

NEW ENERGY SOLAR (ASX: NEW) BUSINESS UPDATE

NEW ENERGY SOLAR TO ACQUIRE REMAINING INTERESTS IN NC-31 AND NC-47

New Energy Solar¹ is pleased to announce it has entered into an agreement to acquire the remaining minority interests in the 43.2MW_{DC} NC-31 solar project and the 47.6MW_{DC} NC-47 solar project (Projects) located in North Carolina, United States from Vivo Power USA LLC (Vivo). NES will acquire the Projects for a total purchase price of US\$11.6m, funded with debt and cash reserves. The transaction remains subject to regulatory approvals and certain conditions precedent, but is expected to be finalised on or around 30 June 2018.

NES currently owns 85.55% and 90.00% of the cash equity interests in NC-31 and NC-47, respectively. The transaction will result in NES owning 100% of the cash equity interests, as well as taking over the role of managing member and asset manager for the Projects.

The Projects have each been operational for over one year and sell 100% of their energy output to Duke Energy Progress (Duke) under 10-year Power Purchase Agreements (PPA) from the commencement of operations. Duke is a subsidiary of Duke Energy Corporation, one of the largest electric power holding companies in the United States.

Together, NC-31 and NC-47 generate more than 150,000 megawatt hours of electricity annually. This amount of electricity is equivalent to displacing more than 110,000 tonnes of CO₂ emissions per annum, powering 20,000 homes, or removing 27,000 cars from the road.²



Aerial shot of NC-31

¹ New Energy Solar Limited (Company) and Walsh & Company Investments Limited as responsible entity of New Energy Solar Fund (Trust), together New Energy Solar or NES (ASX:NEW).

² CO₂ 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.

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Rigel Portfolio construction update

On 6 October 2017, NES announced it had agreed to acquire 14 utility-scale solar plants from Cypress Creek Renewables (CCR) subject to achieving key development and construction milestones. Eight of the projects (55.8MW_{DC}) have met investment milestones with funding and construction on those projects commencing progressively from December 2017.

The first of these eight plants, Hanover (7.5MW_{DC}) in North Carolina, has commenced commercial operations and is selling power to Duke. Final payments on this project will be made once it has satisfied performance testing and quality standards. A second plant in North Carolina, Heedeh (5.4MW_{DC}), has reached mechanical completion. The remaining four projects in North Carolina (27.7MW_{DC}) and two in Oregon (15.2MW_{DC}) are under construction and on schedule, and NES will continue to fund as relevant milestones are achieved. All seven projects are expected to be fully constructed and operational by the end of 2018, although interconnection delays with the utility for the Organ Church 7.5MW_{DC} project may delay its full operation until 2019.



Church Road and Hanover under construction

The remaining six projects (73.8 MW_{DC}) of the original 14 (four in North Carolina and two in Oregon) have not met investment milestones or commenced construction. CCR has informed NES that due to delays with the local utilities, these six projects are not expected to be completed in the 2018 calendar year. Importantly, under the agreement with CCR, NES has not commenced funding these projects. NES continues to work with CCR on these remaining projects and other potential projects being developed by CCR.

Capital Position Update

Since the IPO in December 2017, NES has deployed approximately US\$200m of equity into projects.

	Projects	MW _{DC} 100%	NEW Cash Equity Stake Acquired	Status	NES Equity (US\$m)
Rigel Portfolio	8	55.8	99% ³	Construction	47.0 ⁴
Boulder Solar I	1	125.0 ⁵	49%	Operational	55.3
Mount Signal II	1	200.0	100%	Construction	85.0
NC-31 and NC-47	2	90.8 ⁶	14.45 and 10.0%	Operational	11.6
Total	12	471.6			198.9

Following these acquisitions and the commencement of construction on Mount Signal 2, NES' gearing has increased to 44.5%⁷. NES remains focused on a balanced approach to the funding mix, while maintaining sustainable distribution growth to investors. NES continues to explore both debt and equity raising opportunities to continue to expand and diversify the portfolio in Australia and the United States.



Boulder Solar 1

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Important Information

This information may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs.

³ NES will acquire the remaining 1% once the last project is completed

⁴ Total expected equity invested once projects are completed

⁵ This is 100% of the project MW. NES acquired 49%

⁶ NES is acquiring the remaining 14.45% and 10% in NC-31 and NC-47 respectively

⁷ Unaudited estimate



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 and associated renewable energy assets, with contracted cash flows from creditworthy offtakers, that generate positive social impacts and financial returns for investors.

Since establishment, New Energy Solar has raised over A\$500 million from retail and institutional investors, acquired a portfolio of world-class solar power plants, and has a deep pipeline of opportunities across Australia and the United States. New Energy Solar's securities trade on the Australian Securities Exchange under the ticker, NEW.

www.newenergysolar.com.au

