

QUARTERLY UPDATE JUNE 2018

Renewable energy. Sustainable investments.

New Energy Solar (**NEW**, the **Business**) is an awardwinning sustainable investment business focused on investing in large-scale solar power plants that generate emissions-free power. As Australia's first ASX-listed solar infrastructure business, NEW has invested more than A\$1 billion in solar plants across the United States (**US**) and Australia, helping investors generate positive social impact alongside attractive financial returns. To learn more about New Energy Solar, please visit www.newenergysolar.com.au.

Summary

During the quarter, New Energy Solar continued its strong 2018 momentum, acquiring its first Australian asset and achieving pleasing construction progress on its US plants.

On 25 June, NEW announced an agreement with a subsidiary of First Solar, Inc. to acquire the Manildra Solar Power Plant (**Manildra**) – a 55.9 MW_{DC} operating plant in Central West NSW.

Construction on NEW's plants in North Carolina and Oregon progressed well during the quarter, with four plants achieving Mechanical Completion¹ and one reaching Commercial Operations.²

NEW's seven operational solar power plants performed in line with management's expectations over the quarter and generated 192,381 megawatt hours³ (**MWh**) of electricity.

Post quarter end, on 23 July, NEW announced a further agreement with a subsidiary of First Solar, Inc. to acquire its second Australian asset, the Beryl Solar Power Plant (**Beryl**) - a 108.4 MW_{DC} plant under construction in Central NSW.

Did you know?

Once all plants are commissioned, NEW's solar portfolio will generate enough electricity to power all of the households in Wollongong and Newcastle at the same time.

FINANCIAL SUMMARY 30 JUNE 2018

Market Capitalisation	\$481.6 million ⁴
Stapled Security Price	\$1.46
Target 2018 Distribution per Stapled Security	7.75 cents
Target 2018 Distribution Yield	5.3%5

PORTFOLIO HIGHLIGHTS



*Estimates assume all construction and committed plants are operational and all plants are owned on a 100% basis. ¹The stage of construction when all plant electrical and mechanical systems related to power generation have been installed, and the facility has been inspected and approved by the owner for initial energization and testing. ²Generally, when a power purchase agreement for the sale of energy commences; the plant has been energized, operationally tested, commissioned. ³Based upon NEW's equity interest in each plant. ⁴Based on \$1.46 NEW stapled security price and 329,874,312 securities outstanding as at 30 June 2018. ⁵Based on annual distribution of 7.75 cents and NEW stapled security price of \$1.46. ⁶Figure excludes Rigel Portfolio. ⁷US CO₂ emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoid Emission and generation Tool" (AVERT). Australian CO₂ emission displacement is calculated using data from First Solar Australia. ⁸Calculated using data from the US Environmental Protection agency of the US Energy Information Administration (principal agency of the US Federal Statistical System), the Australian Energy Regulator and First Solar Australia. ⁹Calculated using data from the US Environmental Protection Agency, the Australian Bureau of Statistics and First Solar Australia.

PORTFOLIO SUMMARY¹⁰

OREGON PLANTS	5		ADDITIONAL CO	MMITTED	US PROJECTS		NORTH CAROLIN	NA PLANTS	;
Name	Capacity (MW _{DC})	Offtaker	Name	Capacity (MW _{DC})	Location	Expected Offtaker	Name	Capacity (MW _{DC})	Offt
• Bonanza	6.8	PacifiCorp	• Rigel Portfolio ¹¹	73.8	North Carolina and Oregon	Duke Energy Progress and	• NC-31	43.2	Duke Prog
Pendleton	8.4	PacifiCorp					• NC-47	47.6	Duke Progi
lotal	15.2			SEA .			• Hanover	7.5	Duke Progr
CALIFORNIA PLA	NTS						• Arthur	7.5	Duke Progr
Name	(MW _{DC})	Offtaker				L-CAR	 Church Road 	5.2	Duke Progr
 Stanford 	67.4	Stanford University	•			0	Heedeh	5.4	Duke
• TID	67.4	Turlock Irrigation District			1		Organ Church	75	Duke
 Mount Signal 2 	199.6	Southern California Edison		, i i			• Organ Church	7.5	Caroli
Total	334.4			A	2006 👗		 County Home 	7.2	Progr
NEVADA PLANTS							Total	131.1	
Name	Capacity (MW _{pc})	Offtaker	and the second second				NEW SOUTH WAI	LES PLANTS	S
Boulder Solar 1	124.8	NV Energy	A Company of the			the second second	Name	Capacity (MW _{DC})	Offtak
KEY			the second				 Manildra 	55.9	Energy
 Operational Acquired/under d 	constructior		Charles and and				• Beryl	108.4	Transp New So
Committed							Total	164.3	

NEW PORTFOLIO COMPOSITION (BY PROJECT) AS AT JULY 2018





¹⁰Includes plants that are wholly or partly owned by NEW. Total portfolio of 844 MW_{DC} includes plants that are operational, acquired and under construction or committed. ¹¹Rigel Portfolio refers to portfolio of solar power plants NEW has committed to acquire from Cypress Creek Renewables if certain conditions are met.

BUSINESS GROWTH



ACQUISITIONS

MANILDRA SOLAR POWER PLANT

NEW's agreement to acquire Manildra is reflective of the success of its disciplined approach to analysing and acquiring high quality solar assets. Manildra is an operational plant with a 10-year power purchase agreement (**PPA**) with EnergyAustralia (which may be extended until 2030). Operations, maintenance and asset management services will be provided to the plant under long-term contracts by leading solar services provider, First Solar Energy Services. Manildra was acquired based on a target unlevered five-year annual average gross yield of 7.6%¹⁴ per annum.

Location	Central West NSW
Purchase Price	\$113 million
Capacity	55.9 MW _{DC}
Target unlevered five-year annual average gross yield	7.6%
Modules	First Solar
Land Size	120ha
PPA Term	10 years with option to extend to 2030 ¹⁵
PPA Offtaker	EnergyAustralia
Operational Date	April 2018
Forecast Annual Generation	118,000 MWh
C0 ₂ Displacement	91,000 ¹⁶ tonnes
Equivalent Homes Powered	14,00016





¹²For US assets, acquisition prices are converted into A\$ using the FX conversion rates on the dates that binding agreements were executed. ¹³Based on full year expected production assuming committed MW_{DC} is operational and average household consumption of approximately 8,375kWh per annum. ¹⁴Unlevered five-year annual average gross yield before transaction cost, fees, interest and tax. ¹⁵Both NEW and EnergyAustralia will each hold unilateral PPA extension options that would extend the PPA term to December 2030. ¹⁶Environmental estimates provided by First Solar. On 23 July, NEW announced an agreement to acquire Beryl from a subsidiary of First Solar, Inc. This transaction represents NEW's second Australian acquisition and second project acquired from First Solar. Beryl is expected to reach commercial operations in mid-2019 and subsequently commence selling 134,000 MWh of electricity per annum to Transport for NSW (**TfNSW**) under a 15-year power purchase agreement. This PPA represents approximately 69% of Beryl's expected generation during the 15-year term, with the remaining 31% of uncontracted electricity generation providing NEW the opportunity to enhance returns and manage risk through contracting, hedging or storage strategies. Beryl was acquired based on a target unlevered five-year annual average gross yield of 8.2%¹⁷ per annum.



Location	Central West NSW
Estimated Construction Cost	~\$187 million
Capacity	108.4 MW _{DC}
Target unlevered five-year annual average gross yield	8.2%
Modules	First Solar
Land Size	300ha
PPA Term	15 years
PPA Offtaker	TfNSW
Expected Operational Date	Mid-2019
Forecast Annual Generation	199,000 MWh
C0 ₂ Displacement	167,000 ¹⁸ tonnes
Equivalent Homes Powered	25,00018

PORTFOLIO UPDATE

OPERATING PLANTS

Seven solar power plants totalling 421 $MW_{\rm DC}^{19}$ of capacity as at 30 June 2018.



¹⁷Unlevered five-year annual average gross yield before transaction cost, fees, interest and tax. ¹⁸Environmental estimates provided by First Solar. ¹⁹Accounts for plants on a 100% basis. Following the agreement to acquire Manildra as well as the successful construction and commissioning of Hanover in North Carolina, the Business now has seven fully operational plants in the United States and Australia. During the quarter, these plants generated approximately 192,000 MWh²⁰ of electricity. Plant production and availability during the period was in line with management's expectations, with all US plants experiencing strong increases in production due to the onset of the warmer spring and summer months.

Production from NEW's operating plants displaced the equivalent of 121,000 tonnes of CO_2^{21} emissions during the quarter, which is comparable to removing nearly 29,000 cars²² from the road for a year.

Post quarter end, NEW completed the acquisition of the minority interests in the $43.2MW_{DC}$ NC-31 and the $47.6MW_{DC}$ NC-47 Solar Power Plants located in North Carolina. Existing cash reserves and debt were used to acquire these two plants. The acquisition enables NEW to consolidate its position as the plants' sole owner, in an attractive market with supportive energy policy. Additionally, NEW believes the acquisition of the NC-31 and NC-47 minority interests will result in operational synergies with the other plants, as the build of the North Carolina portfolio continues.

PROJECTS ACQUIRED AND UNDER CONSTRUCTION

Eight solar power plants totalling 240 MW_{DC}²³ of capacity as at 30 June 2018.

Construction and commissioning of NEW's North Carolina and Oregon plants progressed considerably during the quarter. The 7.5 MW_{DC} Hanover Solar Plant (**Hanover**) (located in Maysville, North Carolina) reached Commercial Operations, and the following plants achieved Mechanical Completion:

Plant	Capacity (MW _{DC})	Location
Arthur	7.5	Tabor City, North Carolina
County Home	7.2	Rockingham, North Carolina
Heedeh	5.4	Columbus, North Carolina
Church Road	5.2	Angier, North Carolina

Commercial Operations for these four plants is expected during the second half of 2018.







²⁰Based on NEW's equity interest in each plant. ²¹US CO₂ emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoid Emissions and generation Tool" (AVERT). ²²Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics. ²³Accounts for plants on a 100% basis.



Having reached Commercial Operations, Hanover now sells 100% of the electricity it generates to Duke Energy Progress under a 15-year PPA.

Construction on the following Oregon and North Carolina plants also progressed meaningfully during the quarter. These plants remain on schedule to achieve Mechanical Completion and Commercial Operations in the second half of 2018.

Plant	Capacity (MW _{DC})	Location
Pendleton	8.4	Umatilla, Oregon
Organ Church	7.5	Rockwell, North Carolina
Bonanza	6.8	Bonanza, Oregon



Late-stage development and pre-construction activities on NEW's largest plant, the 200 MW_{DC} Mount Signal 2 (**MS2**), continued in line with management's development schedule during the quarter. Construction of MS2 (located in the Imperial Valley of southern California) is expected to commence in the second half of 2018, with a full notice to proceed delivered to the construction contractor in July.

COMMITTED TO ACQUIRE

Six solar power plants totalling 73.8 MW_{DC} of capacity as at 30 June 2018

The remaining six plants (four in North Carolina and two in Oregon) in the Rigel Portfolio are expected to be delayed until 2019 due to design and project development issues. NEW continues to work with Cypress Creek on the development of these plants in addition to new project opportunities.

SOLARBUDDY

In May, NEW announced an exciting partnership with innovative Australian charity SolarBuddy to assist their work in ending the devastating cycle of energy poverty for marginalised communities across the world. Through this alliance, over the next three years NEW will support SolarBuddy in constructing and distributing more than 20,000 solar lanterns, providing 60,000 children across Papua New Guinea and Africa with access to safe solar lighting to help further their education opportunities. To read more about SolarBuddy's work, please visit the NEW website or the SolarBuddy website.





Important Notice:

This Quarterly Update (Update) has been prepared by the Investment Manager (New Energy Solar Manager Pty Limited) 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. The past performance of the Business is not a guarantee of the future performance of the Business. 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.