



**New Energy**  
Solar

# **ASIC REGULATORY GUIDE 231**

**INFRASTRUCTURE ENTITIES:  
IMPROVING DISCLOSURE FOR  
RETAIL INVESTORS**

As at 30 June 2019 (unless otherwise stated)

# ASIC REGULATORY GUIDE 231

## Infrastructure Entities: Improving disclosure for retail investors

### INTRODUCTION

ASIC Regulatory Guide 231 – Infrastructure entities: Improving disclosure for retail investors sets out benchmark and principles disclosure guidelines for infrastructure entities.

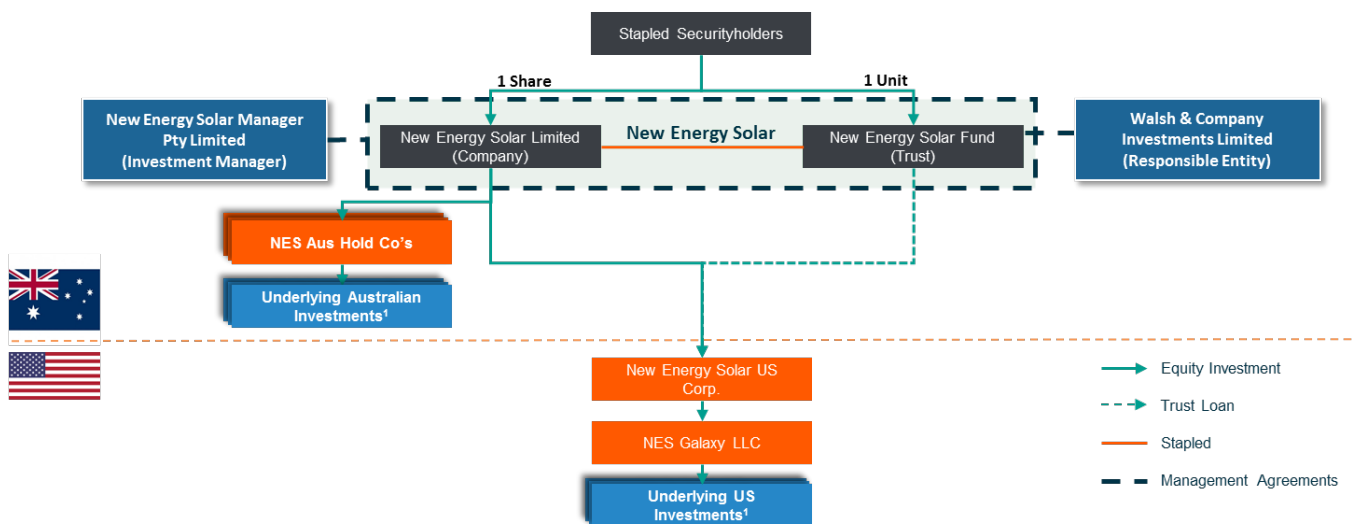
A full copy of ASIC Regulatory Guide 231 – Infrastructure Entities: Improving Disclosure for Retail Investors can be found on the ASIC website.

New Energy Solar is a stapled entity comprising New Energy Solar Fund (ARSN 609 154 298) (**Trust**) (being a registered managed investment scheme), New Energy Solar Limited (ACN 609 396 983) (**Company**) (being a public company) and their controlled entities (together referred to as **New Energy Solar, NEW** or the **Business**). Walsh & Company Investments Limited (ACN 152 367 649, AFSL 410 433) (**Responsible Entity**) is the responsible entity for the Trust. Units and Shares are stapled and must be traded and otherwise dealt with together. New Energy Solar’s stapled securities are listed on the Australian Securities Exchange under the ticker ‘NEW’.

The Responsible Entity and Board have delegated authority to New Energy Solar Manager Pty Limited (ACN 609 166 645, CAR No. 1237667) (the **Investment Manager**) to acquire and dispose of assets and investments, and manage the Business’ assets in a manner consistent with its investment strategy. The current investment strategy of the Business cannot be amended in any material respect without the agreement of each of the Responsible Entity, the Company, and the Investment Manager.

As at 30 June 2019, the Business’ portfolio comprised 16 solar power plants in the United States of America (**US**) and Australia that are operational or acquired and under construction. The Business had interests in fifteen operating plants, with a total capacity of 573MW<sub>DC</sub> as at 30 June 2019 (the **Operating Portfolio**).

A summarised structure of the Business is provided below for illustrative purposes.<sup>1</sup>



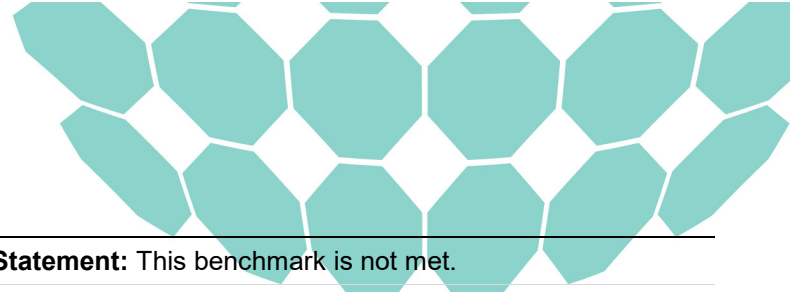
<sup>1</sup> Underlying investments may be owned directly or indirectly.



The Board and the Responsible Entity provide the following disclosure against the ASIC Benchmark Disclosure Principles:

<p><b>Benchmark 1: Corporate structure and management</b></p> <p>The Company and the Trust's corporate governance policies and practices conform with the principles and recommendations in Guidance Note 9A.</p>	<p><b>Statement:</b> This benchmark is met.</p> <p><b>Explanation:</b> The Business publishes its corporate governance charter on its website (<a href="http://www.newenergysolar.com.au/investor-centre/key-documents">http://www.newenergysolar.com.au/investor-centre/key-documents</a>) which sets out detailed disclosures in respect of compliance with the ASX Corporate Governance Principles and Recommendations.</p> <p><b>Further Information:</b> For additional disclosure on the Business' adopted practices see the New Energy Solar Half Year Report for the half-year ended 30 June 2019 (<b>NEW 2019 Half Year Report</b>).</p>
<p><b>Benchmark 2: Remuneration of management</b></p> <p>Incentive-based remuneration paid to management of the Business is derived from the performance of the Business and not the performance of other entities within its consolidated group, except where the Business is the parent of the consolidated group.</p>	<p><b>Statement:</b> This benchmark is met.</p> <p><b>Explanation:</b> N/A</p> <p><b>Further Information:</b> For additional disclosure on this benchmark, see the Director's report included in the NEW 2019 Half Year Report.</p>
<p><b>Benchmark 3: Classes of units and shares</b></p> <p>All Stapled Securities and Options are fully paid. As at 30 June 2019, there were two classes of securities: Stapled Securities and Class B Options.</p>	<p><b>Statement:</b> This benchmark is met.</p> <p><b>Explanation:</b> N/A</p> <p><b>Further Information:</b> For additional disclosure on this benchmark:</p> <ul style="list-style-type: none"> <li>• See Sections 15.3 and 15.4 of the New Energy Solar Offer Document dated November 2017 (the <b>Offer Document</b>).</li> <li>• Note 4 of the NEW 2019 Half Year Report.</li> </ul> <p><b>Note:</b> The last exercise date for NEW's Class B Options was 8 August 2019.</p>
<p><b>Benchmark 4: Substantial related party transactions</b></p> <p>The Company and the Trust comply with ASX Listing Rule 10.1 for substantial related party transactions.</p>	<p><b>Statement:</b> This benchmark is met.</p> <p><b>Explanation:</b> The Business discloses related party transactions that are material to the investment decision of investors.</p> <p>In respect of transactions between the stapled entities and their wholly owned entities which comprise the Business, ASIC has provided the Business with customary relief for those transactions to proceed without the need to seek NEW securityholder approval.</p> <p><b>Further Information:</b> For additional disclosure on related party transactions see Note 13 of the NEW 2019 Half Year Report.</p>





**Benchmark 5: Cash flow forecast**

The Company and the Responsible Entity have, for the current financial year, prepared and had approved by its directors:

- a 12-month cash flow forecast for the Business and has engaged an independent suitably qualified person or firm to provide, in accordance with the auditing standards:
  - negative assurance on the reasonableness of the assumptions used in the forecast; and
  - positive assurance that the forecast is properly prepared on the basis of the assumptions and on a basis consistent with the accounting policies adopted by the entity; and
- an internal unaudited cash flow forecast for the remaining life, or the right to operate (if less) for each new significant infrastructure asset acquired by the Business.

**Statement:** This benchmark is not met.

**Explanation:** The Investment Manager prepares internal, unaudited 12-month cash flow forecasts which are approved by the Directors. These forecasts are not reviewed by an independent person or firm as NEW considers this information to be proprietary. The following measures are in place to address the reliability of the forecast:

- A high proportion of revenue from solar plants in the portfolio is earned from fixed price PPA contracts
- A high proportion of all interest expenses are fixed
- Internal, unaudited cash flow forecasts for each of the investments made by the Business have been completed in connection with the respective acquisitions and are maintained for all assets
- A consolidated Business cash flow model which forecasts aggregate Business cash flows has been developed by the Investment Manager. This consolidated Business cash flow model was subject to a periodic model review.
- The cash flow forecast for the business is prepared by the Investment Manager on a regular basis and is reviewed by the Directors at least on a quarterly basis throughout the year.

**Further Information:** N/A

**Benchmark 6: Base-case financial model**

Before any new material transaction, and at least once every three years, an assurance practitioner performs an agreed-upon procedures check on the Business' base-case financial model that:

- checks the mathematical accuracy of the model, including that:
- the calculations and functions in the model are in all material respects arithmetically correct; and
- the model allows changes in assumptions, for defined sensitivities, to correctly flow through to the results; and
- includes no findings that would, in the Business' opinion, be materially relevant to the Business' investment decision.

**Statement:** This benchmark is met.

**Explanation:** The Investment Manager has internal capabilities that maintain NEW's financial models. An agreed-upon procedures review of the New Energy Solar consolidated base case financial model was performed by an assurance practitioner in October 2017.

**Further Information:** N/A

**Benchmark 7: Performance and forecast**

For any operating asset developed by the Business, or completed immediately before the Business' ownership, the actual outcome for the first two years of operation equals or exceeds any original publicly disclosed forecasts used to justify the acquisition or development of the asset.

**Statement:** This benchmark is met.

**Explanation:** The Business acquired interests in NC-31 and NC-47 solar power plants in March and May 2017, respectively.

Construction of these assets was completed immediately prior to NEW's purchase of its final interests. Cash yields for NC-31 and NC-47 during their first two years of operation have not met the publicly disclosed forecasts prepared by NEW at the time of their acquisition, largely due a prolonged period of poor weather conditions in North Carolina.





	<p><b>Further Information:</b> For further information refer to the transaction announcements on the New Energy Solar website at <a href="http://www.nes.com.au/announcements/">http://www.nes.com.au/announcements/</a></p>
<p><b>Benchmark 8: Distributions</b></p> <p>If the Business is a unit trust, it will not pay distributions from scheme borrowings.</p>	<p><b>Statement:</b> This benchmark is met.</p> <p><b>Explanation:</b> The Business intends to pay distributions on a six-monthly basis. On payment of dividends and distributions, portions attributable to income and capital are disclosed to NEW securityholders.</p> <p>The Responsible Entity does not intend to pay distributions from Trust borrowings.</p> <p><b>Further Information:</b> For additional disclosure on this benchmark, see Section 10.8.5 of the Offer Document.</p>
<p><b>Benchmark 9: Updating the unit price</b></p> <p>If the Business is unlisted and a unit trust, after finalising a new valuation for an infrastructure asset, the Business reviews, and updates if appropriate, the unit price before issuing new units or redeeming units.</p>	<p><b>Statement:</b> The benchmark is not applicable.</p> <p><b>Explanation:</b> This benchmark is not applicable as the stapled securities of the Business are listed on the Australian Securities Exchange.</p> <p><b>Further Information:</b> Information on the latest price for New Energy Solar stapled securities is publicly available on the Australian Securities Exchange (ASX) website at <a href="http://www.asx.com.au/asx/share-price-research/company/NEW">http://www.asx.com.au/asx/share-price-research/company/NEW</a></p> <p>New Energy Solar's stapled securities are listed under the ASX ticker code: NEW.</p>



The Business provides the following disclosure against the ASIC Disclosure Principles:

**Principle 1: Key relationships**

Disclose:

- (a) the important relationships for the entity and any other related party arrangements relevant to an investor's investment decision, including any controlling arrangements, special voting rights or director appointment rights; and
- (b) for any significant infrastructure asset under development:
  - (i) key relationships in the development, including any concessionaire, developer, builder, sponsor, promoter, asset manager, independent expert, financier, joint venture party, issuer or manager; and
  - (ii) key participants that bear material development related risks, including for timing and cost of delivery of the development, procurement and cost of financing for the development, and guaranteeing the performance of other entities.

**Disclosure:**

- (a) The structure of the Business is outlined in Figure 2 of the NEW 2019 Half Year Report.  
The Responsible Entity is the responsible entity of the Trust.  
The Investment Manager acts as investment manager for the portfolio of assets of each of the Trust and the Company. The Investment Manager is a related body corporate of the Responsible Entity and is a corporate authorised representative (CAR NO: 1237667) of Walsh & Company Asset Management Pty Limited (ACN 159 902 708, AFSL 450257). The Investment Manager cannot make investment decisions above a delegated level of authority without the approval of the Board and/or the directors of the Responsible Entity, depending on the ultimate intended or current ownership of an asset.  
It is not anticipated that any investor or third party will have control, special voting rights or director appointment rights for the Trust or the Company.
- (b) As at 30 June 2019, one of the utility scale solar projects acquired by the Business was under construction.
  - (i) The provider of engineering, procurement and construction (**EPC**) services on the project is Swinerton Builders.
  - (ii) Construction related risks, including for timing and cost of construction, are borne by Swinerton Builders. The Business has mitigated construction risk exposure by executing EPC contracts with liquidated damages schemes for construction timing delays and ensuring funding for the acquisition of each construction project is transferred progressively and only after various construction milestones have been satisfied.

**Further Information:** For additional disclosure, see:

- the Investment Manager's report contained in the NEW 2019 Half Year Report
- transaction announcements located on the Business' website at:  
<http://www.newenergysolar.com.au/announcements/>



## Principle 2: Management and performance fees

Disclose:

- (a) all fees and related costs associated with the management of the Business' assets paid or payable directly or indirectly out of the money invested in the Business, providing a clear justification for the fees; and
- (b) if performance fees are payable, how these fees will be paid, for example:
- *for mature operating infrastructure assets* – explain if and how the performance fees will be paid, including whether these fees are payable only from operating cash flow; and
  - *for operating infrastructure assets in a growth phase and development assets* – explain how the performance fees will be paid, whether these fees are funded by debt, capital, the issue of securities or otherwise, and the risks to members in paying performance fees in these ways.

## Disclosure:

- (a) Under the Trust Constitution, the Responsible Entity receives a responsible entity fee equal to 0.08% per annum (exclusive of GST) of the gross assets of the Trust for the performance of its duties. This responsible entity fee is consistent with market practice for such fees.
- From 1 July 2018, the Investment Manager has waived part of its fees to create the revised sliding scale fee structure. On 16 April, further revisions to this structure were provided as set out below in Table 1:
- These investment manager fees are consistent with market practice for an investment manager of similar investments.
- (b) No performance fees are payable by the Business in respect of the performance of the assets of the Business.

TABLE 1: SLIDING SCALE FEE STRUCTURE AS AT 30 JUNE 2019

MANAGEMENT FEE STRUCTURE	BASE MANAGEMENT FEE (% OF ENTERPRISE VALUE (EV))	ACQUISITION AND DISPOSAL FEE (% OF PURCHASE PRICE OR NET SALES PROCEEDS)
<b>Enterprise Value band</b>		
<b>Fees for EV within each band (excluding GST) – from 16 April 2019</b>	Less than or equal to A\$1.0 billion	1.50%
	Greater than A\$1.0 billion to A\$1.5 billion	0.90%
	Greater than A\$1.5 billion to A\$2.0 billion	0.90%
	Greater than A\$2.0 billion	0.40%

## Further Information:

For additional disclosure, see:

- The NEW Announcement dated 12 April 2019, "US Solar Fund Successfully Raises US\$200m".
- Note 13 of the NEW 2019 Half Year Report.



### Principle 3: Related party transactions

Disclose details of any related party arrangements relevant to the investment decision, including:

- (a) the value of the financial benefit/ consideration payable;
- (b) the nature of the relationship;
- (c) whether the arrangement is on arm's length terms, the remuneration is reasonable, some other Chapter 2E exception applies or ASIC has granted relief;
- (d) whether member approval of the transaction has been sought and if so when;
- (e) the risks associated with the related party arrangement;
- (f) the policies and procedures in place for entering into these arrangements and how compliance with those policies and procedures is monitored;
- (g) for management agreements with related parties:
  - (i) the term of the agreement;
  - (ii) if the fee is payable by the Business on termination of the agreement, the method of termination that will incur a fee and details on how that fee is calculated;
  - (iii) any exclusivity arrangements in the management agreement;
  - (iv) whether a copy of agreement is available to investors and, if so, how an investor can obtain a copy of the agreement;
  - (v) any other arrangements that have the potential or actual effect of entrenching the existing management; and
- (h) for transactions with related parties involving significant infrastructure assets:
  - (i) what steps the Business took to evaluate the transaction; and
  - (ii) if not otherwise disclosed, summary of any independent expert opinion obtained for the transaction and whether, and if so how, an investor can obtain a copy of the opinion.

### Principle 4: Financial ratios

Disclose:

- (a) if target financial ratios have been publicly disclosed, the respective financial ratios actually achieved for the entity and how these target and actual ratios are calculated; and
- (b) an explanation of what the financial ratios mean in practical terms and how investors can use the ratios to determine the entity's level of debt-related risk.

### Disclosure:

Related party transactions are disclosed in Note 13 of the NEW 2019 Half Year.

**Further Information:** N/A

### Disclosure:

- (a) The Board and the Responsible Entity currently target a long-term overall gearing ratio for the Business of up to 50% of total gross assets, with the ability of the Business to temporarily have an overall gearing ratio above this level.  
As at 30 June 2019, the Business had a total gearing ratio (calculated as total gross debt divided by total gross assets) of 57.8%. The gearing ratio is calculated as New Energy Solar's proportionate share of drawn third-party debt held by the Business divided by total assets of the Business. It is important to note that the gearing





ratio refers exclusively to external or third-party debt. The Company and the Responsible Entity also have the ability to make loans between them or their subsidiaries where it is perceived to be beneficial to investors. For example, the Trust has a loan outstanding to New Energy Solar US Corp., which is a subsidiary of New Energy Solar Limited.

Over the long-term a gearing ratio of up to 50% of total gross assets, is the level at which the Investment Manager perceives an optimal balance of return maximisation versus acceptable risk for long-term investments in solar power plants with contracted offtakes.

The Business' current gearing ratio of 57.8% is expected to represent the high point of lifetime gearing, with debt progressively paid down over time bringing long-term average gearing below 50%.

- (b) Debt imposes ongoing repayment obligations. These repayments are usually met by the cash flows produced by the Business' power plant investments. In practical terms, a higher gearing ratio will generally magnify gains during periods where the power plants owned by the Business perform in line with expectations but can also magnify losses if the power plants significantly underperform expectations.

**Further Information:**

For additional disclosure, see the Investment Manager's report contained in the NEW 2019 Half Year Report.

**Principle 5: Capital expenditure and debt maturities**

Disclose:

- (a) planned capital expenditure for the next 12 months and how this expenditure is to be funded; and
- (b) a breakdown of material debt maturities for the entity; in the intervals set out in the table, on a consolidated contractual basis showing the drawn amount, the undrawn amount, the total drawn and undrawn amount, the percentage of variable interest rate risk, the weighted average interest rate, the percentage of debt that is not limited recourse to a particular asset and whether the debt is fully amortising or requires principal and interest payments.

**Disclosure:**

- (a) As at 30 June 2019, The Business:
  - (i) Owns interests in the Operating Portfolio and has a substantial majority interest in one solar power plant that is currently under construction in California, United States of America;
  - (ii) determined that, given the largely fully-invested nature of the business, it is in the best interest of stapled securityholders not to complete the acquisition of the remaining six power plants in the Rigel portfolio, located in the United States of America (North Carolina and Oregon);
  - (iii) at this stage, has no material planned capital expenditure over the next 12 months.
- (b) Tables 2 and 3 below summarise the material debt maturities for the Business as at 30 June 2019.



TABLE 2: NEW AUSTRALIAN MATERIAL DEBT MATURITIES

AUD	DRAWN (\$M)	UNDRAWN (\$M)	TOTAL (\$M)	% OF VARIABLE INTEREST RATE RISK	WEIGHTED AVERAGE INTEREST RATE	% OF DEBT THAT IS NOT LIMITED RECOURSE TO A PARTICULAR ASSET	FULLY AMORTISING OR PRINCIPAL AND INTEREST PAYMENTS
Up to 1 year	-	-	-	-	-	-	-
Between 1 and 2 years	-	-	-	-	-	-	-
Between 2 and 5 years	196.9	50.0	246.9	23.0%	4.49%	0.0%	Principal and interest
<b>Total</b>	<b>196.9</b>	<b>50.0</b>	<b>246.9</b>	<b>23.0%</b>	<b>4.49%</b>	<b>0.0%</b>	

TABLE 3: NEW US MATERIAL DEBT MATURITIES

USD	DRAWN (\$M)	UNDRAWN (\$M)	TOTAL (\$M)	% OF VARIABLE INTEREST RATE RISK	WEIGHTED AVERAGE INTEREST RATE	% OF DEBT THAT IS NOT LIMITED RECOURSE TO A PARTICULAR ASSET	FULLY AMORTISING OR PRINCIPAL AND INTEREST PAYMENTS
Up to 1 year	-	-	-	-	-	-	-
Between 1 and 2 years	-	-	-	-	-	-	-
Between 2 and 5 years	38.5	6.5	45.0	100%	4.20%	0.0%	Principal repaid at maturity
<b>Total</b>	<b>38.5</b>	<b>6.5</b>	<b>45.0</b>	<b>100%</b>	<b>4.20%</b>	<b>0.0%</b>	

**Further Information:**

For additional disclosure, see Note 6 of the NEW 2019 Half Year Report.

**Principle 6: Foreign exchange and interest rate hedging**

Disclose:

- (a) any current foreign exchange and interest rate hedging policy for the entity; and
- (b) whether the entity's foreign exchange and/or variable interest rate exposure conforms with its foreign exchange and interest rate hedging policy.

**Disclosure:**

(a) The Business receives income streams and holds assets denominated in US and Australian dollars. It may also receive income and hold assets in other currencies. The Board and the Responsible Entity do not currently intend to hedge this currency risk other than short-dated transaction specific foreign exchange forwards as disclosed in Note 8 of the NEW 2019 Half Year Report.

The Board and the Responsible Entity may re-evaluate the hedging policy in the event of changes in prevailing relevant exchange rates and economic conditions.

(b) The Business' current foreign exchange and/or variable interest rate exposure conforms to its foreign exchange and interest rate hedging policy.

**Further Information:** N/A



## Principle 7: Base-case financial model

Disclose:

- (a) for acquisitions of a significant infrastructure asset, the following details of the Business' base-case financial model:
  - (i) key assumptions and source of those assumptions;
  - (ii) a confirmation by the directors as to whether or not they consider that the assumptions are reasonable;
  - (iii) any process the directors undertook to satisfy themselves that the assumptions were reasonable, including if an expert provided an opinion on the model, and if so, provide a summary of that expert opinion;
  - (iv) the agreed upon procedures check that the assurance practitioner has performed to review the base-case financial model (as per benchmark 6) and any findings which are materially relevant to the investment decision; and
  - (v) any conflicts of interest that may arise in either the expert opinion or the agreed-upon procedures check.
- (b) up to five of the key assumptions in an infrastructure entity's base-case financial model that are likely to have the most material impact;
  - (i) on the operating performance of the entity for at least the next 12 months; or
  - (ii) in the case of a development asset, in the first year of operation, demonstrating the impact on the infrastructure and investor entity, if any (and separately if all) of the assumptions were materially less favourable than anticipated.
- (c) also disclose:
  - (i) a reasonable estimate of the operating capacity of the entity's significant infrastructure assets;
  - (ii) for any operating asset developed by the infrastructure entity or completed immediately before the infrastructure entity's ownership, any material discrepancies between any publicly disclosed forecasts and the actual performance for the first two years of operation; and
  - (iii) any material discrepancies between the assumptions contained in the infrastructure entity's base-case financial model used to raise any debt and the model used to raise any equity, respectively, within six months of each other in the current financial year.

## Disclosure:

- (a) The Business owns interests in the Operating Portfolio and one utility-scale solar power plant that is under construction.

Assumptions in project acquisition models are reviewed by management and predominately align to source documentation provided by third party advisors such as independent engineers and tax experts.

The Investment Manager has obtained an agreed upon procedures check of the consolidated Business model as per Benchmark 6.
- (b)
  - (i) The five key assumptions that are most likely to impact upon the performance of an operating asset over its useful life are:
    - o electricity prices;
    - o solar irradiation;
    - o operating expenses;
    - o foreign exchange rates;
    - o discount rates applied to valuations

The Investment Manager considers that all adopted assumptions are reasonable.
  - (ii) The Business considers the impacts of fluctuations in these assumptions in Note 12 of the NEW 2019 Half Year Report.
- (c)
  - (i) The Operating Portfolio had an output capacity of 573MW<sub>DC</sub> as at 30 June 2019 however actual generation of these solar power plants is variable and dependent on climatic and other conditions. For more detail on capacity and generation see the Investment Manager's report contained in the NEW 2019 Half Year Report.
  - (ii) As stated in Benchmark 7, the Business completed its acquisition of in NC-31 and NC-47 in March and May 2017, respectively. Construction of these assets was completed immediately prior to NEW's purchase of its final interests.

Cash yields for NC-31 and NC-47 during their first two years of operation have not met publicly disclosed forecasts prepared by NEW at the time of their acquisition, largely due to a prolonged period of poor weather conditions in North Carolina. The Business does not consider this underperformance material in the context of its operations, as these plants make up a small portion of the Operating Portfolio, and periods of poor weather are expected and accounted for in the long-term forecasts utilised in the plants' financial models.
  - (iii) N/A

## Further Information:

For additional disclosure, see:

- The Announcements tab on the New Energy Solar website at



<https://www.newenergysolar.com.au/investor-centre/announcements>.

- The Investment Manager's report contained in the NEW 2019 Half Year Report.
- Note 12 of the NEW 2019 Half Year Report.

### Principle 8: Valuations

Disclose:

- (a) details on the entity's valuation policy;
- (b) whether valuations and supporting documentation are available to investors and, if so, how they are made available. If valuations and supporting documentation are not available to investors, the infrastructure entity should provide a summary of the valuations (required for significant infrastructure assets only) containing, at a minimum, the following information:
  - (i) whether the valuation was prepared internally or externally;
  - (ii) the date of the valuation;
  - (iii) the scope of the valuation and any limitations on the scope;
  - (iv) the purpose of the valuation;
  - (v) the value assessed and key assumptions used to determine value;
  - (vi) the key risks specific to the infrastructure assets being valued;
  - (vii) the valuation methodology;
  - (viii) the period of any forecast and terminal value assumptions;
  - (ix) the discount rate used and the basis for calculating this rate; and
  - (x) the income capital expenditure and capital growth rates over the forecast period; and
- (c) any circumstances that may result in a conflict of interest arising in the preparation of the valuations.

### Disclosure:

- (a) The Board and the Responsible Entity use fair value to determine the carrying amount of the Business' renewable energy asset investments. The Investment Manager is responsible for advising the Board and the Responsible Entity in their determination of fair value.
- (b) Valuations and supporting documentation will not be made available to investors. Changes in the fair value of solar power plants owned by the Business are reported in annual and half-year financial reports and are subject to review by an external auditor.
- (c) Under the Investment Management Agreement, the Investment Manager is responsible for preparing valuations and receives a management fee based on the enterprise value of the Business. This could have potentially created a conflict of interest; however, valuations must be in accordance with the valuation policies determined by the Board and the Responsible Entity from time to time.

The Business may also engage suitably qualified independent valuers to assist in the assessment of fair market value.

### Further Information:

For additional disclosure, see Note 12 of the NEW 2019 Half Year Report.





**Principle 9: Distribution policy**

Disclose:

- (a) the current distribution policy and any rights that the entity has to change the policy;
- (b) on payment of distributions, the portion attributable to, for example, income, capital and debt; and
- (c) the risks associated with distributions being paid from sources other than operating cash flow, including the sustainability of such distributions

**Disclosure:**

- (a) The Board and the Responsible Entity seek to make investments with a view to generating sufficient income to provide a stable dividend and distribution stream. All income from the Trust will be distributed while income received by the Company may be retained or paid out by way of dividends or return of capital.

The Business intends to announce and pay distributions on a six-monthly basis. The Business reserves the right to change its distribution policy as the Board and Responsible Entity consider necessary and appropriate.

- (b) On payment of dividends and distributions the portions attributable to income, capital and debt are disclosed to NEW securityholders.
- (c) The Business owns interests in the Operating Portfolio and has one solar power plant currently under construction in the US as at 30 June 2019. Once all plants are operational, the Business intends to pay distributions from operational cashflows.

**Further Information:**

For additional disclosure, see Section 10.8.5 of the Offer Document.

**Principle 10: Withdrawal policy**

Disclose whether there is a withdrawal policy together with the information outlined in the Principle in relation to the withdrawal arrangements

**Disclosure:** The Responsible Entity and Company do not have any withdrawal policies as the Business' stapled securities are listed on the ASX.

**Further Information:** N/A

**Principle 11: Portfolio diversification**

Disclose:

- (a) details on whether the infrastructure entity has a portfolio diversification policy and, if so, details of that policy;
- (b) the Business' actual portfolio diversification position compared to its portfolio diversification policy; and
- (c) if there is a material variance between the entity's diversification policy and its actual position, an explanation of why the variance exists and the measures being taken to rectify it.

**Disclosure:**

- (a) The Business' investment strategy permits investment in renewable energy assets in any location. The Business does not have a portfolio diversification policy, but intends to invest in a number of geographically dispersed renewable energy assets that meet the investment criteria of the Business.

(b) N/A

(c) N/A

**Further Information:** N/A

