



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 2021

**Renewable energy.
Sustainable investments.**

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Chairs' Letter

Beryl ground view –
February 2019

NC-31 aerial view –
March 2017

Chairs’ Letter

FOR THE HALF-YEAR ENDED 30 JUNE 2021

Dear Investors,

On behalf of New Energy Solar Limited and E&P Investments Limited (formerly Walsh & Company Investments Limited) as Responsible Entity for New Energy Solar Fund (together **New Energy Solar**, the Business or **NEW**), we present the half-year report for the six months ended 30 June 2021.

As you know, the winding up of the Trust in New Energy Solar’s corporate structure was approved in late June to simplify the corporate structure for the business and to reduce governance costs. The un-stapling of the NEW security consequent on the winding up of the Trust will also simplify the disclosure of financial results for the second half of 2021. However, given the structure was in place for most of the first half of 2021, the report herein is consistent with the company and trust structure. The more simplified reporting will be evident in the full year accounts for the 12 months ending 31 December 2021.

Significant progress was made during this period on initiatives to address the trading discount of NEW to its net asset value and to implement the recommendations of the Boards’ strategic review conducted in late 2020.

STRATEGIC INITIATIVE	STATUS
Sale of shares in the US Solar Fund Plc	✓
Sale of up to a 50% interest in the Mount Signal 2 (MS2) solar power plant	✓
Sale of the two Australian power plants and exit from the Australian electricity market	✓
Un-stapling to simplify NEW’s corporate structure and streamline its corporate governance	✓
Use of asset sale proceeds to reduce debt and the cost of debt	✓
Implementation of capital management initiatives	Announced

Proceeds from these divestments enables NEW to undertake capital management initiatives to reduce gearing and to buy back shares to provide liquidity for investors seeking to reduce their exposure to NEW. Exiting the Australian operations and reducing gearing to 50.6% subsequent to period end, should significantly transform the business. There are advantages in exiting the Australian market where regulators are struggling to maintain stability in the transmission network and have been increasingly curtailing the production from renewable power plants. In Australia, there is typically no compensation to generation asset owners for this curtailment.

The remaining portfolio of solar power plant assets, all located in the United States, constitute a quality portfolio of renewable assets in a market that is progressing steadily to achieve the decarbonization goals of the current U.S. federal administration.

FINANCIAL RESULTS

UNDERLYING EARNINGS¹

While the generation performance of the portfolio was below weather-adjusted expectations for the half year to 30 June 2021, the receipt of proceeds from business interruption insurance on the Rosamond plants and the receipt of compensation for economic curtailment at MS2 have resulted in total underlying revenues of US\$33.8 million. Earnings before interest, tax, depreciation and amortization (**EBITDA**) was US\$24.9 million, of which US\$15.3 million was attributable to NEW.

STATUTORY EARNINGS

During the half-year, the Business generated a total net loss of \$21.0 million, while operating expenses for the half-year totalled \$9.7 million, and an income tax expense of \$4.4 million arose from the write back of deferred tax assets, resulting in an after-tax net loss of \$35.1 million.

As NEW is treated as an Investment Entity for accounting purposes, all revaluation gains and losses are passed through the profit and loss statement. As at 30 June 2021, NEW had net assets of \$401.0 million (31 December 2020: \$444.9 million), representing a net asset value (**NAV**) of \$1.12 per stapled security (31 December 2020: \$1.25), a decrease of \$0.13 cents per stapled security from 31 December 2020. Factors which contributed to the change in net assets include the impact of transaction costs associated with asset sales; a lower than NAV price realised for Manildra, which was impacted by grid curtailment issues in NSW; a reduction in long-term electricity price forecasts applied to the US asset portfolio by the independent valuers; and ongoing operating costs of the Business.

GEARING

NEW targets a long-term gearing level of 50% of gross assets. As at 30 June 2021, NEW's external "look through" gearing² was 60.3%. Subsequent to the end of the reporting period to 30 June 2021, the receipt of the proceeds from the sale of NEW's Australian assets and the paying down of corporate debt means that NEW's current gearing is close to its long-term gearing target level of 50%.

ASSET SALE AND CAPITAL MANAGEMENT

The sale process for NEW's Australian assets, Beryl (110.9MW_{DC}) and Manildra (55.9MW_{DC}), resulted in the announcement of a binding agreement on 7 June 2021 to sell the assets to Banpu Energy Holding Pty Limited for \$105.4 million before transaction costs. Transaction costs associated with the asset totalled approximately \$17.5 million and included a \$4.0 million disposal fee payable to the Investment Manager, a related party of E&P Financial Group, the parent of the Responsible Entity. Banpu Energy is a subsidiary of BANPU Public Company which is a leading international energy provider based in Thailand.

1. Portfolio underlying financial performance including underlying earnings, underlying revenues and EBITDA are non-IFRS measures employed by NEW to provide investors with additional information on the performance of NEW. Since NEW is treated as an Investment Entity for accounting purposes, the portfolio underlying financial performance is not presented in the statutory results. Non-IFRS financial measures should be viewed in addition to, and not as a substitute for, the NEW's statutory results.
2. Gearing = Gross Debt/gross asset value.

Since the end of the half, the transaction has completed and net proceeds of approximately \$88 million will be available to NEW for capital management initiatives. On 30 July 2021, NEW announced that the proceeds would be applied to an off-market and on-market buyback of NEW shares and to reduce corporate debt close to its long-term target of 50%. The off-market buyback will be conducted through September and investors should receive a booklet detailing how to participate in the buyback in early September. It is anticipated that the on-market buyback program will commence following the conclusion of the off-market buyback.

ENVIRONMENTAL AND SOCIAL IMPACT

During the six-month period ended 30 June 2021, NEW's portfolio generated over 548GWh of electricity. Production from the current NEW portfolio of 14 solar power plants is equivalent to an annual CO₂ displacement rate of approximately 785,000 tonnes of CO₂, equivalent to removing 171,000 cars from US and Australian roads annually³.

BUSINESS OUTLOOK

The momentum behind action to address climate change continues to build as the tangible effects of a warming world become increasingly evident. Investment in renewable energy and in technology to facilitate a transition away from fossil fuels is significant in the United States and expected to continue at high levels to meet the climate targets of the current U.S. federal administration including the decarbonisation of the electricity grid by 2035⁴.

With its portfolio now entirely located in the United States, NEW is focussed on optimising the performance of its 14 solar power assets, all of which are wholly contracted under corporate power purchase agreements (PPAs) with credit-worthy offtakers. We thank the Investment Management team for its work in managing the portfolio and assistance in implementing the recommendations of the Board's strategic review of the Business. We would also like to thank the Board of the Responsible Entity for their work. On the winding up of the Trust the Responsible Entity will cease to be part of NEW's corporate structure.

Finally, we would like to thank John Martin for his leadership of the NEW team and his dedication and commitment to the business. John has resigned his position to take up a position as CEO of Windlab Pty Ltd, a global renewable energy development company. We wish him well in his future endeavours. We welcome Liam Thomas to the role of CEO of the Company⁵ with effect from the 1 October 2021 and look forward to working with him. Liam is the current Chief Investment Officer of NEW. He has been with the business since 2016 and overseen the acquisition and construction of NEW's portfolio of utility-scale solar assets.

3. Estimates use the first year of each plant's electricity production once operational or acquired by the Investment Manager. Assumes all plants are owned by NEW on a 100% basis and that all plants are fully operational for the period. US CO₂ emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoid Emissions and geneRation Tool" (AVERT). Australian CO₂ emissions displacement is calculated using data from the Australian Government Department of the Environment and Energy.

4. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

5. NEW is externally managed and Liam Thomas will be appointed CEO of the Investment Manager, New Energy Solar Manager Pty Ltd.

On behalf of the Boards, we thank you for your ongoing support of NEW and hope that you and your family remain safe and well.

Yours faithfully,



STUART NISBETT

Chair of the Responsible Entity

31 August 2021



JEFFREY WHALAN

Chair of the Company



Manildra ground view -
August 2018

Business Highlights



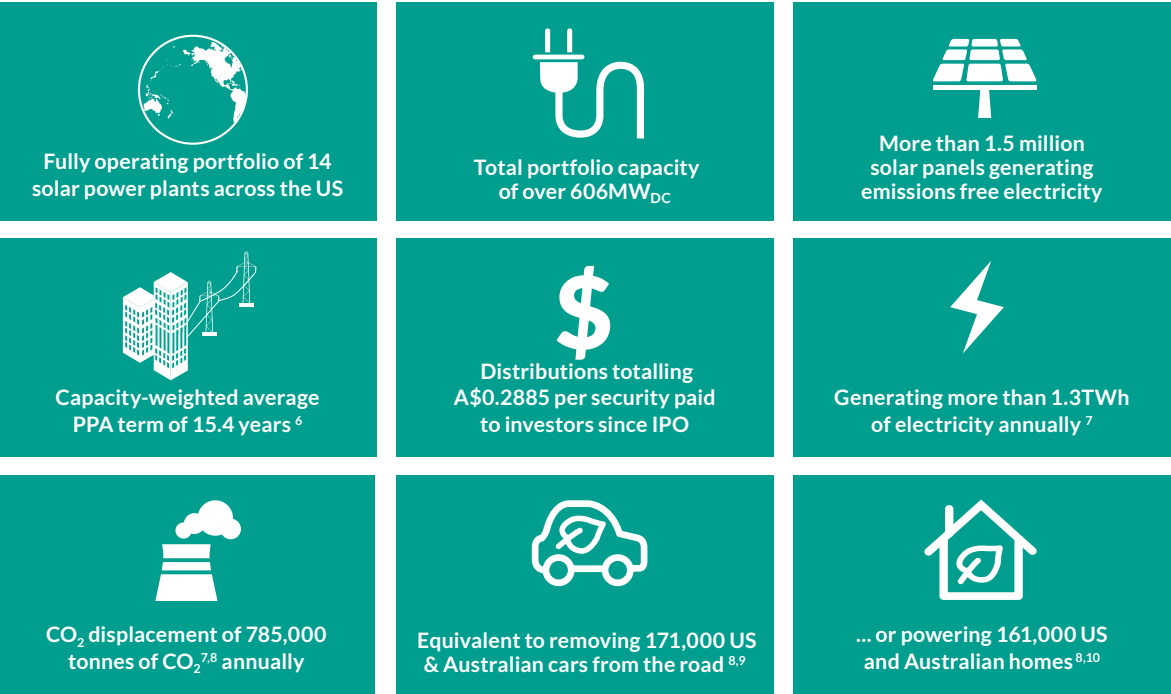
Beryl ground view -
February 2019

Business Highlights

BUSINESS HIGHLIGHTS

To deliver on its objectives, and produce its key investment benefits, the Business has a well-defined investment strategy and clear criteria by which to measure success.

Figure 1: New Energy Solar’s business achievements to date



6. Weighted by capacity on a 100% ownership basis.

7. Generation accounts for solar plants on a 100% ownership basis. NEW’s proportionate share of generation was 1.2TWh.

8. Calculated using the United States Environmental Protection Agency’s “AVoided Emissions and geneRation Tool” (AVERT), data from the Australian Department of the Environment and Energy.

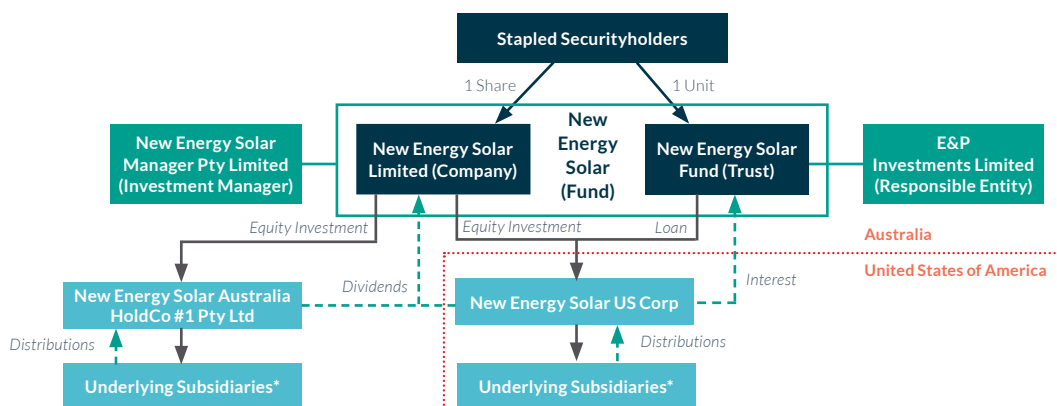
9. Calculated using the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.

10. Calculated using data from the US Energy Protection Agency and the Australian Bureau of Statistics.

NEW ENERGY SOLAR STRUCTURE

The following diagram is provided to assist with understanding the financial statements set out in this annual financial report. Investors approved the winding up of the Trust on 25 June 2021, however the winding up of the Trust is expected to conclude late in 2021. The corporate structure shown below reflects the structure in place at 30 June 2021, with shares in the Fund trading under the ticker ASX:NEW from 2 July 2021.

Figure 2: New Energy Solar structure as at 30 June 2021



* Underlying plants are held by subsidiaries via various structures including trusts and partnerships.

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 at 30 June 2021 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 subsidiaries New Energy Solar US Corp (**NES US Corp**) and New Energy Solar Australia HoldCo #1 Pty Limited (**NESAH1**). At 30 June 2021, NES US Corp is funded by equity from the Company which is denominated in US dollars. The loan in place from the Trust to NES US Corp was reallocated to equity in the Company as the result of the Trust’s restructure implemented prior to 30 June 2021. NESAH1 is funded by equity and/or a loan 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 note 2(A) to the financial statements), 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 the Trust’s loan receivable to NES US Corp, 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 2021

OVERVIEW OF THE NEW PORTFOLIO

AS AT 30 JUNE 2021 INTERESTS IN 14 OPERATING PLANTS IN THE UNITED STATES (606MW_{DC} CAPACITY) AND TWO OPERATING PLANTS HELD FOR SALE IN AUSTRALIA (167MW_{DC} CAPACITY)

NEW's portfolio as at 30 June 2021 comprised 14 operating solar power plants in the US and two operating solar power plants held for sale in Australia, which are described below. On 7 June 2021, NEW entered into a sale agreement for its two Australian solar power plants, Beryl and Manildra, with the sale completing after period end on 30 July 2021.

PORTFOLIO SUMMARY

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



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 3: NEW portfolio composition by size (MW_{DC}) ¹¹ excluding Australian assets held for sale as at 30 June 2021

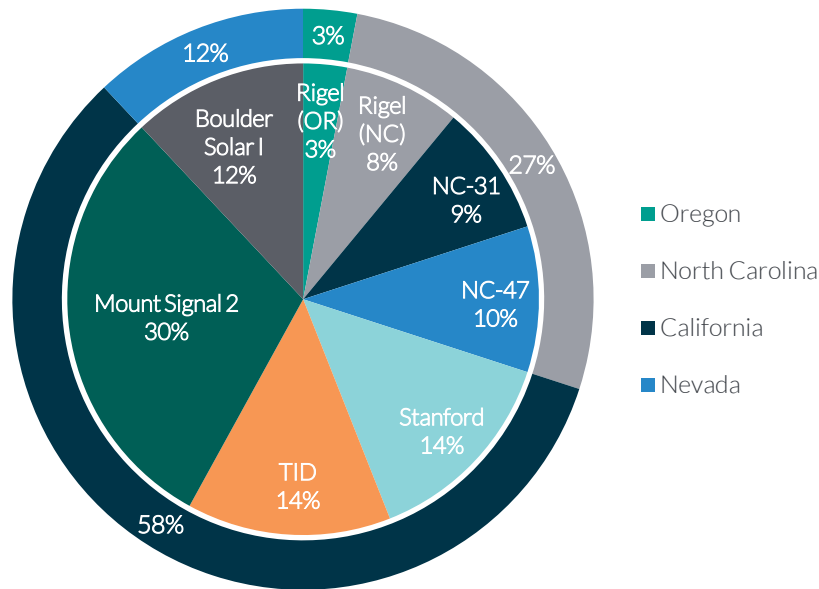
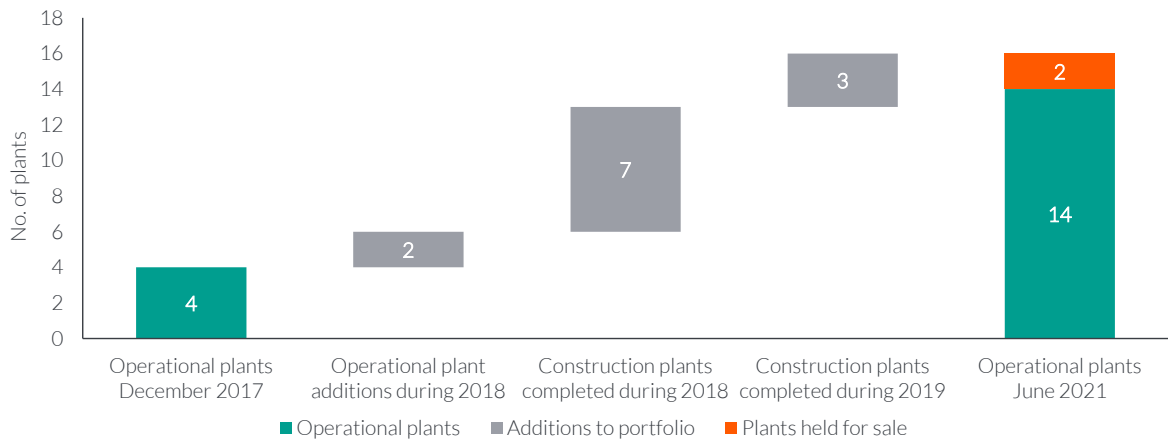


Figure 4: Growth in NEW portfolio



11. Includes plants that are wholly or partially owned by NEW and accounts for capacity on an ownership weighted basis.

NEW'S OPERATING PORTFOLIO PERFORMANCE

AS AT 30 JUNE 2021 INTERESTS IN 14 OPERATING PLANTS IN THE UNITED STATES (606MW_{DC} CAPACITY) AND TWO OPERATING PLANTS HELD FOR SALE IN AUSTRALIA (167MW_{DC} CAPACITY)

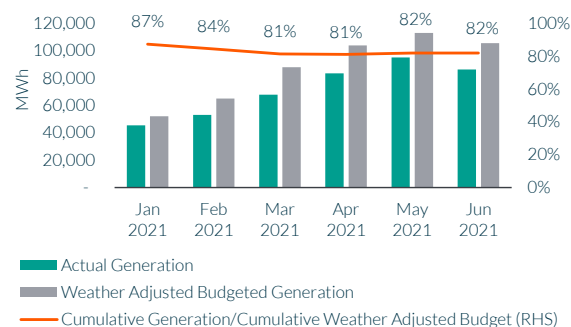
Table 1 below shows the underlying generation and PPA terms of the operating projects in NEW's portfolio for the six months ended 30 June 2021. Note that plant capacity refers to the maximum amount of electricity that can be produced at any one time, while generation is the amount of electricity generated over a period of time.

Table 1: NEW Portfolio

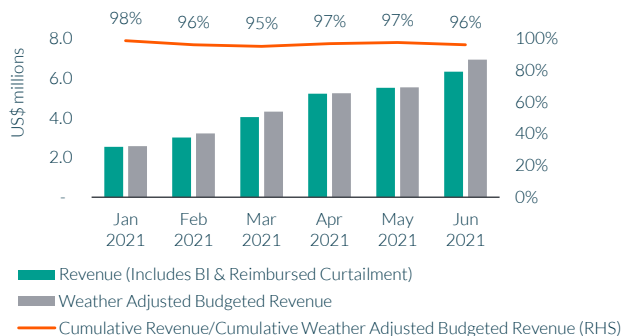
PLANT	PLANT CAPACITY (MW _{DC})	H1 2021 GENERATION (GWH)			PPA TERM REMAINING (YEARS)	PPA EXPIRY DATE
		ACTUAL GENERATION (GROSS)	ACTUAL GENERATION (NEW PROPORTION SHARE)	WEATHER-ADJUSTED FORECASTED (NEW PROPORTIONATE SHARE)		
Operating	NC-31	43.2	32.8	32.8	5.7	2027
	NC-47	47.6	36.4	36.4	5.9	2027
	Stanford	67.4	51.9	51.9	20.5	2041
	TID	67.4	62.5	62.5	15.7	2037
	Boulder Solar 1	124.9	139.5	68.4	15.5	2036
	Rigel Portfolio	55.6	39.7	39.7	11.7	2033
	Mount Signal 2	199.6	186.9	140.2	18.9	2040
	Total US Portfolio	605.6	549.8	431.8	14.4	
Held for sale	Beryl	110.9	44.8	44.8	11.6	2034
	Manildra	55.9	19.5	19.5	9.5	2030
	Total held for sale	166.8	64.2	64.2	9.5	10.9
Total NEW		772.4	614.1	496.1	620.1	15.0

Figure 5: US Operating Portfolio – monthly generation

US Portfolio Generation Performance



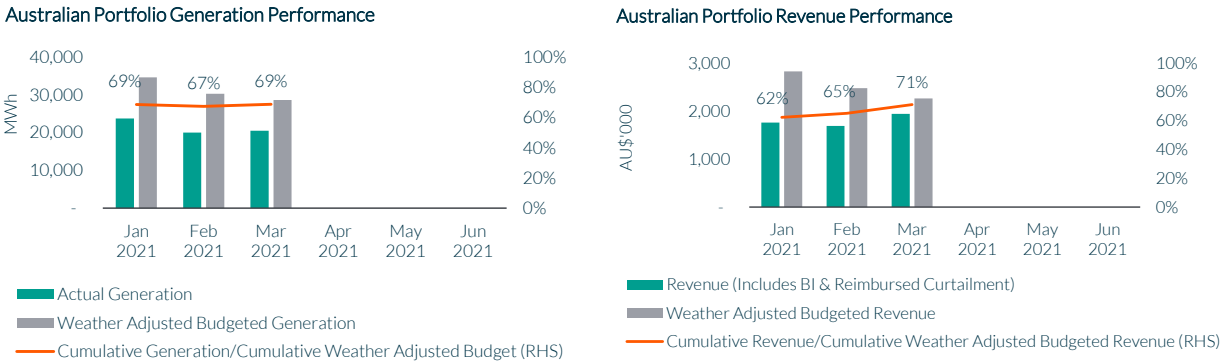
US Portfolio Revenue Performance



The US operating portfolio generated below weather-adjusted expectations for the first six months of 2021. The generation deficit was attributable to the continued impact of the fire damage incurred at the Rosamond plants in 2020 and economic curtailment by the PPA counterparty at MS2. Curtailment occurs when the market operator or PPA offtaker directs a plant to reduce generation either due to grid congestion or lower than expected demand (called “economic curtailment”). Under MS2’s PPA, the offtaker has the right to curtail MS2 for economic reasons throughout the year. However, there is a 12-month cap for unreimbursed economic curtailment, which resets on June 1 each year – any economic curtailment incurred above this cap is reimbursed to MS2 via the monthly PPA payments. Taking into account the compensation for economic curtailment at MS2 and the payment of business interruption insurance (BI) proceeds for the Rosamond plants, revenue from the US portfolio was not materially adversely affected in this six-month period.

Figure 6: Australian Portfolio held for sale – monthly generation

The sale of the Australian assets means that from 31 March 2021, NEW was no longer subject to generation and revenue risks from their Australian solar power assets.



The Australian plants performed below weather-adjusted expectations during the period, as generation, particularly at Manildra, was curtailed frequently in the early part of the year by the Australian Energy Market Operator (**AEMO**). This curtailment is undertaken to maintain stability in the transmission network which is experiencing considerable constraints as maintenance work is undertaken and additional generation capacity is connecting to the grid in the central-west of New South Wales. There is typically no compensation to generation asset owners for this curtailment and these issues will not be resolved quickly.

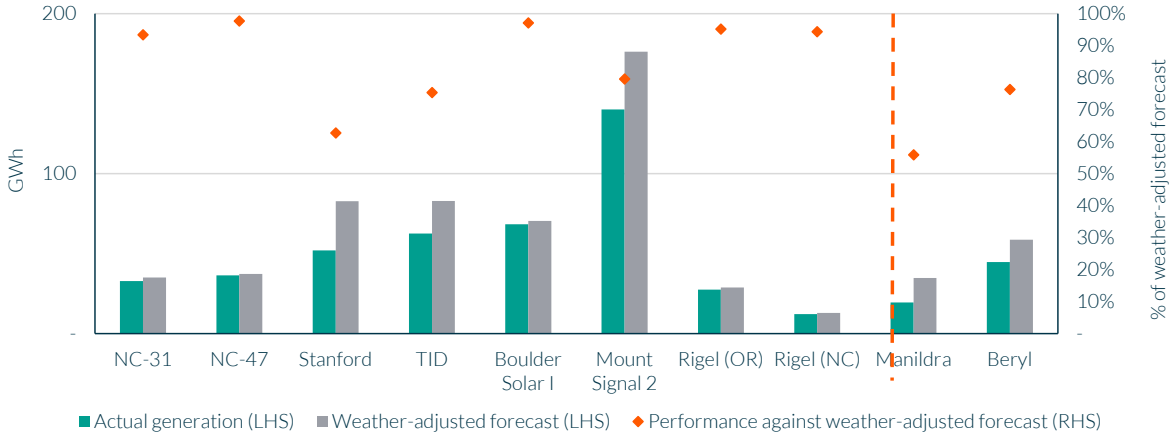
To assess the performance of the solar power plants the Investment Manager develops a set of expectations as to the output of each solar power plant. Initially, a budget expectation for each year of a plant’s 30 to 35-year life is developed. That expectation is based on long-term average weather patterns and irradiation records. In H1 2021, actual weather conditions resulted in irradiation that was below expectations based on the long-term average and accordingly, performance was below the Investment Manager’s budget expectations.

Actual weather conditions are used to adjust the budget expectations to develop weather-adjusted expectations of output for the solar power plants. These expectations are then compared to the actual metered output of the solar power plants. This comparison is used to identify any equipment failure at the plants; whether the grid operator has curtailed production from a plant or restrained power entering

the transmission network; or if there are other problems such as dirty or soiled panels. The chart below compares the weather-adjusted forecasts with the actual metered output of the plants or an amalgamation of some of the smaller plants.

Figure 7: Operating Portfolio weather-adjusted expectations of generation versus actual generation

As described in the commentary under Table 1 above, the generation deficit for the period is evident in the



graphical comparison of weather-adjusted expectations and actual generation in Figure 7. The Rosamond plants, Stanford and TID, performed below weather-adjusted expectations as a result of the fire damage sustained in 2020 and the performance of MS2 and the Australian plants reflects the impact of curtailment. As also mentioned above, curtailment at MS2 entailed compensation in accordance with the terms of its PPA, while compensation as a result of curtailment of the Australian plants by AEMO is not available.

Remediation at the Rosamond plants following fire damage sustained at the plants in June 2020 continues. The sites are operating at reduced capacity while extensive repairs and restoration are underway. Over 44,000 new modules have been received on site and more than 15,000 have been installed. As of 31 July 2021, 7 MW had been restored bringing site capacity to approximately 74% online. The site is expected to be back to full capacity later this year. The Investment Manager continues to work with insurers on additional testing to locate damaged modules and restore the site. Insurance proceeds have covered the costs of site restoration to date. Business interruption insurance proceeds have been paid for 12 months as per the terms of the policy. Any potential shortfall may still be recovered and is not expected to be material.

Table 2: Portfolio underlying financial performance¹² for the six months ended 30 June 2021 and comparison to prior periods

US\$M	1H 2019	2H 2019	1H 2020	2H 2020	1H 2021
Revenue	23.8	30.6	33.8	41.3	33.8
Less: Operating expenses	(7.3)	(6.8)	(10.0)	(10.5)	(8.9)
EBITDA	16.5	23.8	23.8	30.8	24.9
Less: Distributions to Tax Equity investors and EBITDA attributable to minority investors	(5.3)	(5.4)	(7.4)	(11.2)	(9.6)
EBITDA attributable to NEW	11.2	18.4	16.4	19.6	15.3

The Business's underlying revenues were flat at US\$33.8 million compared to the six months ended 30 June 2020. As referred to above, revenue from the US plants includes the proceeds of business interruption insurance held for the Rosamond plants, Stanford and TID, and compensation for economic curtailment at MS2. Revenue also reflects the sale of 25% of MS2 and the sale of the Australian assets, both of which reduced revenue in the second quarter of 2021.

EBITDA attributable to NEW fell US\$0.9 million (6.7%), also reflecting the sale of the 25% interest in MS2 in the higher distributions to tax equity and minority interests compared to the first half of 2020.

The output from NEW's solar power plants this half year had a positive environmental impact with gross electricity generation from the portfolio during the six months to 30 June 2021 equivalent to:

- Displacing an estimated 389,000 tonnes of carbon emissions¹³.
- Removing nearly 94,000 US and Australian equivalent cars from the road¹⁴.
- Powering almost 79,000 US and Australian equivalent houses¹⁵.

SALE OF AUSTRALIAN ASSETS

The asset sale process for NEW's Australian assets, Beryl (110.9MW_{DC}) and Manildra (55.9MW_{DC}), resulted in the announcement of a binding agreement on 7 June 2021 to sell the assets to Banpu Energy Holding Pty Limited for \$105.4 million before transaction costs (including a \$4.0 million disposal fee payable to the Investment Manager, a related party of E&P Financial Group, the parent of the Responsible Entity). Since the end of the quarter, the transaction has completed and net proceeds of approximately \$88 million will be available to NEW for capital management initiatives to restore value for investors. The proceeds of the asset sale will be applied to reduce debt to a level close to NEW's long-term gearing target of 50% and to undertake both an off-market and an on-market buyback. A buyback booklet setting out how to participate in the off-market buyback will be dispatched to all investors in early September.

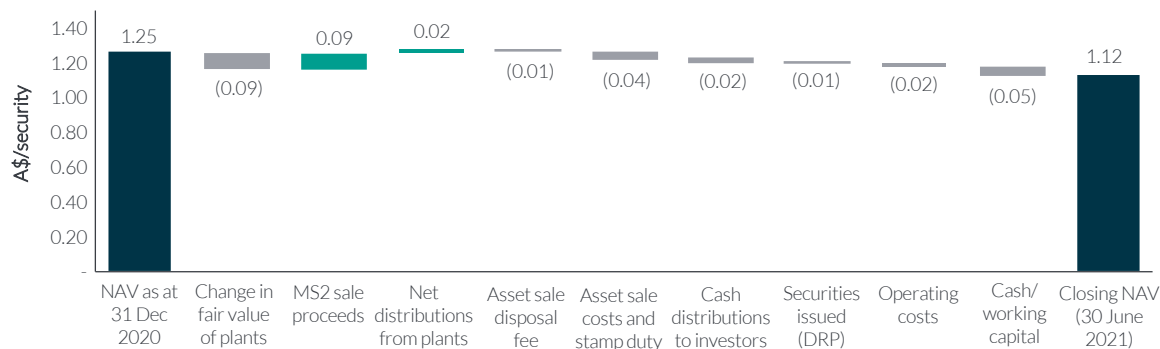
- Portfolio underlying financial performance including underlying earnings, underlying revenues and EBITDA are non-IFRS measures employed by NEW to provide investors with additional information on the performance of NEW. Since NEW is treated as an Investment Entity for accounting purposes, the portfolio underlying financial performance is not presented in the statutory results. Non-IFRS financial measures should be viewed in addition to, and not as a substitute for, the NEW's statutory results.
- US CO₂ emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoided Emissions and geneRation Tool" (AVERT). Australian CO₂ emissions displacement data from the Australian Government – Department of the Environment and Energy.
- Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.
- Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.

INVESTMENTS AND GEARING

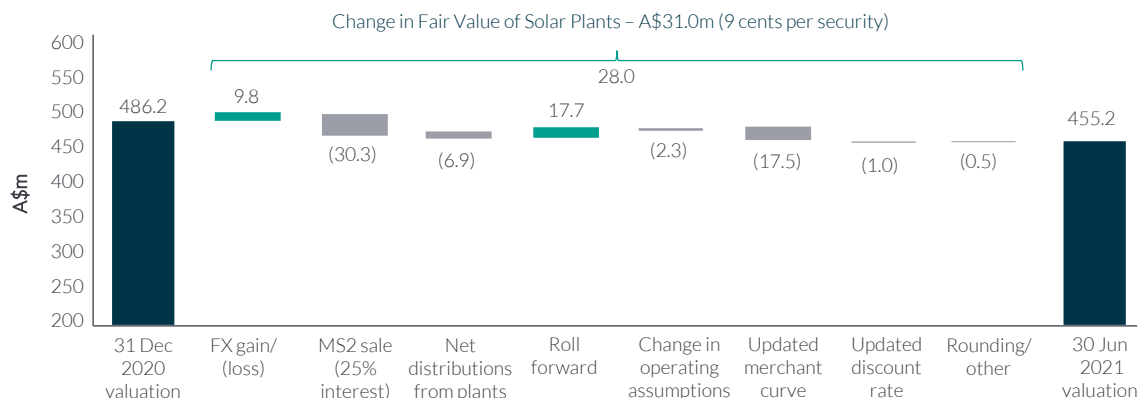
NET ASSET VALUE

Over the six-month period to 30 June 2021, NEW's NAV declined A\$43.9 million, equivalent to 13 cents per share. A summary of the items contributing to the decline are set out in Figure 8.

Figure 8: Change in NAV per share since 31 December 2020



- The net change in fair value of the underlying solar power plants – detailed movements in fair value are articulated in Figure 9 below.
- MS2 sale proceeds reflects the US\$22.7 million in proceeds received (net of costs) by the listed entity.
- Net distributions from plants describe the other movement of earnings from the subsidiaries to the listed entity, offsetting the corresponding amount recognised in the change in fair value below.
- Asset sale costs include stamp duty payable to the NSW Government and advisers' costs and fees incurred in connection with the sale. It also includes an asset sale disposal fee of \$4.0 million which is payable to the Investment Manager, a related party of E&P Financial Group (the parent of the Responsible Entity).
- Cash distributions to investors and securities issued reflects the dividends paid and the issuance of additional securities as part of the distribution reinvestment plan (**DRP**) operating for 2H 2020.
- The operating costs of the Business including Investment Management fees, advisor fees and the costs of running the listed entity.
- The decline in working capital comprises repayment of debt facilities in the US and Australia, reduction in cash balances, purchase of NSW bio-diversity credits for the Beryl plant in preparation for sale, and the write back of deferred tax assets totalling \$4.4 million.

Figure 9: Change in Fair Value of NEW's Solar Plants

The key elements in the change in fair value of NEW's solar power plants this period from left to right include:

- The foreign exchange gain on the fair value of the underlying solar plants results from the appreciation in the USD against the AUD over the period.
- The sale of a 25% interest in MS2 which is almost entirely offset at the NAV level shown in the chart above by the proceeds from the transaction (after costs).
- Net distributions from plants to the listed entity, matching the corresponding net distributions from plants in the above chart showing change in NAV.
- Roll forward value recognising the realisation of earnings and increasing value of discounted future cash flows as the solar power plants mature.
- Change in operating assumptions accounts for higher asset level costs, including insurance premiums.
- The decrease in value attributed to the updated long-term electricity price forecasts – which reflects the continuation of subdued long-term electricity price expectations on the part of the US two forecasting firms used by the independent valuers. Whilst NEW is largely protected from price declines in the short to medium term with its weighted average PPA term of 15.0 years, a portion of its NAV is exposed changes in price forecasts that impact its post-PPA revenue expectations.
- Updated discount rate refers to an increase in the discount rate used by the external valuers of the solar power plants to account for the increase in the risk profile of specific US plants.

Table 3: NEW NAV as at 30 June 2021

ASSET	EQUITY	DEBT (FAIR VALUE)	DEBT (OUTSTANDING BALANCE)	ENTERPRISE VALUE
US PLANTS				
Stanford	US\$72.7m	US\$65.7m	US\$58.7m	US\$138.4m
TID				
NC-31	US\$63.0m	US\$22.1m	US\$21.3m	US\$85.1m
NC-47				
Boulder Solar 1	US\$32.3m	US\$26.2m	US\$22.7m	US\$58.5m
Rigel portfolio	US\$24.0m	US\$24.0m	US\$21.7m	US\$48.0m
MS2	US\$70.2m	US\$181.4m	US\$151.7m	US\$251.6m
Subtotal (US\$)	US\$262.3m	US\$319.4m	US\$276.2m	US\$581.7m
Subtotal (A\$ equivalent)¹⁶	A\$349.8m	A\$426.0m	A\$368.4m	A\$775.8m
AUS PLANTS				
Manildra	A\$42.9m	A\$67.8m	A\$62.1m	A\$110.7m
Beryl	A\$62.5m	A\$127.3m	A\$114.2m	A\$189.8m
Subtotal	A\$105.4m	A\$195.1m	A\$176.4m	A\$300.5m
Subtotal All Plants	A\$455.2m	A\$621.2m	A\$544.8m	A\$1,076.4m
Corporate Debt	(A\$65.4m)	A\$65.4m	A\$64.7m	-
Working capital	A\$11.2m	-	-	A\$11.2m
Total	A\$401.0m	A\$686.5m	A\$609.4m	A\$1,087.6m

GEARING

NEW has a target long-term gearing¹⁷ ratio of 50% of gross assets. NEW had external gross look-through debt outstanding of \$609.4 million as at 30 June 2021, equivalent to a gearing ratio of 60.3%. This has decreased 0.6% from the 31 December 2020 gearing ratio of 60.9%. The decrease in gearing over the six-month period is attributable to the paying down of A\$20 million of corporate debt and scheduled amortisation of existing project-level debt facilities.

NEW's weighted average debt maturity of over 6.4 years as at 30 June 2021 reflects the long-term contracted nature of its PPAs and NEW's diverse sources of debt funding.

NEW's group debt facilities as at 30 June 2021 are set out in Table 4 below. Since 30 June 2021, the asset sale process for NEW's Australian assets completed, and total debt has been reduced by \$198.9 million to approximately \$410.6 million, equivalent to a gearing ratio of 50.6%.

16. US\$ figures converted to AU\$ at US\$:AU\$ exchange rate of 0.7498 as at 30 June 2021, Figures may not add due to rounding.

17. Gearing = Total Debt / Gross Asset Value.

Table 4: NEW debt facilities as at 30 June 2021

FACILITY	TYPE	FACILITY SIZE	DRAWN	SECURITY	ESTIMATED AVG. DRAWN BALANCE OVER 1H 2020 NON- CAPITALISING FACILITIES
North Carolina Facility	Loan	US\$21.3m	US\$21.3m	NC-31 and NC-47	US\$22.0m
US Private Placement 1	Bond	US\$58.7m	US\$58.7m	Stanford & TID	US\$59.2m
Mount Signal 2 Facility ¹⁸	Loan	US\$151.7m	US\$151.7m	Mount Signal 2	US\$177.0m
US Revolving Credit Facility	Loan	US\$45.0m	US\$31.6m	Corporate	US\$28.4m
US Private Placement 2	Bond	US\$22.7m	US\$22.7m	Boulder Solar I	US\$22.7m
Rigel Facility	Loan	US\$21.7m	US\$21.7m	Rigel	US\$21.9m
KCI Loan	Loan	US\$15.0m	-	Corporate	US\$4.6m
US Facilities Subtotal		US\$336.2m	US\$307.9m		US\$335.9m
US Facilities Subtotal (A\$ equivalent)¹⁹		A\$448.4m	A\$410.6m		A\$448.0m
Manildra Facility	Loan	A\$62.1m	A\$62.1m	Manildra	A\$66.0m
Beryl Facility	Loan	A\$114.2m	A\$114.2m	Beryl	A\$118.4m
Infradebt Facility	Loan	A\$22.5m	A\$22.5m	Corporate	A\$22.5m
Australian Facilities Subtotal		A\$198.9m	A\$198.9m		A\$206.9m
Total Debt		A\$647.3m	A\$609.4m		A\$654.9m
Gross assets			A\$1,010.5m		
Gross Look Through Gearing (%)			60.3%		

18. Excluding US \$6.4 million Mount Signal 2 revolving loan facility which was undrawn as at 30 June 2021.

19. US\$ figures converted to AU\$ at US\$:AU\$ exchange rate of 0.7498 as at 30 June 2021. Figures may not add due to rounding.

NEW ENERGY SOLAR'S INVESTMENTS

OPERATING SOLAR POWER PLANTS – UNITED STATES

Stanford Solar Power Plant (Stanford)



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)



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 the Stanford solar power plant 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)



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 (subsidiary of 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 kilometres 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)



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)



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 (subsidiary of Berkshire Hathaway)
O&M Service Provider	CCRO&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)



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	CCRO&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} / 5.0MW _{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)



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.



Organ Church Solar Power Plant (Organ Church)



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.



Pendleton Solar Power Plant (Pendleton)



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	CCRO&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.

Mount Signal 2 Solar Power Plant (MS2)



Location	Imperial Valley, California, USA
Generating Capacity	199.6MW _{DC} / 153.5MW _{AC}
COD	December 2019
PPA Term	20 years from June 2020
PPA Offtaker	Southern California Edison
O&M Service Provider	First Solar
Description	<p>MS2 is located on a 1,314-acre leased site in the Imperial Valley, California. The plant commenced commercial operations in December 2019. MS2 sold electricity to the wholesale market until the commencement of its 20-year PPA in June 2020.</p> <p>As advised to securityholders on 19 March 2021, the Fund has closed the first tranche of the sale to US Solar Fund plc (USF) of a 25% interest in the 200MW_{DC} Mount Signal 2 solar plant operating in the Imperial Valley of Southern California. The buyer has an option to acquire a further 25% interest in the asset within 12 months of financial close of the Tranche 1 sale for consideration of US\$22 million subject to a performance-based adjustment mechanism that can adjust the price upwards or downwards by US\$1 million.</p>

OPERATING SOLAR POWER PLANTS – AUSTRALIA

On 7 June 2021 the Company announced its wholly owned subsidiary NESAH1 had entered a sale agreement with Banpu Energy Holdings Pty Limited for the Manildra and Beryl solar power plants. The sale completed on 30 July 2021.

Manildra Solar Power Plant (Manildra)



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)



Location	Beryl, New South Wales, Australia
Generating Capacity	110.9MW _{DC} / 87MW _{AC}
COD	June 2019
PPA Term	15 (Sydney Metro) ²⁰ c. 7.5 years with an option to extend to December 2029 (Kellogg's) ²¹
PPA Offtaker	Sydney Metro (69% of generation) Kellogg's (29% of generation)
O&M Service Provider	First Solar
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.

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

21. 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.

INFORMATION ON THE INVESTMENT MANAGER

SENIOR MANAGEMENT TEAM

The senior members of the Investment Manager 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 E&P Financial 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)
CHIEF EXECUTIVE OFFICER

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 CD Private Equity Fund III (**ASX:CD3**) and is a past board member of Infrastructure Partnerships Australia.

John has resigned as the Chief Executive Officer (**CEO**) and his last day with the Company will be 30 September 2021.



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 NEW, 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.

Liam has been appointed as the CEO of the New Energy Solar Limited with effect from 1 October 2021.

WARWICK KENEALLY BEc (ANU), BCom (ANU), CA

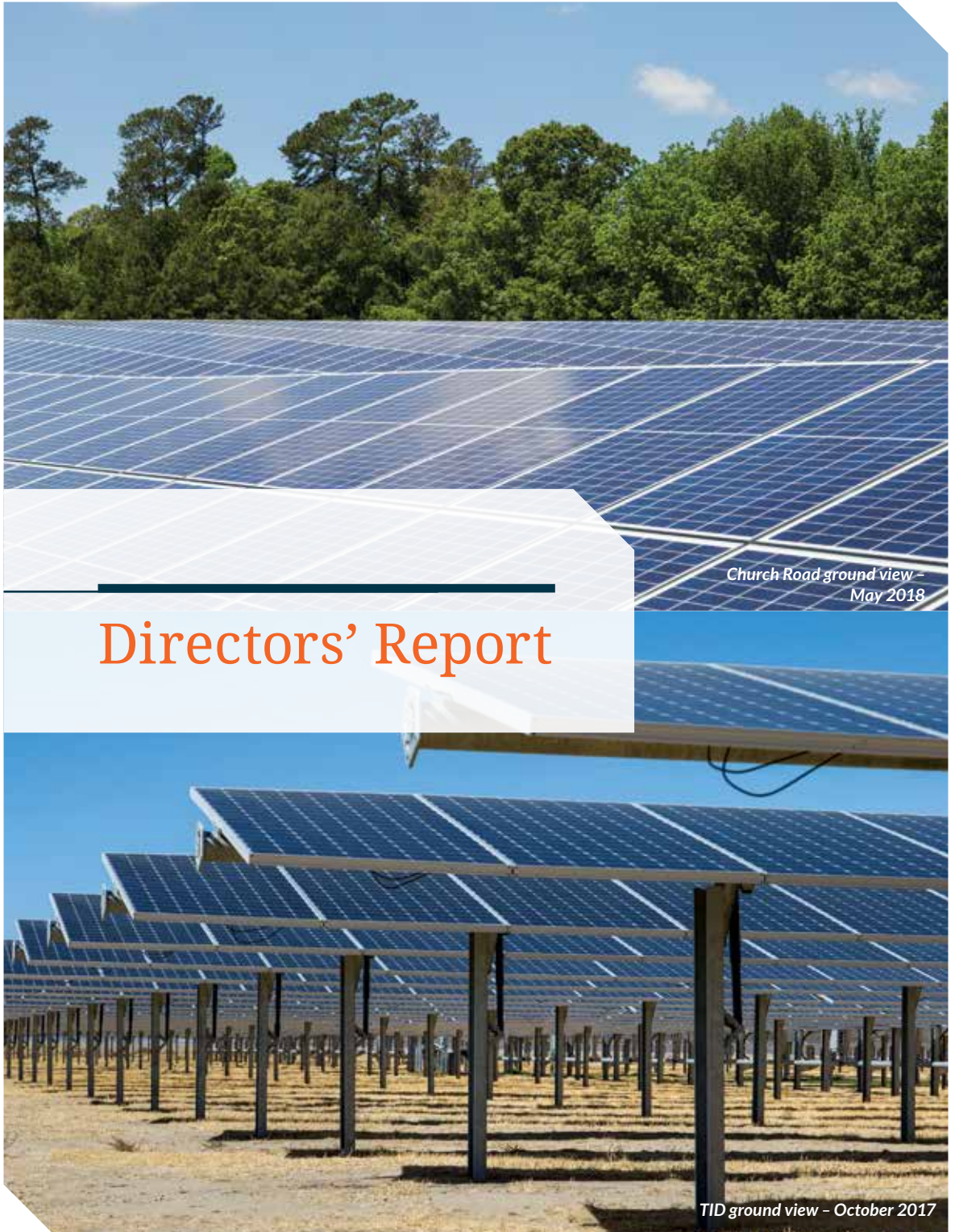
CHIEF FINANCIAL OFFICER



Prior to joining New Energy Solar, Warwick was the interim CFO of the Investment Manager's parent, E&P Financial Group. Warwick has worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG working in their Canberra, Sydney and London offices – and has undertaken a range of restructuring engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Chartered Accountant.



*Church Road ground view –
May 2018*

Directors' Report

TID ground view – October 2017

Directors' Report

FOR THE HALF-YEAR ENDED 30 JUNE 2021

The directors of New Energy Solar Limited (the **Company**) and E&P 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 2021.

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 Chair
Maxine McKew	Non-Executive Director
James Davies	Non-Executive Director
John Holland	Non-Executive Director
John Martin	Non-Independent, Executive Director

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

Stuart Nisbett	Non-Executive Chair
Warwick Keneally	Executive Director
Mike Adams	Non-Executive Director
Peter Shear	Non-Executive Director

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 2021 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

Securityholder distributions paid or declared during, or since the end of, the half-year were as follows:

- 3.00 cents per stapled security for the six months ended 31 December 2020, paid on 19 March 2021 amounting to \$10,658,097.
- 3.00 cents per share for the six months ended 30 June 2021, announced on 5 August 2021, paid on 26 August 2021 amounting to \$10,722,552.

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 2021, on a combined basis, the Fund's loss was \$35.1 million (30 June 2020: \$55.6 million). The Company reported a loss of \$32.1 million (30 June 2020: \$55.0 million) and the Trust reported a loss of \$3.0 million (30 June 2020: \$0.6 million).

The half-year to 30 June 2021 loss is driven by the fair value loss of financial assets at fair value. This is mainly driven by a \$5.1 million decrease to the net asset value of NES US Corp, caused by the negative impact on investment fair value of the underlying solar assets. The decrease is partially offset by the positive impact on investment fair value movements of the loans payable in relation to New Energy Solar US Corp's loan from New Energy Solar Fund and an unrealised foreign exchange translation gain of \$6.8 million. There was also a decrease in net asset value of NESAH1, reflecting the announced sale price for the Manildra power plant and transaction fees and costs. The Trust's loss of \$3.0 million is largely due to the \$5.3 million loan fair value reversal at balance date and \$1.4 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.

At 30 June 2021, the Fund's net assets are \$401.0 million (31 December 2020: \$444.9 million), and reflect the capital reallocation implemented prior to 30 June 2021, and therefore an increase in the Company's net assets to \$401.0 million (31 December 2020: \$376.8 million). This net asset value equates to a per security price for the Fund and Company at 30 June 2021 of \$1.12 (31 December 2020: Fund \$1.25, of which the Company comprised \$1.06). The Trust's net assets are \$7,747 (31 December 2020: \$68.1 million) and reflects the corresponding decrease arising from the capital reallocation from the Trust to the Company as part of the Trust wind-up proposal. This was achieved by a capital return by the Trust of \$0.1532 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. The capital reallocation, as part of the un-stapling and winding up of the Trust on 24 June 2021 was the last capital reallocation for the stapled group.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

An unfranked dividend of 3.0 cents per share totalling \$10,722,552 was declared on 5 August 2021 and was paid to shareholders on 26 August 2021.

At a General Meeting of New Energy Solar Fund on 25 June 2021, investors approved the winding up of the trust in NEW's corporate structure which resulted in the un-stapling of NEW securities from 1 July 2021. The benefits for investors from the un-stapling were a simplification of the corporate structure and ongoing cost savings. Following a short period of conditional trading to effect the un-stapling, NEW shares traded under the ticker NEW from 2 July 2021.

The asset sale process for NEW's Australian assets, Beryl (110.9MW_{DC}) and Manildra (55.9MW_{DC}), resulted in the announcement of a binding agreement on 7 June 2021 to sell the assets to Banpu Energy Holding Pty Limited for \$105.4 million before transaction costs (including a \$4.0 million disposal fee payable to the Investment Manager, a

related party of E&P Financial Group, the parent of the Responsible Entity). The transaction completed on 30 July 2021 and net proceeds of approximately \$88 million will be available to NEW for capital management initiatives to restore value for investors. A portion of the proceeds is deferred and is expected to be received late 2021/early 2022 upon the satisfaction of certain milestones agreed with the Buyer and existing Project Debt Lenders. The proceeds of the asset sale will be applied to undertake both off-market and on-market share buybacks, and to reduce debt close to NEW's long-term gearing target of 50% by repayment of the Infradebt facility and a reduction in US borrowings. The outstanding balance of the \$22.5 million syndicated secured facility put in place in December 2020 by New Energy Solar Australia HoldCo#1, a subsidiary of the Company, with Infradebt was repaid 30 July 2021. These are the steps being undertaken as part of the strategic review as announced to the market on 26 October 2020 and 30 July 2021.

A US\$45.0 million revolving loan and letter of credit facility was established in June 2018 held by NES Galaxy LLC, a subsidiary of the Company, with KeyBank National Association (**KeyBank**), repayable following agreed extensions no later than 31 December 2021. On 19 July 2021, NES Galaxy LLC and KeyBank reached a further agreement to extend the facility expiry date to 19 July 2024.

NEW's portfolio continues to operate with limited COVID-19 disruptions. The Investment Manager is monitoring potential COVID-19 impacts on the Business, such as changes to debt and equity markets, insurance markets and electricity prices.

On 13 August 2021, the Company announced that Liam Thomas will be appointed as Chief Executive Officer of the Investment Manager with effect from 1 October 2021, succeeding John Martin. The Boards thank John for his substantial contribution to the business during his tenure and look forward to working with Liam to continue implementing the actions arising from the strategic review to restore shareholder value.

Other than the matters discussed above, no matter or circumstance has arisen since 30 June 2021 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



STUART NISBETT
Chair of the Responsible Entity

31 August 2021



JEFFREY WHALAN
Chair of the Company



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 2021

Deloitte.

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

31 August 2021

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 half-year financial reports of New Energy Solar Limited and New Energy Solar Fund for the half-year ended 30 June 2021, 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 faithfully

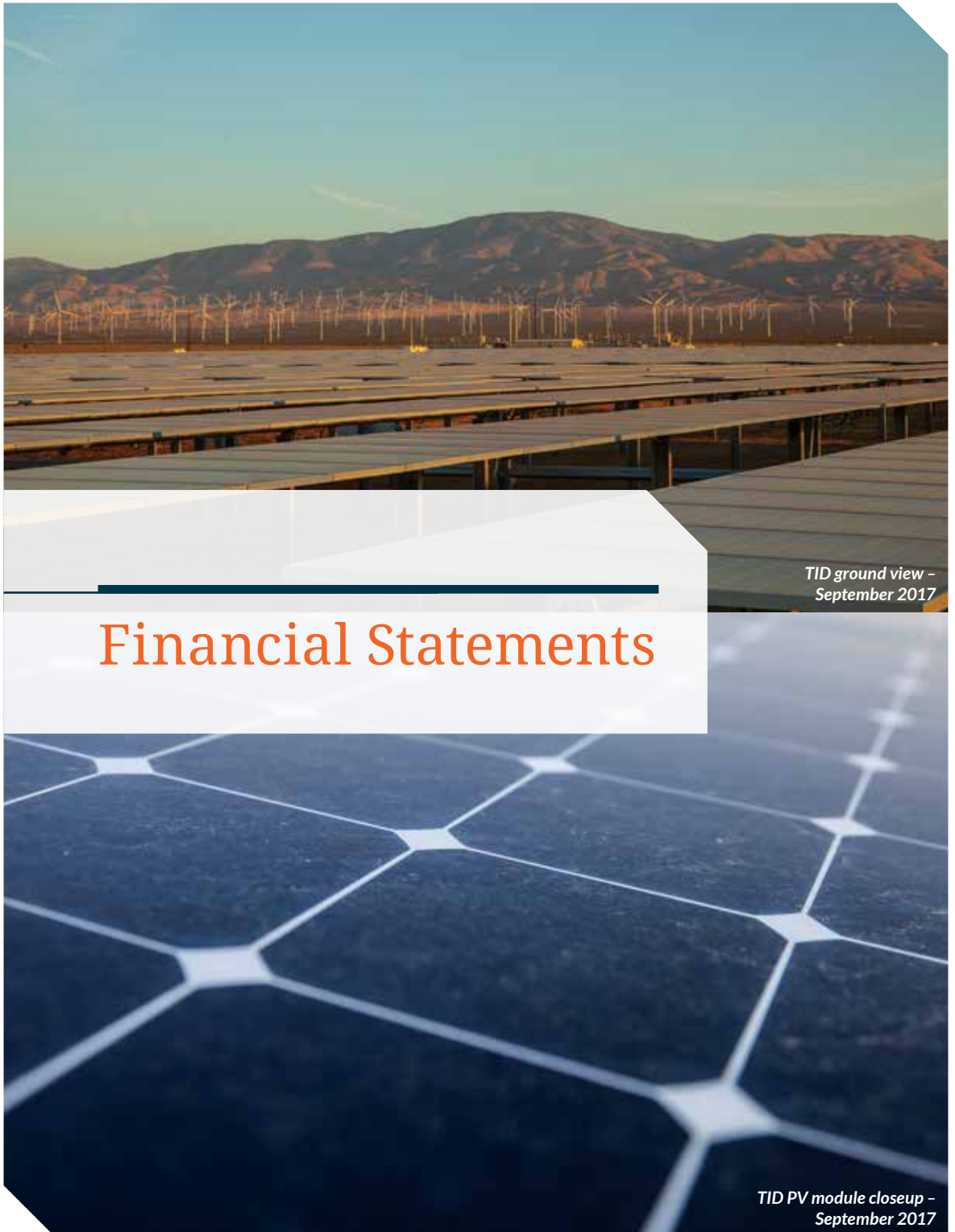
Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Yvonne van Wijk

Yvonne van Wijk
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



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 2021

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	Notes	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
		\$	\$	\$	\$	\$	\$
Net income							
Fair value loss of assets classified as held for sale		-	-	-	(2,006,800)	-	(2,006,800)
Fair value loss of financial assets at fair value through profit or loss	6	(24,369,401)	(53,038,525)	(3,928,149)	(4,588,698)	(28,297,550)	(57,627,223)
Foreign exchange (loss)/gain		(18,537)	(33,092)	(105,240)	2,311,677	(123,777)	2,278,585
Finance income	2	1,214	5,248	1,403,381	4,424,053	1,404,595	4,429,301
Dividend income		-	-	-	227,439	-	227,439
MSA fee income	6	6,000,000	-	-	-	6,000,000	-
Other income		-	36,468	369	-	369	36,468
Total net (loss)/income		(18,386,724)	(53,029,901)	(2,629,639)	367,671	(21,016,363)	(52,662,230)
Fair value movement of foreign currency derivatives		-	-	-	(167,900)	-	(167,900)
Finance expenses		(273)	(1,215,107)	(319)	(367)	(592)	(1,215,474)
Responsible entity fees	11	-	-	(23,171)	(78,782)	(23,171)	(78,782)
Investment management fees	11	(900,432)	(723,671)	(115,109)	(354,305)	(1,015,541)	(1,077,976)
Accounting and audit fees		(172,943)	(135,771)	(8,633)	(50,483)	(181,576)	(186,254)
Disposal fee and costs	11	(5,795,723)	-	-	-	(5,795,723)	-
Legal and advisory expenses		(2,149,768)	(504,723)	(59,692)	(96,157)	(2,209,460)	(600,880)
Director fees		(169,910)	(97,198)	(4,437)	(5,578)	(174,347)	(102,776)
Marketing expenses		(1,220)	(6,811)	(60,210)	(62,293)	(61,430)	(69,104)
Listing and registry expenses		(94,942)	(26,563)	(34,954)	(26,221)	(129,896)	(52,784)
Other operating expenses		(32,838)	(104,374)	(25,287)	(76,855)	(58,125)	(181,229)
Total expenses		(9,318,049)	(2,814,218)	(331,812)	(918,941)	(9,649,861)	(3,733,159)
Loss before tax		(27,704,773)	(55,844,119)	(2,961,451)	(551,270)	(30,666,224)	(56,395,389)
Income tax (expense)/benefit		(4,384,056)	838,640	-	-	(4,384,056)	838,640
Loss after tax for the period		(32,088,829)	(55,005,479)	(2,961,451)	(551,270)	(35,050,280)	(55,556,749)
Other comprehensive income, net of income tax		-	-	-	-	-	-
Total comprehensive loss for the period		(32,088,829)	(55,005,479)	(2,961,451)	(551,270)	(35,050,280)	(55,556,749)
Earnings per security							
Basic and diluted loss (cents per security)	3	(9.00)	(15.59)	(0.83)	(0.15)	(9.83)	(15.75)

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 2021

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	Notes	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
ASSETS		\$	\$	\$	\$	\$	\$
Current assets							
Cash and cash equivalents		4,636,673	2,329,798	20,350	7,186,008	4,657,023	9,515,806
Trade and other receivables	5	162,315	141,353	65,867	5,188,142	157,168	346,839
Total current assets		4,798,988	2,471,151	86,217	12,374,150	4,814,191	9,862,645
Non-current assets							
Financial assets held at fair value through profit or loss	6	405,152,399	377,369,006	-	56,006,873	405,152,399	433,375,879
Deferred tax assets		-	4,384,056	-	-	-	4,384,056
Total non-current assets		405,152,399	381,753,062	-	56,006,873	405,152,399	437,759,935
Total assets		409,951,387	384,224,213	86,217	68,381,023	409,966,590	447,622,580
LIABILITIES							
Current liabilities							
Trade and other payables	7	8,855,823	7,369,408	78,470	249,807	8,863,279	2,636,559
Current tax payable		68,459	68,459	-	-	68,459	68,459
Total current liabilities		8,924,282	7,437,867	78,470	249,807	8,931,738	2,705,018
Total liabilities		8,924,282	7,437,867	78,470	249,807	8,931,738	2,705,018
Net assets		401,027,105	376,786,346	7,747	68,131,216	401,034,852	444,917,562
EQUITY							
Issued capital	4	480,810,104	424,480,516	-	49,280,653	480,810,104	473,761,169
(Accumulated losses)/retained earnings		(79,782,999)	(47,694,170)	7,747	18,850,563	(79,775,252)	(28,843,607)
Total equity		401,027,105	376,786,346	7,747	68,131,216	401,034,852	444,917,562

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 2021

NEW ENERGY SOLAR LIMITED (COMPANY)

	Issued capital	Retained earnings/ (accumulated losses)	Total
	\$	\$	\$
Balance at 1 January 2020	339,372,774	17,363,795	356,736,569
Loss after tax for the period	-	(55,005,479)	(55,005,479)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive loss for the period	-	(55,005,479)	(55,005,479)
Issue of securities	2,002,451	-	2,002,451
Balance at 30 June 2020	341,375,225	(37,641,684)	303,733,541

NEW ENERGY SOLAR LIMITED (COMPANY)

	Issued capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 January 2021	424,480,516	(47,694,170)	376,786,346
Loss after tax for the period	-	(32,088,829)	(32,088,829)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive loss for the period	-	(32,088,829)	(32,088,829)
Issue of securities	1,588,330	-	1,588,330
Capital reallocation	54,741,258	-	54,741,258
Balance at 30 June 2021	4 480,810,104	(79,782,999)	401,027,105

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 2021

NEW ENERGY SOLAR FUND (TRUST)

	Issued capital	Retained earnings/ (accumulated losses)	Total
	\$	\$	\$
Balance at 1 January 2020	134,313,666	38,454,937	172,768,603
Loss after tax for the period	-	(551,270)	(551,270)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive loss for the period	-	(551,270)	(551,270)
Issue of securities	986,281	-	986,281
Distributions	(5,034,080)	(5,566,179)	(10,600,259)
Balance at 30 June 2020	130,265,867	32,337,488	162,603,355

NEW ENERGY SOLAR FUND (TRUST)

	Issued capital	Retained earnings/ (accumulated losses)	Total
	\$	\$	\$
Balance at 1 January 2021	49,280,653	18,850,563	68,131,216
Loss after tax for the period	-	(2,961,451)	(2,961,451)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive loss for the period	49,280,653	15,889,112	65,169,765
Issue of securities	237,337	-	237,337
Capital reallocation	(42,985,998)	(11,755,260)	(54,741,258)
Distributions	8	(4,126,105)	(10,658,097)
Balance at 30 June 2021	4	7,747	7,747

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 2021

FUND (COMBINED COMPANY AND TRUST)

	Issued capital	Retained earnings/ (accumulated losses)	Total
	\$	\$	\$
Balance at 1 January 2020	473,686,440	55,818,732	529,505,172
Loss after tax for the period	-	(55,556,749)	(55,556,749)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive loss for the period	-	(55,556,749)	(55,556,749)
Issue of securities	2,988,732	-	2,988,732
Distributions	(5,034,080)	(5,566,179)	(10,600,259)
Balance at 30 June 2020	471,641,092	(5,304,196)	466,336,896

FUND (COMBINED COMPANY AND TRUST)

	Issued capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 January 2021	473,761,169	(28,843,607)	444,917,562
Loss after tax for the period	-	(35,050,280)	(35,050,280)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive loss for the period	-	(35,050,280)	(35,050,280)
Issue of securities	1,825,667	-	1,825,667
Capital reallocation	11,755,260	(11,755,260)	-
Distributions	8	(4,126,105)	(4,126,097)
Balance at 30 June 2021	4	(79,775,252)	401,034,852

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 2021

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	Notes	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
		\$	\$	\$	\$	\$	\$
Cash flows from operating activities							
Interest income received	2	1,214	5,248	1,511,120	4,462,746	1,512,334	4,467,994
Other income		-	36,468	-	-	-	36,468
Payments to suppliers		(2,816,870)	(1,661,212)	(501,120)	(765,019)	(3,317,990)	(2,426,231)
Income tax refund		-	13,746	-	-	-	13,746
Dividend income received		-	-	-	315,033	-	315,033
Net cash flow from operating activities		(2,815,656)	(1,605,750)	1,010,000	4,012,760	(1,805,656)	2,407,010
Cash flows from investing activities							
Payments for investments		-	6,334,452	-	-	-	6,334,452
Repayments from/ (loans to) related parties		3,552,738	(423,502)	2,352,493	10,008,708	5,905,231	9,585,206
Net cash flow from investing activities		3,552,738	5,910,950	2,352,493	10,008,708	5,905,231	15,919,658
Cash flows from financing activities							
Proceeds from issue of securities	4	1,588,330	2,002,451	237,337	986,281	1,825,667	2,988,732
Payments of transaction costs relating to loans		-	(147,260)	-	-	-	(147,260)
Receipt of foreign currency derivatives		-	-	-	2,122,000	-	2,122,000

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 2021

Notes	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	\$	\$	\$	\$	\$	\$
Proceeds/ (repayment) of loans from New Energy Solar Fund to New Energy Solar Limited	-	537,752	-	(537,752)	-	-
Distributions paid	-	-	(10,658,097)	(14,042,395)	(10,658,097)	(14,042,395)
Net cash flow from financing activities	1,588,330	2,392,943	(10,420,760)	(11,471,866)	(8,832,430)	(9,078,923)
Net (decrease)/ increase in cash and cash equivalents	2,325,412	6,698,143	(7,058,267)	2,549,602	(4,732,855)	9,247,745
Cash at the beginning of the period	2,329,798	4,542	7,186,008	1,610,618	9,515,806	1,615,160
Effect of exchange rate changes	(18,537)	(33,092)	(107,391)	(173,208)	(125,928)	(206,300)
Cash and cash equivalents at the end of the period	4,636,673	6,669,593	20,350	3,987,012	4,657,023	10,656,605

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



Notes to the Financial Statements

NC-47 ground view -
May 2017

Hanover ground view -
February 2018

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2021

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 managed investment scheme registered and domiciled in Australia (which was unstapled and delisted on 1 July 2021), with E&P Investments Limited acting as Responsible Entity;

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

Prior to 1 July 2021, one share in the Company and one unit in the Trust had been stapled together to form a listed single stapled security (**Stapled Security**). These securities were publicly traded on the Australian Securities Exchange Limited (**ASX**). At a General Meeting of New Energy Solar Fund on 25 June 2021, investors approved the winding up of the trust in NEW's corporate structure which resulted in the un-stapling of NEW securities from 1 July 2021. Following a short period of conditional trading to effect the un-stapling, NEW shares continued trading under the ASX ticker NEW from 2 July 2021.

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 2020, 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.

New Energy Solar Australia HoldCo #1 Pty Limited is funded by equity from the Company. New Energy Solar US Corp was funded by a combination of equity from the Company and a loan from the Trust, both of which are denominated in US dollars. As a result of the un-stapling, the loan funding provided by the Trust to New Energy Solar US Corp was reallocated to equity from the Company.

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 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 during the period the Trust's loan to New Energy Solar US Corp, were denominated in US dollars. The Company and the Responsible Entity did not hedge, and the Company does not currently intend to hedge, its exposure to foreign currencies, so the Fund is exposed to valuation movements associated with changes in the US dollar/Australian dollar exchange rate.

B) BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis and are based on historical cost with the exception of financial assets held at fair value through profit or loss, which are measured at fair value. All amounts are presented in Australian dollars unless otherwise noted.

C) STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) in particular *AASB 134 Interim Financial Reporting (AASB 134)* and the *Corporations Act 2001*. Compliance with AASB 134 ensures the financial statements and notes to the financial statements of the Company and the Trust comply with the International Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) in particular IAS 134.

The financial statements were authorised for issue by the directors of the Company and the Responsible Entity of the Trust, E&P Investments Limited, on 31 August 2021. For the purposes of preparing the financial statements, the Company and the Trust are for-profit entities.

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**) comprised New Energy Solar Limited (the **Company**) and New Energy Solar Fund (the **Trust**). For the period up to 30 June 2021, the equity securities of the Company and the Trust were stapled and cannot be traded separately. Effective from 1 July 2021, the securities were unstapled and only the shares of the Company are now traded publicly on the ASX.

The parent entity of the stapled group had 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 each considered to meet the definition of an 'Investment Entity' as described in *AASB 10 Consolidated Financial Statements* (AASB 10) (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, at fair value. The Trust had no subsidiaries as at the reporting date.

The column headed "**Fund (combined Company and Trust)**" 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 meets the typical characteristics of an Investment Entity described in AASB 10 in that:

- It is a separate legal entity;
- Ownership interests in the entity are held by a wide pool of investors who are not related parties; and
- Through its subsidiaries, it holds a portfolio of investments.

In respect of the Trust, the directors have assessed that whilst the first two characteristics above are met, since it presently does not hold any investments as at half-year end, it therefore does not meet all the typical characteristics described in the accounting standard. Notwithstanding this, the directors have concluded based on the Trust being part of the same stapled structure as the Company and having the same principal business purpose of investing in financial assets for investment returns, that it is appropriately classified as an Investment Entity.

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) GOING CONCERN

The combined Company and Trust (the Fund) incurred a loss after tax for the half-year of \$35.1 million. After excluding fair value losses of financial assets and liabilities and disposal fees in relation to Australian asset sale, a combined operational profit before tax of \$3.4 million was recognised. During the financial period, the Fund generated net cash outflows from operating activities of \$1.8 million, net cash inflows from investing activities of \$5.9 million and net cash outflows from financing activities totalling \$8.8 million, and had an available cash balance of \$4.7 million at 30 June 2021.

The statement of financial position of the Company reflects a working capital deficit position at 30 June 2021 of \$4.1 million. This deficit includes an amount of \$6.5 million transaction costs (including a \$4.0 million disposal fee payable to the Investment Manager, a related party of E&P Financial Group, the parent of the Responsible Entity) and disposal fees payable in relation to the Australian asset sales unpaid at balance date. As disclosed to the securityholders on 7 June 2021, the Australian Manildra and Beryl solar plant assets held indirectly through the Company's subsidiary New Energy Solar Australia HoldCo #1 Pty Limited (**NESAH1**) at market value of \$105.4 million (31 December 2020: \$112.2 million) are being 'held for sale' at balance date as part of the announced capital management program being undertaken by the Fund. The transaction completed on 30 July 2021 and the proceeds will be available to pay the transaction costs and disposal fees.

Further, management has prepared a cash flow forecast for the Fund for the 14-month period following the reporting date through to 30 September 2022, which incorporates recurring operating cash flows and certain assumptions relating to asset sales and repayment of debt facilities maturing during the forecast period. Included in the cash flow forecast are the following events which occurred subsequent to balance date:

- the Company has satisfactorily progressed extension with KeyBank regarding the US\$45.0 million revolving loan facility. The facility, which was scheduled to mature on 31 December 2021, has been extended to 19 July 2024; and
- As announced to the market during the reporting period, the sale process for its two Australian solar plants, being Manildra and Beryl has been successfully completed and the proceeds were received in July 2021. Proceeds from these asset sales will assist the Fund to undertake capital management initiatives which may include repayment of debt facilities expiring during the forecast period (refer Note 6(ii)) as well as security buybacks and/or capital returns.

As a result, the directors are satisfied that the Company and the Trust will be able to meet their working capital requirements and other obligations for a period of at least 12 months from the date of the financial statements. The Directors of the Company and the Responsible Entity of the Trust believe it is appropriate to prepare the financial report on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

2. FINANCE INCOME

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	\$	\$	\$	\$	\$	\$
Interest income on cash at bank	1,214	5,248	1,036	4,168	2,250	9,416
Interest income on loan to New Energy Solar US Corp (subsidiary of the Company)	-	-	1,402,34	4,419,885	1,402,345	4,419,885
	1,214	5,248	1,403,381	4,424,053	1,404,595	4,429,301

Interest income on loan to New Energy Solar US Corp (subsidiary of the Company) relates to loan(s) to New Energy Solar US Corp which had a 7-year loan term from inception and a fixed interest rate of 6%. Interest income on loan to New Energy Solar US Corp (subsidiary of the Company) for the period ended 30 June 2021 of \$1,402,345 was derived from a weighted average loan receivable balance of US\$38,949,678. Interest income on loan to New Energy Solar US Corp (subsidiary of the Company) for the period ended 30 June 2020 of \$4,419,885 was derived from a weighted average loan receivable balance of US\$97,577,333.

3. EARNINGS PER SECURITY

(i) Calculated earnings per security

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	cents	cents	cents	cents	cents	cents
Basic and diluted losses per security	(9.00)	(15.59)	(0.83)	(0.15)	(9.83)	(15.75)

(ii) Earnings used to calculate basic and diluted earnings per security

	\$	\$	\$	\$	\$	\$
Loss from continued operations used to calculate basic and diluted losses per security	(32,088,829)	(55,005,479)	(2,961,451)	(551,270)	(35,050,280)	(55,556,749)

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
(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	356,492,532	352,777,706	356,492,532	352,777,706	356,492,532	352,777,706
Weighted average number of securities outstanding used to calculate diluted losses per security	356,492,532	352,777,706	356,492,532	352,777,706	356,492,532	352,777,706

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

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-21	Year to 31-Dec-20	Six months to 30-Jun-21	Year to 31-Dec-20	Six months to 30-Jun-21	Year to 31-Dec-20
	\$	\$	\$	\$	\$	\$
Balance at beginning of period	424,480,516	339,372,774	49,280,653	134,313,666	473,761,169	473,686,440
Capital reallocation – December 2020	-	81,727,242	-	(81,727,242)	-	-
Capital reallocation – June 2021	54,741,258	-	(42,985,998)	-	11,755,260	-
Issue of securities – February 2020	-	2,002,451	-	986,282	-	2,988,733
Issue of securities – August 2020	-	1,378,049	-	742,027	-	2,120,076
Issue of securities – March 2021	1,588,330	-	237,337	-	1,825,667	-
Distributions – June 2020	-	-	-	(5,034,080)	-	(5,034,080)
Distributions – December 2020	-	-	(6,531,992)	-	(6,531,992)	-
Balance at the end of period	480,810,104	424,480,516	-	49,280,653	480,810,104	473,761,169

(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-21	Year to 31-Dec-20	Six-months to 30-Jun-21	Year to 31-Dec-20	Six-months to 30-Jun-21	Year to 31-Dec-20
	No.	No.	No.	No.	No.	No.
Balance at beginning of period	355,269,911	351,059,886	355,269,911	351,059,886	355,269,911	351,059,886
Issue of securities – February 2020	-	2,282,068	-	2,282,068	-	2,282,068
Issue of securities – August 2020	-	1,927,957	-	1,927,957	-	1,927,957
Issue of securities – March 2021	2,148,490	-	2,148,490	-	2,148,490	-
Balance at the end of period	357,418,401	355,269,911	357,418,401	355,269,911	357,418,401	355,269,911

All issued stapled securities are fully paid. The holders of stapled share/unit securities were 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.

Security buy-back

The Company and the Trust announced an on-market security buyback program on 31 May 2021 of up to 89.4 million securities over a period from 16 June 2021 and until 1 June 2022. The buybacks would be undertaken following the completion of the Australian solar asset sales 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 period ended 30 June 2021, no security buybacks were undertaken.

The Fund remains 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-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	\$	\$	\$	\$	\$	\$
Interest receivable – New Energy Solar US Corp	-	-	-	179,659	-	179,659
GST receivable	33,119	26,815	9,511	25,827	42,630	52,642
Other receivables – subsidiary entity, New Energy Solar US Corp	114,538	114,538	-	-	114,538	114,538
Other receivables – New Energy Solar Limited	-	-	56,356	4,982,656	-	-
Other receivables – New Energy Solar Fund	14,658	-	-	-	-	-
	162,315	141,353	65,867	5,188,142	157,168	346,839

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. During the period, the Fund's investment in its immediate subsidiaries consists of a combination of equity provided by the Company and debt provided by 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 associated debt and the residual net assets of the company and its controlled entities. Similarly, the Trust as an 'investment entity' records its loan receivable at fair value.

At balance date, the fair value of the Fund's total investment in immediate subsidiaries and its controlled entities comprises the following:

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
		30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
		\$	\$	\$	\$	\$	\$
Investment in New Energy Solar Australia HoldCo #1 Pty Limited	Equity	78,751,414	104,879,695	-	-	78,751,414	104,879,695
Investment in New Energy Solar US Corp	Equity	326,400,985	272,489,311	-	-	326,400,985	272,489,311
	Loans	-	-	-	56,006,873	-	56,006,873
		405,152,399	377,369,006	-	56,006,873	405,152,399	433,375,879

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-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	\$	\$	\$	\$	\$	\$
Fair value of equity interests held in solar assets ⁽ⁱ⁾	455,192,086	486,141,490	-	-	455,192,086	486,141,490
Fair value of debt in solar assets	621,172,943	732,268,920	-	-	621,172,943	732,268,920
Cash or cash equivalents	7,698,435	24,934,950	-	-	7,698,435	24,934,950
Loan funding provided by New Energy Solar Fund to New Energy Solar US Corp	-	(56,006,873)	-	56,006,873	-	-
3rd party loan funding provided ⁽ⁱⁱ⁾	(624,085,398)	(710,693,192)	-	-	(624,085,398)	(710,693,192)
Fair value of Interest rate swaps on 3rd party loan funding provided ⁽ⁱⁱⁱ⁾	(62,445,966)	(99,573,517)	-	-	(62,445,966)	(99,573,517)
Deferred tax liabilities	19,550,374	11,144,600	-	-	19,550,374	11,144,600
Other net liabilities	(11,930,075)	(10,847,372)	-	-	(11,930,075)	(10,847,372)
	405,152,399	377,369,006	-	56,006,873	405,152,399	433,375,879

- (i) The balance recorded at 30 June 2021 relates to the company's interest in underlying solar assets constituting the NC-31, NC-47, Stanford, TID, Boulder, Mount Signal 2, Cypress Creek, Manildra and Beryl portfolio. The fair value of these assets totaling \$455.2 million is based on discounted cash flow and market valuations as further described in note 10.

As disclosed to the securityholders on 19 March 2021, the Fund has closed the first tranche of the sale to US Solar Fund plc (**USF**) of a 25% interest in the 200MW_{DC} Mount Signal 2 solar plant operating in the Imperial Valley of Southern California. The buyer has an option to acquire a further 25% asset interest within a 12-month period of financial close of the Tranche 1 sale for consideration of US\$22 million subject to a performance based adjustment mechanism that can adjust the price upwards or downwards by US\$1 million.

As disclosed to the securityholders on 7 June 2021, the Australian Manildra and Beryl solar plant assets held indirectly through the Company's subsidiary New Energy Solar Australia HoldCo #1 Pty Limited (**NESAH1**) at market value of \$105.4 million (31 December 2020: \$112.2 million) are being 'held for sale' at balance date as part of the announced capital management program being undertaken by the Fund. The transaction completed on 30 July 2021 and net proceeds of approximately \$88 million will be available to NEW for capital management initiatives to restore value for investors. The proceeds of the asset sale will be applied to reduce debt below NEW's long-term gearing target of 50% and to undertake both an off-market and an on-market buyback.

(ii) 3rd party loan funding is comprised of the following:

HELD BY:	FACILITY SIZE* (BASE CURRENCY \$M)	DRAWN FACE VALUE (BASE CURRENCY \$M)	30 JUN 2021 FX RATE	DRAWN FACE VALUE (A\$M)	DRAWN FAIR VALUE (BASE CURRENCY \$M)	30 JUN 2021 FX RATE	DRAWN FAIR VALUE (A\$M)
NES US Funding 1 LLC ^(a)	USD 21.3	USD 21.3	0.7498	28.5	USD 21.3	0.7498	28.5
NES Antares HoldCo LLC ^(b)	USD 58.7	USD 58.7	0.7498	78.3	USD 65.7	0.7498	87.6
NES Perseus HoldCo LLC ^(c)	USD 22.7	USD 22.7	0.7498	30.3	USD 26.2	0.7498	34.9
NES Hercules Class B Member LLC ^(d)	USD 151.7	USD 151.7	0.7498	202.4	USD 151.7	0.7498	202.4
NES Hercules Class B Member LLC ^(d)	USD 6.4	USD 0.0	0.7498	0.0	USD 0.0	0.7498	0.0
NES Galaxy LLC ^(e)	USD 45.0	USD 31.6	0.7498	42.2	USD 31.6	0.7498	42.2
NES Orion HoldCo LLC ^(f)	USD 21.7	USD 21.7	0.7498	29.0	USD 21.7	0.7498	29.0
Manildra Finco Pty Limited ^(g)	AUD 62.1	AUD 62.1	n/a	62.1	AUD 62.1	n/a	62.1
FS NSW Project No 1 Finco Pty Limited ^(h)	AUD 114.2	AUD 114.2	n/a	114.2	AUD 114.2	n/a	114.2
NES Australia HoldCo #1 ⁽ⁱ⁾	AUD 22.5	AUD 22.5	n/a	22.5	AUD 23.2	n/a	23.2
				609.5			624.1

*Balance outstanding as at 30 June 2021. Facility face values adjusted for committed amortisation payments.

- (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 swap for the full duration of the Loan. As part of the refinancing agreement, KeyBank National Association holds 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) US\$202.3 million term loan facility held by NES Hercules Class B Member LLC, a wholly-owned indirect subsidiary of the Company, with Santander Bank N.A., Cobank ACB, CIT Bank N.A., Société Générale, Canadian Imperial Bank of Commerce – New York Branch, KeyBank National Association and Seine Funding, LLC as lenders. In March 2020 the previously existing Construction Loan facility was converted to this term facility, which also resulted in the cancellation of the ITC bridge loan facility. As at 30 June 2021, the term loan was fully drawn. The loan matures on 31 January 2028. New Energy Solar owns 75% interest in the plant therefore only 75% of the drawn face value and facility size have been recorded.

Mount Signal 2 also has a US\$8.5 million revolving loan facility which became available at the Term Loan Conversion Date on 31 March 2020. The purpose of this facility is to provide short-term liquidity for the payment of Debt Service and O&M Expense as required by the project. As at 30 June 2021, the revolving loan drawn down value was nil. The loan matures on 31 January 2028. New Energy Solar owns 75% interest in the plant therefore only 75% of the available facility value has been recorded.

The Term Loan is secured by the assets of NES Hercules Class B Member LLC with collateral pledges of various material project documents.

- (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 (KeyBank), repayable following agreed extensions no later than 31 December 2021. On 19 July 2021, NES Galaxy LLC and KeyBank reached a further agreement to extend the facility expiry date to 19 July 2024.

As at 30 June 2021, the revolving loan expiring on 19 July 2024 was drawn down to US\$31.6 million and a letter of credit was issued for the value of A\$2.3 million to the Commonwealth Bank of Australia (CBA). CBA has in turn provided a Letter of Credit to Manildra Prop Pty Ltd to the value of A\$2.3 million expiring on 28 November 2021. The KeyBank letter of credit reduced the revolving loan facility limit by the same value of A\$2.3 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 2021, the loan was drawdown to US\$21.7 million. As part of the financing agreement, KeyBank National Association hold a charge over the Cypress Creek solar plant assets.
- (g) \$62.1 million term loan facility held by Manildra Finco Pty Ltd, a wholly owned indirect subsidiary of the Company, with Société Générale and MUFG Bank, Ltd as lenders. As at 30 June 2021, \$62.1 million has been drawn down. The loan amortises over the term with a final payment of A\$62.1 million due when the facility expires in March 2022. It is secured by a charge over the assets and equity interest in the Manildra solar plant. Upon completion of the sale in July 2021, the purchaser of the asset assumed the loan facility in full.
- (h) \$114.2 million term facility held by FS NSW Project No1 Finco Pty Ltd, a wholly owned indirect subsidiary of the Company, with MUFG Bank, Ltd, Bank of the Philippines, Société Générale and Mizuho Bank, Ltd. As at 30 June 2021, \$114.2 million has been drawn down. The loan amortises over the term with a final payment of A\$106.5 million due when the facility expires in May 2023. It is secured by a charge over the assets and equity interest in the Beryl solar plant. Upon completion of the sale in July 2021, the purchaser of the asset assumed the loan facility in full.
- (i) \$22.5 million syndicated secured facility put in place in December 2020 by New Energy Solar Australia HoldCo#1, a subsidiary of the Company, with Infradebt Pty Limited (Infradebt), repayable no later than 31 May 2023. The loan was repaid in full on 30 July 2021.

In addition to the above, the following Letters of Credit have been issued:

- KeyBank National Association has provided two Letter of Credit to NES US Funding 1 LLC to the value of US\$7.7 million expiring in March and May 2027, and to NES Antares HoldCo LLC to the value of US\$21.5 million expiring on 6 June 2027.
- CoBank, ACB provides a Letter of Credit Facility to NES Hercules Class B Member LLC on behalf of Imperial Valley Solar 2, LLC. There are currently two Letters of Credit issued under this facility – a US\$17.0 million LC expiring in March 2022 and a US\$7.9 million LC expiring in March 2025.

- KeyBank National Association has provided a Letter of Credit to NES Perseus HoldCo LLC to the value of US\$8.3 million expiring on 25 July 2028.
- KeyBank National Association has provided a Letter of Credit to NES Orion HoldCo LLC to the value of US\$1.7 million expiring on 14 February 2026.
- MUFG Bank, Ltd has provided a Letter of Credit to FS NSW Project No1 Finco Pty Ltd to the value of A\$1.6 million expiring on 30 May 2022.

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

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	\$	\$	\$	\$	\$	\$
Investment in financial assets held at fair value through profit or loss opening balance	377,369,006	353,178,601	56,006,873	158,514,967	433,375,879	511,693,568
Total funds returned during the period in New Energy Solar Australia HoldCo #1 Pty Limited	–	(8,544,190)	–	–	–	(8,544,190)
Total funds invested/ (returned) during the period in New Energy Solar US Corp	52,152,794	94,333,979	(52,078,724)	(84,316,339)	74,070	10,017,640
Movement in fair value through profit or loss ^{(i) (ii)}	(18,369,401)	(61,599,384)	(3,928,149)	(18,191,755)	(22,297,550)	(79,791,139)
MSA fee income – recognised as other income for the Company ⁽ⁱⁱⁱ⁾	(6,000,000)	–	–	–	(6,000,000)	–
Net movement in fair value through profit or loss ^{(i) (ii)}	(24,369,401)	–	(3,928,149)	–	(28,297,550)	–
Investment in financial assets held at fair value through profit or loss closing balance	405,152,399	377,369,006	–	56,006,873	405,152,399	433,375,879

- (i) The Company's 'movement in fair value' decrement amount of \$18.4 million is comprised of a \$5.1 million decrease in the value of its investment in its immediate subsidiary New Energy Solar US Corp (**NES US**), an unrealised foreign exchange translation gain of \$6.8 million, and a \$20.1 million decrease in the value of its investment in its immediate subsidiary New Energy Solar HoldCo #1 (**NESAH1**).

The \$5.1 million decrease in the value of its investment in NES US includes a fair value loss impact of \$10.5 million relating to NES US's investment in entities holding its underlying solar assets, offset by a \$5.4 million fair value gain in respect of interest bearing loans made to NES US Corp by the Trust, a loss impact relating to interest expense incurred by NES US on the loan totaling \$1.4 million (offsetting equivalent interest income earned by the Trust), and is net of distribution income earned, other expenses incurred and associated tax benefits.

The \$20.1 million decrease in the value of its investment in NESAH1 is mainly attributable to a decrease in the fair value of NESAH1's investment in entities holding its underlying Australian solar assets.

- (ii) The Trust's 'movement in fair value' amount of \$3.9 million is comprised of \$5.4 million fair value reversal in respect of its US denominated loan to NES US, valued with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivables and \$1.5 million of foreign exchange gains.
- (iii) On 25 May 2021, the Company entered into a Management Services Agreement (**MSA**) with its subsidiary NESAH1. The Board of the Company, with further assistance by delegation of its duties to the Investment Manager, provides strategic management services to NESAH1 relating to its portfolio of Australian Solar assets. The net movement in fair value through and loss for the period to 30 June 2021 includes an MSA fee of \$6,000,000 (period to 31 December 2020: \$nil). The Company recognises the income as MSA fee income in the condensed statement of profit or loss and other comprehensive income.

7. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	\$	\$	\$	\$	\$	\$
Trade payables	99,458	66,637	3,300	29,146	102,758	95,783
Accrued liabilities	7,112,623	558,238	56,050	216,200	7,168,673	774,438
Other liabilities	12,156	91,878	4,462	4,461	16,618	96,339
Other liabilities – New Energy Solar Fund	56,356	4,982,656	–	–	–	–
Other liabilities – New Energy Solar Limited	–	–	14,658	–	–	–
Other liabilities – New Energy Solar Australia HoldCo #1 Pty Limited	1,575,230	1,669,999	–	–	1,575,230	1,669,999
	8,855,823	7,369,408	78,470	249,807	8,863,279	2,636,559

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. DISTRIBUTIONS

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

- 3.00 cents per stapled security for the six months ended 31 December 2020, paid on 19 March 2021 amounting to \$10,658,097.
- 3.00 cents per share for the six months ended 30 June 2021, announced on 5 August 2021, paid on 26 August 2021 amounting to \$10,722,552.

9. 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.

During the period, 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. From the un-stapling and delisting of the stapled securities on 1 July 2021, the board of the Company is considered to be the CODM.

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-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	\$	\$	\$	\$	\$	\$
Revenue						
Australia	(20,127,067)	(1,017,983)	1,405	4,168	(20,125,662)	(1,013,815)
United States of America	1,740,343	(52,011,918)	(2,631,044)	363,503	(890,701)	(51,648,415)
	(18,386,724)	(53,029,901)	(2,629,639)	367,671	(21,016,363)	(52,662,230)
	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	\$	\$	\$	\$	\$	\$
Non-current assets						
Australia	78,751,414	104,879,695	–	–	78,751,414	104,879,695
United States of America	326,400,985	272,489,311	–	56,006,873	326,400,985	328,496,184
	405,152,399	377,369,006	–	56,006,873	405,152,399	433,375,879

10. 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 2021

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
NEW ENERGY SOLAR LIMITED (COMPANY)				
Financial assets held at fair value through profit or loss	–	–	405,152,399	405,152,399
FUND (COMBINED COMPANY AND TRUST)				
Financial assets held at fair value through profit or loss	–	–	405,152,399	405,152,399

31 DECEMBER 2020

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
NEW ENERGY SOLAR LIMITED (COMPANY)				
Financial assets held at fair value through profit or loss	–	–	377,369,006	377,369,006
NEW ENERGY SOLAR FUND (TRUST)				
Loans receivable at fair value	–	56,006,873	–	56,006,873
FUND (COMBINED COMPANY AND TRUST)				
Financial assets held at fair value through profit or loss	–	–	377,369,006	377,369,006
Loans receivable at fair value	–	56,006,873	–	56,006,873

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 31 December 2020 with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivables.

TRANSFERS DURING THE PERIOD

The Company and the Trust recognise 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	377,369,006	377,369,006
Total gains or losses:		
– in profit or loss	(24,369,401)	(24,369,401)
Total funds invested during the period in New Energy Solar US Corp*	52,152,794	52,152,794
Closing balance	405,152,399	405,152,399

*As a result of the capital reallocation on 24 June 2021, the Trust's financial asset, comprising loans receivable at fair value that were categorised into level 2 fair value measurements, were transferred via the funds invested during the period in New Energy Solar US Corp to level 3 fair value measurements by the Company.

SOLAR ASSET VALUATION METHODOLOGY AND PROCESS

For investments in underlying entities holding solar assets which are operational at balance date, the Directors base the fair value of the investments on valuation 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 underlying investment entity valuation is derived using discounted post tax equity cash flows that are comprised of cash flows from the underlying solar assets after allowing for debt. The future cash flows incorporate a range of operating assumptions for revenues, costs and gearing, and an appropriate post tax cost of equity range. 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 externally sourced technical data. The Investment Manager uses technical experts such as long-term electricity price forecasters to provide reliable long-term data for use in its valuations.

In the current reporting period, an independent valuation of the equity interest held in underlying entities of the Funds Solar asset holdings, except Manildra and Beryl, was obtained.

In respect of the assets in the portfolio which were held for sale at balance date, being the Manildra and Beryl assets in Australia, in view of the close proximity of expected sale completion date to balance date (asset sales were completed on 31 July 2021), the Directors have assessed, subject to consideration by the Investment Manager of relevant market and other factors between bid date and balance date, that the total consideration based on its disposal models, materially represents the assets fair value at balance date.

FAIR VALUE OF SOLAR ASSET INVESTMENTS

As at 30 June 2021, the fair value of equity interests held in operating solar asset investments (valued by DCF methodology) was \$349.8 million (US\$262.3 million), comprising:

PLANT	FAIR VALUE AS AT 30 JUNE 2021 (\$million)	FAIR VALUE AS AT 31 DECEMBER 2020 (\$million)
Stanford/TID	US\$72.8	US\$74.1
NC-31/NC-47	US\$63.0	US\$62.3
Boulder Solar 1	US\$32.3	US\$35.0
Rigel	US\$24.0	US\$25.5
MS2 ⁽ⁱ⁾	US\$70.2	US\$90.8
Subtotal US plants (US\$)	US\$262.3	US\$287.7
A\$ to US\$ foreign exchange rate at balance date	0.7498	0.7694
Subtotal US plants (A\$)	A\$349.8	A\$373.9
Manildra	–	A\$51.1
Beryl	–	A\$61.1
Subtotal AUS plants (A\$)	–	A\$112.2
Total (A\$)	A\$349.8 ⁽ⁱⁱⁱ⁾	A\$486.1

(i) MS2 Fair Value as at 30 June 2021 of \$70.2 was 75% of the total valuation of US \$93.6 million.

(ii) This excludes the fair value of the Manildra and Beryl being assets held for sale at balance date totalling \$105.4 million.

The fair value of the Fund's renewable energy asset investments as at 30 June 2021 were determined as described above, using a cost of equity range of 5.00% to 6.50% for contracted cashflows, and 5.75% to 7.50% for uncontracted cashflows.

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.

While the Fund's day-to-day operations have continued relatively unimpacted by the effects of COVID-19, the Investment Manager has identified a number of potential longer-term risks impacting both the current period and potentially future period solar asset values. The unfavourable macroeconomic impact of the pandemic, together with the high degree of uncertainty as to future economic conditions may impact the future availability and cost of debt, and more broadly volatility in the electricity market pricing. These factors may impact the future fair value of solar plant interests held by the Fund.

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.

Input	30 JUNE 2021			31 DECEMBER 2020	
	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%	(16.7)	(4.7)	(17.8)	(5.0)
	- 5.0%	18.4	5.2	19.6	5.5
Discount rate	+ 0.5%	(25.6)	(7.2)	(36.6)	(10.3)
	- 0.5%	27.8	7.8	39.7	11.2
Electricity production (change from P50)	P90	(67.4)	(18.9)	(103.2)	(29.1)
	P10	61.4	17.2	91.4	25.7
Merchant Period	- 10.0%	(29.4)	(8.2)	(46.9)	(13.2)
Electricity Prices	+ 10.0%	30.2	8.5	46.7	13.1
Operations and maintenance expenses	+ 10.0%	(22.6)	(6.3)	(34.9)	(9.8)
	10.0%	23.0	6.4	32.4	9.1

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\$0.7498 as at 30 June 2021) has been considered to determine the resultant impact on NEW's fair value of investments and NAV per Stapled Security.

DISCOUNT RATE

As at 30 June 2021, the fair value of the underlying solar asset investments were determined using a post-tax cost of equity approach based on the Capital Asset Pricing Model. This approach takes into account long-term assumptions regarding risk-free rates, market risk premia, gearing, counterparty quality and asset specific items. The post-tax cost of equity range used is 5.00% to 6.50% for contracted cashflows, and 5.75% to 7.50% for uncontracted cashflows.

The sensitivity demonstrates the impact of a change in the post-tax cost of equity applied to the equity interest of all of NEW's renewable energy asset investments as at 30 June 2021. 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. As noted above the COVID-19 pandemic poses risks in the form of economic uncertainty and related volatility in future electricity price forecasts applicable to the post PPA periods.

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 had 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 for the period ended 31 December 2020 as set out below.

		30 JUNE 2021		31 DECEMBER 2020	
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%	–	–	(755)	(0.21)
	- 0.5%	–	–	767	0.22

11. 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 Investment Manager is entitled to receive 10% of its Investment Management Fee in securities, which are issued to the Investment Manager or its nominee. As at 30 June 2021, E&P Private Investments Pty Limited, a subsidiary of E&P Financial Group Limited, who is the parent entity of the Responsible Entity and Investment Manager, held 941,598 stapled securities (31 December 2020: 576,727), representing an 0.26% interest (31 December 2020: 0.16%) in New Energy Solar. During the half-year ended 30 June 2021, E&P Private Investments Pty Limited received a distribution of \$17,302 from the Fund (30 June 2020: nil).

INVESTMENT IN OTHER ENTITY MANAGED BY THE INVESTMENT MANAGER

The Trust invested \$21.1 million (US\$15.0 million) in US Solar Fund plc in 2019. USF is a \$US denominated investment vehicle listed on the London Stock Exchange (**LSE**). New Energy Solar Manager Pty Limited (the Investment Manager of the Fund) is the Investment Manager of USF. The Trust disposed of the investment in USF on 6 October 2020 and received net sale proceeds of \$18.5 million (US\$13.4 million). As at 30 June 2021, the fair value of the Fund's holding in USF is nil (31 December 2020: nil).

For the half-year ended 30 June 2021, no dividend was received by the Trust (30 June 2020: \$227,439).

RELATED PARTY FEES

	PAID OR PAYABLE FOR THE HALF-YEAR ENDED 30 JUNE 2021 (\$)	PAID OR PAYABLE FOR THE HALF-YEAR ENDED 30 JUNE 2020 (\$)
Responsible Entity Fee (a)	\$21,381	\$75,368
Investment Manager Fee (b)	\$2,778,090	\$3,469,990
Disposal Fee (c)	\$3,995,723	–
Fund Administration Fee (d)	\$60,000	\$60,000
Project Management Services Fee (e)	–	\$17,488
Asset Management Services Fee (f)	\$324,066	\$420,243
Signage (g)	\$9,647	\$9,333
Total related party fees	\$7,188,907	\$4,052,422

(a) Responsible Entity Fee

E&P 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 2021, \$21,381 (30 June 2020: \$75,368), exclusive of GST, was paid or payable to the Responsible Entity.

(b) 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.

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 market value of the Fund's investment in USF. The waiver results in a lower Base Management Fee structure set out in the following table:

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 2021, \$879,519 (30 June 2020: \$ 706,117), exclusive of GST, was paid or payable to the Investment Manager by the Company, \$110,594 (30 June 2020: \$345,760), exclusive of GST, was paid or payable by the Trust and \$1,787,977 (30 June 2020: \$2,418,113), exclusive of GST, was paid or payable by New Energy Solar US Corp, a controlled entity of the Company.

(c) Disposal Fee

New Energy Solar Manager Pty Limited, in its capacity as Investment Manager, is responsible for identifying and providing recommendations to the Fund on Asset acquisitions and disposals, sourcing and 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 a Disposal fee based on the sliding scale fee structure in Table 1 under "Investment Manager Fee" above. The fees are calculated on the sale price (excluding selling costs) of assets disposal by the Company and the Trust or their respective Controlled Entities. The Disposal Fee is payable to the Investment Manager upon completion of the disposal of any asset by the Company and the Trust or their respective Controlled Entities, and prorated fee payment in the case of an disposal by instalments/part-payments.

For the half-year ended 30 June 2021, Disposal Fees of \$3,995,723 (30 June 2020: nil), exclusive of GST, was paid or payable to the Investment Manager by the Company.

(d) Fund Administration Fee

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of E&P Financial Group 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 2021 were \$54,000 (30 June 2020: \$43,200), exclusive of GST, by the Company and \$6,000 (30 June 2020: \$16,800), exclusive of GST, by the Trust.

(e) Project Management Services Fee

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 market rates.

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 2021, project services fees of \$nil (30 June 2020: \$17,488) calculated at average exchange rate were paid or payable by New Energy Solar US Corp, a Controlled Entity of the Company.

(f) Asset Management Services Fee

New Energy Solar US Corp, a subsidiary of the Company, entered into a non-exclusive arrangement dated 17 September 2018 with NES Project Services, LLC for the provision of asset management services in relation to construction and operation of solar farms. The Services will be provided upon request by NES US Corp. at an agreed hourly rate.

Key tasks include facility development and operations services, insurance, government approvals, reporting and inspections.

For the half-year ended 30 June 2021, asset management fees of \$324,066 (30 June 2020: \$420,243) calculated at average exchange rate were paid or payable by New Energy Solar US Corp, a Controlled Entity of the Company.

(g) Signage

The Trust Company (Australia) Limited as custodian and agent for E&P Investment Services Pty Limited (ACN 163 814 346) as trustee for APOT III No. 1 Trust, a related party of the Fund, has a contractual agreement with the Trust, to provide a non-exclusive licence for the use of the signage at the property of Level 11, 241 O'Riordan Street, Mascot, New South Wales, under the terms of the signage licence agreement. Total signage licence fees paid or payable for the half-year ended 30 June 2021 were \$9,647 (30 June 2020: \$9,333), exclusive of GST by the Trust.

12. CAPITAL COMMITMENTS

As at 30 June 2021, the Company and the Trust do not have any direct outstanding capital commitments.

13. CONTINGENT LIABILITIES

Other than as disclosed in the financial report, 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.

14. EVENTS AFTER THE REPORTING PERIOD

An unfranked dividend of 3.0 cents per share totalling \$10,722,552 was declared on 5 August 2021 and was paid to shareholders on 26 August 2021.

At a General Meeting of New Energy Solar Fund on 25 June 2021, investors approved the winding up of the trust in NEW's corporate structure which resulted in the un-stapling of NEW securities from 1 July 2021. The benefits for investors from the un-stapling were a simplification of the corporate structure and ongoing cost savings. Following a short period of conditional trading to effect the un-stapling, NEW shares traded under the ticker NEW from 2 July 2021.

The asset sale process for NEW's Australian assets, Beryl (110.9MW_{DC}) and Manildra (55.9MW_{DC}), resulted in the announcement of a binding agreement on 7 June 2021 to sell the assets to Banpu Energy Holding Pty Limited for \$105.4 million before transaction costs (including a \$4.0 million disposal fee payable to the Investment Manager, a related party of E&P Financial Group, the parent of the Responsible Entity). The transaction completed on 30 July 2021 and net proceeds of approximately \$88 million will be available to NEW for capital management initiatives to restore value for investors. A portion of the proceeds is deferred and is expected to be received late 2021/ early 2022 upon the satisfaction of certain milestones agreed with the Buyer and existing Project Debt Lenders. The proceeds of the asset sale will be applied to undertake both off-market and on-market share buybacks, and to reduce debt close to NEW's long-term gearing target of 50% by repayment of the Infradebt facility and a reduction in US borrowings. The outstanding balance of the \$22.5 million syndicated secured facility put in place in December 2020 by New Energy Solar Australia HoldCo#1, a subsidiary of the Company, with Infradebt was repaid 30 July 2021. These are the steps being undertaken as part of the strategic review as announced to the market on 26 October 2020 and 30 July 2021.

A US\$45.0 million revolving loan and letter of credit facility was established in June 2018 held by NES Galaxy LLC, a subsidiary of the Company, with KeyBank National Association (**KeyBank**), repayable following agreed extensions no later than 31 December 2021. On 19 July 2021, NES Galaxy LLC and KeyBank reached a further agreement to extend the facility expiry date to 19 July 2024.

NEW's portfolio continues to operate with limited COVID-19 disruptions. The Investment Manager is monitoring potential COVID-19 impacts on the Business, such as changes to debt and equity markets, insurance markets and electricity prices.

On 13 August 2021, the Company announced that Liam Thomas will be appointed as Chief Executive Officer of the Investment Manager with effect from 1 October 2021, succeeding John Martin. The Boards thank John for his substantial contribution to the business during his tenure and look forward to working with Liam to continue implementing the actions arising from the strategic review to restore shareholder value.

Other than the matters discussed above, no other matter or circumstance has arisen since 30 June 2021 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 2021

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



STUART NISBETT
Chair of the Responsible Entity
31 August 2021



JEFFREY WHALAN
Chair of the Company

Independent Auditor's Report

FOR THE HALF-YEAR ENDED 30 JUNE 2021



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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the 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 2021, the condensed statements of profit or loss and other comprehensive income, the condensed statements of cash flows and 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.

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:

- Giving a true and fair view of the Company and the Trust's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Company and the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 E&P Investments Limited, the Responsible Entity of the Trust ("the directors"), would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

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.

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Auditor's Responsibility for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Yvonne van Wijk".

Yvonne van Wijk
Partner
Chartered Accountants
Sydney, 31 August 2021

Directory

30 JUNE 2021

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

ASX Code is NEW.

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John Holland (Non-Executive Director)
Maxine McKew (Non-Executive Director)
James Davies (Non-Executive Director)
John Martin (Executive Director)

SECRETARIES

Hannah Chan
Caroline Purtell

DIRECTORS – E&P INVESTMENTS LIMITED

Stuart Nisbett (Non-Executive Chair)
Warwick Keneally (Executive Director)
Mike Adams (Non-Executive Director)
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