



20 March 2018

## NEW ENERGY SOLAR (ASX: NEW) ACQUISITION UPDATE

### NEW ENERGY SOLAR COMPLETES ACQUISITION AND FINANCING OF 200MW<sub>DC</sub> SOLAR PROJECT IN SOUTHERN CALIFORNIA

**New Energy Solar<sup>1</sup> (ASX:NEW, the Business)** announced today that it has closed the acquisition and financing of 100% of the cash equity interests in the 200MW<sub>DC</sub> Mount Signal 2 Facility (**MS2**) from an affiliate of D. E. Shaw Renewable Investments, L.L.C. (**DESRI**). The Business first announced the acquisition on 1 February 2018, however detailed disclosure was subject to financial close.

MS2 is located in the Imperial Valley of southern California, approximately 175km east of San Diego. The project is expected to be operational by late 2019 and, from mid-2020, will sell 100% of the power and renewable energy credits generated to Southern California Edison (**SCE**) under a 20-year Power Purchase Agreement (**PPA**). SCE, a subsidiary of Edison International, serves a population of more than 15 million people and is the primary electricity provider for central, southern and coastal California.

MS2 is New Energy Solar's largest investment to date in terms of generation capacity and, once operational, it will almost double the Business' positive environmental impact. Annual electricity generation is expected to be equivalent to displacing approximately 245,000 tonnes of CO<sub>2</sub> emissions per year, powering 45,000 homes, or removing 58,000 cars from the road.<sup>2</sup>

The Business will fund the acquisition and construction of MS2 with initial equity of approximately US\$85 million, including the US\$19m deposit paid in February. The remainder will be funded with non-recourse construction debt provided by a syndicate of banks including HSBC Bank USA, as Coordinating Lead Arranger, and KeyBank NA and Santander, as Joint Lead Arrangers. Once complete, a portion of the construction debt will convert to non-recourse senior debt provided by the same lender group. The underlying interest rates of the construction and senior debt facilities have been fixed, with a senior debt interest rate of approximately 4.5% over the first five years of commercial operations. Wells Fargo, one of the largest banks in the United States, has committed to provide tax equity funding for MS2 upon achievement of construction milestones.

<sup>1</sup> New Energy Solar Limited (**Company**) and Walsh & Company Investments Limited as responsible entity of New Energy Solar Fund (**Trust**), together **New Energy Solar**.

<sup>2</sup> CO<sub>2</sub> Emission Reduction is calculated using the United States Environmental Protection Agency's "Avoided Emissions and Generation Tool", which estimates the regional displacement of fossil fuels for a new solar PV installation.

New Energy Solar CEO, John Martin, said, “The acquisition of MS2 demonstrates New Energy Solar’s ability to acquire significantly-sized, utility-scale solar in the United States. With 20 years of escalating, contracted cashflows, MS2 enhances our existing portfolio. It will be New Energy Solar’s largest solar project to date, consolidating our position as a leading participant in the renewable energy landscape.”

MS2 will be constructed on a fixed-time and fixed-cost basis by Swinerton Renewable Energy, a leading US constructor, and will use First Solar (NASDAQ: FSLR) Series 6 PV modules, the latest development in thin film technology. First Solar will also provide operations and maintenance services to MS2 under a long-term contract. DESRI will continue to provide a range of development, construction, and management services.

“After several years working on MS2, we are thrilled to see the project reach this important milestone,” said Bryan Martin, CEO of DESRI. “We are excited to grow our relationship with the New Energy Solar team and look forward to working together to complete construction of the project next year.”

At commencement of commercial operations in late 2019, NES expects the unlevered value of its investment to be US\$290m, with an expected five-year average gross cash yield from this time of 5.15% (before taxes, fees and borrowing costs). This yield will grow over the term of the PPA at approximately 1.5% per annum, in line with underlying PPA price escalation.

Liam Thomas, New Energy Solar’s Head of Investments, said, “The quality of this project in terms of the top-tier technology, highly creditworthy offtaker, and experienced development and financing partners, make it an exceptional addition to our portfolio. We are delighted to have established new relationships with such credible counterparties, and we look forward to working with them on future transactions as we grow the size and environmental impact of the Business.”

The MS2 announcement follows the 6 October 2017 announcement of the North Carolina and Oregon Portfolio transaction, and the 16 February 2018 acquisition of the operational Boulder Solar I Facility. Once the North Carolina and Oregon Portfolio and MS2 are fully operational, New Energy Solar will have interests in 680MW<sub>DC</sub> of operating solar plants across the United States, with a weighted average PPA term of 17.7 years.

When operational, the total portfolio will generate over 1,400,000 megawatt hours of electricity, annually. This amount of electricity is equivalent to displacing more than 895,000 tonnes of CO<sub>2</sub> emissions, powering 156,000 homes, or removing 213,000 cars from the road, every year.<sup>3</sup>

---

<sup>3</sup> CO<sub>2</sub> Emission Reduction is calculated using the United States Environmental Protection Agency’s “Avoided Emissions and Generation Tool”, which estimates the regional displacement of fossil fuels for a new solar PV installation.



Inquiries should be directed to:

Fleur Jouault  
GRACosway  
0405 669 632

### **About New Energy Solar**

New Energy Solar was established in November 2015 to invest in a diversified portfolio of solar assets across the globe and help investors benefit from the global shift to renewable energy. The Business acquires large scale solar power plants with long term contracted power purchase agreements. In addition to attractive financial returns, this strategy generates significant positive environmental impacts for investors.

Since establishment, New Energy Solar has raised over A\$500 million of equity, acquired a portfolio of world-class solar power plants, and has a deep pipeline of opportunities primarily across the United States and Australia. New Energy Solar's initial public offering was led by Morgan Stanley and its securities trade on the Australian Securities Exchange under the ticker, NEW.

New Energy Solar is a listed stapled entity consisting of New Energy Solar Fund (ARSN 609 154 298) and New Energy Solar Limited (ACN 159 902 708). For more information, visit: [www.newenergysolar.com.au](http://www.newenergysolar.com.au)

### **About D. E. Shaw Renewable Investments**

D. E. Shaw Renewable Investments (DESRI) and its affiliates own and manage more than 28 long-term contracted renewable energy projects in North America totalling approximately 1,300 megawatts of capacity. DESRI is a member of the D. E. Shaw group, a global investment and technology development firm with more than \$47 billion in investment capital as of January 1, 2018, and offices in North America, Europe, and Asia.

For more information about the D.E. Shaw group, please visit: [www.deshaw.com](http://www.deshaw.com)

