

Renewable energy. Sustainable investments.

New Energy Solar¹ (**NEW, the Business**) invests in large-scale solar power plants generating emissions-free power that is contracted under long-term power purchase agreements (**PPAs**) with credit-worthy offtakers.

As Australia's first ASX-listed solar infrastructure business, NEW has invested more than A\$1 billion in solar plants across the United States (**US**) and Australia, enabling investors to achieve positive social impact and attractive risk-adjusted financial returns.

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

Summary

Highlights during the quarter include:

- Beryl Solar Plant (**Beryl**) achieving Commercial Operation² in June
- refinancing an existing short-term debt facility into a long-term debt instrument with a lower average interest rate of 3.3%, improving the long-term capital structure of the Business
- announcing a 3.9 cents per stapled security distribution, implying a distribution yield of 6.1%³
- electing not to proceed with the acquisition of six remaining projects from Cypress Creek Renewables (**CCR**) due to ongoing development delays.

Since listing on the ASX in December 2017, the Business has grown its operating portfolio from four solar plants to 15 solar plants at the end of this quarter.

NEW's largest Australian asset, Beryl, located in Western New South Wales, achieved Commercial Operation during the quarter and operated at 100% capacity within a month of commissioning. The addition of Beryl boosts the operational capacity of NEW's portfolio by 24%⁴.

To improve the Business' long-term capital structure, NEW refinanced an existing 12-month debt facility into a fully-amortising 7.75-year debt instrument. Along with the extension of tenor, NEW increased the debt proceeds and reduced the interest rate to an average of 3.3% p.a.



NEW also announced a distribution of 3.9 cents per stapled security for the six-month period ended 30 June 2019. This distribution is expected to be paid in August and will bring the total distribution since ASX-listing in December 2017 to 15.65 cents per stapled security.

NEW's 15 operational solar power plants (the **Operating Portfolio**) generated approximately 236,000 megawatt hours (**MWh**)⁵ of electricity during the quarter. This represents enough energy to power approximately 30,300 equivalent US and Australian homes.

The Business is currently focused on commissioning the 200MW_{DC} Mount Signal 2 Solar Plant (**MS2**), the last in-construction asset in the NEW portfolio. It is anticipated that the plant will be completed toward the end of 2019. Once MS2 is complete, NEW's operating portfolio will have a capacity of 772MW_{DC} compared to 454MW_{DC} at the end of December 2018⁴.

FINANCIAL SUMMARY (30 JUNE 2019)

Market Capitalisation	\$446m ¹²
Stapled Security Price	\$1.28
Six-months to June 2019 Distribution	3.9 cents
Implied 2019 Distribution Yield	6.1% ³

PORTFOLIO SUMMARY¹³

OREGON PLANTS

Name	Capacity (MW _{DC})	Offtaker
● Bonanza	6.8	PacifiCorp
● Pendleton	8.4	PacifiCorp
Total	15.2	

CALIFORNIA PLANTS

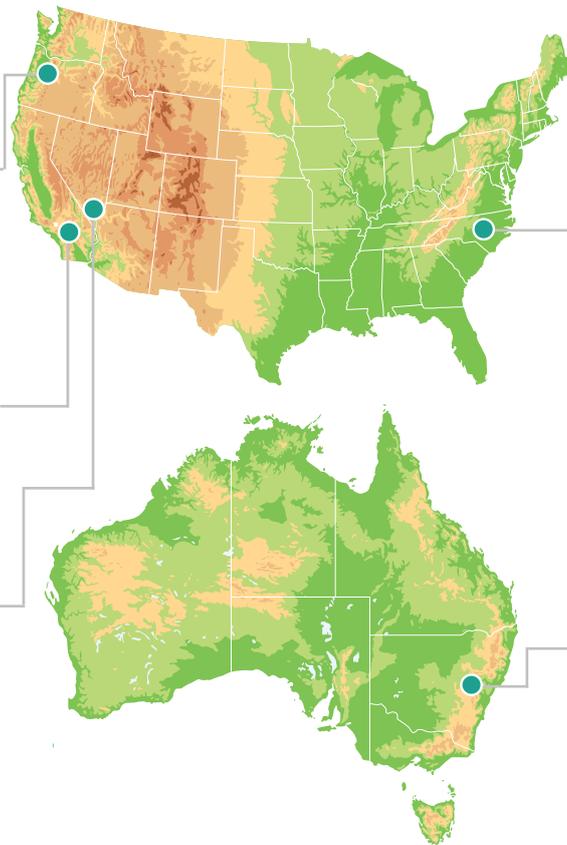
Name	Capacity (MW _{DC})	Offtaker
● Stanford	67.4	Stanford University
● TID	67.4	Turlock Irrigation District
● Mount Signal 2	199.6	Southern California Edison
Total	334.4	

NEVADA PLANTS

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

KEY

- Operational
- Acquired/under construction



NORTH CAROLINA PLANTS

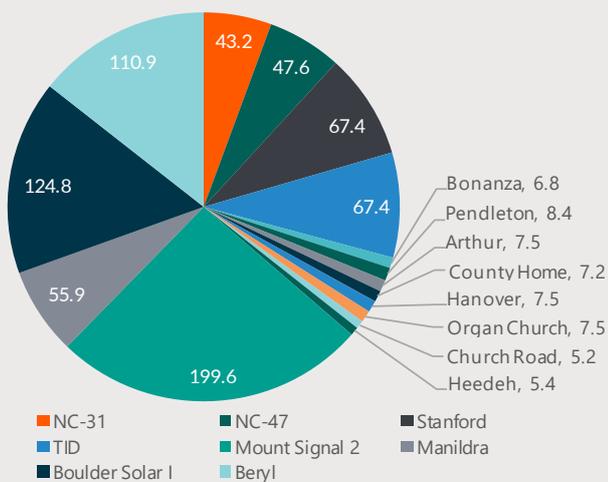
Name	Capacity (MW _{DC})	Offtaker
● NC-31	43.2	Duke Energy Progress
● NC-47	47.6	Duke Energy Progress
● Hanover	7.5	Duke Energy Progress
● Arthur	7.5	Duke Energy Progress
● Church Road	5.2	Duke Energy Progress
● Heedeh	5.4	Duke Energy Progress
● Organ Church	7.5	Duke Energy Carolinas
● County Home	7.2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

NEW SOUTH WALES PLANTS

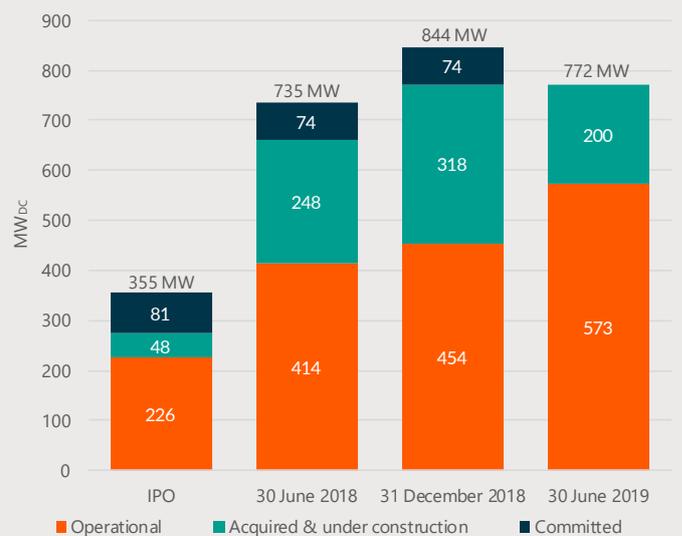
Name	Capacity (MW _{DC})	Offtaker
● Manildra	55.9	EnergyAustralia
● Beryl	110.9	Sydney Metro
Total	166.8	

NEW PORTFOLIO COMPOSITION (BY PLANT) AS AT 30 JUNE 2019

NEW Portfolio Composition (MW_{DC})¹³



NEW Portfolio by Stage¹³



PORTFOLIO UPDATE

CHANGE TO CYPRESS CREEK RENEWABLES PORTFOLIO

On 5 October 2017, NEW announced it had agreed to acquire a portfolio of 14 utility-scale solar power plants from CCR. Between December 2017 and April 2018, NEW acquired eight projects (**Rigel Portfolio**) and, as of 4 February 2019, all eight had reached Commercial Operation.

NEW determined that it was in the best interests of stapled securityholders not to complete the acquisition of the six remaining projects (the **Remaining Projects**) due to:

- delays or schedule changes impacting agreed development milestones;
- the Business being largely fully-invested;
- the focus on commissioning of MS2.

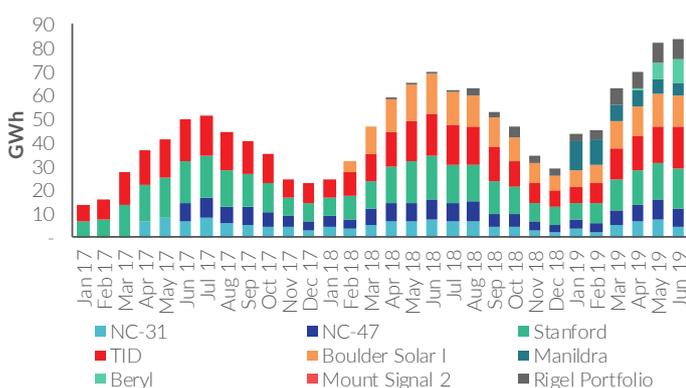
Consistent with the original agreement, NEW has not funded any portion of acquisition or construction costs for the Remaining Projects.

During the quarter, US Solar Fund plc (**LSE:USF**), the London Stock Exchange listed investment fund managed by NEW's Investment Manager, entered exclusive negotiations to acquire a portfolio from CCR. This portfolio includes two of the Remaining Projects, alongside several other assets that were not part of the agreement between NEW and CCR.

OPERATING PLANTS⁵

Interests in 15 solar power plants with 573MW_{DC}¹⁴ of capacity as at 30 June 2019.

Operating Portfolio Monthly Production⁵



The addition of Beryl increased quarterly generation to approximately 236,000MWh⁵ during the quarter. This represents enough energy to power approximately 30,300 equivalent US and Australian homes.

The addition of Beryl also reduces the portfolio's seasonality and further diversifies NEW's revenue streams. NEW's Operating Portfolio is diversified, with eight creditworthy PPA counterparties and assets spread across five states in the United States and Australia.

The Operating Portfolio also achieved material social benefits for NEW's securityholders, with production displacing the equivalent of 153,000 tonnes of CO₂ during the quarter, which is comparable to removing approximately 38,800 cars from the road.

US PLANTS

Amalgamating the performance of all of the US plants, generation was slightly below management expectations during the quarter, largely due to continued heavy rainfall in the eastern states. The 12-month period ending June 2019 was the wettest 12-month period in recorded US history¹⁵.

In addition, stormy conditions occurred across the country, with over 550 tornadoes reported during May – double the three-year average of 226¹⁵. NC-31 sustained some storm damage during a significant storm event in May and NEW is working with the Operations & Maintenance (**O&M**) provider to repair the damage. NEW expects to recover most of the costs associated with the damage from insurers.

The Stanford and TID Solar Plants performed in line with management's expectations. The reliability of these plants represents the standard towards which management is aiming to bring the performance of the entire portfolio.

NEW's US portfolio generated a total of 200,00MWh³ of electricity during the quarter. This displaces the equivalent of 124,000 tonnes of CO₂, which is comparable to removing approximately 26,800 cars from the road.

AUSTRALIAN PLANTS

Beryl achieved Commercial Operation in June 2019 and reached full output within a month of commissioning, not experiencing any of the initial issues which often detract from the output of new solar power plants in the first few months of operation.

While Beryl is already selling electricity to Sydney Metro under a 15-year PPA, NEW advised in July that the Business has executed a binding PPA to sell Kellogg (Aust.) Pty Ltd a proportion of Beryl's generation energy and large-scale generation certificates until December 2026. This additional PPA will mean that almost all of Beryl's output is contracted to credit-worthy offtakers and not subject to the volatility of electricity spot markets.

NEW's other Australian plant, the Manildra Solar Plant (Manildra) performed below management's expectations during the quarter due to a combination of ongoing commissioning issues and grid unavailability. NEW continues to work with the O&M provider, First Solar, to improve performance.

NEW's Australian portfolio generated a total of 36,000MWh⁵ of electricity during the quarter. This displaces the equivalent of 29,000 tonnes of CO₂, which is comparable to removing approximately 12,000 cars from

the road.

PLANTS ACQUIRED AND UNDER CONSTRUCTION

Interests in one solar power plant with 200MW_{DC} of capacity under construction as at 30 June 2019.

MS2 is the only plant under construction in NEW's portfolio and Commercial Operation is expected later this year.

On 1 July, the first container of First Solar Series 6 modules arrived on site almost three weeks ahead of schedule. One third of the modules have now been shipped and construction work is progressing on time and on budget. Once complete, MS2 will have more than 460,000 modules installed on site.

Approximately 140 workers are mobilised each day and construction is currently focused on completing the installation of the piles and racking, with module installation expected to commence shortly. Similar to prior periods, no health and safety incidents were reported during the quarter.

The Business looks forward to a fully-operational portfolio with a capacity of 772MW_{DC}¹⁴ once MS2 is commissioned toward the end of this year.



Initial delivery of modules to the MS2 construction site.



Modules piles on site at MS2

ENDNOTES

- ¹ New Energy Solar Limited (ACN 609 396 983) (**Company**), and Walsh & Company Investments Limited (ACN 152 367 649, AFSL 410 433) as responsible entity of New Energy Solar Fund (ARSN 609 154 298) (**Trust**), together **New Energy Solar**, the **Business** or **NEW**.
- ² Generally, when a PPA for the sale of electricity has commenced; the plant has achieved mechanical completion, and the electrical infrastructure required to connect the plant with the electricity grid has been completed. At this time the plant has been energised, operationally tested and commissioned.
- ³ Based on semi-annual distribution of 3.9 cents per stapled security for the six-months ending 30 June 2019 and the \$1.28 NEW stapled security price. The Business has not yet announced a target distribution for the full year.
- ⁴ Calculated on a 100% ownership basis.
- ⁵ Production included for all solar power plants on a NEW equity interest basis.
- ⁶ Inclusive of the 3.9 cents per stapled security distribution announced for the six-month period ending 30 June 2019 and expected to be paid during August 2019.
- ⁷ The percentage of the portfolio's 772MW_{DC} capacity which is contracted under a long-term Power Purchase Agreement.
- ⁸ Estimates utilise 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 the plant under construction is fully operational.
- ⁹ 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.
- ¹⁰ Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.
- ¹¹ Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.
- ¹² Based on the \$1.28 NEW stapled security price and 348.6 million staple securities outstanding as at 28 June 2019.
- ¹³ Includes plants that are wholly or partly owned by NEW. Total portfolio of 772MW_{DC} includes plants that are operational or acquired and under construction.
- ¹⁴ Accounts for plants on a 100% basis.
- ¹⁵ Data sourced from the National Oceanic and Atmospheric Administration, U.S. Department of Commerce.

Important Notice:

This Quarterly Update (Update) has been prepared by New Energy Solar Manager Pty Limited (ACN 609 166 645, CAR No. 1237667), the **Investment Manager** of New Energy Solar. An investment in the Business is subject to various risks, many of which are beyond the control of the Investment Manager and the Responsible Entity of the Fund. Past performance is not a reliable indicator of future performance. This Update contains statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. None of the Investment Manager and the Business, their officers, employees, agents, analysts nor any other person named in this Update makes any representation as to the accuracy or likelihood of fulfillment of the forward-looking statements or any of the assumptions upon which they are based. Unless otherwise specified, all references to currency are to Australian dollars.