

Renewable energy. Sustainable investments.

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

As Australia's first ASX-listed solar infrastructure business, NEW aims to achieve attractive risk-adjusted financial returns for investors, and a positive social impact. In 2021, NEW sold its two Australian plants and completed the sale of 25% of Mt Signal 2 in California. NEW's portfolio is now located entirely in the US.

MARKET SUMMARY (30 JUNE 2021)

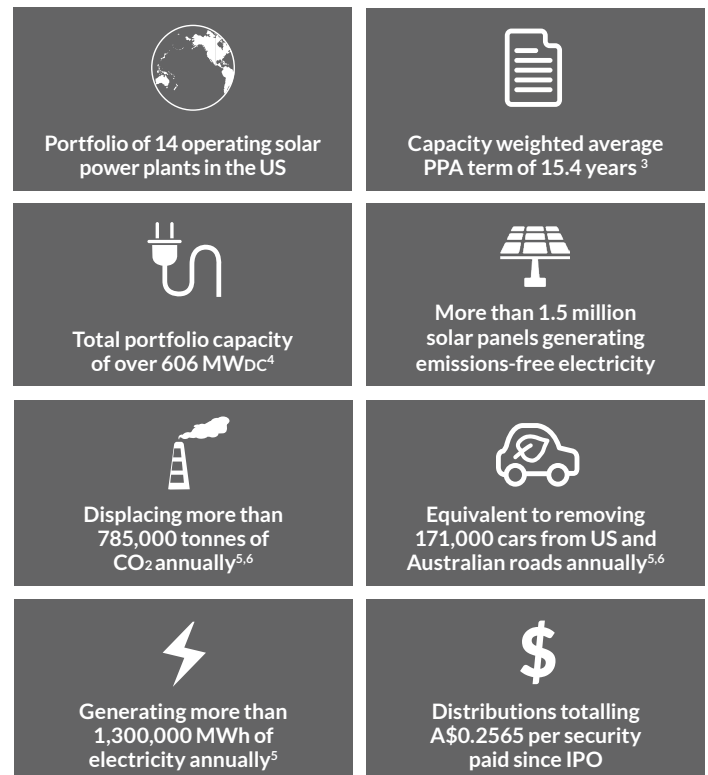
Stapled Security Price	A\$0.83
Securities Outstanding	357.4m
Market Capitalisation	A\$296.7m ²

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

Summary

Highlights during the quarter include:

- **Australian assets sale completed:** The sale of the Beryl and Manildra solar power plants to Banpu Energy Holding Pty Limited was completed on 30 July 2021.
- **Buyback program announced:** Following the recent asset sales, NEW announced it will undertake an off-market buyback during September 2021 for up to 10% of shares, followed by an on-market buyback program.
- **First half dividend announced:** A dividend of three cents per share is expected to be paid on 26 August 2021.
- **Unstapling:** Investors approved the unstapling of NEW on 25 June 2021. NEW shares trade under the existing ASX code, NEW.
- **Remediation of Rosamond plants:** Site restoration and powering up of progressive sections continues as remediation program is implemented.
- **Portfolio performance:** The US portfolio performed below the Investment Manager's expectations in the first half of 2021, although revenue was not materially adversely affected. The Australian portfolio was impacted by frequent curtailment imposed by the market operator during the early part of 2021 due to congestion in the grid.



STRATEGIC REVIEW INITIATIVES

Significant progress was made this quarter in advancing the Board's strategic review initiatives to address the trading discount to net asset value.

AUSTRALIAN ASSET SALE

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. Since the end of the quarter, the transaction has completed and net proceeds of approximately \$88 million are 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.

The announcement can be accessed [here](#) and a buyback booklet setting out how to participate in the off-market buyback will be dispatched to all investors at the beginning of September.

UNSTAPLING

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

PROGRESS ON RESTORATION OF ROSAMOND PLANTS

Remediation of the Rosamond plants continues, following damage from a fire in June 2020. The sites continue to operate 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, 7MW_{DC} 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 (BI) insurance proceeds have been paid for 12 months as per the terms of the policy. Any potential shortfall is not expected to be material and may still be recovered.

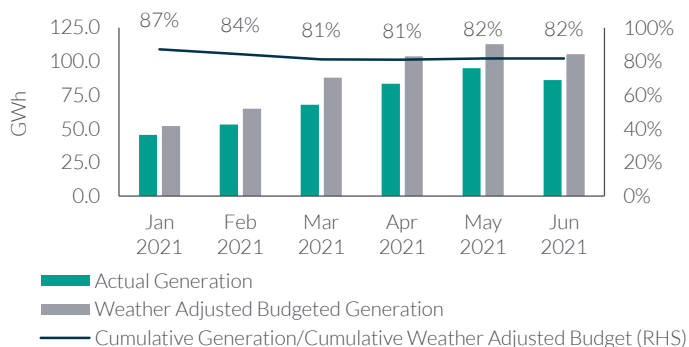
PORTFOLIO PERFORMANCE

Performance data is provided for the first half of 2021 as first quarter performance data was not available at the time of publishing the March 2021 quarterly. Given the sale of the Australian assets during the quarter, performance data has been separated geographically into US assets and Australian assets.

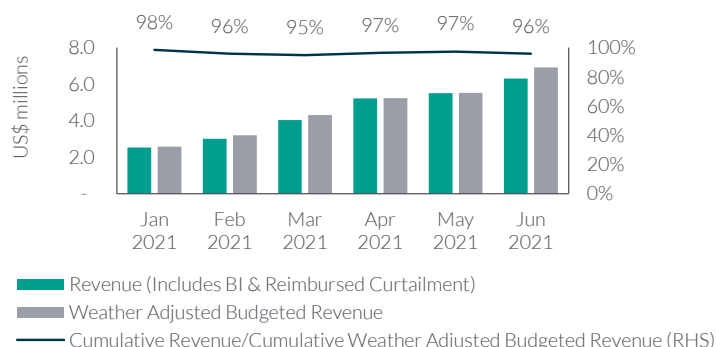
During the first half, significant production curtailment was experienced in both the US and Australian Portfolio for the first time. Curtailment occurs when the market operator or PPA offtaker directs a plant to reduce generation either due to grid congestion or lower than expected demand (called “economic curtailment”). In Australia, generators are not typically compensated for curtailment, however in the US, sites like MS2 (which also experienced curtailment) can be compensated for revenue lost due to economic curtailment.

The US plants performed below weather-adjusted expectations in the first six months of 2021 as a result of the generation deficit attributable to remediation at the Rosamond plants and curtailment at MS2. However, the receipt of business interruption insurance payments for the Rosamond plants and compensation for the curtailment at MS2 ensured that revenue from the US portfolio was not materially adversely affected.

US Portfolio Generation Performance

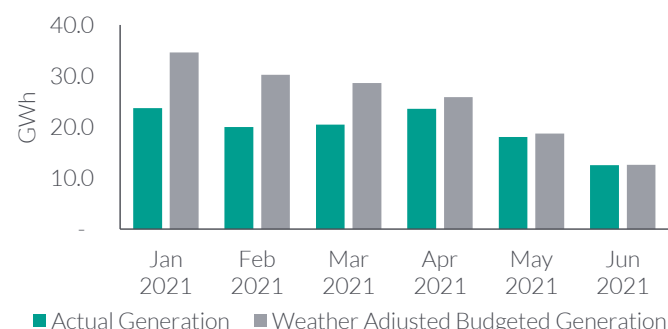


US Portfolio Revenue Performance



The Australian plants performed below weather-adjusted expectations for the six-month period to 30 June 2021 as generation, particularly at Manildra, was curtailed frequently in the early part of the year by the Australian Electricity Market Operator (AEMO). This curtailment reflected the emergence of significant transmission constraints around the plants due to maintenance work and additional capacity connecting to the grid in the central-west of NSW. With the completion of the sale of the Australian assets, NEW will not be impacted by future curtailment at these sites.

Australian Portfolio Generation Performance



FIRST HALF DIVIDEND

A dividend of three cents per share was announced for the first half of 2021 on 5 August 2021. The ex-date for the dividend is 11 August 2021 and the expected payment date is 26 August 2021. The dividend reinvestment plan will not be operative for this dividend.

COVID-19

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. The Investment Management team in Australia is back in lockdown following the spread of the Delta variant in Sydney, while the US team continues to work remotely. Resumption of pre-COVID-19 office and work conventions remains dependent on official guidelines.

PORTFOLIO SUMMARY⁴

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

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	

ENDNOTES

- ¹ New Energy Solar Limited (ACN 609 396 983), **New Energy Solar**, the **Business** or **NEW**.
- ² Based on a \$0.83 NEW stapled security price and 357.4 million stapled securities outstanding as at 30 June 2021.
- ³ Capacity-weighted average PPA term remaining as at 30 June 2021.
- ⁴ Total portfolio of 606 MW_{DC} includes plants that are wholly or partly owned by NEW.
- ⁵ 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.
- ⁶ 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 is calculated using data from the Australian Government Department of the Environment and Energy.

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. 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.

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Authorised for release by New Energy Solar Limited.