

25 June 2018

## ACQUISITION OF FIRST AUSTRALIAN ASSET

### NEW ENERGY SOLAR TO ACQUIRE 55.9MW<sub>DC</sub> MANILDRA SOLAR PROJECT IN NSW

#### Acquisition Highlights:

- Operating 55.9MW<sub>DC</sub>/ 46.7MW<sub>AC</sub> solar power plant
- 10-year PPA with EnergyAustralia and an option to extend to 2030<sup>1</sup>
- Gross five-year average yield of 7.6% per annum<sup>2</sup> improves overall portfolio yield
- Strongly complementary to US assets and solid foothold for growth in Australia
- The total portfolio has a weighted average PPA term of 17 years<sup>3</sup>

New Energy Solar (**ASX:NEW**) announced that it has entered into an agreement to acquire the Manildra Solar Farm (**Manildra**) from a subsidiary of First Solar, Inc. (**Nasdaq:FSLR**, or **First Solar**). Using First Solar's advanced thin film photovoltaic solar modules, Manildra is already operating and delivering electricity into the National Electricity Market. Once full commercial operation is achieved, the plant will sell power and Large Scale Generation Certificates (**LGCs**) generated to EnergyAustralia, the third largest electricity retailer in Australia servicing more than 1.7 million customers.

John Martin, CEO of NEW said, "Acquiring Manildra is another impressive growth milestone for New Energy Solar. We have now added a very high-quality, operational asset in Australia to our existing portfolio of 20 power plants in the United States. With some of the highest levels of solar radiation in the world, Australia has enormous renewable energy potential and Manildra gives us a strong foothold here.

"As we approach A\$1 billion of portfolio value, there is no doubt that our expertise in selecting and financing these assets is becoming more recognised, and we are delighted to be consolidating our relationship with First Solar through the acquisition of Manildra. Our relationships with solar technology providers, developers, contractors, electricity buyers, and financiers position us well in the global transition to renewable energy."

<sup>1</sup> Both NEW and EnergyAustralia will have unilateral options to extend the PPA to December 2030.

<sup>2</sup> Unlevered five-year annual average gross yield before transaction cost, fees, interest and tax.

<sup>3</sup> As at 30 June 2018 and assuming the option to extend the Manildra PPA is exercised.

#### New Energy Solar

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Manildra, in Central West NSW, will sell electricity under a 10-year Power Purchase Agreement (**PPA**) with an option to extend to December 2030<sup>4</sup>. The acquisition is based on an enterprise value of approximately A\$113 million (excluding transaction costs and stamp duty), with a target unlevered five-year annual average gross yield of 7.6%<sup>5</sup> per annum compared to the current gross annualised yield on NEW's existing operating portfolio of approximately 6.6% per annum. The project yield is expected to grow with underlying price escalation in the PPA.

New Energy Solar's Head of Investments, Liam Thomas said, "Manildra reflects the very disciplined approach we have taken to acquiring all of our assets. It is an operational plant with a long-term offtake agreement to a creditworthy counterparty, and as such, it is consistent with our investment strategy and complementary to our existing US portfolio. It also has the added benefit of strong A\$ cash yields. When combined with our other acquisitions since listing in late 2017, New Energy Solar has assembled a high-quality portfolio of 21 contracted projects across the US and Australia – making it the largest ASX-listed investor in solar generation."

Kent Draper, First Solar's Vice President of Project Finance for Asia Pacific said, "This is an important milestone for our development activities in Australia and we are pleased to continue our support of New Energy Solar's renewable energy strategy as they acquire their first solar asset in Australia. Local investment appetite is growing and the Manildra Solar Farm demonstrates the viability of reliable solar energy as a competitive, predictable asset".

Subject to the satisfaction of conditions precedent customary for a transaction of this nature, NEW will acquire Manildra on a levered basis, funded with cash reserves, existing and new debt facilities. The project's construction debt facility provided by Société Générale and MUFG Bank will convert to an A\$ term facility at completion, with the underlying interest rate 75% hedged throughout the initial debt term, reducing exposure to future movements in domestic interest rates. Once completed, NEW's gearing will move toward the target long-term gearing ratio of 50%<sup>6</sup>.

Constructed by RCR O'Donnell Griffin (**ASX:RCR**), one of Australia's oldest and most experienced engineering and infrastructure construction providers, the plant is expected to generate more than 118,000 megawatt hours of electricity annually. This is equivalent to displacing more than 91,000 tonnes of CO<sub>2</sub> emissions per annum, powering 14,000 average NSW homes, or removing 24,000 cars from the road.<sup>7</sup>

First Solar Energy Services will provide operations, maintenance and asset management services to the project under long-term contracts.

Once the Manildra transaction is complete and NEW's committed and in-construction assets in the US are operational, NEW's portfolio will comprise interests in over 730MW<sub>DC</sub> of operating solar projects across the US and Australia with a weighted average PPA term of 17 years.

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<sup>4</sup> Both NEW and EnergyAustralia will have unilateral options to extend the PPA to December 2030

<sup>5</sup> Gross yield is measured before transaction costs, fees, interest and tax. The operating portfolio gross yield reflects the expected average gross yield during 2018 of the five assets currently operating in the US.

<sup>6</sup> Unaudited estimate of gross debt divided by gross assets once the acquisition is completed.

<sup>7</sup> Environmental estimates provided by First Solar.



NEW's contribution to producing emissions free electricity continues to grow with the total portfolio expected to generate more than 1,500,000 megawatt hours of electricity annually<sup>8</sup>. This is equivalent to displacing more than 986,000 tonnes of CO<sub>2</sub> emissions, powering 170,000 US and Australian equivalent homes, or removing 237,000 US and Australian equivalent cars from the road, every year.<sup>9</sup>

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### **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. New Energy Solar 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 US 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: <https://www.newenergysolar.com.au/>

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<sup>8</sup> Generation is illustrative of the total production of each asset based on P50 forecasts and all projects commissioned as expected. NEW's effective equity accounted share of generation is expected to be approximately 1,375,000 megawatt hours

<sup>9</sup> US 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. Australian environmental estimates provided by First Solar.

