Capitalised issue costs, net of income tax		(55,928)	–	(55,928)
Share buybacks		(1,179,359)	–	(1,179,359)
Buyback costs, net of income tax		(2,115)	–	(2,115)
Capital reallocation		83,583,947	–	83,583,947
Balance at 30 June 2019	4	**337,333,650**	**26,190,207**	**363,523,857**

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity Continued

FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Notes	NEW ENERGY SOLAR FUND (TRUST) Issued capital	Retained earnings/ (accumulated losses)	Total
		$	$	$
Balance at 1 January 2018		**264,999,858**	**(3,192,049)**	**261,807,809**
Profit after tax for the period		–	24,469,644	24,469,644
Other comprehensive income, net of income tax		–	–	–
Total comprehensive income for the period		**–**	**24,469,644**	**24,469,644**
Issue of securities		2,973,233	–	2,973,233
Unit buybacks		(64,781)	–	(64,781)
Capital reallocation		(30,156,728)	–	(30,156,728)
Distributions		(7,317,082)	(5,053,205)	(12,370,287)
Balance at 30 June 2018		**230,434,500**	**16,224,390**	**246,658,890**

		NEW ENERGY SOLAR FUND (TRUST) Issued capital	Retained earnings	Total
		$	$	$
Balance at 1 January 2019		**233,667,317**	**20,899,024**	**254,566,341**
Profit after tax for the period		–	18,872,149	18,872,149
Other comprehensive income, net of income tax		–	–	–
Total comprehensive income for the period		**–**	**18,872,149**	**18,872,149**
Issue of securities		2,295,674	–	2,295,674
Capitalised issue costs, net of income tax		(59,241)	–	(59,241)
Unit buybacks		(1,088,639)	–	(1,088,639)
Buyback costs, net of income tax		(2,790)	–	(2,790)
Capital reallocation		(83,583,947)	–	(83,583,947)
Distributions	10	(7,194,846)	(6,401,676)	(13,596,522)
Balance at 30 June 2019	4	**144,033,528**	**33,369,497**	**177,403,025**

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity Continued

FOR THE HALF-YEAR ENDED 30 JUNE 2019

		FUND (COMBINED COMPANY AND TRUST)		
	Notes	Issued capital	Retained earnings/ (accumulated losses)	Total
		$	$	$
Balance at 1 January 2018		**472,418,163**	**(78,023)**	**472,340,140**
Profit after tax for the period		–	38,817,407	38,817,407
Other comprehensive income, net of income tax		–	–	–
Total comprehensive income for the period		**–**	**38,817,407**	**38,817,407**
Issue of securities		5,337,941	–	5,337,941
Deferred tax asset recognised in current period in connection with prior year issue costs		527,993	–	527,993
Securities buybacks		(115,680)		(115,680)
Distributions		(7,317,082)	(5,053,205)	(12,370,287)
Balance at 30 June 2018		**470,851,335**	**33,686,179**	**504,537,514**

	Notes	Issued capital	Retained earnings/ (accumulated losses)	Total
		$	$	$
Balance at 1 January 2019		**485,959,337**	**69,716,886**	**555,676,223**
Loss after tax for the period		–	(3,755,506)	(3,755,506)
Other comprehensive income, net of income tax		–	–	–
Total comprehensive loss for the period		**–**	**(3,755,506)**	**(3,755,506)**
Issue of securities		4,990,759	–	4,990,759
Capitalised issue costs, net of income tax		(115,169)	–	(115,169)
Securities buybacks		(2,267,998)	–	(2,267,998)
Buyback costs, net of income tax		(4,905)	–	(4,905)
Distributions	10	(7,194,846)	(6,401,676)	(13,596,522)
Balance at 30 June 2019	4	**481,367,178**	**59,559,704**	**540,926,882**

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Statement of Cash Flows

FOR THE HALF-YEAR ENDED 30 JUNE 2019

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	Notes	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
		$	$	$	$	$	$
Cash flows from operating activities							
Recharge income received from subsidiaries		–	492,680	–	–	–	492,680
Interest income received		23,340	58,140	6,136,005	7,582,066	6,159,345	7,640,206
Payments to suppliers		(1,371,745)	(494,030)	(1,233,701)	(368,765)	(2,605,446)	(862,795)
Income tax paid		(4,666)	(17,186)	–	–	(4,666)	(17,186)
Net cash flow from operating activities		**(1,353,071)**	**39,604**	**4,902,304**	**7,213,301**	**3,549,233**	**7,252,905**
Cash flows from investing activities							
Payments for investments	6	(100,217,060)	(32,621,447)	(21,055,587)	–	(121,272,647)	(32,621,447)
Repayments from/(loans to) subsidiaries	6	10,507,497	(7,406,894)	97,754,301	–	108,261,798	(7,406,894)
Net cash flow from investing activities		**(89,709,563)**	**(40,028,341)**	**76,698,714**	**–**	**(13,010,849)**	**(40,028,341)**
Cash flows from financing activities							
Proceeds from issue of securities	4	2,695,085	2,364,708	2,295,674	2,973,234	4,990,759	5,337,942
Payments for securities buybacks		(1,179,359)	(50,769)	(1,088,639)	(64,615)	(2,267,998)	(115,384)
Payment of issue and buyback costs		(68,819)	(130)	(62,031)	(166)	(130,850)	(296)

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

Condensed Statement of Cash Flows Continued

FOR THE HALF-YEAR ENDED 30 JUNE 2019

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	Notes	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
		$	$	$	$	$	$
Proceeds from/(payment of) capital reallocation		83,583,947	30,156,728	(83,583,947)	(30,156,728)	–	–
Payments of transaction costs relating to loans		(306,508)	(102,557)	–	–	(306,508)	(102,557)
Payment of forward foreign currency derivatives		–	–	(1,378,492)	–	(1,378,492)	–
Proceeds/(repayment) of loans from New Energy Solar Fund to New Energy Solar Limited		(120,542)	50,899	120,542	(50,899)	–	–
Distributions paid		–	–	(13,863,889)	(13,051,907)	(13,863,889)	(13,051,907)
Net cash flow from financing activities		**84,603,804**	**32,418,879**	**(97,560,782)**	**(40,351,081)**	**(12,956,978)**	**(7,932,202)**
Net decrease in cash and cash equivalents		**(6,458,830)**	**(7,569,858)**	**(15,959,764)**	**(33,137,780)**	**(22,418,594)**	**(40,707,638)**
Cash at the beginning of the period		6,475,915	8,105,112	16,554,264	34,021,450	23,030,179	42,126,562
Effect of exchange rate changes		2	(657)	201,214	(5,848)	201,216	(6,505)
Cash and cash equivalents at the end of the period		**17,087**	**534,597**	**795,714**	**877,822**	**812,801**	**1,412,419**

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

NC-47 ground view - May 2017

Notes to the Financial Statements

Hanover ground view - February 2018

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

The condensed financial statements comprise:

- New Energy Solar Limited (**Company**), a listed public company incorporated in Australia;
- New Energy Solar Fund (**Trust**), a listed managed investment scheme registered and domiciled in Australia, with Walsh & Company Investments Limited acting as Responsible Entity;

on a combined basis referred to as New Energy Solar (the **Fund**).

One share in the Company and one unit in the Trust have been stapled together to form a listed single stapled security (**Stapled Security**). These securities are publicly traded on the Australian Securities Exchange Limited (ASX).

The principal activity of the Company and the Trust is indirectly investing (through provision of equity and debt to underlying investment entities) in large-scale solar plants that generate emissions-free power.

This half-year financial report is intended to provide users with an update on the latest annual financial statements of the Company and the Trust. The half-year financial report does not include notes of the type normally included in an annual financial report and it is therefore recommended that this half-year financial report be read in conjunction with the annual financial statements of the Company and the Trust for the year ended 31 December 2018, together with any public announcements made during the half-year.

A) REVENUE AND EXPENSES

New Energy Solar is indirectly investing in utility scale solar power plants that generate emissions free power via the Company's wholly owned Australian subsidiary, New Energy Solar Australia HoldCo #1 Pty Limited, and its wholly owned US subsidiary, New Energy Solar US Corp, and the Trust's investment in US Solar Fund plc.

New Energy Solar Australia HoldCo #1 Pty Limited is funded by equity from the Company. New Energy Solar US Corp is funded by a combination of equity from the Company and a loan from the Trust, both of which are denominated in US dollars.

As the Company and the Trust are both considered to meet the definition of an 'investment entity' for accounting purposes (see below), New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp are not consolidated in the Company's financial statements, rather they are required to be held at fair value in the financial statements.

The impact of this on the financial statements is that the main operating revenues of the Fund consist of dividends from New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp, fair value movements in the value of the Company's investment in New Energy Solar Australia HoldCo #1 Pty Limited and, New Energy Solar US Corp and the Trust's investment in US Solar Fund plc, and interest on the loan from the Trust to New Energy Solar US Corp. Net operating income from underlying solar assets held in Australia and the US and all underlying subsidiary expenses are reflected through the movement in the fair value of investments in the profit or loss statement.

The underlying cash flows of solar power plants, being revenues from the sale of electricity and renewable energy certificates less expenses, are distributed on a periodic basis from underlying projects through to New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp, and underpin the ability to pay interest on the loan to the Trust and dividends to the Company as noted above.

Additionally, as both the Company's equity investment in New Energy Solar US Corp and the Trust's loan to New Energy Solar US Corp are denominated in US dollars, and the Company and the Responsible Entity do not currently intend to hedge these exposure to foreign currencies, the Fund is also exposed to valuation movements associated with changes in the US dollar/Australian dollar exchange rate.

B) STATEMENT OF COMPLIANCE

These condensed financial statements of the Company and the Trust are condensed general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (**IASB**).

The condensed financial statements were authorised for issue by the directors of the Company and the Responsible Entity of the Trust, Walsh & Company Investments Limited, on 14 August 2019. For the purposes of preparing the financial statements, the Company and the Trust are for-profit entities.

C) BASIS OF PREPARATION

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company and Trust's annual financial report for the year ended 31 December 2018. The adoption of new standards effective as of 1 January 2019 has not resulted in any change to these disclosed policies. The Company and the Trust have not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company and the Trust have each applied ASIC Corporations (Stapled Group Reports) Instrument 2015/838 and therefore include the financial statements of the other entity in their financial report in adjacent columns to their own financial statements.

D) BASIS FOR NON-CONSOLIDATION

New Energy Solar (or the **Fund**) comprises New Energy Solar Limited (the **Company**) and New Energy Solar Fund (the **Trust**). The equity securities of the Company and the Trust are stapled and cannot be traded separately.

The parent entity of the stapled group has been determined to be the Company. The Company holds investments, directly or indirectly, through subsidiaries or other underlying entities including the Trust which is considered to be a subsidiary of the Company under the accounting standards.

The Company and the Trust are considered to meet the definition of an 'Investment Entity' as described in AASB 10 'Consolidated Financial Statements' (refer below). Under AASB 10 an Investment Entity is required to hold its subsidiaries at fair value through the profit and loss rather than consolidate them. Subsidiaries are entities over which control is exercised. Control exists when the entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

As noted above the Trust is considered to be a subsidiary of the Company under accounting standards and is therefore required to be recorded by the Company at its fair value. However, the fair value of the Company's investment in the Trust as reflected in the Company's financial statements is considered to be nil as a result of the Company holding no direct interest in this subsidiary. The Company financial statements therefore include all of its own direct and indirect interest in subsidiaries at fair value, but do not reflect any value attributable to the Trust except for loans made between the Company and the Trust.

The financial statements of the Trust are shown separately under the heading "New Energy Solar Fund (Trust)". As noted above because the Trust is considered to be an investment entity, its financial statements reflect its financial assets, including loan receivables and, its investment in direct and indirect subsidiaries and other financial assets (US Solar Fund plc), at fair value. The Trust had no subsidiaries as at the reporting date.

The column headed "**Fund**" in the financial statements represents non-IFRS financial information (Fund financial statements) which has been included to reflect the combined financial statements of the Company and the Trust, together representing the Fund. The Fund financial statements have been prepared to reflect the stapled securityholders' combined interest in the Company and the Trust by aggregating the Company and the Trust financial information after eliminating transactions and balances between the Company and the Trust. The accounting policies adopted in the preparation of the Fund financial statements is consistent with that adopted in respect of the Company and the Trust financial statements.

The Company, Trust and Fund financial information disclosures in the format presented in the financial statements is in accordance with an ASIC Order 17-1127 issued on 14 December 2017.

Investment Entity Classification

Under the definition of an Investment Entity, as set out in AASB 10, an entity must satisfy all of the following three tests:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services; and
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company and the Trust satisfy the above three tests in consideration of the following factors:

- The Company and the Trust have multiple investors, having obtained funds from a diverse group of securityholders that would not otherwise have access individually to invest in renewable power generation assets;

- The business purpose of the Company and the Trust, is to invest funds for investment income and potential capital growth. The intended underlying assets, including those held directly or indirectly by the Company and the Trust, will have limited operational lives and therefore minimal residual value and so will not be expected to be held indefinitely; and
- The Company and Trust measure and evaluate performance of their existing and intended future underlying investments on a fair value basis which is most relevant for its securityholders.

The directors have also assessed that the Company and the Trust meet the typical characteristics of an Investment Entity described in AASB 10 in that:

- They are separate legal entities;
- Ownership interests in the entities are held by a wide pool of investors who are not related parties; and
- Directly or through their subsidiaries, they hold a portfolio of investments.

E) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Company and the Trust have adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the **AASB**) that are relevant to their operations and effective for the current half-year. The adoption of new and revised standards and Interpretations has had no material impact on the financial statements.

F) WORKING CAPITAL DEFICIENCY

The statements of financial position of the Company and Trust reflect working capital deficit positions at 30 June 2019 of $0.5 million and $12.6 million respectively.

The directors have considered in respect of the Fund's overall working capital position the following:

- Available cash balances on a look-through basis within the overall Fund structure totalling $10.3 million at 30 June 2019;
- Available but undrawn amounts under a facility residing in a subsidiary of the Company totaling US$6.5 million at 30 June 2019;
- Receipt of construction milestone payments by a subsidiary of the Company of US$6.0 million in July 2019; and
- Expected distribution income flowing up from subsidiaries of the Company from their solar operations.

Based on the above, the directors are satisfied that the Company and the Trust will be able to meet their working capital requirements and other obligations.

2. FINANCE INCOME

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-19 $	30-Jun-18 $	30-Jun-19 $	30-Jun-18 $	30-Jun-19 $	30-Jun-18 $
Interest income on cash at bank	23,340	58,140	111,573	159,376	134,913	217,516
Interest income on loan to New Energy Solar US Corp (subsidiary of the Company)	–	–	5,553,345	7,228,195	5,553,345	7,228,195
	23,340	**58,140**	**5,664,918**	**7,387,571**	**5,688,258**	**7,445,711**

3. EARNINGS PER SECURITY

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
(i) Calculated earnings per security	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	cents	cents	cents	cents	cents	cents
Basic and diluted (loss)/ earnings per security	(6.49)	4.36	5.42	7.44	(1.08)	11.80
(ii) Earnings used to calculate basic and diluted earnings per security	$	$	$	$	$	$
(Loss)/Profit from continued operations used to calculate basic and diluted earnings/ (loss) per security	(22,627,655)	14,347,763	18,872,149	24,469,644	(3,755,506)	38,817,407
(iii) Weighted average number of securities	No.	No.	No.	No.	No.	No.
Weighted average number of securities outstanding used to calculate basic earnings per security	348,456,469	329,028,447	348,456,469	329,028,447	348,456,469	329,028,447
Effect of dilution *	–	–	–	–	–	–
Weighted average number of securities outstanding used to calculate diluted earnings per security	**348,456,469**	**329,028,447**	**348,456,469**	**329,028,447**	**348,456,469**	**329,028,447**

There are no transactions that would significantly change the number of securities at the end of the reporting period.

*Outstanding options are "out of the money" (option exercise price exceeds security price) at balance date and therefore have no dilutionary impact on diluted earnings per security.

4. EQUITY – ISSUED CAPITAL

(i) Movements in issued capital

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	Six months to 30-Jun-19	Year to 31-Dec-18	Six months to 30-Jun-19	Year to 31-Dec-18	Six months to 30-Jun-19	Year to 31-Dec-18
	$	$	$	$	$	$
Balance at beginning of period	**252,292,020**	**207,418,305**	**233,667,317**	**264,999,858**	**485,959,337**	**472,418,163**
Issue of securities – February 2018	–	2,364,708	–	2,973,234	–	5,337,942
Capital reallocation – June 2018	–	30,156,728	–	(30,156,728)	–	–
Issue of securities – August 2018	–	13,283,166	–	13,190,738	–	26,73,904
Issue of securities – February 2019	2,695,085	–	2,295,674	–	4,990,759	–
Capital reallocation – June 2019	83,583,947	–	(83,583,947)	–	–	–
Issue costs	(55,928)	(26,305)	(59,241)	(30,154)	(115,169)	(56,459)
Deferred tax asset recognised in current year in connection with prior year issue costs	–	595,919	–	–	–	595,919
Buybacks	(1,179,359)	(1,497,814)	(1,088,639)	(1,454,914)	(2,267,998)	(2,952,728)
Buyback costs	(2,115)	(2,687)	(2,790)	(3,728)	(4,905)	(6,415)
Distributions – June 2018	–	–	–	(7,317,082)	–	(7,317,082)
Distributions – December 2018	–	–	–	(8,533,907)	–	(8,533,907)
Distributions - June 2019	–	–	(7,194,846)	–	(7,194,846)	–
Balance at the end of period	**337,333,650**	**252,292,020**	**144,033,528**	**233,667,317**	**481,367,178**	**485,959,337**

(ii) Movements in stapled securities

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	Six-months to 30-Jun-19	Year to 31-Dec-18	Six-months to 30-Jun-19	Year to 31-Dec-18	Six-months to 30-Jun-19	Year to 31-Dec-18
	No.	No.	No.	No.	No.	No.
Balance at beginning of period	346,597,195	326,297,684	346,597,195	326,297,684	346,597,195	326,297,684
Issue of securities – February 2018	–	3,657,035	–	3,657,035	-	3,657,035
Issue of securities – August 2018	–	18,710,596	–	18,710,596	-	18,710,596
Issue of securities – February 2019	3,693,961	–	3,693,961	–	3,693,961	–
Buybacks	(1,662,394)	(2,068,120)	(1,662,394)	(2,068,120)	(1,662,394)	(2,068,120)
Balance at the end of period	**348,628,762**	**346,597,195**	**348,628,762**	**346,597,195**	**348,628,762**	**346,597,195**

All issued stapled securities are fully paid. The holders of stapled share/unit securities are entitled to one vote per security at meetings of the Company and the Trust and are entitled to receive dividends/distributions declared from time to time by the Company and the Trust.

At balance date, 67,344,732 Class B Options were outstanding. The Class B Options are exercisable at $1.60 per security during a 20 business day period ending at 5.00pm (AEST) on 8 August 2019. 25,497 Class A Options were exercised at $1.55 per security on 8 February 2019, and the balance of 67,319,235 were cancelled on expiry.

Security buyback

The Company and the Trust announced an on-market security buyback program on 3 May 2019 of up to 10 million securities over a 12 month period commencing 17 May 2019 and expiring 16 May 2020. The buybacks are being undertaken as an active capital management tool to provide liquidity to existing securityholders should they seek to exit their investment at a discount to net asset value.

During the half-year ended 30 June 2019, the Company and the Trust acquired stapled securities from securityholders for a total consideration of $2,267,998 as part of the buyback program announced on 2 May 2018 and 3 May 2019. 1,662,394 securities acquired under the program have been cancelled resulting in a reduction of fully paid ordinary stapled securities on issue.

The Company and the Trust remain committed to active capital management to provide liquidity for investors as well as enhancing shareholder returns.

5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-19	**31-Dec-18**	**30-Jun-19**	**31-Dec-18**	**30-Jun-19**	**31-Dec-18**
	$	**$**	**$**	**$**	**$**	**$**
Interest receivable – New Energy Solar US Corp	–	–	473,522	871,175	473,522	871,175
GST receivable	31,157	29,538	25,362	42,776	56,519	72,314
Other receivables – subsidiary entity, New Energy Solar US Corp	12,250	12,250	–	–	12,250	12,250
Other receivables – New Energy Solar Limited	–	–	125,928	246,470	–	–
Other receivables	–	27,502	–	–	–	27,502
	43,407	**69,290**	**624,812**	**1,160,421**	**542,291**	**983,241**

There are no balances included in receivables that contain assets that are impaired. The receivables are recorded at carrying amounts that are reasonable approximations of fair value.

6. NON-CURRENT ASSETS – FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund owns its existing underlying solar asset portfolio through the Company's immediate subsidiary companies. The Fund's investment in its immediate subsidiaries consists of a combination of equity and debt provided by the Company and the Trust. As an 'investment entity' the Company records its equity investment at fair value, which comprises the assessed fair value of the underlying solar asset portfolio and the residual net assets of the company and its controlled entities, and records its loan receivable at fair value. Similarly, the Trust as an 'investment entity' records its loan receivable and investment in US Solar Fund plc at fair value.

At balance date, the fair value of the Company and Trust's combined total investment in immediate subsidiaries and its investment in US Solar Fund plc comprises the following:

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
		30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
		$	$	$	$	$	$
Investment in New Energy Solar Australia HoldCo #1 Pty Limited	Equity	112,993,235	10	–	–	112,993,235	10
	Loans	–	10,530,274	–	–	–	10,530,274
Investment in New Energy Solar US Corp	Equity	247,524,070	281,733,633	–	–	247,524,070	281,733,633
	Loans	–	–	168,134,137	252,846,452	168,134,137	252,846,452
Investment in US Solar Fund plc (LSE: USF)	Equity	–	–	21,901,709		21,901,709	–
		360,517,305	**292,263,917**	**190,035,846**	**252,846,452**	**550,553,151**	**545,110,369**

The investment in subsidiaries comprises on a 'look-through' basis the following:

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	$	$	$	$	$	$
Fair value of underlying solar asset interests held (i)	1,490,430,180	1,152,079,185	–	–	1,490,430,180	1,152,079,185
Fair value of investment in US Solar Fund plc	–	–	21,901,709	–	21,901,709	–
Cash or cash equivalents	10,280,537	31,040,663	–	–	10,280,537	31,040,663
Construction loans to underlying solar project entities (ii)	–	25,248,529	–	–	–	25,248,529
Funds on deposit as security for guarantees (iii)	–	9,221,280	–	–	–	9,221,280
Loan funding provided by New Energy Solar Fund to New Energy Solar US Corp (iv)	(168,134,137)	(252,846,452)	168,134,137	252,846,452	–	–

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	$	$	$	$	$	$
Fair value of 3rd party loan funding provided (v)	(892,664,299)	(608,902,780)	–	–	(892,664,299)	(608,902,780)
Interest rate swaps on 3rd party loan funding provided	(59,958,902)	(16,003,700)	–	–	(59,958,902)	(16,003,700)
Asset acquisition liabilities	(9,902,556)	(54,965,536)	–	–	(9,902,556)	(54,965,536)
Deferred tax liabilities	(6,655,232)	(8,583,605)	–	–	(6,655,232)	(8,583,605)
Other net assets/ liabilities	(2,878,286)	15,976,333	–	–	(2,878,286)	15,976,333
	360,517,305	**292,263,917**	**190,035,846**	**252,846,452**	**550,553,151**	**545,110,369**

(i) The balance recorded at 30 June 2019 relates to the company's interest in the NC-31, NC-47, Stanford, TID, Boulder, Rigel, MS2, Cypress Creek portfolio, Manildra and Beryl solar asset plants. The fair value of these assets totaling $1,490.4 million is based on a discounted cash flow valuation as further described in note 12.

(ii) This balance represents loans provided in connection with the solar asset plants acquired from Cypress Creek which are under construction. The loans were interest bearing and provided on commercial terms and were repayable at the earlier of the occurrence of specific construction milestones or pre-defined maturity dates. The loans were repaid in full during the current half-year period.

(iii) This balance represents short-term term deposits held by the Company's wholly owned subsidiary, New Energy Solar Australia HoldCo #1 Pty Limited, as a cash-backed guarantee relating to completion of its acquisition of the Manildra and Beryl solar farms located in New South Wales. The funds on deposit were repaid in full during the current half-year period.

(iv) As at 30 June 2019, the fair value of Note Purchase Agreements with New Energy Solar US Corp that New Energy Solar Fund invested into in the amount of US$55,900,128 (face value US$52,264,530, effective 9 December 2016) and US$62,130,036 (face value US$57,803,480, effective 15 December 2017) has been converted to Australian dollars at the prevailing A$:US$ spot rate of 0.7020 (31 December 2018 spot rate 0.7049). The loans to New Energy Solar US Corp have a 7 year loan term from inception and a fixed interest rate of 6%. These loans are unsecured. The fair value of these loan receivables is based on a revaluation at balance date with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of these loan receivables.

(v) 3rd party loan funding (net interest rate swaps) is comprised of the following:

HELD BY:	FACILITY SIZE (BASE CURRENCY $M)	DRAWN FACE VALUE (BASE CURRENCY $M)	30 JUN 2019 FX RATE	DRAWN FACE VALUE (A$M)	DRAWN FAIR VALUE (BASE CURRENCY $M)	30 JUN 2019 FX RATE	DRAWN FAIR VALUE (A$M)
NES US Funding 1 LLC [a]	USD 27.3	USD 27.3	0.7020	38.9	USD 27.3	0.7020	38.9
NES Antares HoldCo LLC [b]	USD 62.5	USD 62.5	0.7020	89.0	USD 63.7	0.7020	90.8
NES Perseus HoldCo LLC [c]	USD 22.7	USD 22.7	0.7020	32.3	USD 24.0	0.7020	34.2
NES Hercules Class B Member LLC & NES Hercules Project Holdings LLC [d]	USD 209.3	USD 209.3	0.7020	298.1	USD 209.3	0.7020	298.1
NES Hercules Class B Member LLC & NES Hercules Project Holdings LLC [d]	USD 248.5	USD 101.0	0.7020	143.9	USD 101.0	0.7020	143.9
NES Hercules Class B Member LLC & NES Hercules Project Holdings LLC [d]	USD 8.5	USD 0.0	0.7020	–	–	0.7020	–
NES Galaxy LLC [e]	USD 45.0	USD 38.5	0.7020	54.8	USD 38.5	0.7020	54.8
NES Orion HoldCo LLC [f]	USD 22.6	USD 22.6	0.7020	32.2	USD 22.6	0.7020	32.2
Manildra Finco Pty Limited [g]	AUD 71.5	AUD 71.5	n/a	71.5	AUD 71.5	n/a	71.5
FS NSW Project No 1 Finco Pty Limited [h]	AUD 125.4	AUD 125.4	n/a	125.4	AUD 125.4	n/a	125.4
FS NSW Project No 1 Finco Pty Limited [h]	AUD 7.0	AUD 2.9	n/a	2.9	AUD 2.9	n/a	2.9
				889.0			**892.7**

(a) In June 2019, New Energy Solar refinanced the existing term credit facility held by NES US Funding 1 LLC, a wholly owned indirect subsidiary of the Company, with KeyBank National Association to increase the term facility to US$27.3 million. The refinanced term facility is fully amortising and matures in March 2027. The facility with an underlying LIBOR rate is hedged with a fixed interest rate for the full duration of the Loan. As part of the refinancing agreement, KeyBank National Association hold a charge over the NC-31 and NC-47 solar plant assets.

(b) US$62.5 million senior secured fixed rate notes issued in October 2017 by NES Antares HoldCo LLC, a wholly owned indirect subsidiary of the Company, to notes purchasers via the United States private placement market. The notes are amortising over 24 years maturing 30 September 2041. As part of the note purchase agreements, the noteholders hold a charge over the Stanford SGS and TID SGS asset interests held.

(c) US$22.7 million senior secured fixed rate notes issued in July 2018 by NES Perseus HoldCo LLC, a wholly owned indirect subsidiary of the Company, to notes purchasers via the United States private placement market. The notes are amortising over 18.5 years maturing 28 February 2037. As part of the note purchase agreements, the noteholders hold a charge over NES Perseus HoldCo LLC, the entity which owns the underlying membership interest in the Boulder solar asset.

(d) Mount Signal 2 has non-recourse construction financing facilities, comprising a Construction Loan facility, ITC Bridge Loan facility and Revolving Loan facility, totaling US$466.3 million established on 19 March 2018 held by NES Hercules Class B Member LLC and NES Hercules Project Holdings LLC, both currently wholly-owned indirect subsidiaries of the Company, provided by HSBC Bank USA N.A., Santander Bank N.A., Cobank ACB, CIT Bank N.A., Société Générale, Canadian Imperial Bank of Commerce – New York Branch and KeyBank National Association.

The Construction Loan is a US$209.3 million facility which will convert to a Term Loan with a limit of the same amount on or after construction is complete. The loan matures on the 8th anniversary of the term loan conversion date. As at 30 June 2019, the construction loan was fully drawn.

The ITC Bridge Loan is a US$248.5 million facility sized to provide a bridge to the equity investment of the tax equity investor, which occurs in two stages based on construction progress. The ITC Bridge Loan is repaid at construction completion largely with the proceeds of the tax equity investors initial and final equity capital contributions, as well as a small amount of ordinary equity which has already been contributed to the project. As at 30 June 2019, the ITC Bridge Loan was drawn to US$101.0 million.

The Revolving Loan facility is a US$8.5 million facility available to support debt service up to US$6.5 million and O&M expenses up to $2.0 million. This facility is undrawn as at 30 June 2019. The revolving loan maturity date is the same as the term loan maturity date, which is the 8th anniversary of the term loan conversion date.

The Construction Loan, ITC Bridge Loan and Revolving Loan are secured by the assets of the borrowers NES Hercules Class B Member LLC and NES Hercules Project Holdings LLC with collateral pledges relating to the tax equity investor's future equity capital contributions, as well as various collateral pledges of material project documents. Once the tax equity investor has made their initial investment, the security pool will include the assets of the tax equity partnership owned by NES Hercules Class B Member LLC and the tax equity investor.

(e) US$45.0 million revolving loan and letter of credit facility established in June 2018 held by NES Galaxy LLC, a subsidiary of the Company, with KeyBank National Association, repayable no later than 5 June 2021. As at 30 June 2019, the revolving loan was drawn down to US$38.5 million and the letter of credit facility was drawn down to US$0.4 million. This loan is secured by a first lien on cash flows from underlying subsidiaries of NES Galaxy LLC.

(f) In February 2019, NES Orion HoldCo LLC, a wholly owned subsidiary of the Company, entered into a US$22.6 million Corporate Revolving Credit Facility with KeyBank National Association. The amortising loan is repayable no later than February 2026. As at 30 June 2019, the loan was drawdown to US$22.6 million. As part of the financing agreement, KeyBank National Association hold a charge over the Cypress Creek solar plant assets.

(g) $71.5 million term loan facility held by Manildra Finco Pty Ltd, a wholly owned indirect subsidiary of the Company, with Societe General and MUFG Bank, Ltd as lenders. As at 30 June 2019, $71.5 million remains outstanding. The loan amortises over the term with a final payment of A$62.1 million due when the facility expires March 2022. It is secured by a charge over the assets and equity interest in the Manildra solar plant. In May 2019, all subsisting default events were cured and the construction facility was converted to a term facility, which also resulted in the expiry of the GST facility.

(h) $125.4 million term facility and $7.0 million GST facility are held by FS NSW Project No1 Finco Pty Ltd, a wholly owned indirect subsidiary of the Company, with MUFG Bank, Ltd, Societe General and Mizuho Bank, Ltd. As at 30 June 2019, $125.4 million and $2.9 million was drawn in relation to each facility respectively. The GST facility expires on the date that is the earlier of May 2020 or 12 months after conversion date, being June 2020. The loan amortises over the term with a final payment of A$108.4 million due when the facility expires in April 2023. The facilities are secured by a charge over the assets and equity interest in the Beryl solar plant.

First Solar FE Holdings Pte. Ltd. (First solar) will have security over the shares and units that NES Australia HoldCo #1 holds in the Manildra and Beryl entities, until such time as the contingency and deferral payments to First Solar are fully made.

In addition to the above, the following Letter of Credit facilities have been provided as follows:

- KeyBank National Association has provided Letter of Credit facilities to both NES US Funding 1 LLC and NES Antares HoldCo LLC to the value of US$7.7 million and US$21.5 million expiring on 5 June 2027. As at 30 June 2019, these Letter of Credit facilities were drawn to US$7.4 million and US$19.7 million respectively.
- HSBC Bank USA N.A. has provided a Letter of Credit facility to NES Hercules Class B Member LLC and NES Hercules Project Holdings LLC to the value of US$41.8 million expiring in December 2027. As at 30 June 2019, this Letter of Credit facility was drawn to US$17.1 million.
- KeyBank National Association has provided a Letter of Credit facility to NES Perseus HoldCo LLC to the value of US$8.3 million expiring on 25 July 2028. As at 30 June 2019, this Letter of Credit facility was drawn to US$8.3 million.
- KeyBank National Association has provided a Letter of Credit facility to NES Orion HoldCo LLC to the value of US$1.7 million expiring on 14 February 2020. As at 30 June 2019, this Letter of Credit facility was drawn to US$1.7 million.
- MUFG Bank, Ltd has provided a Letter of Credit facility to FS NSW Project No1 Finco Pty Ltd to the value of A$5.4 million expiring on May 2023. As at 30 June 2019, this Letter of Credit facility was drawn to A$3.9 million.

Movement in the equity and debt investments associated with the Company and the Trust's investment in immediate subsidiaries during the year were as follows:

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-19 $	31-Dec-18 $	30-Jun-19 $	31-Dec-18 $	30-Jun-19 $	31-Dec-18 $
Investment in financial assets held at fair value through profit or loss opening balance	**292,263,917**	**201,874,660**	**252,846,452**	**239,831,684**	**545,110,369**	**441,706,344**
Total funds invested during the period in New Energy Solar Australia HoldCo #1 Pty Limited	89,709,563	10,530,284	–	–	89,709,563	10,530,284
Total funds (repaid)/ invested during the period in New Energy Solar US Corp	–	32,621,437	(98,096,697)	(10,081,727)	(98,096,697)	22,539,710
Total funds invested during the period in US Solar Fund	–	–	21,055,587	–	21,055,587	–
Unrealised movement in fair value through profit or loss (i) (ii)	(21,456,175)	47,237,536	14,230,504	23,096,495	(7,225,671)	70,334,031
Investment in financial assets held at fair value through profit or loss closing balance	**360,517,305**	**292,263,917**	**190,035,846**	**252,846,452**	**550,553,151**	**545,110,369**

(i) The Company's 'movement in fair value' decrement amount of $21.5 million is comprised of a $35.5 million decrease in New Energy Solar US Corp net asset value, offset by an unrealised foreign exchange translation gain of $1.2 million, and a $12.8 million increase in New Energy Solar HoldCo #1 (NESAH#1) net asset value. As at 30 June 2019, the fair value of the Company's US dollar investment in New Energy Solar US Corp has been converted to Australian dollars at the prevailing A$:US$ spot rate of 0.7020 (31 December 2018 spot rate 0.7049) resulting in the unrealised foreign exchange gain noted of $1.2 million.

The $35.5 million net asset value decrease in New Energy Solar US Corp is mainly attributable to the negative impact on investment fair value of a $27.5 million loans payable valuation decrease in relation to New Energy Solar US Corp's loan from New Energy Solar Fund and the senior secured fixed rate notes in

NES Perseus HoldCo LLC and NES Antares HoldCo LLC (refer 6(iv) and (v) above). The decrease is further attributable to the interest expense incurred on loans provided by New Energy Solar Fund to New Energy Solar US Corp, interest expense on loans provided by third parties to subsidiaries of the company, other sundry operating expenses of the company and its subsidiaries, net of distribution income.

The $12.8 million net asset value increase in NESAH#1 is mainly attributable to an increase in the fair value of underlying Australian solar assets.

(ii) The Trust's 'movement in fair value' amount of $14.2 million is comprised of $13.5 million loan fair value increase based on a revaluation at balance date with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivables, $0.5 million increase in investment in US Solar Fund plc, and $0.2 million of foreign exchange gains during the period in relation to the US dollar denominated loan provided by the Trust to New Energy Solar US Corp and the investment in US Solar Fund plc.

7. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-19	**31-Dec-18**	**30-Jun-19**	**31-Dec-18**	**30-Jun-19**	**31-Dec-18**
	$	**$**	**$**	**$**	**$**	**$**
Trade payables	–	102,756	–	57,859	–	160,615
Accrued liabilities	394,264	451,384	293,596	508,703	687,860	960,087
Other liabilities	11,616	12,156	4,465	4,465	16,081	16,621
Other liabilities – New Energy Solar Fund	125,928	246,470	–	–	–	–
	531,808	**812,766**	**298,061**	**571,027**	**703,941**	**1,137,323**

The average credit period for trade payables is generally 30 days. No interest is charged on trade payables from the date of invoice. The Company and the Trust have risk management policies to ensure payables are paid within credit terms.

8. CURRENT LIABILITIES – DERIVATIVE FINANCIAL LIABILITIES

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-19	**31-Dec-18**	**30-Jun-19**	**31-Dec-18**	**30-Jun-19**	**31-Dec-18**
	$	**$**	**$**	**$**	**$**	**$**
Foreign exchange forward contracts	**–**	**–**	**158,764**	**1,559,881**	**158,764**	**1,559,881**

Foreign exchange forward contracts are used to mitigate exchange rate exposure arising from US dollar cash flows. Contracts to the value of $7.45 million are outstanding at balance date and are due to expire during the third quarter of the 2019 year. These contracts were entered into to hedge anticipated US dollar cash receipts expected over the same time period.

US-dollar forward contracts have not been designated as hedging instruments in cash flow hedges. The fair values at the reporting date are set out above.

9. BORROWINGS

The Company has a loan facility with CEFC to provide bridge funding for the acquisition of solar assets. The total available amount under the facility is $50.0 million.

No amounts have been drawn as at 30 June 2019 under this facility. The CEFC facility is not able to be drawn until the payments to First Solar as per Note 6(v)(g) are fully made. The facility termination date is the fifth anniversary of the agreement. Drawn amounts are repayable 12 months after the date of drawing or earlier if a capital raising is undertaken during that equivalent period. The loan is a fixed rate, Australian-dollar denominated loan. Interest is payable at the end of each calendar quarter, or where repayment is due, on the repayment due date.

The loan is secured by the Company's assets, including shares in its immediate subsidiaries, subject to other security and subordination arrangements for existing project and corporate debt facilities.

All other borrowings have been undertaken by subsidiaries of the Company and are shown in note 6.

10. DISTRIBUTIONS

Distributions paid or declared to securityholders during or since the end of the half-year were as follows:

- 3.90 cents per stapled security for the six months ended 30 June 2019 payable on 15 August 2019 amounting to $13,596,522 (30 June 2018: $12,370,296).

11. OPERATING SEGMENTS

The Company and the Trust currently operate solely in a single segment being investing in solar assets. Solar assets are in Australia and the United States of America. Revenue, profit/(loss), net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (CODM) for the single identified operating segment are the amounts reflected in the Condensed Statement of Profit & Loss and Other Comprehensive Income, Condensed Statement of Financial Position, Condensed Statement of Changes in Equity and Condensed Statement of Cash Flows.

The board of directors of the Company and the Responsible Entity of the Trust, together are considered to represent the CODM for the purposes of assessing performance and determining the allocation of resources.

Geographical information

The Fund operates in two principal geographic areas – Australia (country of domicile) and the United States of America.

The Fund's revenue and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-19	**30-Jun-18**	**30-Jun-19**	**30-Jun-18**	**30-Jun-19**	**30-Jun-18**
	$	**$**	**$**	**$**	**$**	**$**
Revenue						
Australia	12,776,728	58,140	111,573	159,376	12,888,301	217,516
United States of America	(34,209,561)	14,813,192	19,897,490	25,414,272	(14,312,071)	40,227,464
	(21,432,833)	**14,871,332**	**20,009,063**	**25,573,648**	**(1,423,770)**	**40,444,980**

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-19	**31-Dec-18**	**30-Jun-19**	**31-Dec-18**	**30-Jun-19**	**31-Dec-18**
	$	**$**	**$**	**$**	**$**	**$**
Non-current assets						
Australia	114,227,507	11,928,461	–	–	114,227,507	11,928,461
United States of America	247,524,070	281,733,633	190,035,846	252,846,452	437,559,916	534,580,085
	361,751,577	**293,662,094**	**190,035,846**	**252,846,452**	**551,787,423**	**546,508,546**

12. FAIR VALUE MEASUREMENT

The Company and Trust are exposed to market price risk based on investments in underlying solar assets and on loan receivable balances which are measured on a fair value basis.

FAIR VALUE

The fair value of financial assets and financial liabilities approximate their carrying values at the reporting date.

The table below analyses recurring fair value measurements for financial assets. The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 JUNE 2019

NEW ENERGY SOLAR LIMITED (COMPANY)	Level 1 $	Level 2 $	Level 3 $	Total $
Investments held at fair value through profit or loss	–	–	360,517,305	360,517,305
Loans receivable at fair value	–	–	–	–

NEW ENERGY SOLAR FUND (TRUST)	Level 1 $	Level 2 $	Level 3 $	Total $
Investments held at fair value through profit or loss	21,901,709	–	–	21,901,709
Loans receivable at fair value	–	168,134,137	–	168,134,137

FUND (COMBINED COMPANY AND TRUST)	Level 1 $	Level 2 $	Level 3 $	Total $
Investments held at fair value through profit or loss	21,901,709	–	360,517,305	382,419,014
Loans receivable at fair value	–	168,134,137	–	168,134,137

31 DECEMBER 2018

NEW ENERGY SOLAR LIMITED (COMPANY)	Level 1 $	Level 2 $	Level 3 $	Total $
Investments held at fair value through profit or loss	–	–	281,733,643	281,733,643
Loans receivable at fair value	–	10,530,274	–	10,530,274

NEW ENERGY SOLAR FUND (TRUST)	Level 1 $	Level 2 $	Level 3 $	Total $
Loans receivable at fair value	–	252,846,452	–	252,846,452

FUND (COMBINED COMPANY AND TRUST)	Level 1 $	Level 2 $	Level 3 $	Total $
Investments held at fair value through profit or loss	–	–	281,733,644	281,733,643
Loans receivable at fair value	–	263,376,726	–	263,376,726

Refer below for a description of the valuation basis adopted for the material asset class constituting the Company's equity investment in its subsidiaries, being the underlying solar assets held at balance date.

The fair value of loan advances to New Energy Solar US Corp was assessed at balance date with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivables.

The fair value of the Trust's investment in US Solar Fund plc was assessed at balance date with reference to quoted prices in the London Stock Exchange.

TRANSFERS DURING THE PERIOD

The Company and the Trust recognises transfers between levels of the fair value hierarchy during the reporting period which the transfer has occurred. There were no transfers between levels during the financial period.

Reconciliation of level 3 fair value measurements

	NEW ENERGY SOLAR LIMITED (COMPANY)	FUND (COMBINED COMPANY AND TRUST)
	Investments held at fair value through profit or loss $	**Investments held at fair value through profit or loss $**
Opening balance	281,733,643	281,733,643
Total gains or losses:		
– in profit or loss	(21,456,175)	(21,456,175)
Total funds invested during the year in New Energy Solar Australia HoldCo #1 Pty Limited	100,239,837	100,239,837
Closing balance	**360,517,305**	**360,517,305**

SOLAR ASSET VALUATION METHODOLOGY AND PROCESS

For investments in solar plants which are operational at balance date (except for assets either acquired or otherwise becoming operational within 12 months of balance date), the Directors base the fair value of the investments in solar assets on information received from the Investment Manager. At a minimum, valuations will be performed annually and otherwise as determined by the Directors. The investment Manager engages suitably qualified independent valuation firms to assist in its assessment of fair value.

The Directors review and consider the fair value arrived at by the Investment Manager, including any independent external valuation obtained, before making their assessment of the fair value of the investments. Fair value is calculated with reference to a discounted cash flow (**DCF**) methodology.

In a DCF analysis, the fair value of a solar asset investment is derived from the present value of the asset's expected future cash flows, comprising a range of operating assumptions for revenues and costs and an appropriate discount rate range. Where external debt is held at the project entity level the valuation undertaken is of the equity interest held in the project entity. Given the long-term nature of the solar asset investments, the valuation inputs are assessed using long- term historical data to reflect the asset's life. Where possible, assumptions are based on observable market and technical data. The Investment Manager engages technical experts such as long-term electricity price forecasters to provide reliable long-term data for use in its valuations.

The Investment Manager reviews a range of sources in determining its fair valuation of solar asset investments and applicable discount rate ranges. The analysis undertaken includes:

- Reviewing the capital asset pricing model outputs and implied risk premia over relevant risk-free rates.
- Comparing New Energy Solar's discount rates to global peers.
- Having a suitably qualified independent valuation firm review the underlying valuations including the discount rate ranges determined by the Investment Manager.

For investments in solar plants under construction or otherwise becoming operational within 12 months of balance date, the Directors may assess, subject to consideration by the Investment Manager of relevant market and other factors between bid date and balance date, that the total construction and other direct costs incurred based on its acquisition bid models, materially represents the assets fair value at balance date. In this regard it is noted that newly operating assets during the past 12 months, including the Manildra and Beryl assets in Australia and the Rigel portfolio in USA were subject to full DCF valuations at balance date.

In respect of the single asset in the portfolio which was under construction at balance date, being the Mt Signal asset located in California, in view of the close proximity of expected operational date to balance date (asset is expected to become operational before the end of the calendar year), and in further consideration of the lengthy period which has transpired between asset bid date and current reporting date and the resultant potential impact of valuation input assumption changes during this period, the Investment Manager has performed a full DCF valuation to determine the fair value of its equity interest in the asset holding entity. The resultant fair value of $608.2 million (US$426.9 million) was recorded at balance date.

A broad range of assumptions are used in the valuation models. Given the long-term nature of the solar asset investments, the valuation inputs are assessed using long-term historical data to reflect the asset's life. Where possible, assumptions are based on observable market and technical data.

The Investment Manager also engages technical experts such as long-term electricity price forecasters to provide reliable long-term data for use in its valuations.

FAIR VALUE OF SOLAR ASSET INVESTMENTS

As at 30 June 2019, the fair value of operating solar asset investments (valued by DCF methodology) was $882.2 million (US$374.1 million and A$349.3 million), comprising:

PLANT	FAIR VALUE AS AT 30 JUNE 2019 ($million)	FAIR VALUE AS AT 31 DECEMBER 2018 ($million)
Stanford	US$75.6	US$75.0
TID	US$71.6	US$70.8
NC-31	US$47.7	US$50.2
NC-47	US$54.3	US$55.0
Boulder Solar 1	US$67.1	US$66.9
Rigel	US$57.8	–
Subtotal US plants (US$)	**US$374.1**	**US$317.0**
A$ to US$ foreign exchange rate at balance date	0.7020	0.7049
Subtotal US plants (A$)	**A$532.9**	**A$450.9**
Manildra	A$140.1	–
Beryl	A$209.2	–
Subtotal AUS plants (A$)	**A$349.3**	**–**
Total (A$)	**A$882.2***	**A$450.9**

*This excludes the fair value of the Mt Signal solar asset investment under construction at balance date totalling $608.2 million (US$426.9 million).

The fair value of the Fund's renewable energy assets as at 30 June 2019 was determined through the adoption of a pre- tax weighted average cost of capital in the range of 6.15% to 7.18% for valuations on an Enterprise Value basis, and an adoption of a pre-tax cost of equity in the range of 8.40% to 10.13% for valuations on an Equity Value basis.

The Company and the Trust have established a control framework with respect to measurement and assessment of fair values. The Board of Directors of the Company and the responsible entity of the Trust have overall responsibility for analysing the performance and fair value movements of underlying US investments during each reporting period.

SENSITIVITY ANALYSIS

Set out below are the key assumptions the Directors believe would have a material impact upon the fair value of NEW's solar asset investments and NAV per Stapled Security should they change. The following sensitivities assume the relevant input is changed over the entire useful life of each of the underlying renewable energy assets, while all other variables remain constant. All sensitivities have been calculated independently of each other.

The Directors consider the changes in inputs to be within a reasonable expected range based on their understanding of market transactions. This is not intended to imply that the likelihood of change or that possible changes in value would be restricted to this range.

		30 JUNE 2019		31 DECEMBER 2018	
Input	Change in input	Change in fair value (A$ million)	Change in NAV per Stapled Security (A$ cents)	Change in fair value (A$ million)	Change in NAV per Stapled Security (A$ cents)
A$/US$ foreign exchange rate	+ 5.0%	(31.4)	(9.9)	(21.5)	(6.2)
	- 5.0%	34.6	9.9	23.7	6.8
Pre-tax discount rate	+ 0.5%	(55.0)	(18.0)	(28.3)	(8.2)
	- 0.5%	62.7	18.0	31.3	9.0
Electricity production (change from P50)	P90	(100.0)	(29.1)	(50.6)	(14.6)
	P10	101.5	29.1	42.9	12.4
Merchant Period Electricity Prices	- 10.0%	52.3	15.0	(26.9)	(7.8)
	+ 10.0%	(52.3)	(15.0)	26.9	7.8
Operations and maintenance expenses	+ 10.0%	(29.9)	(8.5)	(16.1)	(4.7)
	10.0%	29.8	8.5	16.1	4.6

FOREIGN EXCHANGE RATE

The fair value of NEW's solar asset investments located in the United States of America are first determined in US$ for financial reporting purposes. The sensitivity shown looks at the impact of a change in the A$ to US$ exchange rate. A 5% appreciation and 5% depreciation of the assumed US$ to A$ exchange rate (of A$: US$0.7020 as at 30 June 2019) has been considered to determine the resultant impact on NEW's fair value of investments and NAV per Stapled Security.

PRE-TAX DISCOUNT RATE

The value of NEW's operating solar asset investments are determined using a pre-tax WACC approach based on the Capital Asset Pricing Model. This approach takes into account long-term assumptions regarding risk-free rates, market risk premia, applicable tax rates, gearing levels, counterparty quality and asset specific items. The pre-tax WACC range used to determine the fair market valuation of NEW's underlying solar assets is in the range of 6.15% to 7.18% for valuations on an Enterprise Value basis, and a pre-tax cost of equity in the range of 8.40% to 10.13% for valuations on an Equity Value basis.

This sensitivity demonstrates the impact of a change in the pre-tax WACC applied to all of NES' renewable energy asset investments as at 30 June 2019. A range of + / - 0.5% has been considered to determine the resultant impact on NEW's NAV per Stapled Security and the fair value of its solar asset investments.

ELECTRICITY PRODUCTION

NEW's solar asset investments are valued based upon a forecast P50 solar energy generation profile (being a 50% probability that this generation estimate will be met or exceeded). A technical adviser has derived this generation estimate by taking into account a range of irradiation datasets, satellite and ground-based measurements, and site- specific loss factors including module performance degradation, module mismatch and inverter losses. These items are then considered in deriving the anticipated production of the individual solar asset (MWh per annum) based upon a 50% probability of exceedance.

The sensitivity shown looks at the impact on the fair value of solar asset investments and NAV per Stapled Security of a change of production estimates to P90 (90% likely probability of exceedance) and a P10 generation estimate (10% probability of exceedance).

As P10 generation estimates were not independently obtained for each solar asset on or about the time of the asset acquisition, the Directors have determined a proxy P10 estimate for those assets by assessing the relationship between the independently determined P50 and P90 generation estimates for each of the assets in the Operating Portfolio (e.g. a 1-year P90 generation estimate might be 92.5% of a 1-year P50 generation estimate, implying that it is 7.5% lower than the P50 generation estimate).

In determining the proxy P10 generation estimate, the Directors have assumed that the relationship between a P50 generation estimate and a P10 generation estimate is the same as that between a P50 generation estimate and a P90 generation estimate in absolute terms. Therefore a 1-year P10 generation estimate by this methodology would be 107.5% (i.e. 100% + 7.5%) of the asset's P50 generation estimate.

MERCHANT PERIOD ELECTRICITY PRICES

Each of the assets underlying NEW's solar asset investments have long-term PPAs in place with creditworthy energy purchasers and thus the PPA prices are not impacted by energy price changes during this period. For the post-PPA period of each solar asset, the Directors use long-term electricity price forecasts that have been prepared by a market consultant in their determination of the fair value of NEW's operating solar asset investments.

The sensitivities show the impact of an increase / decrease in power prices for each year of the power price curve for each plant over the plant's remaining economic life after the conclusion of the existing PPAs. A flat 10% increase / decrease in market electricity prices from forecasted levels over the remaining asset life of all plants have been used in the sensitivity analysis.

OPERATING EXPENSES

The operating costs of the assets underlying NEW's solar asset investments include annual operations and maintenance (O&M), asset management (AM), insurance expenses, land lease expenses, major maintenance and general administration expenses.

The sensitivity above assumes a 10% increase / decrease in annual operating costs for all underlying assets and the resultant impact on NEW's fair value of investments and NAV per Stapled Security.

LOAN FAIR VALUE SENSITIVITY ANALYSIS

The Directors have also assessed the impact of a change in interest rate environment on the fair value of the loan receivable to New Energy Solar US Corp held by the Trust as set out below.

		30 JUNE 2019		31 DECEMBER 2018	
Input	**Change in input**	**Change in fair value of investments (A$ thousands)**	**Change in NAV per Stapled Security (A$ cents)**	**Change in fair value of investments (A$ thousands)**	**Change in NAV per Stapled Security (A$ cents)**
US interest rates	+ 0.5%	(3,445)	(0.99)	(5,285)	(1.52)
	- 0.5%	3,533	1.01	5,422	1.56

13. RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. There have been no significant changes during the period.

RELATED PARTY INVESTMENTS IN THE FUND

The Responsible Entity or its associates does not hold any investments in the Company or the Trust.

RESPONSIBLE ENTITY FEE

Walsh & Company Investments Limited, as Responsible Entity of the Trust receives a Responsible Entity Fee for the performance of its duties under the constitution of the Trust. The Responsible Entity Fee is 0.08% per annum (exclusive of GST) calculated on the gross asset value of the Trust and payable monthly in arrears by the Trust.

For the half-year ended 30 June 2019, $98,191 (30 June 2018: $107,550), exclusive of GST, was paid or payable to the Responsible Entity.

INVESTMENT MANAGER FEE

New Energy Solar Manager Pty Limited, as Investment Manager of the Fund receives an Investment Manager Fee based on the sliding scale fee structure as set out below. Fees are calculated on the Enterprise Value of the Fund, payable quarterly in arrears. Fees are either payable by the Company, Trust or Controlled Entities depending on the recipient of investment manager services.

TABLE 1: MANAGEMENT FEE STRUCTURE		BASE MANAGEMENT FEE (% OF ENTERPRISE VALUE (EV))	ACQUISITION AND DISPOSAL FEE (% OF PURCHASE PRICE OR NET SALE PROCEEDS)
Fees (excluding GST) – up to 30 June 2018		0.70%	1.50%
Revised Fees for EV within each band[1] (excluding GST) – from 1 July 2018	**Enterprise Value band**		
	Less than or equal to A$1.0 billion	0.70%	1.50%
	Greater than A$1.0 billion to A$2.0 billion	0.55%	0.90%
	Greater than A$2.0 billion	0.40%	0.40%

[1] These Fees are applied on a marginal basis to each EV band. For example, the revised Base Management Fee for an EV of A$1,500 million would be A$9.75m (excluding GST) which is the sum of (A$1,000 million multiplied by 0.70%) plus (A$500 million multiplied by 0.55%).

Effective 16 April 2019, the Investment Manager waived payment of part of the Base Management Fee that's otherwise payable by the Fund in respect of its investment in US Solar Fund plc (USF). The Enterprise Value used to calculate the Base Management Fee is reduced by the Fund's investment in USF of $21.1 million (US$15.0 million). The waiver results in a lower Base Management Fee structure set out in the following table.

TABLE 2: THRESHOLD VALUE	BASE MANAGEMENT FEE (% OF ENTERPRISE VALUE (EV))	ACQUISITION AND DISPOSAL FEE (% OF CUMULATIVE PURCHASE PRICE OR NET SALE PROCEEDS)
< A$1.0bn	0.625%	1.50%
A$1.0bn to A$1.5bn	0.55%	0.90%
A$1.5bn to A$2.0bn	0.40%	0.90%
> A$2.0bn	0.40%	0.40%

Threshold Value means:

Base Management Fee - Percentage of Enterprise Value: Enterprise Value is calculated as the total of the Fund's market capitalisation, external borrowing, debt or hybrid instruments issued by the Fund as defined in the Investment Management Agreement.

All fees are applied on a marginal basis to each Threshold Value band and calculated at the end of each quarter. For example, the revised Base Management Fee for a Threshold Value of A$1,500 million would be A$9.0 million (excluding GST) which is the sum of (A$1,000 million multiplied by 0.625%) and (A$500 million multiplied by 0.55%).

Acquisition and Disposal Fee - Percentage of Cumulative Purchase Price or Net Sale Proceeds: Purchase Price and Sale price as defined in the Investment Management Agreement and assessed in A$ at the time the purchase or sale takes effect where purchases add to the cumulative total and sales reduce the cumulative total.

All fees are applied on a marginal basis to each Cumulative Purchase Price or Net Sale Proceeds band. Gross purchase price and gross sale price as they are referred to in the definitions of Purchase Price and Net Sale Proceeds respectively mean the value of the equity and debt of an Asset acquired or disposed.

For the half-year ended 30 June 2019, $746,409 (30 June 2018: $396,150), exclusive of GST, was paid or payable to the Investment Manager by the Company, $446,352 (30 June 2018: $460,593), exclusive of GST, was paid or payable by the Trust and $2,565,479 (30 June 2018: $2,198,364), exclusive of GST, was paid or payable by New Energy Solar US Corp, a controlled entity of the Company.

ACQUISITION FEE

New Energy Solar Manager Pty Limited, in its capacity as Investment Manager, is responsible for sourcing, undertaking due diligence investigations, recommending solar energy asset acquisitions as well as advising, providing recommendations, and executing investment exit strategies to the Fund.

The Investment Manager receives an Acquisition fee based on the sliding scale fee structure in Table 1 under "Investment Manager Fee" above. The fees are calculated on the purchase price (excluding acquisition costs) of assets acquired by the Company and the Trust or their respective Controlled Entities. The Acquisition Fee is payable to the Investment Manager upon completion of the acquisition of any asset by the Company and the Trust or their respective Controlled Entities, and prorated fee payment in the case of an acquisition by instalments/part-payments.

From 16 April 2019, the Investment Manager waived part of its fees as set out in Table 2 included under "Investment Manager Fee" above.

For the half-year ended 30 June 2019, Acquisition Fees of $nil (30 June 2018: $7,643,903), exclusive of GST, was paid or payable to the Investment Manager by New Energy Solar US Corp, a Controlled Entity of the Company. For the half-year ended 30 June 2019, $2,004,196 (30 June 2018: nil), exclusive of GST, was paid or payable to the Investment Manager directly by the Company, on behalf of New Energy Australia HoldCo #1 Pty Limited, a Controlled Entity of the Company.

FUND ADMINISTRATION FEES

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of ED Operations Pty Limited, the parent of the Responsible Entity, provides fund administration services to the Company and the Trust under an agreement with the Investment Manager. Time spent by staff is charged to the Company and the Trust at agreed rates up to an annual cap. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the half-year ended 30 June 2019 were $31,200 (30 June 2018: $26,400), exclusive of GST, by the Company and $28,800 (30 June 2018: $33,600), exclusive of GST, by the Trust.

DEBT ARRANGING FEES

Walsh & Company Corporate Advisory, a division of Walsh & Company Asset Management Pty Limited which is a wholly-owned subsidiary of ED Operations Pty Limited, the parent of the Responsible Entity, was engaged on 21 June 2017 to provide debt arranging services to the Fund, including contacting and liaising with capital providers, negotiating borrowing terms, obtaining credit ratings, implementing interest rate hedging strategies and executing documentation. Walsh & Company Corporate Advisory were successful in securing debt, interest rate hedging and letter of credit facilities at competitive terms for the Fund, providing diversification to the Fund's capital sources.

For this service, Walsh & Company Corporate Advisory receives debt arranging fees ranging from 0.5%-2.0% of the face value of new third party debt and letter of credit facilities.

During the half-year ended 30 June 2019, Walsh & Company Corporate Advisory successfully negotiated the refinancing of debt and banking facilities totaling $71.6 million (US$50.3 million).

For the half-year ended 30 June 2019, debt arranging fees of $nil (30 June 2018: nil) was paid or payable to Walsh & Company Corporate Advisory by the Company, and $528,472 (30 June 2018: $2,698,838) was paid or payable to Walsh & Company Corporate Advisory by wholly owned subsidiaries of NES US Corp.

PROJECT SERVICES AGREEMENT

New Energy Solar US Corp, a subsidiary of the Company, entered into a non-exclusive arrangement dated 27 October 2017 with NES Project Services, LLC for the provision of asset management, operations and maintenance services and/or construction management services (Services). The agreement is for an initial one year term, with rolling one year extensions if the agreement has not been terminated. The Services will be provided upon request by NES US Corp. at prevailing market rates at the time. The Services will be provided on arm's length and commercial terms.

The primary focus of these activities is to ensure that construction service providers successfully deliver projects on time and cost. Key tasks include construction project management, regular site visits, contract supervision, identification and resolution of potential issues and construction payment approvals.

For the half-year ended 30 June 2019, project managers completed 12 site visits to the Mount Signal 2 project in California. This project incurred construction expenditures of $92.3 million (US$64.8 million) during the period.

Additionally, asset management services were provided to optimise performance of the operating assets within the portfolio. Project services fees of $563,632 were paid or payable by New Energy Solar US Corp, a Controlled Entity of the Company for the half-year ended 30 June 2019 (30 June 2018: $881,720).

INVESTMENT IN OTHER ENTITY MANAGED BY THE INVESTMENT MANAGER

During the period, the Trust invested $21.1 million (US$15.0 million) in US Solar Fund plc. US Solar Fund plc is a $US denominated investment vehicle listed on the London Stock Exchange (LSE) and is established by New Energy Solar Manager Pty Limited, the Investment Manager of the Fund. As at 30 June 2019, the fair value of the Fund's holding in USF is $21.9 million (US$15.4 million). The fair value of the investment is disclosed in note 6.

14. CAPITAL COMMITMENTS

As at 30 June 2019, the Company and the Trust do not have any direct or indirect outstanding capital commitments.

15. CONTINGENT LIABILITIES

The directors of the Company and Responsible Entity are not aware of any other potential liabilities or claims against the Company or the Trust as at the end of the reporting period.

16. EVENTS AFTER THE REPORTING PERIOD

On 8 August 2019, Class B options in New Energy Solar, a stapled entity comprised of New Energy Solar Fund and New Energy Solar Limited expired. 14,998 Class B Options were exercised at $1.60 per security, and the balance of 67,329,734 were cancelled on expiry.

Other than the matters discussed above, no matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company or the Trust's operations, the results of those operations, or the Company or the Trust's state of affairs in future financial years.

Directors' Declaration

FOR THE HALF-YEAR ENDED 30 JUNE 2019

The directors of the Company and directors of the Responsible Entity of the Trust declare that:

- in the directors' opinion, there are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable; and
- in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the Trust.

Signed in accordance with a resolution of the directors of the Company and Responsible Entity made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors

ALEX MACLACHLAN
Chairman of the Responsible Entity

JEFFREY WHALAN
Chairman of the Company

14 August 2019

Independent Auditor's Report

FOR THE HALF-YEAR ENDED 30 JUNE 2019

Deloitte.

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Independent Auditor's Review Report to the Stapled Security Holders of New Energy Solar Limited and New Energy Solar Fund

We have reviewed the accompanying half-year financial report of New Energy Solar Limited (the "Company") and New Energy Solar Fund (the "Trust"), which comprise the condensed statements of financial position as at 30 June 2019, the condensed statements of profit or loss and other comprehensive income, the condensed statements of cash flows, the condensed statements of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declarations.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company and the directors of Walsh and Company Investments Limited, the Responsible Entity of the Trust (the "directors") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company and the Trust's financial position as at 30 June 2019 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company and the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company and the directors of the Responsible Entity of the Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company and the Trust is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company and Trust's financial position as at 30 June 2019 and of their performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Conclusion on the Fund Financial Statements

We have reviewed the Fund Financial Statements, representing the combined financial statements of the Company and the Trust ("the Fund"), which comprises the condensed statement of financial position as at 30 June 2019, the condensed statement or profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date and notes comprising a summary of significant accounting policies and other explanatory information.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year Fund Financial Statements are not prepared in all material respects, in accordance with the basis of preparation described in note 1(c).

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 14 August 2019

Directory

30 JUNE 2019

The Fund's securities are quoted on the official list of the Australian Securities Exchange Limited (ASX).

ASX Code is NEW.

NEW ENERGY SOLAR

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New Energy Solar Fund (ARSN 609 154 298)

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DIRECTORS – NEW ENERGY SOLAR LIMITED

Jeff Whalan (Non-Executive Chairman)
John Holland (Non-Executive Director)
Maxine McKew (Non-Executive Director)
James Davies (Non-Executive Director)
Alan Dixon
John Martin

SECRETARIES

Hannah Chan
Caroline Purtell

DIRECTORS – WALSH & COMPANY INVESTMENTS LIMITED

Alex MacLachlan
Warwick Keneally
Mike Adams

SECRETARIES

Hannah Chan
Caroline Purtell

INVESTMENT MANAGER

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AUDITOR

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