New Energy Solar

Consisting of:

New Energy Solar Limited
ACN 609 396 983

New Energy Solar Fund
ARSN 609 154 298

ANNUAL REPORT

31 December 2020

**Renewable energy.
Sustainable investments.**

CONTENTS

NC-31 south side aerial view – March 2017

Chairs' Letter

NC-47 aerial view – June 2017

Chairs' Letter

FOR THE YEAR ENDED 31 DECEMBER 2020

Dear Securityholders,

On behalf of New Energy Solar Limited and E&P Investments Limited (formerly Walsh & Company Investments Limited) as Responsible Entity for New Energy Solar Fund, we present the full year report for the 12 months ended 31 December 2020.

While 2020 was characterised by considerable disruption, renewable energy's progress during the year was significant. Globally, as demand for electricity fell, renewable generation increased its share of generation output, being the only form of generation to experience growth in 2020 according to the International Energy Agency. Also important for the progress of the energy transition was the increase in government commitments globally to achieve net-zero emissions and reduce reliance on fossil fuels. Governments that have made these pledges include the UK, Europe, China, Japan, South Korea and the new US administration, countries that together represent 69% of global GDP according to 2019 World Bank GDP data.

NEW has made a contribution to the energy transition in 2020, generating 1.4 terawatt hours[1] (**TWh**) of zero-carbon electricity, equivalent to displacing 919,000 tonnes of CO_2[2]. Other milestones for the business this year include:

- Maintaining operations and investment management activities with team operating remotely from locations across the US and Australia;
- Commencing the 20-year PPA for 100% of Mount Signal 2's output with offtaker Southern California Edison;
- Concluding the sale of up to a 50% interest in Mount Signal 2 to US Solar Fund at a value consistent with net asset value;
- Working with insurers to stabilise the Stanford and TID plants after fire damage, and developing and commencing a program to rectify the damage and return the plants to full capacity;
- Undertaking a strategic review of the NEW business with a view to addressing the security price discount to portfolio net asset value;
- Adopting the initial findings of the strategic review and commencing a sale process for the two Australian assets;
- Securing a $22.5 million corporate debt facility with Infradebt Pty Limited, replacing existing debt at lower cost and with longer tenor; and
- Declaring $21.3 million in distributions to investors.

1. Generation accounts for solar plants on a 100% ownership basis. NEW's proportionate share of generation was 1.3TWh.
2. Calculated using the United States Environmental Protection Agency's "Avoided Emissions and Generation Tool", data from the Australian Department of the Environment and Energy.

OPERATING CONDITIONS IN 2020

During 2020, New Energy Solar operations continued as the electricity sector was prioritised by governments globally as an essential service. Our 16 solar power plants operated uninterrupted by measures to contain the spread of COVID-19, and the maintenance and repair of the plants was also undertaken with limited restrictions. However, there was significant disruption in energy commodity and electricity markets as demand fell precipitously, in line with economic activity, from both lockdown measures and restrictions to control the spread of the virus, as well as widespread caution in the population. New Energy Solar was not immune to the impact of this consequent disruption.

All of our solar power plants operate under power purchase agreements (**PPA**) but our largest plant, Mount Signal 2, did not commence its PPA until 1 June 2020 and the revenue earned in the disrupted merchant electricity market prior to 1 June was well below our expectations formulated before the emergence of COVID-19. In addition, global energy experts believed the energy market disruption was so significant that it would have long-term consequences. As a result, we saw energy giants like BP and Shell lower their long-term forecasts for energy commodity prices and then we saw energy companies globally reduce the future value of their energy assets. NEW was no different and our external valuers reduced the long-term value of the solar power plants which was recorded in the 30 June 2020 accounts announced on 21 August 2020.

These changes in long-term expectations for energy and electricity markets were factored into the external valuations of NEW's assets conducted as at 30 June 2020, leading to a statutory loss at the half year. The full year statutory result includes that loss; together with further changes in expectations for long-term electricity prices since June, namely a slight improvement in the US based on a broader view of market forecasts, but a further decline in Australia; as well as the appreciation of the Australian dollar against the US dollar, which resulted in lower Australian dollar values for US assets.

The year also saw our Rosamond plants operating below capacity after sustaining fire damage in June, and while we expect that the bulk of the cost of the damage and lost earnings will be recovered from our insurers, 2020 revenue from the plants was impacted. Repairs to the plants are underway and we expect operating capacity at the Rosamond plants to resume in stages from this coming year.

In addition, lower than average levels of irradiance across the portfolio detracted from expected output, as did persistent operating issues at Mount Signal 2. Progress has been made to rectify Mount Signal 2's performance issues but remediation work will continue into 2021.

FINANCIAL RESULTS

Underlying earnings

The underlying operating revenue of the business for 2020 was US$75.1 million compared to US$54.3 million in 2019. Earnings before interest, tax, depreciation, and amortisation (**EBITDA**) for 2020 were US$54.6 million, of which US$36.0 million is attributable to NEW. In line with the Investment Entity accounting policy adopted by NEW, these earnings are not reflected directly in the Statutory Earnings described below. Underlying earnings are instead captured as part of the assessment of fair value of the solar power plants.

Statutory earnings

During the year ended 31 December 2020, the Business recorded a total loss of $74.3 million. Operating expenses totalled $6.3 million, and an income tax benefit of $1.4 million arose, resulting in a net loss after tax of $79.1 million.

As mentioned earlier in this letter, the disruption in energy commodity and electricity markets led to a reduction in the long-term values of NEW's solar power plants. The reduction in value constitutes a loss for Investment Entity accounting purposes and is the largest single contributor to the statutory net loss. It should also be noted that the large number of US dollar denominated assets, means that statutory earnings are also influenced by the movement in the US dollar/Australian dollar exchange rate. Over the end of the year ended 31 December 2020 the US dollar devalued against the Australian dollar resulting in a foreign exchange loss of $27.2 million recognised in the total net income.

As at 31 December 2020, the Business had net assets of $444.9 million (31 December 2019: $529.5 million), representing a net asset value **(NAV)** of $1.25 per stapled security (31 December 2019: $1.51), a decrease of 26 cents per stapled security from 31 December 2019. The principle movements in the NAV reflect the reduction in the value of the solar power plants as a result of the disruption in energy markets from COVID-19, the depreciation of the US dollar resulting in lower Australian dollar values for the US plants, the payment of distributions throughout the year, and operating costs.

The fund declared 6 cents per Stapled Security in distributions over this period.

Gearing

NEW targets a long-term gearing level of 50% of gross assets. As at 31 December 2020, NEW's external 'look-through' gearing was 60.9%.

During the second half of the 2020 year NEW secured a $22.5 million corporate debt facility with Infradebt Pty Limited to replace existing debt at lower cost and with longer tenor. As part of its stated capital management strategy, drawn US corporate debt reduced by US$20 million over the period.

Following completion of the sale of 25% of Mount Signal 2 this quarter, receipt of the proceeds and the reduced exposure to Mount Signal 2 will see gearing become noticeably lower. If the sales of NEW's Australian assets complete as scheduled, absent any other changes, gearing is expected to reduce further toward NEW's long-term gearing target of 50% by 30 June 2021.

STRATEGIC INITIATIVES

Despite the disruption of COVID-19 in 2020, NEW implemented a number of strategic initiatives during the year. The sale of an interest in Mount Signal 2 to reduce the weighting of this single, large asset in NEW's portfolio was concluded, and the proceeds of that sale are available to NEW this first quarter of 2021. This initiative contributed to the broader restructuring of NEW's debt mentioned above.

Together with the Investment Manager, the Boards have worked hard to address the discount of the security price to the business' net asset value. In the face of a persistent discount and pressure on NEW's security trading price, the Boards moved decisively to initiate a review of NEW's strategy to determine the best way to return value to our investors. The review was undertaken by RBC Capital Markets, a firm with considerable energy sector expertise.

The initial findings of the review recommended the sale of NEW's two Australian assets and exit from the Australian market. Clearly, NEW is an Australian-originated business but the policy and regulatory environment for renewables in Australia is not conducive to growing the business and achieving economies of scale in Australia. Accordingly, the Board has endorsed the initial recommendation to focus the business on its US assets. The sale of the Australian assets is in hand and the proceeds will enable NEW to undertake capital management initiatives, potentially including a buyback, to provide investors with an opportunity to reduce their investment in NEW and minimise pressure on the security price.

The Boards are confident that the initial recommendations of the strategic review will address the security price discount but, in the event these measures are insufficient, the Boards will consider further action to restore value for investors.

Business outlook

The sale of NEW's Australian assets to focus the business on the United States, together with a path to containment of COVID-19, promise a new chapter for New Energy Solar in 2021. We are also looking forward to an acceleration in the progress of the energy transition and in the uptake of renewable energy technology under the new US administration of President Biden. While the US has long had federal and state policies supportive of renewable energy, the openly supportive rhetoric of the new president and his plans to undertake extensive investment in renewable energy mark a significant step forward in the world's appreciation of the need to combat climate change.

Finally, we would like to thank our Investment Management team, led by John Martin. The team has operated well in trying circumstances and has achieved progress on many fronts. We also thank our investors and stakeholders for your support during the year and sincerely hope that this coming year brings relief from the difficult circumstances of 2020.

Yours faithfully,

STUART NISBETT
Chair of the Responsible Entity

JEFFREY WHALAN
Chair of the Company

25 February 2021

TID array – close up – September 2017

Business Highlights

TID array – September 2017

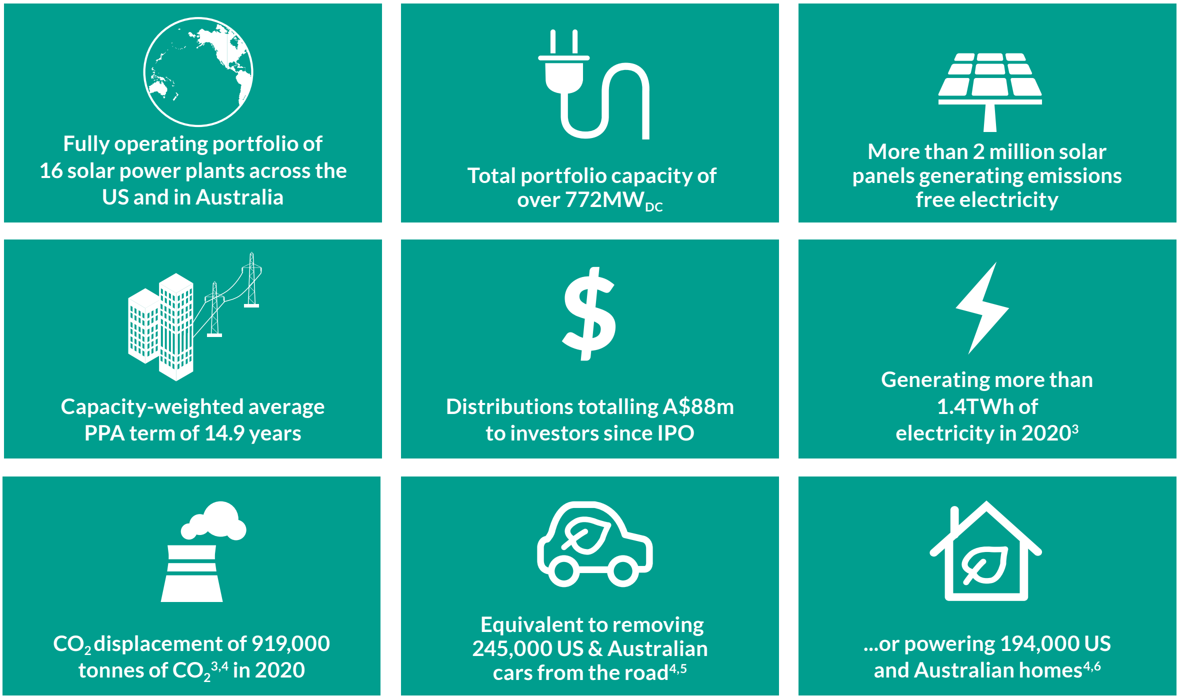
Business Highlights

FOR THE YEAR ENDED 31 DECEMBER 2020

BUSINESS HIGHLIGHTS

To deliver on its objectives, and produce its key investment benefits, the Business has a well-defined investment strategy and clear criteria by which to measure success.

Figure 1: New Energy Solar's business achievements to date

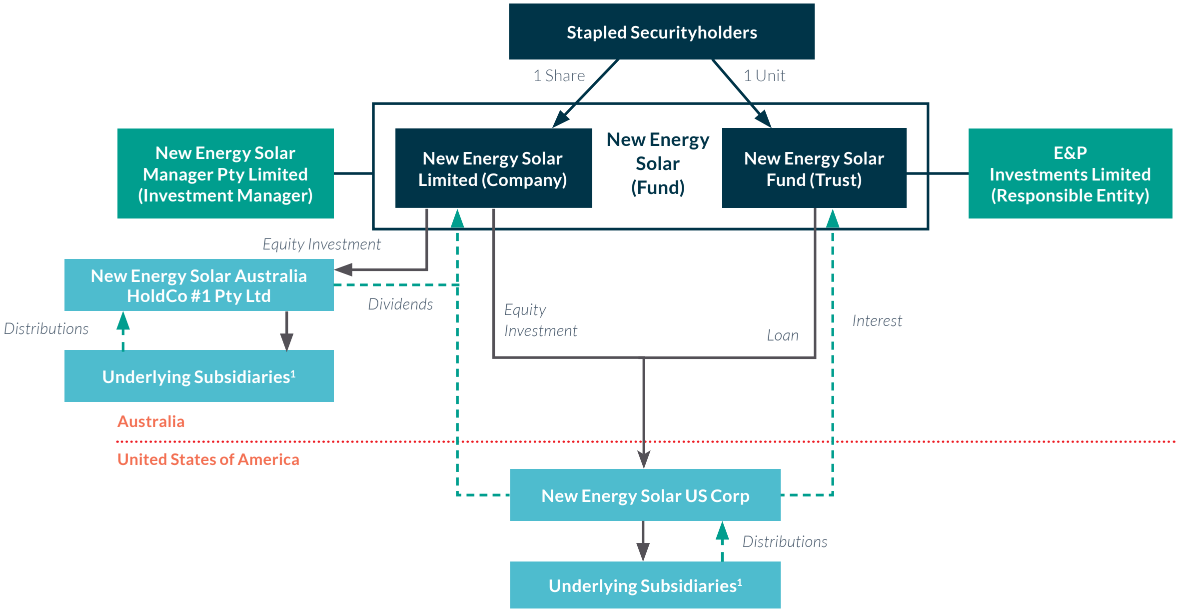


3. Generation accounts for solar plants on a 100% ownership basis. NEW's proportionate share of generation was 1.3TWh.
4. Calculated using the United States Environmental Protection Agency's "Avoided Emissions and Generation Tool", data from the Australian Department of the Environment and Energy.
5. Calculated using the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.
6. Calculated using data from the US Energy Protection Agency and the Australian Bureau of Statistics.

NEW ENERGY SOLAR STRUCTURE

The following diagram is provided to assist with understanding the financial statements set out in this annual financial report.

Figure 2: New Energy Solar structure



1. Underlying plants are held by subsidiaries via various structures including trusts and partnerships.

The financial statements of both entities in the stapled structure are shown alongside one another as permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838. The column headed "Fund" has been shown to reflect the combined financial statements of the Company and its subsidiaries and the Trust and its subsidiaries, together representing the Fund. It reflects the stapled securityholders' combined interest in the Company and the Trust by combining the Company and the Trust financial information after eliminating transactions and balances between the Company and the Trust.

The Company and the Trust invest in solar plants via the Company's wholly owned subsidiaries New Energy Solar US Corp (**NES US Corp**) and New Energy Solar Australia HoldCo #1 Pty Limited (**NESAH1**). NES US Corp is funded by a combination of equity from the Company and a loan from the Trust, both of which are denominated in US dollars. NESAH1 is funded by equity and/or a loan from the Company.

As the Company and the Trust are considered to meet the definition of an 'Investment Entity' (refer 'Summary of significant accounting policies' in note 2(A) to the financial statements), NES US Corp and NESAH1 are not consolidated and are required to be held at fair value in the Company's financial statements. Furthermore, as the combined accounts reflect the net investment of the Company and the Trust in the underlying subsidiaries via equity investment and loans receivable, the loans receivable are also shown at fair value. The total investment (equity investment and loans receivable together) in NES US Corp and NESAH1 is presented on the statement of financial position as "financial assets held at fair value through profit or loss".

The impact of this “Investment Entity” classification on the presentation of the financial statements is that the main operating revenues of the Fund consist of either dividends from NES US Corp and NESAH1, fair value movements in the value of the Company’s equity holding in NES US Corp and NESAH1 and the Trust’s loan receivable to NES US Corp, and interest income on the loan from the Trust to NES US Corp. Underlying subsidiaries net operating income and other expenses are reflected through the fair value movement in the profit or loss statement.

The underlying earnings of solar plants, being revenues from the sale of energy under the PPA less operating expenses, are distributed on a periodic basis from the underlying plants through to NES US Corp and NESAH1, and underpin the ability to pay interest on the loan to the Trust and dividends to the Company as noted above. These funds ultimately underpin the Fund’s distributions/dividends to securityholders.

Additionally, as the Company’s equity investment in NES US Corp and the Trust loan to NES US Corp are denominated in US dollars, the Fund is also exposed to valuation movements associated with foreign exchange rate movements.

Investment Manager's Report

NC-47 aerial view – June 2017

NC-31 site inspection – October 2017

Investment Manager's Report

FOR THE YEAR ENDED 31 DECEMBER 2020

OVERVIEW OF THE NEW PORTFOLIO

INTERESTS IN 16 OPERATING PLANTS WITH 772MW$_{DC}$ CAPACITY AS AT 31 DECEMBER 2020

NEW's portfolio as at 31 December 2020 comprised 16 operating solar power plants in the US and Australia, which are described below.

Figure 3: NEW portfolio: Over 772MW$_{DC}$ operating solar plant capacity across two continents[7]

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**	

NEW SOUTH WALES PLANTS

Name	Capacity (MW$_{DC}$)	Offtaker
Manildra	55.9	EnergyAustralia
Beryl	110.9	Sydney Metro, and Kellogg's
Total	**166.8**	

7. Includes plants that are wholly or partly owned by NEW.

Figure 4: NEW portfolio composition by size (MW_{DC}) as at 31 December 2020[8,9]

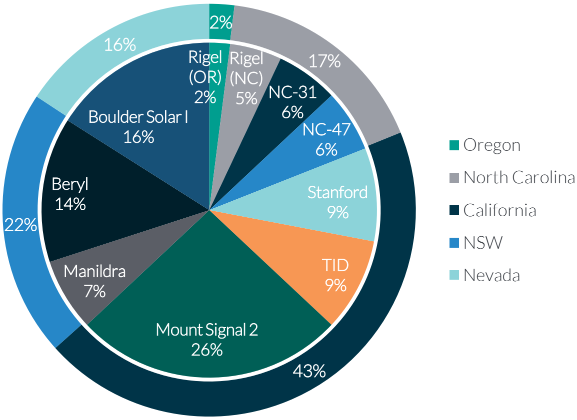
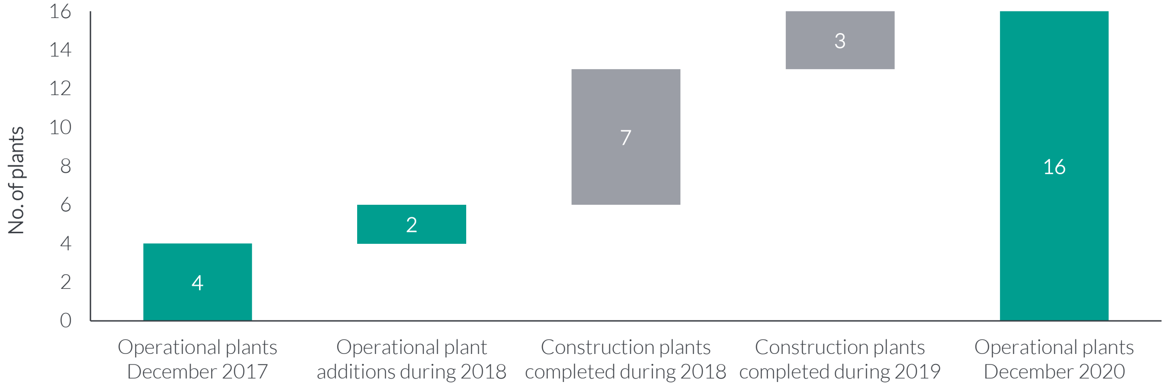


Figure 5: Growth of NEW portfolio capacity



8. Includes plants that are wholly or partly owned by NEW and accounts for capacity on a 100% ownership basis.

9. Rigel portfolio refers to the eight solar plants – Arthur, Bonanza, Church Road, County Home, Hanover, Heedeh, Organ Church, and Pendleton – that NEW acquired from CCR.

NEW'S OPERATING PORTFOLIO PERFORMANCE

INTERESTS IN 16 PLANTS WITH 772MW$_{DC}$ CAPACITY AS AT 31 DECEMBER 2020

Table 1 below shows the underlying generation and PPA terms of the operating projects in NEW's portfolio for the twelve months ended 31 December 2020. Generation has increased from prior periods due to the commissioning of Mount Signal 2 and the addition of full twelve-month periods of operation from Beryl and Organ Church, increasing the Portfolio's gross generation by 40% when compared to 2019. Production during the period was 1.4TWh, compared to 1.0TWh for the prior year[10].

Table 1: NEW portfolio

PLANT	PLANT CAPACITY (MW$_{DC}$)	2020 GENERATION (GWH)			PPA TERM REMAINING (YEARS)	PPA EXPIRY DATE
		ACTUAL (GROSS)	ACTUAL (NEW'S SHARE)	WEATHER-ADJUSTED FORECAST (NEW'S SHARE)		
NC-31	43.2	58.3	58.3	65.5	6.2	2027
NC-47	47.6	68.3	68.3	70.7	6.4	2027
Stanford	67.4	115.0	114.8	149.2	21.0	2041
TID	67.4	124.7	124.6	151.5	16.2	2037
Boulder Solar 1	124.8	281.2	137.8	137.7	16.0	2036
Manildra	55.9	98.7	98.7	104.2	10.0[11]	2030
Beryl	110.9	185.0	185.0	202.4	12.1[12]	2034
Rigel Portfolio	55.6	76.7	76.7	80.8	12.2	2033
Mount Signal 2	199.6	404.9	404.9	453.5	19.4	2040
Total	**772.4**	**1,412.9**	**1,269.2**	**1,415.4**	**14.9**[13]	

The margins and profit generating characteristics of NEW's portfolio are evident in the underlying earnings from the sales of electricity under PPAs shown in Table 2 below.

10. Generation calculated on a 100% ownership basis.

11. Assumes the option to extend the Manildra PPA is exercised.

12. Weighted average of the PPA with Sydney Metro for 69% of Beryl's generation and the PPA with Kellogg's for 29% of Beryl's generation. Assumes that Kellogg's exercises their PPA extension option and the option expires on 31 December 2029.

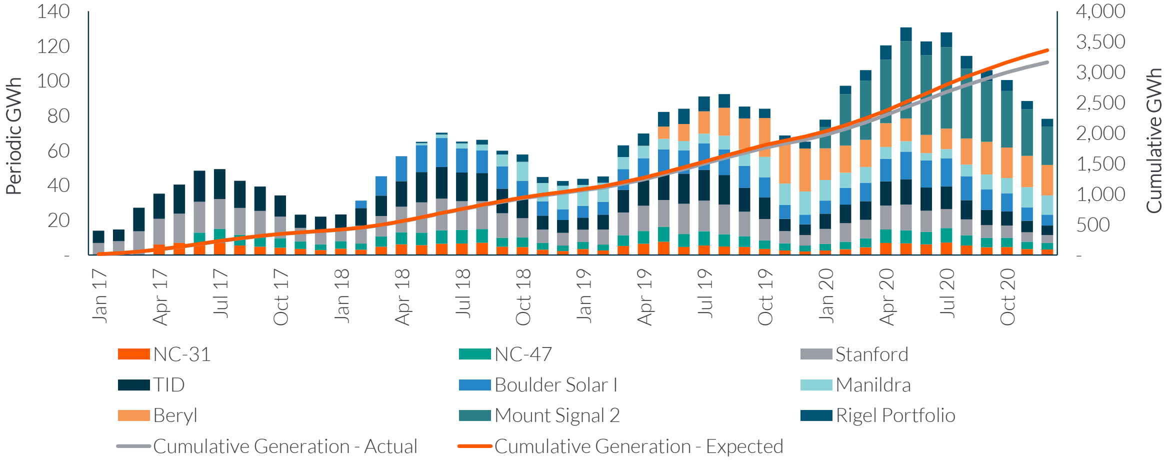
13. Total average PPA term remaining is the capacity-weighted term.

Table 2: Portfolio underlying financial performance for the year ended 31 December 2020. Comparison to prior periods[14]

US$M	YEAR ENDED 31 DECEMBER 2020	YEAR ENDED 31 DECEMBER 2019	YEAR ENDED 31 DECEMBER 2018	YEAR ENDED 31 DECEMBER 2017
Revenue	75.1m[15]	54.3m	42.0m	21.7m
Less: Operating expenses	(20.5m)	(14.1m)	(9.4m)	(4.4m)
EBITDA	**54.6m**	**40.2m**	**32.6m**	**17.3m**
Less: Distributions to tax equity investors and EBITDA attributable to minority investors	(18.6m)	(10.7m)	(10.3m)	(5.5m)
EBITDA attributable to NEW	**36.0m**	**29.5m**	**22.3m**	**11.9m**

The Business grew its underlying revenues by US$20.8 million (38%) and EBITDA attributable to it by US$6.5 million (22%) during the year ended 31 December 2020 compared to the prior year.

Figure 6: Operating Portfolio monthly generation[16]



The chart above shows the contribution from the assets in the portfolio over the course of the development of the operating portfolio and indicates the seasonality of that contribution. To assess the performance of the solar power plants the Investment Manager develops a set of expectations as to the output of each solar power plant. Initially, a budget expectation for each year of a plant's 30 to 35-year life is developed. That expectation is based on long-term average weather patterns and irradiation records. In FY 2020, actual weather conditions resulted in irradiation that was below expectations based on the long-term average and accordingly, performance was below the Investment Manager's budget expectations.

14. Underlying earnings calculated based on unaudited financial statements and management reports. Manildra and Beryl underlying earnings converted from AUD to USD at FX rate of 1AUD:0.7694USD. Figures may not add due to rounding.

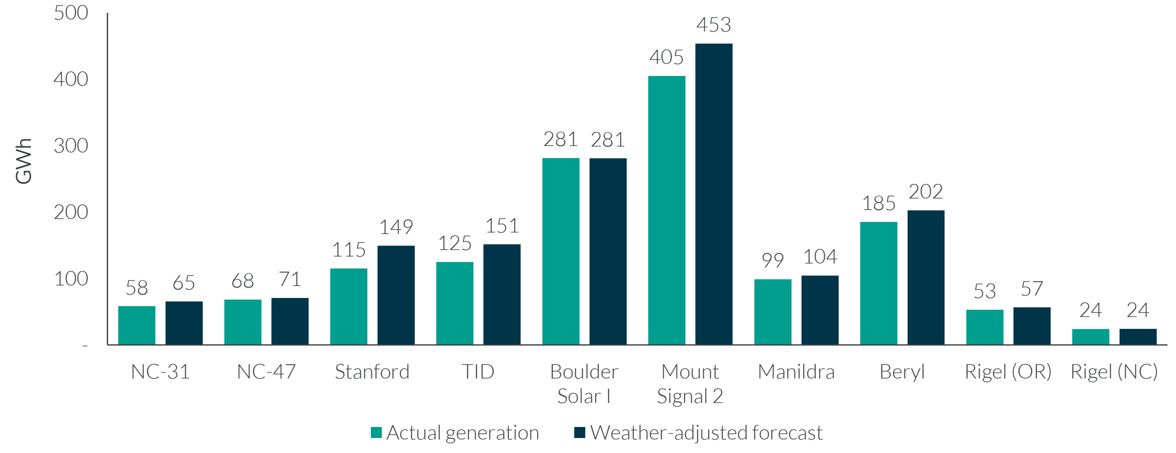
15. Includes revenue from generation and business interruption insurance proceeds.

16. Production included for all solar power plants on a NEW proportionate interest basis.

Actual weather conditions are used to adjust the budget expectations to develop weather-adjusted expectations of output for the solar power plants. These expectations are then compared to the actual metered output of the solar power plants. This comparison is used to identify any equipment failure at the plants; whether the grid operator has curtailed production from a plant or restrained power entering the transmission network; or if there are other problems such as dirty or soiled panels.

The chart below compares the weather-adjusted forecasts with the actual metered output of the plants or an amalgamation of some of the smaller plants.

Figure 7: Operating Portfolio weather-adjusted expectations of generation versus actual generation[17]



In aggregate, portfolio generation was below the Investment Manager's weather-adjusted expectations during the year. The major contributors to this underperformance were the fire damage sustained at the Stanford and TID solar plants and inverter-related and commissioning issues at Mount Signal 2, and to a lesser extent at the Beryl, and Manildra solar plants.

The fire damage sustained at the plants at Rosamond California, TID and Stanford, occurred on 17 June 2020 following a grass fire that spread onto the projects' property. The damage resulted in an approximate 32% reduction in the plant's name plate capacity. As of the beginning of 2021, site remediation was underway, the first shipment of replacement panels had arrived on site, and further testing of panels is being undertaken to determine which panels need to be replaced. It is anticipated the programme will continue through the first half of 2021 with generation being progressively restored.

An insurance claim has commenced and, while the Investment Manager can make no guarantees prior to the conclusion of the claim process, the Investment Manager expects that the plants will receive coverage for lost revenue through our business interruption and property damage claims at replacement cost, less deductibles.

17. Generation and forecasts are shown on a 100% ownership basis.

The increased output from NEW's solar power plants this year increased the positive environmental impact of NEW's portfolio, with gross electricity generation from the portfolio during the year ended 31 December 2020 equivalent to:

- displacing an estimated 919,000 tonnes of carbon emissions (692,000 tonnes in the prior year)[18].
- removing nearly 245,000 US and Australian equivalent cars from the road (189,000 cars in the prior year)[19].
- powering almost 194,000 US and Australian equivalent houses (132,000 houses in the prior year)[20].

SALE OF MOUNT SIGNAL 2

On 31 December 2020, the Fund announce it had executed binding agreements to sell 25% (49.9MWDC) and up to 50% (99.8 MWDC) of its Mount Signal 2 operating solar plant for a total price of between US$44 million and US$46 million to US Solar Fund plc (**USF**) a UK listed solar fund also managed by New Energy Solar Manager.

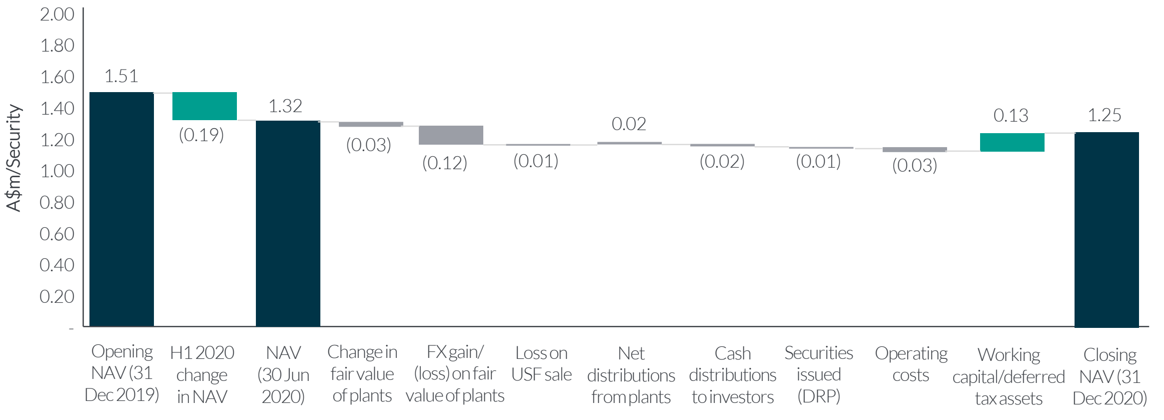
The transaction is structured in two tranches. Tranche one comprises the immediate sale of 25% interest for a fixed price of US$23 million, expected to complete in the first quarter of 2021, subject to customary third-party consents being obtained. Tranche two consists of an option in favour of USF to purchase a further 25% interest for US$22 million, subject to a US$1 million adjustment upwards or downwards. USF can exercise this option for up to 12 months from the completion of tranche one.

INVESTMENTS & GEARING

NET ASSET VALUE

Over the twelve-month period to 31 December 2020, NEW's NAV declined A$84.6 million, equivalent to 26 cents per stapled security. A summary of the items contributing to the decline are set out in Figure 8.

Figure 8: Change in NAV per security since 31 December 2019



18. US CO_2 emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoided Emissions and geneRation Tool" (**AVERT**). Australian CO_2 emissions displacement is calculated using data from the Australian Government – Department of the Environment and Energy.
19. Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.
20. Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.

The main contributors to the decline in net asset value per security over the FY 2020 year include:

- The nineteen cent per security decline in the NAV between December 31, 2019 and June 30, 2020, reported and described in the 2020 Half Year Report.
- A fifteen cent per security decline in the fair value of NEW's solar power plants between June 30, 2020 and December 31, 2020 shown in aggregate, rather than on a per security basis, in Figure 9 below.
  - The primary contributor to the reduction in the fair value of NEW's solar power plants is a devaluation of the US dollar relative to the Australian dollar, resulting in a twelve cent per security decline. This was offset by a slight decrease in discount rates applied to the valuation of plants.
  - The second largest contributor to the decline is a provision primarily recognising the reduced performance of Mount Signal 2, which can be written back as improvements in its output are achieved. Also included are lesser amounts capturing expectations of higher land tax and additional operational costs.
  - A slight improvement in long-term forecasts of electricity prices in the US, offset by slight decreases in long-term forecasts of electricity prices in Australia. Whilst NEW is largely protected from price declines in the short to medium term with its weighted average PPA term of 14.9 years, a portion of its NAV is exposed to changes in price forecasts that impact its post-PPA revenue expectations.
  - In addition to the decline attributable to the decrease in long-term expected electricity prices, the value of NEW's plants also decreased by the aggregate distributions made from the plants to the listed parent entities (reflecting the transfer of value from the individual plants to the Business), amounting to one cent per security.
- A decline of one cent per security attributable to the loss on the sale of NEW's shareholding in US Solar Fund;
- One cent increase per security received in distributions from plants (offsetting the corresponding decrease in value experienced at the individual plants);
- A decline of less than one cent per security attributable to the issuance of additional securities as part of the distribution reinvestment plan;
- A decline of three cents per security comprising the operating costs of the Business, including fees paid to the Investment Manager and legal and other costs;
- An increase of thirteen cents per security in working capital movement, comprising of an increase in cash balance due to the sale of NEW's holding in USF, and a favourable change in recognition of deferred tax assets and liabilities.

Figure 9: Change in Fair Value of solar plants since 31 December 2019[21]

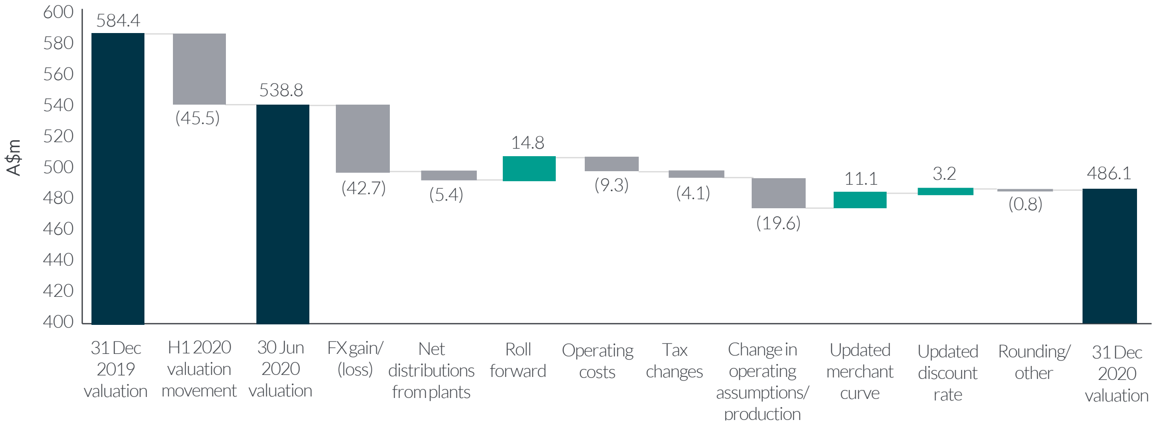


Table 3: NEW NAV as at 31 December 2020

ASSET	EQUITY	DEBT (FAIR VALUE)	DEBT (OUTSTANDING BALANCE)	ENTERPRISE VALUE
US PLANTS				
Stanford TID	US$74.1m	US$69.5m	US$60.3m	US$143.6m
NC-31 NC-47	US$62.3m	US$23.3m	US$22.1m	US$85.6m
Boulder Solar I	US$35.0m	US$26.9m	US$22.7m	US$61.9m
Rigel Portfolio	US$25.5m	US$25.2m	US$21.9m	US$50.7m
Mount Signal 2	US$90.8m	US$254.0m	US$202.3m	US$344.8m
Subtotal (US$)	**US$287.7m**	**US$398.9m**	**US$329.3m**	**US$686.6m**
Subtotal (A$ equivalent)[22]	**A$373.9m**	**A$518.4m**	**A$428.1m**	**A$892.4m**
AUS PLANTS				
Manildra	A$51.1m	A$75.2m	A$67.2m	A$126.3m
Beryl	A$61.1m	A$138.6m	A$120.0m	A$199.7m
Subtotal	**A$112.2m**	**A$213.8m**	**A$187.2m**	**A$326.0m**
Subtotal All Plants	**A$486.1m**	**A$732.2m**	**A$615.3m**	**A$1,218.4m**
US Solar Fund Stake	–	–	–	–
Corporate Debt	(A$78.0m)	A$78.0m	A$78.0m	–
Working Capital/Deferred Tax Assets	A$36.8m	–	–	A$36.8m
Total	**A$444.9m**	**A$810.2m**	**A$693.3m**	**A$1,255.2m**

21. US$ figures converted to AU$ at US$:AU$ exchange rate of 0.7694 as at 31 December 2020. Figures may not add due to rounding.

22. US$ figures converted to AU$ at US$:AU$ exchange rate of 0.7694 as at 31 December 2020. Figures may not add due to rounding.

GEARING

NEW has a target long-term gearing ratio of 50% of gross assets. NEW had gross external look-through debt outstanding of $693.3 million as at 31 December 2020, equivalent to a gearing ratio of 60.9%[23] as at 31 December 2020. This has increased 2.6% from the 31 December 2019 gearing ratio of 58.3%, but decreased from the 30 June 2020 gearing ratio of 62.1%. The increase in gearing over the 12-month period is attributable to the decline in gross asset values, discussed in detail above, primarily attributable to foreign exchange rate movements and the impact of the COVID-19 pandemic on the outlook for long-term electricity prices.

NEW's weighted average debt maturity of over 6.8 years as at 31 December 2020 reflects the long-term contracted nature of its PPAs and NEW's diverse sources of debt funding.

NEW's group debt facilities outstanding as at 31 December 2020 are set out in Table 4 below:

Table 4: NEW debt facilities outstanding as at 31 December 2020

FACILITY	TYPE	AVAILABLE FACILITY[24]	DRAWN	PLANT
North Carolina Facility	Loan	US$22.1m	US$22.1m	NC-31 & NC-47
US Private Placement 1	Bond	US$60.3m	US$60.3m	Stanford & TID
Mount Signal 2 Facility[25]	Loan	US$202.3m	US$202.3m	Mount Signal 2
US Revolving Credit Facility	Loan	US$45.0m	US$27.7m	Corporate
US Private Placement 2	Bond	US$22.7m	US$22.7m	Boulder Solar I
Rigel Facility	Loan	US$21.9m	US$21.9m	Rigel
KCI Loan	Loan	US$15.0m	US$15.0m	Corporate
US Facilities Subtotal		**US$389.4m**	**US$372.0m**	
US Facilities Subtotal (A$ equivalent)[26]		**A$506.1m**	**A$483.6m**	
Manildra Facility	Loan	A$67.2m	A$67.2m	Manildra
Beryl Facility	Loan	A$120.0m	A$120.0m	Beryl
Infradebt Facility	Loan	A$22.5m	A$22.5m	Corporate
Australian Facilities Subtotal		**A$209.7m**	**A$209.7m**	
Total Debt		**A$715.8m**	**A$693.3m**	
Gross assets			**A$1,138.2m**	
Gross Look Through Gearing (%)			**60.9%**	

23. Gearing = Total Debt / Gross Asset Value.

24. Balance outstanding as at 31 December 2020. Facility face values adjusted for committed amortisation payments.

25. Excluding US$8.5 million Mount Signal 2 revolving loan facility which was undrawn as at 31 December 2020.

26. US$ figures converted to AU$ at US$:AU$ exchange rate of 0.7694 as at 31 December 2020. Figures may not add due to rounding.

NEW ENERGY SOLAR'S INVESTMENTS

OPERATING SOLAR POWER PLANTS – UNITED STATES

Stanford Solar Power Plan. (Stanford)

Stanford Aerial View – October 2017

Stanford Aerial View – October 2017

Location	Rosamond, Kern County, California, USA
Generating Capacity	67.4 MW_{DC}/54 MW_{AC}
Commercial Operation Dat. (COD)	December 2016
PPA Term	25 years from COD
PPA Offtaker	Stanford University
O&M Service Provider	SunPower Corporation, Systems
Asset Description	Stanford is located on a 242-acre leased site in Rosamond, Kern County, California, approximately 120 kilometres north of Los Angeles. Stanford is located next to the TID solar power plant and commenced operations in December 2016. NEW acquired its substantial majority interest in Stanford in December 2016.

Turlock Irrigation District Power Plant (TID)

TID Aerial View – October 2017

TID Aerial View – October 2017

Location	Rosamond, Kern County, California, USA
Generating Capacity	67.4 MW_{DC}/54 MW_{AC}
COD	December 2016
PPA Term	20 years from COD
PPA Offtaker	Turlock Irrigation District
O&M Service Provider	SunPower Corporation, Systems
Asset Description	TID is located on a 265-acre leased site in Rosamond, Kern County, California, approximately 120 kilometres north of Los Angeles. TID is located next to Stanford solar power plan. and commenced operations in December 2016. NEW acquired its substantial majority interest in TID in December 2016.

North Carolina 43 MW_{DC} Solar Power Plant (NC-31)


NC-31 Aerial View – May 2017


NC-31 Aerial View – October 2017

Location	Bladenboro, Bladen County, North Carolina, USA
Generating Capacity	43.2 MW_{DC}/34.2 MW_{AC}
COD	March 2017
PPA Term	10 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	Miller Bros. Solar LLC
Asset Description	NC-31 is located on a 196-acre leased site in Bladenboro, Bladen County, North Carolina, which is approximately 232 kilometres east of Charlotte, North Carolina. The plant commenced commercial operations in March 2017. NEW committed to acquiring a majority interest in NC-31 in August 2016 and acquired its interest in the plant in March 2017. NEW acquired the minority interests in NC-31 in July 2018.

North Carolina 48 MW_{DC} Solar Power Plant (NC-47)


NC-47 Aerial View – May 2017


NC-47 Aerial View – May 2017

Location	Maxton, Robeson County, North Carolina, USA
Generating Capacity	47.6 MW_{DC}/33.8 MW_{AC}
COD	May 2017
PPA Term	10 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	DEPCOM Power, Inc.
Asset Description	NC-47 is located on a 260-acre leased site in Maxton, Robeson County, North Carolina, approximately 166 kilometres east of Charlotte. NC-47 commenced commercial operations in May 2017. NEW committed to acquiring a majority interest in the plant in October 2016 and acquired its interest in May 2017. NEW acquired the minority interests in NC-47 in July 2018.

Boulder Solar 1 Power Plant (Boulder Solar 1)

Boulder Solar 1 Ground View – January 2018

Boulder Solar 1 Aerial View – January 2018

Location	Boulder City, Nevada, USA
Generating Capacity	$124.8MW_{DC}$ / $100MW_{AC}$
COD	December 2016
PPA Term	20 years from 1 January 2017
PPA Offtaker	NV Energy (subsidiary of Berkshire Hathaway)
O&M Service Provider	SunPower Corporation, Systems
Asset Description	Boulder Solar 1 is located on a 542-acre leased site in Boulder City, Clark County, Nevada, approximately 50 kilometres south of Las Vegas. The plant commenced commercial operations in December 2016. NEW acquired a 49% minority interest in Boulder Solar 1 in February 2018.

Arthur Solar Power Plant (Arthur)

Arthur Ground View – August 2018

Arthur Ground View – August 2018

Location	Tabor City, North Carolina, USA
Generating Capacity	$7.5MW_{DC}$ / $5.0MW_{AC}$
COD	July 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	Cypress Creek Renewables O&M (**CCR O&M**)
Asset Description	Arthur is located on a 35-acre leased site in Tabor City, North Carolina. The plant commenced commercial operations in July 2018.

Bonanza Solar Power Plant (Bonanza)


Bonanza Aerial View – April 2019


Bonanza Aerial View – April 2019

Location	Bonanza, Oregon, USA
Generating Capacity	6.8MW$_{DC}$ / 4.8 MW$_{AC}$
COD	December 2018
PPA Term	12.9 years from COD
PPA Offtaker	PacifiCorp (subsidiary of Berkshire Hathaway)
O&M Service Provider	CCR O&M
Asset Description	Bonanza is located on a 57-acre leased site located 30 kilometres east of Klamath Falls, Oregon. The plant commenced commercial operations in December 2018.

Church Road Solar Power Plant (Church Road)


Church Road Ground View – May 2018


Church Road Ground View – May 2018

Location	Angier, North Carolina, USA
Generating Capacity	5.2MW$_{DC}$ / 5.0MW$_{AC}$
COD	August 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Asset Description	Church Road is located on a 21-acre leased site in Angier, North Carolina. The plant commenced commercial operations in August 2018.

County Home Solar Power Plant (County Home)

County Home Ground View – August 2018

County Home Ground View – August 2018

Location	Rockingham, North Carolina, USA
Generating Capacity	7.5MW_{DC} / 5.0 MW_{AC}
COD	September 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Asset Description	County Home is located on a 30-acre leased site located 5 kilometres southeast of Rockingham, North Carolina. The plant commenced commercial operations in September 2018.

Hanover Solar Power Plant (Hanover)

Hanover Ground View – April 2018

Hanover Ground View – April 2018

Location	Maysville, North Carolina, USA
Generating Capacity	7.5MW_{DC} / 5.0MW_{AC}
COD	April 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Asset Description	Hanover is located on a 45-acre leased site in Maysville, North Carolina. The plant commenced commercial operations in April 2018.

Heedeh Solar Power Plant (Heedeh)


Heedeh Ground View – August 2018


Heedeh Ground View – August 2018

Location	Delco, North Carolina, USA
Generating Capacity	$5.4MW_{DC}$ / $4.5MW_{AC}$
COD	July 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Asset Description	Heedeh is located on a 21-acre leased site in Delco, North Carolina. The plant commenced commercial operations in July 2018.

Organ Church Solar Power Plant (Organ Church)


Organ Church Ground View – August 2018


Organ Church Ground View – August 2018

Location	Organ Church, North Carolina, USA
Generating Capacity	$7.5MW_{DC}$ / $5.0 MW_{AC}$
COD	February 2019
PPA Term	15.0 years from COD
PPA Offtaker	Duke Energy Carolinas
O&M Service Provider	CCR O&M
Asset Description	Organ Church is located on a 45-acre leased site located 15 kilometres northwest of Kannapolis, North Carolina. The plant commenced commercial operations in February 2019.

Pendleton Solar Power Plant (Pendleton)


Pendleton Ground View – October 2018


Pendleton Ground View – October 2018

Location	Pendleton, Oregon, USA
Generating Capacity	$8.4MW_{DC}$ / $6.0 MW_{AC}$
COD	September 2018
PPA Term	13.2 years from COD
PPA Offtaker	PacifiCorp
O&M Service Provider	CCR O&M
Asset Description	Pendleton is located on a 44-acre leased site 5 kilometres west of Pendleton, Oregon. The plant commenced commercial operations in September 2018.

Mount Signal 2 Solar Power Plant (MS2)


MS2 Aerial View – December 2019


MS2 Aerial View – December 2019

Location	Imperial Valley, California, USA
Generating Capacity	$199.6MW_{DC}$ / $153.5MW_{AC}$
COD	December 2019
PPA Term	20 years from June 2020
PPA Offtaker	Southern California Edison
O&M Service Provider	First Solar
Asset Description	MS2 is located on a 1,314 acre leased site in the Imperial Valley, California. The plant commenced commercial operations in December 2019. MS2 sold electricity to the wholesale market until the commencement of its 20-year PPA in June 2020. In December 2020, NEW announced the sale of a 25% interest to US Solar Fund plc (**USF**) with an option for USF to acquire a further 25% in the following 12 months.

OPERATING SOLAR POWER PLANTS – AUSTRALIA

Manildra Solar Power Plant (Manildra)

Manildra Aerial View – July 2018

Manildra Ground View – July 2018

Location	Manildra, New South Wales, Australia
Generating Capacity	55.9MW_{DC} / 46.7MW_{AC}
COD	December 2018
PPA Term	10 years from COD, with an option to extend to 2030
PPA Offtaker	EnergyAustralia
O&M Service Provider	First Solar
Asset Description	Manildra is located on a 120-hectare leased site 1.5 kilometres north east of the Manildra town centre. Manildra is currently operating and delivering electricity into the National Electricity Market. The plant achieved full commercial operations in December 2018. NEW announced its agreement to acquire Manildra in June 2018.

Beryl Solar Power Plant (Beryl)

Beryl Ground View – February 2019

Beryl Aerial View – March 2019

Location	Beryl, New South Wales, Australia
Generating Capacity	110.9MW_{DC} / 87MW_{AC}
COD	June 2019
PPA Term	15 (Sydney Metro)[27] c. 7.5 years with an option to extend to December 2029 (Kellogg's)[28]
PPA Offtaker	Sydney Metro (69% of generation) Kellogg's (29% of generation)
O&M Service Provider	First Solar
Asset Description	Beryl is located in Central West NSW, approximately 5 kilometres west of Gulgong. The plant achieved full commercial operations in June 2019. NEW announced its agreement to acquire Beryl in June 2018.

27. The Sydney Metro PPA represents approximately 69% of Beryl's generation during the 15-year term.

28. The Kellogg's PPA represents approximately 29% of Beryl's generation during the ~7.5-year initial term. Kellogg's has an option to extend the term for three years until 31 December 2029.

INFORMATION ON THE INVESTMENT MANAGER

SENIOR MANAGEMENT TEAM

The senior members of the Investment Manager who are responsible for the management of New Energy Solar are set out below.

Each of the members of the senior management team are employed by a member of the E&P Financial Group and provide services for the benefit of the Business. Further information on the Investment Manager team is provided at **www.newenergysolar.com.au**

JOHN MARTIN BEcon (USYD)

CEO, NEW ENERGY SOLAR

John was appointed as New Energy Solar's Managing Director and CEO in May 2017. John brings a wealth of experience and capability to the role after more than two decades in corporate advisory and investment banking with a focus on the infrastructure, energy and utility sectors.

John previously led the Infrastructure and Utilities business at corporate advisory firm Aquasia where he advised on more than $10 billion of infrastructure and utility M&A and financing transactions. Prior to this John held various investment bank management positions including the Head of National Australia Bank Advisory and the Joint Head of Credit Markets and Head of Structured Finance at RBS/ABN AMRO.

During his time at ABN AMRO, John managed the Infrastructure Capital business which was viewed as a market leader in the development and financing of infrastructure and utility projects in Australia. John started his career as an economist with the Reserve Bank of Australia and then worked in various treasury and risk management positions, before moving to PwC as the partner responsible for financial risk management. At PwC John advised some of Australia's largest corporations on the management and valuation of currency, interest rate and commodity exposures – with a focus on advising energy companies trading in the Australian National Electricity Market.

John has a Bachelor of Economics (Honours) from the University of Sydney. John is a member of the Advisory Board for the Cordish Dixon Private Equity Fund III (ASX:CD3), and is a past board member of Infrastructure Partnerships Australia.

JACLYN STRELOW BJus, LLB (QUT), MBA (MELB)

CHIEF OPERATING OFFICER

Jaclyn has been an executive in the E&P Funds Management business since 2016 and joined the Investment Management team in August 2020. Jaclyn has a corporate law background and brings substantial experience specialising in debt and equity markets, mergers and acquisitions and corporate development in Australia and the UK, working in listed company and professional services environments.

Prior to joining E&P Financial Group, Jaclyn was legal counsel for Aurizon, managing legal risk and strategy across the business development, M&A, strategy, governance, and treasury functions. Prior to Aurizon, Jaclyn worked as legal counsel in capital markets and professional services with Instinet and PwC Legal in London, and Mallesons Stephen Jaques in Australia.

LIAM THOMAS BAgribus (Curtin), MSc (Curtin), MBA (MELB)

CHIEF INVESTMENT OFFICER

Liam joined New Energy Solar in March 2016 to lead transaction origination and execution activities. Liam has over 14 years' experience in M&A, corporate and business development, projects, and commercial management in the energy, infrastructure, mining and agribusiness sectors.

Prior to joining NEW, Liam was a senior member of the International Development team at Origin Energy focused on the investment and development strategy for utility scale solar, hydro, and geothermal projects in Latin America and South-East Asia. Liam's previous roles have included General Manager of Commercial Development at Aurizon, Commercial Manager for the Northwest Infrastructure iron ore port joint venture, and Project Manager at Orica, focusing on large-scale mining-related infrastructure and manufacturing projects. Earlier in Liam's career, he worked in the agricultural commodities sector with AWB Limited.

Liam has a Bachelor of Agribusiness and Master of Science from Curtin University, and a Master of Business Administration from the University of Melbourne.

WARWICK KENEALLY BEc (ANU), BCom (ANU), CA

CHIEF FINANCIAL OFFICER

Prior to joining New Energy Solar, Warwick was the interim CFO of the Investment Manager's parent, E&P Financial Group. Warwick has worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG working in their Canberra, Sydney and London offices – and has undertaken a range of restructuring engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Chartered Accountant.

TID aerial view – September 2017

Corporate Governance Statement

Stanford & TID site at sunset – September 2017

Corporate Governance Statement

FOR THE YEAR ENDED 31 DECEMBER 2020

New Energy Solar Limited (the **Company**) and E&P Investments Limited, as Responsible Entity of New Energy Solar Fund (the **Trust**) (**Responsible Entity**), together form New Energy Solar (the Fund), a stapled entity group, whose securities are traded on the Australian Securities Exchange (**ASX**). The Fund has no employees and its day-to-day functions and investment activities are managed by the Responsible Entity of the Trust (E&P Investments Limited) and New Energy Solar Manager Pty Limited (**Investment Manager**), in accordance with the relevant management agreements.

The directors of the Company and the directors of the Responsible Entity recognise the importance of good corporate governance.

The Fund's corporate governance charter (**Corporate Governance Charter**), which incorporates the Fund's policies referred to below, is designed to ensure the effective management and operation of the Fund and will remain under regular review. The Corporate Governance Charter is available on the Fund's website **newenergysolar.com.au.**

A description of the Fund's adopted practices in respect of the eight Principles and Recommendations from the Fourth Edition of the *ASX Corporate Governance Principles and Recommendations* (**ASX Recommendations**) is set out below. All these practices, unless otherwise stated, were in place throughout the year and to the date of this report.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

BOARD ROLES AND RESPONSIBILITIES

The board of the Company (**Company Board**) and the board of the Responsible Entity (**RE Board**) (together, the **Boards**) are responsible for the overall operation, strategic direction, leadership and integrity of the Fund and in particular, are responsible for the Fund's growth and success. In meeting its responsibilities, the Boards undertake the following functions:

- Providing and implementing the Fund's strategic direction;
- Reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Fund are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- Overseeing the integrity of the Fund's accounting and corporate reporting systems, including the external audit;
- Ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance;
- Reviewing and overseeing internal compliance and legal regulatory compliance;
- Ensuring compliance with the Company and the Trust's constitutions and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)* (**Corporations Act**);
- Overseeing the Fund's process for making timely and balanced disclosures of all material information concerning the Fund, and
- Communicating with and protecting the rights and interests of all securityholders.

The Boards have established a formal policy which acts as a charter and sets out its functions and responsibilities (**Board Policy**). The Board Policy is set out in section 3 of the Fund's Corporate Governance Charter. A review of the Board Policy is conducted annually.

The responsibility for the operation and administration of the Fund is delegated, by the Boards, to the Investment Manager as set out in the relevant management agreement. The Boards ensure the Investment Manager is appropriately qualified and experienced to discharge its responsibilities. The Investment Manager will be responsible for implementing the Fund's strategic objectives and operating within the risk appetite as set out within the Risk Appetite Statement which was approved by the Boards on 17 November 2020.

APPOINTMENT OF DIRECTORS

The Company has adopted a formal process to ensure that appropriate checks are undertaken before appointing a person, or putting forward to securityholders a candidate for election as a director. The Company has outsourced part of this function to an external service provider, which specialises in completing background checks, to verify the candidate's experience, education, criminal record and bankruptcy history.

Upon proposing a candidate for election or re-election as a director, the Company provides securityholders with all the relevant material information in its possession to allow securityholders to make an informed decision on whether or not to elect or re-elect the candidate. The information will generally include:

- biographical details of the candidate, including their qualifications, experience and skills which may be relevant to the board of the Company; and
- details of any current or past directorships held by the candidate.

Each director of the Company receives a formal appointment letter outlining their terms of employment, responsibilities, conditions and expectations of their engagement.

ROLE OF THE COMPANY SECRETARY

The company secretary of the Company (**Company Secretary**) is directly accountable to the Company Board, through the Chairperson of the Company Board on all matters to do with the proper functioning of the Company Board. This includes:

- advising the Company Board on governance matters;
- circulating to the Company Board all board papers in advance of any proposed meeting;
- ensuring that the business at board meetings is accurately captured in the minutes; and
- facilitating the induction and professional development of directors.

DIVERSITY

The Company currently does not have any employees and therefore has adopted a diversity policy which is applicable only to the Company Board. A copy of the policy setting out its objectives and reporting practices can be found on the Fund's website.

As required by the policy, at the commencement of each financial year, the Company Board is required to set measurable objectives to allow it to achieve and maintain diversity on the board. The measurable objective for gender diversity, as agreed by the Company's Board for FY2020, is set out below:

- At least one female director representation on the Company Board.

The outcome for the year, as reported by the Company Board, is set out below:

- As at 31 December 2020, there was one female and four male directors; and
- The Company Board was satisfied it had achieved its measurable objectives for FY2020.

2. STRUCTURE THE BOARD TO ADD VALUE

BOARD COMPOSITION

The Company and the Responsible Entity seek to maintain Boards with a broad range of skills. The Company maintains a skills matrix below which lists the skills that have been identified as the ideal attributes the Company seeks to achieve across its board membership:

- Financial
- Industry Knowledge
- Leadership
- Understanding of Solar Infrastructure
- Funds Management
- Risk Based Auditing & Risk Management
- Capital Raising
- Legal
- Government and Regulation
- Marketing and Communications
- Investor Relations

The composition of the Boards is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience, and expertise relevant to the position of director.

The directors of the Company during the 2020 financial year and as at the date of this report are:

Jeffrey Whalan	Independent, Non-Executive Chair
Maxine McKew	Independent, Non-Executive Director
James Davies	Independent, Non-Executive Director
John Holland	Independent, Non-Executive Director
Alan Dixon	Non-Independent, Non-Executive Director (retired on 17 May 2020)
John Martin	Non-Independent, Director

The directors of the Responsible Entity during the 2020 financial year and as at the date of this report are:

Stuart Nisbett	Independent, Non-Executive Chair
Warwick Keneally	Non-Independent, Executive Director
Mike Adams	Non-Independent, Non-Executive Director
Peter Shear	Independent, Non-Executive Director

The company secretaries of the Company and the Responsible Entity during the 2020 financial year and as at the date of this report are:

Hannah Chan

Caroline Purtell

The Company Board comprises four independent non-executive directors, Jeffrey Whalan, Maxine McKew, James Davies and John Holland. An independent non-executive director is a non-executive director who is independent of the Investment Manager and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their judgement.

The Company is committed to diversity in the composition of its Board. The directors will continue to monitor the composition of the Company Board.

The RE Board comprises two independent directors, Stuart Nisbett and Peter Shear and two non-independent directors, Warwick Keneally and Mike Adams with the independent Chairperson holding the casting vote[29]. The RE Board however has established a compliance committee (**Compliance Committee**) with a majority of external members who are responsible for; monitoring the extent to which the Responsible Entity complies with the Trust's constitution, compliance plan and any relevant regulations. The Compliance Committee must provide a report to the RE Board at least on a quarterly basis and report to the Australian Securities & Investments Commission (**ASIC**) if it is of the view that the Responsible Entity has not complied with the Trust's constitution, compliance plan or any relevant regulations.

The Fund recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size and structure of the Fund, the functions that would be performed by these committees are best undertaken by the Boards.

The Boards will review their view on committees in line with the ASX Recommendations and in light of any changes to the size or structure of the Fund, and if required may establish committees to assist them in carrying out their functions. At that time the Boards will adopt a charter for such committees in accordance with the ASX Recommendations and industry best practice.

It is the Company Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX listing rules (**Listing Rules**) and the *Corporations Act*. In accordance with the Corporate Governance Charter, directors are entitled to seek independent advice at the expense of the Fund. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Fund.

PERFORMANCE EVALUATION

The Boards conduct a review of their collective performance and the performance of their directors annually. This process includes consideration of feedback provided by directors via a questionnaire. The Boards and individual directors, including the chairpersons, were evaluated during the year ending 31 December 2020 in accordance with these processes.

29. Prior to his appointment as a director of the RE Board, Stuart Nisbett was remunerated for services on investment committees for two of the Responsible Entity's unlisted funds. The RE Board is of the view that this association does not compromise Stuart Nisbett's independence because one of the investment committees was dissolved in 2017 and he ceased to be remunerated for the other investment committee prior to his appointment as director.

INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT

On appointment, the directors are individually briefed by the Investment Manager. Directors are entitled to receive appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as directors effectively. The Company's induction program is structured to enable a new director to gain an understanding of the Company's investments, financial, strategic, operational and risk management position, and their rights, duties and responsibilities.

The Company Secretary is responsible for facilitating the induction and ongoing development of all directors, and where necessary, from time to time, will recommend relevant courses and industry seminars which may assist directors in discharging their duties.

3. ACT ETHICALLY AND RESPONSIBLY

STATEMENT OF VALUES

The Boards value sustainable management of the world's natural resources for present and future generations. To this end, the Fund aims to both capitalise on and contribute to increasing awareness of the impact of climate change on the world's resources and specifically, invests to achieve attractive risk-adjusted returns for its investors in utility-scale solar power plants, a key element in the global energy sector's transition to a low carbon emissions system.

The Statement of Values is set out in section 2 of the Fund's Corporate Governance Charter.

CODE OF CONDUCT

The Boards are committed to maintaining ethical standards in the conduct of its business activities. The Boards reputation as an ethical business organisation is important to its ongoing success and it expects all its officers to be familiar with and have a personal commitment to meeting these standards. In this regard the directors have adopted a code of conduct (**Code of Conduct**) to define basic principles of business conduct. The Code of Conduct requires officers and employees to abide by the policies of the Fund and the law. The Code of Conduct is a set of principles giving direction and reflecting the Fund's approach to business conduct and is not a prescriptive list of rules for business behaviour. The Code of Conduct covers ethical operations, compliance with laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading.

The Code of Conduct is set out in section 6 of the Fund's Corporate Governance Charter.

WHISTLEBLOWER POLICY

The Boards have a Whistleblowing Policy which is available on the Fund's website.

ANTI-BRIBERY AND CORRUPTION POLICY

The Boards have an Anti-Bribery and Fraud Policy which is available on the Fund's website.

SECURITY TRADING POLICY

The Boards have established a security trading policy (**Security Trading Policy**) to apply to trading in the Fund's securities on the ASX. This policy outlines the permissible dealing of the Fund's securities while in possession of price sensitive information and applies to all directors of the Company, the Responsible Entity and the Investment Manager.

The Security Trading Policy imposes restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

The Security Trading Policy is set out in section 7 of the Fund's Corporate Governance Charter.

INSIDER TRADING POLICY

The Boards have established an insider trading policy (**Insider Trading Policy**) to apply to trading in the Fund's securities. This policy applies to all directors, executives and employees of the Company, Responsible Entity and the Investment Manager. All directors, executives and employees of the Company, Responsible Entity and Investment Manager must not deal in the Fund's securities while in possession of price sensitive information. In addition, the Security Trading Policy sets out additional restrictions which apply to directors and executives of the Company, the Responsible Entity and the Investment Manager.

The Insider Trading Policy is set out in section 8 of the Fund's Corporate Governance Charter.

4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

COMPLIANCE COMMITTEE

As a registered managed investment scheme, the Trust has a compliance plan that has been lodged with ASIC (**Compliance Plan**). The Compliance Plan is reviewed comprehensively every year to ensure that the way in which the Trust operates protects the rights and interests of securityholders and that major compliance risks are identified and properly managed.

The Responsible Entity has formed a Compliance Committee to ensure the Trust complies with the relevant regulations, its Compliance Plan and its constitution. The Compliance Committee meets and reports to the RE Board on a quarterly basis.

The Compliance Committee is structured with three members, the majority of which are external. Details of the Compliance Committee members are as follows:

Michael Britton (External Member) (**Chairperson**)

Michael is one of two external members of the Compliance Committee. He is a member of the compliance committee for the FSREC Property Fund, the CD Private Equity Fund Series, Orca Global Fund, Orca Global Disruption Fund, Orca Asia Fund and the Venture Capital Opportunities Fund. He is also an independent member of Compliance Committees for NorthWest Health Australia (Schemes 2 & 3), Angas Asset Management Fund, Angas Prime and Angas Direct. Michael has over 40 years of commercial and financial services experience, initially with Boral Limited and culminating in 13 years as General Manager of the corporate businesses of The Trust Company Limited (now part of Perpetual Limited) (**The Trust Company**) where he established the company's reputation as a leader in the delivery of independent responsible entity services. He has represented The Trust Company as a director on the boards of both domestic and offshore operating subsidiary companies and a large number of special purpose companies delivering the responsible entity function in both conventional and stapled, ASX listed and unlisted managed investment schemes. Michael has acted as a Responsible Manager (as recognised by ASIC), a member of committees of inspection in relation to large insolvency administrations and as an independent compliance committee member for substantial investment managers with portfolios of managed investment schemes.

Currently Michael is an independent director on the boards of the now unlisted Westfield Corporation Limited, Westfield America Management Limited (following Unibail Rodamco absorbing the Westfield offshore Shopping Malls). He is an independent director of the unlisted Knights Capital Group Limited, a Perth-based investor. He is sole independent director of a special purpose company involved in high profile securitisation transaction in the motor vehicle industry and is also a panel member for the Australian Financial Complaints Authority (formerly Financial Ombudsman Service Limited).

Michael holds degrees in Jurisprudence and Law from the University of New South Wales and is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Barry Sechos (External Member)

Barry is one of two external members of the Compliance Committee. Barry is a member of the Compliance Committee for the US Masters Residential Property Fund, the Orca Global Fund, the Orca Global Disruption Fund, the Orca Asia Fund, the CD Private Equity Fund Series, the Venture Capital Opportunities Fund and the FSREC Property Fund. Barry is a Director of Sherman Group Pty Limited, a privately-owned investment company, and is responsible for managing the legal, financial and operational affairs of Sherman Group of companies. Barry has 36 years' experience in corporate law and finance having spent seven years as a banking and finance lawyer at Allen Allen & Hemsley (Sydney, Singapore and London), and eight years as a Director of EquitiLink Funds Management and Aberdeen Asset Management Australia. Barry is also a Director of Paddington St Finance Pty Ltd, a specialist structured finance company, See Saw Films, a film production and finance group and winner of the 2011 Academy Award for Best Picture, Concentrated Leaders Fund Limited, an investment company listed on the ASX, Regeneus Limited, an ASX listed biotech company and a Director of Sherman Centre for Culture and Ideas, a charitable cultural organisation. On 1 February 2021, Barry was appointed to the board of ASX listed Phoslock Environmental Technologies Limited, which provides innovative water technologies and engineering solutions to manage nutrients and other water pollutants.

Mike Adams (Internal Member)

Refer to information on directors on page 19.

AUDIT & RISK COMMITTEE

The Fund has established a joint Audit & Risk Committee. The members of the Audit & Risk Committee during the year were:

James Davies	Independent Member (**Chair**)
Barry Sechos	Independent Member
Jeffrey Whalan	Independent Member
John Holland	Independent Member
Warwick Keneally	Internal Member

The chairperson of the Audit & Risk Committee is an independent non-executive director and is not the chairperson of the Company Board or the RE Board. The Committee consists of three independent non-executive directors of the Company, one non-independent executive director of the RE Board and one independent advisor.

The primary function of the Audit & Risk Committee is to assist the Boards in discharging their responsibility to exercise due care, diligence and skill in relation to the following areas:

- Application of accounting policies to the Fund's financial reports and statements;
- Monitoring the integrity of the financial information provided to security holders, regulators and the general public;
- Corporate conduct and business ethics, including auditor independence and ongoing compliance with laws and regulations;
- Maintenance of an effective and efficient audit;
- Appointment, compensation and oversight of the external auditor, and ensuring that the external auditor meets the required standards for auditor independence;
- Assess the adequacy of the Fund's process for managing risk;
- Regularly monitoring and reviewing corporate governance policies and codes of conduct.

The Audit & Risk Committee meets four times a year. The Audit & Risk Committee will report to the Boards at a minimum of two times a year.

A copy of the Audit & Risk Committee Charter is available on the Fund's website.

5. MAKING TIMELY AND BALANCED DISCLOSURE

The Boards are committed to complying with their continuous disclosure obligations under the *Corporations Act*, as well as releasing relevant information to the market and securityholders in a timely and direct manner to promote investor confidence in the Fund and its securities.

The Fund has adopted a continuous disclosure policy (**Continuous Disclosure Policy**) to ensure the Fund complies with its continuous disclosure obligations under the *Corporations Act* and the *Listing Rules*.

The Continuous Disclosure Policy is set out in section 5 of the Fund's Corporate Governance Charter.

This policy is administered by the Boards and the Investment Manager as follows:

- the Boards are involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy;
- the Company Secretary is responsible for the overall administration of this policy and all communications with the ASX; and
- senior management of the Investment Manager are responsible for reporting any material price sensitive information to the Company Secretary and observing the Fund's no comments policy.

6. RESPECT THE RIGHTS OF SECURITYHOLDERS

RIGHTS OF SECURITYHOLDERS

The Fund promotes effective communication with security holders. The Boards have developed a strategy within its Continuous Disclosure Policy to ensure that securityholders are informed of all major developments affecting the Fund's performance, governance, activities and state of affairs. This includes using a website to facilitate communication with securityholders. Each securityholder is also provided online access to Link Market Services Limited (the **Registry**) to allow them to receive communications from, and send communication to, the Fund and the Registry. Information is communicated through announcements published on the Fund website, releases to the media and the dispatch of financial reports. Securityholders are provided with an opportunity to access such reports and releases electronically. Copies of all announcements are available on the Fund's website at **newenergysolar.com.au.**

These include:

- weekly Net Asset Value estimates;
- quarterly investment updates;
- the half-year report;
- the annual report;
- the notice of annual general meeting, explanatory memorandum and the Chairperson's address;
- announcements made to comply with the Fund's continuous disclosure requirements; and
- correspondence sent to securityholders on matters of significance to the Fund.

The Boards encourage full participation of securityholders at the general meetings to ensure a high level of accountability and identification with the Fund's strategy. Securityholders who are unable to attend the general meeting are given the opportunity to provide questions or comments in relation to the audit of the Fund ahead of the meeting and where appropriate, these questions are answered at the meeting. The external auditor is also invited to attend the annual general meeting of the Fund and is available to answer any questions concerning the conduct, preparation and content of the auditor's report.

7. RECOGNISE AND MANAGE RISK

The Boards are responsible for identifying, assessing, monitoring and managing the significant areas of risk applicable to the Fund and its operations. The Boards have established an Audit & Risk Committee to deal with these matters. The Boards monitor and appraise financial performance, including the approval of annual and half-year financial reports and liaising with the Fund's auditors.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the RE Board has adopted a Risk Management Framework (**RMF**). The RE Board conducts an annual review of the RMF to satisfy itself that the framework continues to be sound.

The Boards are responsible for maintaining proper financial records. In addition, the Boards receive a letter half yearly from the Fund's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Australian accounting standards (**Accounting Standards**).

The Fund does not have a material exposure to environmental or social risks. The Boards manage environmental and social risks via a comprehensive risk management framework which consists of a Significant Risks document, a Risk Appetite Statement and Risk Assessment Matrix which are regularly reviewed and updated. For further information, please see the 2020 Sustainability Report which is available on the Fund's website.

The Boards provide declarations required by Section 295A of the Corporations Act for all financial periods and confirms that in its opinion the financial records of the Fund have been properly maintained and that the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Fund, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Fund's external auditor. The Boards do not release to the market any periodic corporate reports which are not audited or reviewed by an external auditor.

8. REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION POLICIES

Due to the relatively small size of the Fund and its operations, the Company Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the directors.

In accordance with the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. Under the Listing Rules, the maximum fees payable to directors may not by increased without the prior approval from securityholders at a general meeting of the Company. Directors will seek approval from time to time as deemed appropriate. The Company does not intend to remunerate its directors through an equity-based remuneration scheme.

The maximum total remuneration of the directors of the Company has been set at $400,000 per annum to be divided among them in such proportions as they agree. However, John Martin and Alan Dixon have agreed not to be paid any remuneration for the services they performed as director and Jeffrey Whalan and Maxine McKew requested to fore-go their June quarterly payments in recognition of the likely impact of COVID on securityholders at that time. Total directors' fees for the year ended 31 December 2020 were $244,250.

No director of the Responsible Entity receives any direct remuneration from the Fund. In accordance with the Responsible Entity's constitution, the Responsible Entity is entitled to a management fee for services rendered.

Details of the Fund's related party transactions are set out in the notes to the financial statements in the Annual Report.

TID ground view – October 2017

Directors' Report

TID overhead view

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors of New Energy Solar Limited (the **Company**) and E&P Investments Limited, as Responsible Entity of New Energy Solar Fund (the **Trust**), together forming New Energy Solar, a listed stapled group, present their report together with the annual financial report for New Energy Solar Limited and New Energy Solar Fund, (collectively referred to as the Fund), for the year ended 31 December 2020.

DIRECTORS

The directors of New Energy Solar Limited at any time during or since the end of the financial year are listed below:

Jeffrey Whalan	Non-Executive Chair
Maxine McKew	Non-Executive Director
James Davies	Non-Executive Director
John Holland	Non-Executive Director
Alan Dixon	Non-Executive Director (resigned 17 May 2020)
John Martin	Non-Independent, Executive Director

The directors of E&P Investments Limited at any time during or since the end of the financial year are listed below:

Stuart Nisbett	Non-Executive Chair
Mike Adams	Non-Executive Director
Warwick Keneally	Executive Director
Peter Shear	Non-Executive Director

Directors were in office from the start of the year to the date of this report, unless otherwise stated.

INFORMATION ON THE DIRECTORS OF NEW ENERGY SOLAR LIMITED

JEFFREY WHALAN AO, BA (UNSW), FAICD, FAIM

NON-EXECUTIVE CHAIR (Company)

Jeffrey is an Independent Director of New Energy Solar Limited. He is Managing Director of the Jeff Whalan Learning Group, a specialist human resources company. He was a senior executive officer in the Australian Public Service from 1990 to 2008.

Jeffrey was appointed an Officer in the Order of Australia in 2008 for his work as chief executive officer of Centrelink.

Among other things, the award recognised his achievements in 'the development of corporate accountability processes'.

Jeffrey is a Fellow of the Australian Institute of Company Directors. As CEO of Centrelink, Jeffrey was responsible for the largest agency of the Australian Public Service, $70 billion of government outlays and 27,000 staff. Prior to joining Centrelink, he was chief executive officer of Medicare Australia. Jeffrey has held Deputy Secretary positions in the Departments of Prime Minister and Cabinet, Defence and the then Department of Family and Community Services. He has also held senior executive positions in the Transport and Health departments.

During the past three years Jeffrey has acted as a non-executive director or director of the responsible entity of the following Australian listed public entity:

- Australian Governance Masters Index Fund Limited (since 2010, delisted on 16 July 2018)

MAXINE MCKEW MAICD

NON-EXECUTIVE DIRECTOR (Company)

Maxine is an author and Honorary Enterprise Professor of the Melbourne Graduate School of Education at the University of Melbourne. Her most recent book, published by Melbourne University Press in 2014, is Class Act, a study of the key challenges in Australian schooling. This publication followed the success of her memoir, Tales From the Political Trenches, an account of her brief but tumultuous time in the Federal Parliament.

Maxine's background traverses both journalism and politics. For many years she was a familiar face to ABC TV viewers and was anchor of prestigious programs such as the 7.30 Report and Lateline. Her work has been recognised by her peers with both Walkley and Logie awards.

When she left journalism to enter politics, Maxine wrote herself into the Australian history books by defeating Prime Minister John Howard in the Sydney seat of Bennelong. In government she was both parliamentary secretary for early childhood and later, for regional development and local government.

Maxine serves as director of the State Library of Victoria and has served on the boards of numerous not for profits, including Per Capita John Cain Foundation and Playgroup Australia.

During the past three years Maxine has not acted as director of any other Australian listed public entity.

JAMES DAVIES BCS (UNE), MBA (LBS)
NON-EXECUTIVE DIRECTOR (Company)

James has over 30 years of experience in investment management across real estate, private equity, infrastructure, natural resources and special situations. Most recently he was Head of Funds Management at New Forests Asset Management, overseeing $2.5 billion worth of investments in broad acre real estate, forestry assets and environmental markets. Prior to that he held Director roles at Hastings Funds Management Limited and Royal Bank of Scotland's Strategic Investments Group. He has sat on numerous Investment Committees and Boards including as Chairman of Timberlink Australia and Forico.

James holds a Bachelor of Computer Science from the University of New England, a Masters of Business Administration from London Business School and is a Graduate of the Australian Institute of Company Directors.

During the past three years James has acted as a director of the following Australian listed public entity:

- Eildon Capital Limited (since 2016)

JOHN HOLLAND MA (Hons) (Oxford)
NON-EXECUTIVE DIRECTOR (Company)

John holds a portfolio of complementary non-executive board roles. In particular, he chairs KCG Europe, a brokerage business which is part of the Virtu Financial group, and Open Door Capital Management (a Greater China Asset Management company), as well as acting as Non-Executive Director of sQuidcard Limited (a UK and African Payments business in the Education and Aid Sectors).

Prior to his current roles, John was Managing Director and Member of UBS Investment Bank Board. Over the course of his 24-year career at UBS and its predecessor banks, John helped to build and then led UBS' leading Asian Equities and banking business based in Hong Kong, before returning to London to assume various senior management roles in the Global Equities business.

Throughout his career, John has had significant experience working with a wide range of Financial Regulators, including a three-year stint as a member of the European Securities Markets Experts Group advising the European Commission on new regulation.

John holds a Master of Arts (Hon) from Oriel College, Oxford University, majoring in Philosophy, Politics and Economics.

During the past three years John has acted as a non-executive director of the following Australian listed public entity:

- Asian Masters Fund Limited (since 2010, delisted on 17 May 2018)

ALAN DIXON BComm (ANU), CA

NON-EXECUTIVE DIRECTOR (Company) (resigned on 17 May 2020)

Alan was a Non-Executive Director of New Energy Solar Limited until 17 May 2020.

Alan joined Dixon Advisory in January 2001 as Managing Director. He ran Dixon Advisory until its merger with Evans & Partners in early 2017. Alan was the Managing Director & CEO of Evans Dixon Limited from 2017 until June 2019.

Prior to joining Dixon Advisory, Alan worked in Chartered Accountancy and Investment Banking roles in Australia.

Alan holds a Bachelor of Commerce majoring in Accounting and Finance from the Australian National University and is a member of the Institute of Chartered Accountants in Australia.

During the past three years Alan has acted as a non-executive director of the following Australian listed public entity:

- Evans Dixon Limited (since October 2019, resigned on 2 July 2020)

During the past three years Alan has acted as an executive director of the following Australian listed public entity:

- Evans Dixon Limited (since May 2018, became non-executive director in October 2019)

JOHN MARTIN BEcon (Hons) (USYD)

DIRECTOR (Company)

John was appointed as New Energy Solar's Managing Director and CEO in May 2017. John brings a wealth of experience and capability to the role after more than two decades of experience in corporate advisory and investment banking with a focus on the infrastructure, energy and utility sectors.

John previously led the Infrastructure and Utilities business at corporate advisory firm Aquasia where he advised on more than $10 billion of infrastructure and utility M&A and financing transactions. Prior to this John held various investment bank management positions including the Head of National Australia Bank Advisory and the Joint Head of Credit Markets and Head of Structured Finance at RBS/ABN AMRO.

During his time at ABN AMRO, John managed the Infrastructure Capital business which was viewed as a market leader in the development and financing of infrastructure and utility projects in Australia. John started his career as an economist with the Reserve Bank of Australia and then worked in various treasury and risk management positions, before moving to PwC as the partner responsible for financial risk management. At PwC John advised some of Australia's largest corporations on the management and valuation of currency, interest rate and commodity exposures – with a focus on advising energy companies trading in the Australian National Electricity Market.

John has a Bachelor of Economics (Honours) from the University of Sydney. John is a member of the Advisory Board for the CD Private Equity Fund III (**ASX:CD3**), and is a past board member of Infrastructure Partnerships Australia.

During the past three years John has not acted as director of any Australian listed public entity.

INFORMATION ON THE DIRECTORS OF E&P INVESTMENTS LIMITED

STUART NISBETT BCom, MCom (UNSW)

CHAIR (Responsible Entity)

Stuart is currently Executive Director and Principal at Archerfield Partners, a boutique corporate advisory firm specialising in real estate, which he established in 2008. He has more than 30 years' experience in property development, property funds management, equity and debt raising, corporate advisory and project finance.

Previously, Stuart was Executive Director, Head of Property Funds at ANZ Investment Bank. He was also the Managing Director, Head of Property Banking & Property Investment Banking at N M Rothschild & Sons (Australia) Limited. Stuart has also held senior roles at director level at Macquarie Bank Property Investment Banking Division and at Lend Lease Corporation in its development and commercial asset management divisions.

Stuart is a Chartered Accountant and holds a Bachelor of Commerce with Merit and a Masters of Commerce from the University of NSW, and in 2005 was appointed a Fellow of the Australian Property Institute.

During the past three years Stuart has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Australian Governance & Ethical Index Fund (since 2019, delisted on 17 February 2021)
- CD Private Equity Fund I (since 2019)
- CD Private Equity Fund II (since 2019)
- CD Private Equity Fund III (since 2019)
- Evans & Partners Australian Flagship Fund (since 2019, delisted on 17 February 2021)
- Orca Asia Fund (formerly known as Evans & Partners Asia Fund) (since 2019, delisted on 29 January 2021)
- Orca Global Disruption Fund (formerly known as Evans & Partners Global Disruption Fund) (since 2019, delisted on 29 January 2021)
- Orca Global Fund (formerly known as Evans & Partners Global Flagship Fund) (since 2019, delisted on 29 January 2021)
- US Masters Residential Property Fund (since 2019)

WARWICK KENEALLY BEc, BComm (ANU), CA
DIRECTOR (Responsible Entity)

Head of Finance, E&P Funds

Warwick is currently the Head of Finance at E&P Funds, the Funds Management division of E&P Financial Group, and Chief Financial Officer of New energy Solar Manager. Before joining E&P Funds, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices – and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK and Australia, for a range of Australian, UK, European and USA banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Chartered Accountant.

During the past three years Warwick has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Australian Masters Yield Fund No 4 Limited (since 2017, delisted on 27 November 2019)
- Australian Masters Yield Fund No 5 Limited (since 2017, delisted on 27 November 2019)
- Asian Masters Fund Limited (since 11 May 2018, delisted on 17 May 2018)
- Australian Governance Masters Index Fund Limited (since 6 July 2018, delisted on 16 July 2018)
- Australian Governance & Ethical Index Fund (since 2018, delisted on 17 February 2021)
- CD Private Equity Fund I (since 2017)
- CD Private Equity Fund II (since 2017)
- CD Private Equity Fund III (since 2017)
- Evans & Partners Australian Flagship Fund (since 2019, delisted on 17 February 2021)
- Orca Asia Fund (formerly known as Evans & Partners Asia Fund) (since 2019, delisted on 29 January 2021)
- Orca Global Disruption Fund (formerly known as Evans & Partners Global Disruption Fund) (since 2019, delisted on 29 January 2021)
- Orca Global Fund (formerly known as Evans & Partners Global Flagship Fund) (since 2019, delisted on 29 January 2021)
- US Masters Residential Property Fund (since 2017)

MIKE ADAMS LLB (Otago)

DIRECTOR (Responsible Entity)

Legal Consultant

Mike has extensive experience across a broad range of corporate, commercial and private client sectors. His core practice areas involve the provision of advice and transactional expertise in relation to new and existing retail financial products and the regulatory framework within which they operate, as well as debt and equity financing, intellectual property, and film and television media law among others.

Mike has previously worked in private practice, public sector and in-house roles in Australia, New Zealand and the United Kingdom, acting across multiple industries for a variety of clients, including high-net-worth individuals, banks and financial institutions, as well as numerous listed and unlisted corporate entities.

Mike is also a director of MA Law, a Sydney-based financial services law firm, and is admitted as a solicitor of the Supreme Court of NSW. He has a Bachelor of Laws from the University of Otago.

During the past three years Mike has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Australian Governance & Ethical Index Fund (since 2018, delisted on 17 February 2021)
- CD Private Equity Fund I (since 2018)
- CD Private Equity Fund II (since 2018)
- CD Private Equity Fund III (since 2018)
- Evans & Partners Australian Flagship Fund (since 2018, delisted on 17 February 2021)
- Orca Asia Fund (formerly known as Evans & Partners Asia Fund) (since 2018, delisted on 29 January 2021)
- Orca Global Disruption Fund (formerly known as Evans & Partners Global Disruption Fund) (since 2019, delisted on 29 January 2021)
- Orca Global Fund (formerly known as Evans & Partners Global Flagship Fund) (since 2019, delisted on 29 January 2021)
- US Masters Residential Property Fund (since 2018)

PETER SHEAR BBus, MBA (Exec), GAICD

DIRECTOR (Responsible Entity)

Peter has significant expertise in funds management, financial advisory and complex lending arrangements including leveraged finance, property development and debt workout situations. Peter is currently a Managing Partner of Archibald Capitalwhich specialises in Opportunistic Credit and Special Situations. Before that he was Co-Managing Partner of Opportunistic Lending and Special Situations at LIM Advisors. Prior to this role, Peter held the positions of Chief Risk Officer and Managing Director & Head of Corporate and Structured Finance at Lloyds Banking Group (and its predecessor HBOS plc) in Australia. Peter was also previously a Partner in Corporate Finance & Restructuring at Ernst & Young.

Peter has a Bachelor of Business from the University of Technology Sydney, an Executive MBA from AGSM, is a member of Chartered Accountants Australia and New Zealand, a Fellow of FINSIA and a Graduate Member of the Australian Institute of Company Directors.

During the past three years Peter has acted as a non-executive director or director of the responsible entity of the following Australian listed public entities:

- Australian Governance & Ethical Index Fund (since 2019, delisted on 17 February 2021)
- CD Private Equity Fund I (since 2019)
- CD Private Equity Fund II (since 2019)
- CD Private Equity Fund III (since 2019)
- Evans & Partners Australian Flagship Fund (since 2019, delisted on 17 February 2021)
- Orca Asia Fund (formerly known as Evans & Partners Asia Fund) (since 2019, delisted on 29 January 2021)
- Orca Global Disruption Fund (formerly known as Evans & Partners Global Disruption Fund) (since 2019, delisted on 29 January 2021)
- Orca Global Fund (formerly known as Evans & Partners Global Flagship Fund) (since 2019, delisted on 29 January 2021)
- US Masters Residential Property Fund (since 2019)

INFORMATION ON THE COMPANY SECRETARIES

HANNAH CHAN BCom, MCom, CA

Hannah has a Bachelor of Commerce degree in Finance from the University of NSW and a Master of Commerce degree in Accounting from the University of Sydney. She is also a Chartered Accountant with the Institute of Chartered Accountants in Australia and New Zealand. Prior to joining E&P Funds, Hannah gained extensive audit experience while working with Deloitte Touche Tohmatsu and Ernst & Young.

Hannah is also the joint Company Secretary of E&P Investments Limited. Hannah is a director of Australian Fund Accounting Services Pty Limited.

Hannah was appointed as Company Secretary on 19 November 2015.

CAROLINE PURTELL BA, LLB, LLM

Caroline provides corporate governance and corporate secretariat services to the management, boards of directors and committees for a portfolio of entities within the E&P Funds. Prior to joining E&P Funds, Caroline has worked in top tier legal firms including King & Wood Mallesons, Sydney and Clifford Chance, London specialising in banking, finance and corporate law.

Caroline has a Bachelor of Arts, Bachelor of Laws and Master of Laws (Honours) all from Sydney University. She is also qualified to practice as a solicitor in both NSW and England. Caroline is a Fellow of the Governance Institute of Australia.

Caroline is also the joint Company Secretary of E&P Investments Limited.

Caroline was appointed as Company Secretary on 20 November 2018.

DIRECTORS' MEETINGS

The number of Directors' meetings of the Company held during the year ended 31 December 2020, and the number of meetings attended by each director were:

	NEW ENERGY SOLAR LIMITED BOARD	
	No. of meetings attended	**No. of meetings eligible**
Jeffrey Whalan	22	22
John Holland	22	22
Maxine McKew	21	22
James Davies	22	22
Alan Dixon (resigned on 17 May 2020)	3	3
John Martin	22	22

Eligible: represents the number of meetings held during the time the director held office.

AUDIT AND RISK COMMITTEE MEETINGS

The number of joint Audit and Risk Committee meetings of the Company and the Trust held during the year ended 31 December 2020, and the number of meetings attended by each member were:

	JOINT AUDIT AND RISK COMMITTEE	
	No. of meetings attended	**No. of meetings eligible**
James Davies	4	4
Jeffrey Whalan	4	4
John Holland	4	4
Barry Sechos	4	4
Warwick Keneally	4	4

Eligible: represents the number of meetings held during the time the member held office.

REMUNERATION REPORT – NEW ENERGY SOLAR LIMITED

(A) REMUNERATION POLICY

Under ASX Listing Rules, the maximum fees payable to directors may not be increased without the prior approval from the Company in general meeting. Directors will seek approval from time to time as deemed appropriate.

Under the Company's constitution, each director may be paid remuneration for ordinary services performed as a director. However, John Martin and Alan Dixon have agreed not to be paid any remuneration for the services they performed as a director. John Martin who acts as CEO of the Fund is remunerated by the Investment Manager (or related entities of the Investment Manager). Investment Management fees are set out in note 19 to the financial statements.

The independent directors, John Holland, James Davies and Maxine McKew each are entitled to receive $50,000 per annum respectively. As an independent chairperson, Jeffrey Whalan is entitled to receive $75,000 per annum. Jeffrey Whalan and Maxine McKew requested to fore-go their June 2020 quarterly payments in recognition of the likely impact of COVID on securityholders at that time.These fees exclude any additional fee for any service-based agreement which may be agreed upon from time to time and also excludes reimbursement of out of pocket expenses. These fees are inclusive of statutory superannuation, where appropriate.

In addition to the above, as members of the Audit and Risk Committee, John Holland and Jeffrey Whalan each are entitled to receive $10,000 per annum, and as chairperson, James Davies is entitled to receive $15,000 per annum.

(B) KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel include the directors who have authority and responsibility for planning, directing and controlling the activities of the Company. No other executive personnel are employed or remunerated by the Company.

Details of remuneration paid during the year to key management personnel are set out in the table below.

2020	**DIRECTOR FEES $**	**SUPERANNUATION CONTRIBUTIONS $**	**CASH BONUS $**	**AUDIT AND RISK COMMITTEE[(i)] $**	**OTHER[(i)] $**	**TOTAL $**
Directors						
Jeffrey Whalan	51,370	4,880	–	7,500	–	63,750
John Holland	50,000	–	–	10,000	–	60,000
Maxine McKew	34,247	3,253	–	–	–	37,500
James Davies	45,662	4,338	–	15,000	18,000	83,000
Alan Dixon (resigned on 17 May 2020)	–	–	–	–	–	–
John Martin	–	–	–	–	–	–
	181,279	12,471	–	32,500	18,000	244,250

2019	**DIRECTOR FEES $**	**SUPERANNUATION CONTRIBUTIONS $**	**CASH BONUS $**	**AUDIT AND RISK COMMITTEE[(i)] $**	**OTHER[(i)] $**	**TOTAL $**
Directors						
Jeffrey Whalan	68,493	6,507	–	10,000	–	85,000
John Holland	50,000	–	–	10,000	–	60,000
Maxine McKew	45,662	4,338	–	–	–	50,000
James Davies	45,662	4,338	–	15,000	14,000	79,000
Alan Dixon	–	–	–	–	–	–
John Martin	–	–	–	–	–	–
	209,817	15,183	–	35,000	14,000	274,000

(i) Audit and risk committee fees and other service fees are subject to GST. For the portion that was paid by the Trust, the Trust qualifies for reduced input tax credits at a minimum rate of 55% as a recognised trust scheme under specific provisions in the GST legislation. Other fees paid to James Davies relate to his consulting services provided to the Fund.

(C) SERVICE AGREEMENTS

The Company does not presently have formal service agreements or employment contracts with any key management personnel.

The Directors remuneration is not linked to the performance of the Company or Trust.

(D) DIRECTORS' PROTECTION DEEDS

The Company has agreed to provide access to board papers and minutes to current and former directors of the Company while they are directors and for a period of seven years after they cease to be directors.

The Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, each officer in respect of certain liabilities, which the director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each director a directors' and officers' policy of insurance for the period that he or she is a director and for a period of seven years after the officer ceases to be a director.

(E) BENEFICIAL AND RELEVANT INTEREST OF DIRECTORS IN SHARES

As at the date of this report, details of directors who hold shares for their own benefit or who have an interest in holdings through a third party and the total number of such shares held are listed as follows:

DIRECTOR OF THE COMPANY	NO. OF SECURITIES
Jeffrey Whalan	541,552
John Holland	248,003
James Davies	41,549
Maxine McKew	66,666
John Martin	635,230
DIRECTOR OF THE RESPONSIBLE ENTITY OF THE TRUST	
Warwick Keneally	42,613
Mike Adams	–
Stuart Nisbett	–
Peter Shear	–

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Company and the Trust during the year were pursuing and investing in large-scale solar plants that generate emissions-free power. There were no significant changes in the nature of these activities during the year.

DISTRIBUTIONS

Securityholder distributions paid or declared during, or since the end of, the year were as follows:

- 3.00 cents per stapled security for the six months ended 30 June 2020 paid on 17 August 2020 amounting to $10,600,260.
- 3.00 cents per stapled security for the six months ended 31 December 2020 announced on 1 February 2021, payable on 19 March 2021 amounting to $10,658,097.

REVIEW AND RESULTS OF OPERATIONS

Please refer to the Investment Manager's Report for details relating to the operations during the financial year.

For the year ended 31 December 2020, on a combined basis, the Fund's loss was $79.1million (31 December 2019: $4.2 million loss). The Company reported a loss of $65.1 million (31 December 2019: $31.5 million loss) and the Trust reported a loss of $14.0 million (31 December 2019: $27.3 million profit).

The 2020 loss, of $79.1 million on a combined basis, is driven by the fair value loss of financial assets at fair value of $79.8 million and operating expenses of the fund of $6.3 million partially offset by finance income of $8.1 million received by NESF in the form of interest payments on NESF's loan to NES US Corp. The movement in fair value decrement of $79.8 million is comprised of unrealised foreign exchange losses of $27.6 million, a $10.0 million mark-to-market adjustment in the Trust's loan to NES US Corp, and a decreases in the fair value of the Fund's US solar assets held by NES US Corp of $33.4 million and Australian solar assets held by NES Australia Holdco of $8.8 million.

The Company's loss of $65.1 million is largely due to the 'movement in fair value' decrement amount of $61.6 million which is comprised of a $33.4 million decrease in New Energy Solar US Corp net asset value, including the negative impact of the COVID-19 pandemic on long-term energy commodity and electricity prices on the investment fair value of the underlying solar assets. It is also comprised of an unrealised foreign exchange translation loss of $19.4 million, and a $8.8 million decrease in New Energy Solar HoldCo #1 net asset value. The Trust's loss of $14.0 million is largely due to the Company subsidiary (NES US Corp) $10.0 million loan fair value adjustment based on a revaluation at balance date with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivables.

At 31 December 2020, on a combined basis, the Fund's net assets are $444.9 million (31 December 2019: $529.5 million), representing a net asset value per stapled security of $1.25 (31 December 2019: $1.51). The Company's net assets are $376.8 million (31 December 2019: $356.7 million), representing a net asset value per stapled security of $1.06 (31 December 2019: $1.02) and the Trust's net assets are $68.1 million (31 December 2019: $172.8 million), representing a net asset value per stapled security of $0.19 (31 December 2019: $0.49).

On 29 December 2020, the Fund reallocated capital from the Trust to the Company. This was achieved by a capital return by the Trust of $0.2300 per issued unit in the Trust, which was compulsorily applied as a capital contribution for existing shares in the Company. The total number of stapled securities on issue did not change and the combined net asset value of the stapled securities remained the same before and immediately after the capital reallocation.

The purpose for undertaking the capital reallocation was to simplify inter-entity arrangements and allocate available capital so that it resides in the entity which provides the best outcome to Securityholders. The capital reallocation mechanism has been previously approved by Securityholders at the Annual General Meeting held on 3 May 2017.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

A distribution of 3.0 cents per stapled security totalling $10,658,097 was declared on 1 February 2021 and payable to securityholders on 19 March 2021.

While the day-to-day physical operations of the solar power plants have continued relatively unimpeded by the effects of COVID-19, the Investment Manager has identified a number of potential longer-term risks to the business. The unfavourable macroeconomic impact of the pandemic, together with the high degree of uncertainty as to future economic conditions may impact the future availability and cost of equity and debt and more broadly volatility in the electricity market and related electricity pricing. These factors may impact the fair value of underlying solar plant values and therefore the value of the Funds investment in financial assets. Management is monitoring the energy market outlook closely and will take a cautious approach to all business decisions.

Other than the matters discussed above, no matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company or the Trust's operations, the results of those operations, or the Company or the Trust's state of affairs in future financial years.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company and the Trust will continue to undertake their activities described in this report. The Report to Stapled Securityholders which forms part of this financial report includes details of the outlook for solar markets in which the Company and the Trust invests. Further details are included in the Report to Stapled Securityholders and Manager's Report which forms part of this financial report.

During the year, the Boards completed a strategic review of the Fund's asset portfolio, which recommended the sale of non-core and Australian assets to improve security holder value and to develop a simpler investment proposition focused on the Fund's US assets and growth opportunities for global energy investors.

ENVIRONMENTAL REGULATION

Subsidiaries of the Company are subject to a range of environmental laws and regulations as well as project and site-specific environmental permits and approvals issued at both the Federal and State Government levels. The Company is not aware of any breaches of these laws and regulations.

OTHER RELEVANT INFORMATION

The following lists other relevant information required under the *Corporations Act 2001*:

- details of fees paid to the Responsible Entity during the financial year – refer to note 19 to the financial statements
- the Responsible Entity did not hold any interests in the Company or the Trust at the end of the financial year
- details of issued interests in the Company and the Trust during the financial year – refer to note 6 to the financial statements.

INDEMNITY AND INSURANCE

Indemnities have been given and insurance premiums paid, during or since the end of the financial year, for all of the Directors of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Under the Trust's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Trust's assets for any loss, damage expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Trust.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor, Deloitte Touche Tohmatsu, for non-audit services are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Fund, acting as advocate for the Fund or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

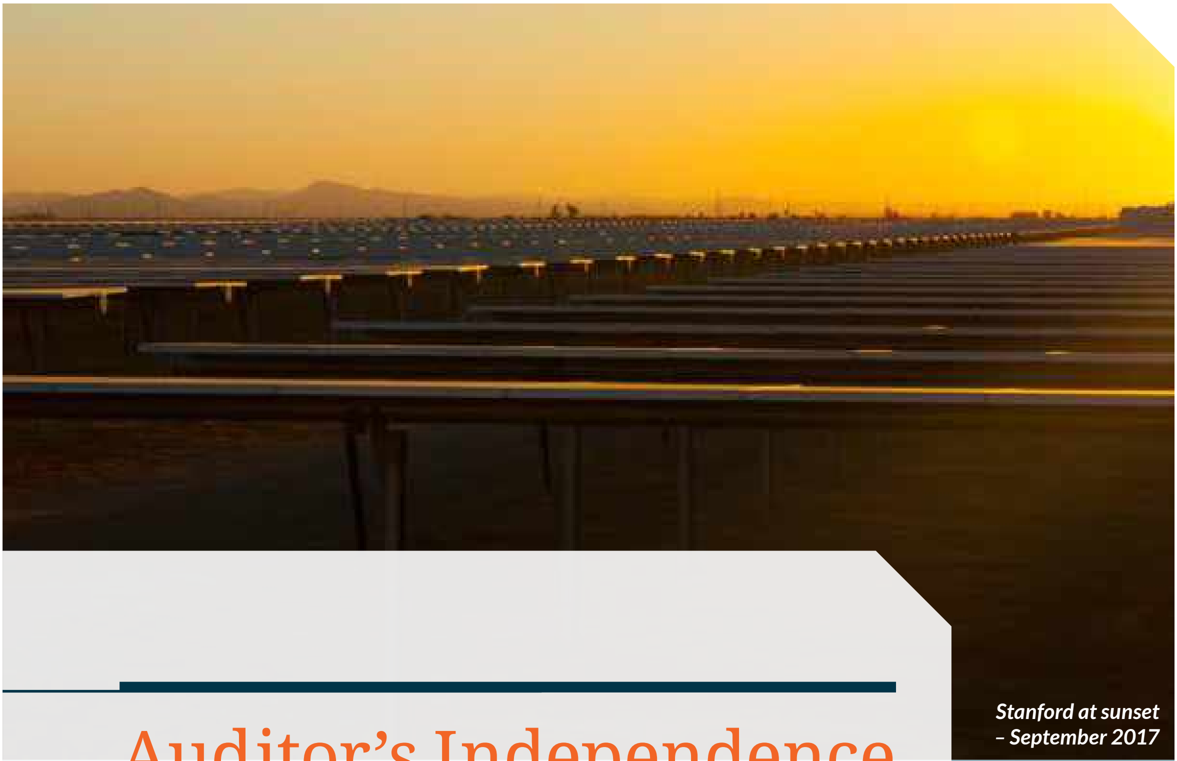
This report is made in accordance with a resolution of directors, pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors

STUART NISBETT
Chair of the Responsible Entity

JEFFREY WHALAN
Chair of the Company

25 February 2021



Stanford at sunset – September 2017

Auditor's Independence Declaration

TID ground view – September 2017

28

Auditor's Independence Declaration

FOR THE YEAR ENDED 31 DECEMBER 2020

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Board of Directors
New Energy Solar Limited and
E&P Investments Limited
As Responsible Entity for
New Energy Solar Fund
Level 15, 100 Pacific Highway
North Sydney NSW 2060

25 February 2021

Dear Board Members

Auditor's Independence Declaration to
New Energy Solar Limited and New Energy Solar Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of New Energy Solar Limited and to the directors of the Responsible Entity of New Energy Solar Fund.

As lead audit partner for the audit of the financial report of New Energy Solar Limited and New Energy Solar Fund for the year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

TID PV module closeup – September 2017

Financial Statements

TID ground view – September 2017

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	Notes	$	$	$	$	$	$
Net income							
Fair value (loss)/gain of assets classified as held for sale	9	–	–	(3,944,789)	1,377,116	(3,944,789)	1,377,116
Fair value (loss)/gain of financial assets at fair value through profit or loss	10	(61,599,384)	(28,772,101)	(18,191,755)	17,454,008	(79,791,139)	(11,318,093)
Foreign exchange (loss)/gain		(147,604)	2	1,212,574	(17,859)	1,064,970	(17,857)
Finance income	3	9,834	23,718	8,074,341	10,221,421	8,084,175	10,245,139
Dividend income		–	–	331,131	87,594	331,131	87,594
Total net (loss)/income		**(61,737,154)**	**(28,748,381)**	**(12,518,498)**	**29,122,280**	**(74,255,652)**	**373,899**
Finance expenses		(1,215,256)	(956,002)	(559)	(763)	(1,215,815)	(956,765)
Responsible entity fees	19	–	–	(140,979)	(180,899)	(140,979)	(180,899)
Investment management fees	19	(1,501,384)	(1,456,872)	(674,991)	(800,621)	(2,176,375)	(2,257,493)
Accounting and audit fees		(353,420)	(269,332)	(132,130)	(154,917)	(485,550)	(424,249)
Legal and advisory expenses		(1,073,075)	(473,723)	(283,898)	(225,260)	(1,356,973)	(698,983)
Director fees		(241,864)	(254,190)	(15,630)	(20,779)	(257,494)	(274,969)
Marketing expenses		(16,196)	(118,291)	(75,521)	(170,967)	(91,717)	(289,258)
Listing and registry expenses		(107,621)	(113,502)	(93,606)	(111,324)	(201,227)	(224,826)
Other operating expenses		(261,133)	(213,188)	(102,382)	(180,901)	(363,515)	(394,089)
Total expenses		**(4,769,949)**	**(3,855,100)**	**(1,519,696)**	**(1,846,431)**	**(6,289,645)**	**(5,701,531)**
(Loss)/profit before tax		**(66,507,103)**	**(32,603,481)**	**(14,038,194)**	**27,275,849**	**(80,545,297)**	**(5,327,632)**
Income tax benefit	4	1,449,138	1,149,414	–	–	1,449,138	1,149,414
(Loss)/profit after tax for the year		**(65,057,965)**	**(31,454,067)**	**(14,038,194)**	**27,275,849**	**(79,096,159)**	**(4,178,218)**
Other comprehensive income, net of income tax		**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive (loss)/ income for the year		**(65,057,965)**	**(31,454,067)**	**(14,038,194)**	**27,275,849**	**(79,096,159)**	**(4,178,218)**
Earnings per security							
Basic and diluted (loss)/ earnings (cents per security)	5	(18.43)	(9.00)	(3.97)	7.80	(22.40)	(1.20)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 31 DECEMBER 2020

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
ASSETS	**Notes**	**$**	**$**	**$**	**$**	**$**	**$**
Current assets							
Cash and cash equivalents	7	2,329,798	4,542	7,186,008	1,610,618	9,515,806	1,615,160
Trade and other receivables	8	141,353	516,262	5,188,142	5,008,594	346,839	5,047,334
Assets classified as held for sale	9	–	–	–	22,432,702	–	22,432,702
Total current assets		**2,471,151**	**520,804**	**12,374,150**	**29,051,914**	**9,862,645**	**29,095,196**
Non-current assets							
Financial assets held at fair value through profit or loss	10	377,369,006	353,178,601	56,006,873	158,514,967	433,375,879	511,693,568
Deferred tax assets	4	4,384,056	2,934,918	–	–	4,384,056	2,934,918
Other assets - deferred borrowing costs		–	1,067,649	–	–	–	1,067,649
Total non-current assets		**381,753,062**	**357,181,168**	**56,006,873**	**158,514,967**	**437,759,935**	**515,696,135**
Total assets		**384,224,213**	**357,701,972**	**68,381,023**	**187,566,881**	**447,622,580**	**544,791,331**
LIABILITIES							
Current liabilities							
Trade and other payables	11	7,369,408	910,690	249,807	755,883	2,636,559	1,189,051
Current tax payable		68,459	54,713	–	–	68,459	54,713
Distribution payable	13	–	–	–	14,042,395	–	14,042,395
Total current liabilities		**7,437,867**	**965,403**	**249,807**	**14,798,278**	**2,705,018**	**15,286,159**
Total liabilities		**7,437,867**	**965,403**	**249,807**	**14,798,278**	**2,705,018**	**15,286,159**
Net assets		**376,786,346**	**356,736,569**	**68,131,216**	**172,768,603**	**444,917,562**	**529,505,172**
EQUITY							
Issued capital	6	424,480,516	339,372,774	49,280,653	134,313,666	473,761,169	473,686,440
(Accumulated losses)/ retained earnings		(47,694,170)	17,363,795	18,850,563	38,454,937	(28,843,607)	55,818,732
Total equity		**376,786,346**	**356,736,569**	**68,131,216**	**172,768,603**	**444,917,562**	**529,505,172**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	NEW ENERGY SOLAR LIMITED (COMPANY) Issued capital $	Retained earnings/ (accumulated losses) $	Total $
Balance at 1 January 2019		**252,292,020**	**48,817,862**	**301,109,882**
Loss after tax for the year		–	(31,454,067)	(31,454,067)
Other comprehensive income, net of income tax		–	–	–
Total comprehensive loss for the year		**–**	**(31,454,067)**	**(31,454,067)**
Issue of securities		4,734,209	–	4,734,209
Capitalised issue costs, net of income tax		(55,928)	–	(55,928)
Share buybacks		(1,179,359)	–	(1,179,359)
Buyback costs, net of income tax		(2,115)	–	(2,115)
Capital reallocation		83,583,947	–	83,583,947
Balance at 31 December 2019		**339,372,774**	**17,363,795**	**356,736,569**

		NEW ENERGY SOLAR LIMITED (COMPANY) Issued capital $	Retained earnings/ (accumulated losses) $	Total $
Balance at 1 January 2020		**339,372,774**	**17,363,795**	**356,736,569**
Loss after tax for the year		–	(65,057,965)	(65,057,965)
Other comprehensive income, net of income tax		–	–	–
Total comprehensive loss for the year		**–**	**(65,057,965)**	**(65,057,965)**
Issue of securities		3,380,500	–	3,380,500
Capital reallocation		81,727,242	–	81,727,242
Balance at 31 December 2020	**6**	**424,480,516**	**(47,694,170)**	**376,786,346**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Changes in Equity Continued

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Issued capital $	Retained earnings $	Total $
		NEW ENERGY SOLAR FUND (TRUST)		
Balance at 1 January 2019		**233,667,317**	**20,899,024**	**254,566,341**
Profit after tax for the year		–	27,275,849	27,275,849
Other comprehensive income, net of income tax		–	–	–
Total comprehensive income for the year		**–**	**27,275,849**	**27,275,849**
Issue of securities		3,299,947	–	3,299,947
Capitalised issue costs, net of income tax		(59,241)	–	(59,241)
Unit buybacks		(1,088,639)	–	(1,088,639)
Buyback costs, net of income tax		(2,790)	–	(2,790)
Capital reallocation		(83,583,947)	–	(83,583,947)
Distributions		(17,918,981)	(9,719,936)	(27,638,917)
Balance at 31 December 2019		**134,313,666**	**38,454,937**	**172,768,603**

		Issued capital $	Retained earnings/ (accumulated losses) $	Total $
		NEW ENERGY SOLAR FUND (TRUST)		
Balance at 1 January 2020		**134,313,666**	**38,454,937**	**172,768,603**
Loss after tax for the year		–	(14,038,194)	(14,038,194)
Other comprehensive income, net of income tax		–	–	–
Total comprehensive loss for the year		**–**	**(14,038,194)**	**(14,038,194)**
Issue of securities		1,728,309	–	1,728,309
Capital reallocation		(81,727,242)	–	(81,727,242)
Distributions	13	(5,034,080)	(5,566,180)	(10,600,260)
Balance at 31 December 2020	6	**49,280,653**	**18,850,563**	**68,131,216**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Changes in Equity Continued

FOR THE YEAR ENDED 31 DECEMBER 2020

		FUND (COMBINED COMPANY AND TRUST)		
	Notes	Issued capital $	Retained earnings/ (accumulated losses) $	Total $
Balance at 1 January 2019		**485,959,337**	**69,716,886**	**555,676,223**
Loss after tax for the year		–	(4,178,218)	(4,178,218)
Other comprehensive income, net of income tax		–	–	–
Total comprehensive loss for the year		**–**	**(4,178,218)**	**(4,178,218)**
Issue of securities		8,034,156	–	8,034,156
Capitalised issue costs, net of income tax		(115,169)	–	(115,169)
Securities buybacks		(2,267,998)	–	(2,267,998)
Buyback costs, net of income tax		(4,905)	–	(4,905)
Distributions		(17,918,981)	(9,719,936)	(27,638,917)
Balance at 31 December 2019		**473,686,440**	**55,818,732**	**529,505,172**

		FUND (COMBINED COMPANY AND TRUST)		
		Issued capital $	Retained earnings/ (accumulated losses) $	Total $
Balance at 1 January 2020		**473,686,440**	**55,818,732**	**529,505,172**
Loss after tax for the year		–	(79,096,159)	(79,096,159)
Other comprehensive income, net of income tax		–	–	–
Total comprehensive loss for the year		**–**	**(79,096,159)**	**(79,096,159)**
Issue of securities		5,108,809	–	5,108,809
Distributions	13	(5,034,080)	(5,566,180)	(10,600,260)
Balance at 31 December 2020	**6**	**473,761,169**	**(28,843,607)**	**444,917,562**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	Notes	$	$	$	$	$	$
Cash flows from operating activities							
Interest income received		9,834	23,718	4,482,394	10,743,000	4,492,228	10,766,718
Payments to suppliers		(3,429,755)	(2,946,461)	(1,554,771)	(2,115,627)	(4,984,526)	(5,062,088)
Income tax refund/(paid)		13,746	(4,666)	–	–	13,746	(4,666)
Dividend income received		–	–	418,725	–	418,725	–
Net cash flow from operating activities	**7**	**(3,406,175)**	**(2,927,409)**	**3,346,348**	**8,627,373**	**(59,827)**	**5,699,964**
Cash flows from investing activities							
Return of capital from/(payments for) investments		(4,062,547)	(16,633,113)	18,487,913	(104,639,533)	14,425,366	(121,272,646)
Repayments from/(loans to) related parties		1,248,164	10,952,108	10,908,070	107,654,217	12,156,234	118,606,325
Net cash flow from investing activities		**(2,814,383)**	**(5,681,005)**	**29,395,983**	**3,014,684**	**26,581,600**	**(2,666,321)**
Cash flows from financing activities							
Proceeds from issue of securities	6	3,380,500	4,734,209	1,728,309	3,299,948	5,108,809	8,034,157
Payments for securities buybacks		–	(1,179,359)	–	(1,088,639)	–	(2,267,998)
Payment of issue and buyback costs		–	(68,819)	–	(62,031)	–	(130,850)
Payments of transaction costs relating to loans		(147,260)	(625,000)	–	–	(147,260)	(625,000)

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement Of Cash Flows Continued

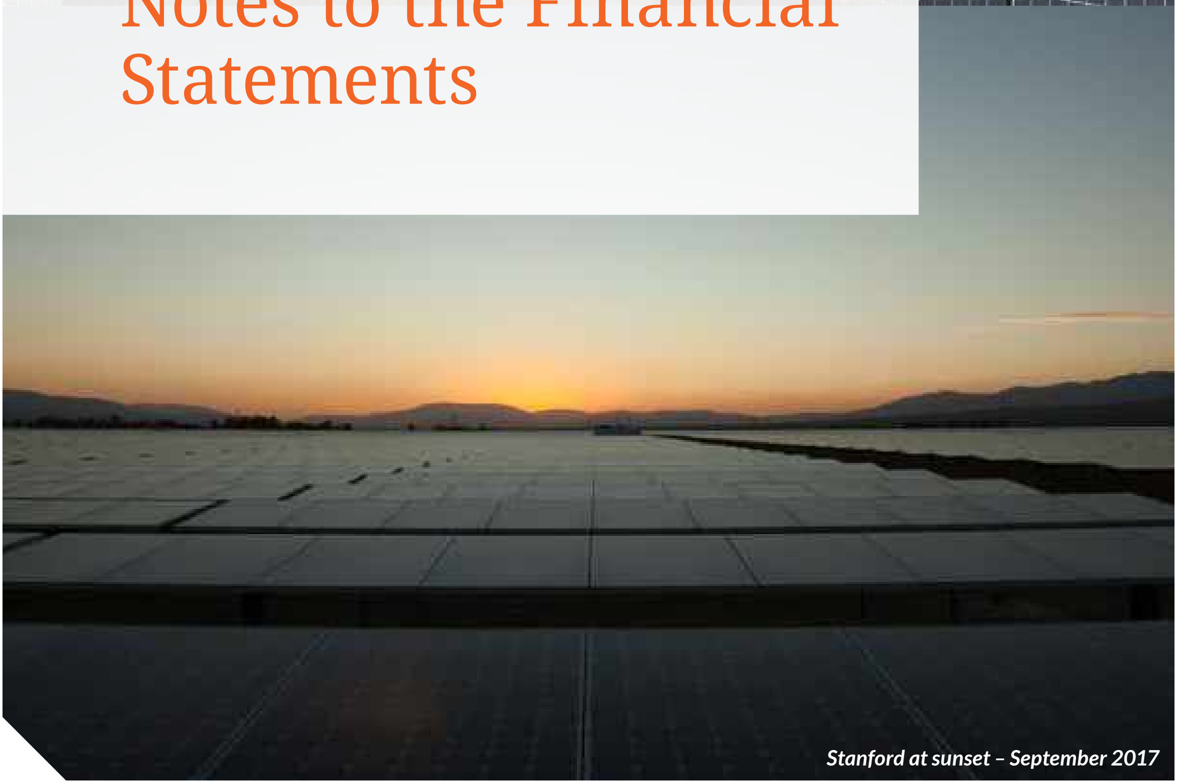
FOR THE YEAR ENDED 31 DECEMBER 2020

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	Notes	$	$	$	$	$	$
Receipt/(payment) of foreign currency derivatives		–	–	2,311,540	(2,000,327)	2,311,540	(2,000,327)
Proceeds/(repayment) of loans from New Energy Solar Fund to New Energy Solar Limited	7	5,460,178	(723,992)	(5,460,178)	723,992	–	–
Distributions paid		–	–	(24,642,654)	(27,460,411)	(24,642,654)	(27,460,411)
Net cash flow from financing activities		**8,693,418**	**2,137,039**	**(26,062,983)**	**(26,587,468)**	**(17,369,565)**	**(24,450,429)**
Net (decrease)/increase in cash and cash equivalents		**2,472,860**	**(6,471,375)**	**6,679,348**	**(14,945,411)**	**9,152,208**	**(21,416,786)**
Cash at the beginning of the year		4,542	6,475,915	1,610,618	16,554,264	1,615,160	23,030,179
Effect of exchange rate changes		(147,604)	2	(1,103,958)	1,765	(1,251,562)	1,767
Cash and cash equivalents at the end of the year		**2,329,798**	**4,542**	**7,186,008**	**1,610,618**	**9,515,806**	**1,615,160**

The above statement of cash flows should be read in conjunction with the accompanying notes.

NC-31 Blocks 9 and 12 – February 2017

Notes to the Financial Statements



Stanford at sunset – September 2017

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

The financial statements comprise:

- New Energy Solar Limited (**Company**), a listed public company incorporated in Australia;
- New Energy Solar Fund (**Trust**), a listed managed investment scheme registered and domiciled in Australia, with E&P Investments Limited acting as Responsible Entity;

on a combined basis referred to as New Energy Solar (the **Fund**).

One share in the Company and one unit in the Trust have been stapled together to form a listed single stapled security (**Stapled Security**). These securities are publicly traded on the Australian Securities Exchange Limited (**ASX**).

The principal activity of the Company and the Trust is indirectly investing (through provision of equity and debt to underlying investment entities) in large-scale solar plants that generate emissions-free power.

REVENUE AND EXPENSES

New Energy Solar is indirectly investing in utility scale solar power plants that generate emissions free power via the Company's wholly owned Australian subsidiary, New Energy Solar Australia HoldCo #1 Pty Limited, and its wholly owned US subsidiary, New Energy Solar US Corp.

New Energy Solar Australia HoldCo #1 Pty Limited is funded by equity and/or debt from the Company. New Energy Solar US Corp is funded by a combination of equity from the Company and a loan from the Trust, both of which are denominated in US dollars.

As the Company and the Trust are both considered to meet the definition of an 'investment entity' for accounting purposes (see note 2(A) below), New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp are not consolidated in the Company's financial statements, rather they are required to be held at fair value in the financial statements.

The impact of this on the financial statements is that the main operating revenues of the Fund consist of dividends from New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp, fair value movements in the value of the Company's investment in New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp, and interest on the loan from the Trust to New Energy Solar US Corp. Net operating income from underlying solar assets held in Australia and the US and all underlying subsidiary expenses are reflected through the movement in the fair value of investments in the profit or loss statement.

The underlying cash flows of solar power plants, being revenues from the sale of electricity and renewable energy certificates less expenses, are distributed on a periodic basis from underlying projects through to New Energy Solar Australia HoldCo #1 Pty Limited and New Energy Solar US Corp, and underpin the ability to pay interest on the loan to the Trust and dividends to the Company as noted above.

Additionally, as both the Company's equity investment in New Energy Solar US Corp and the Trust's loan to New Energy Solar US Corp are denominated in US dollars, and the Company and the Responsible Entity do not currently intend to hedge its exposure to foreign currencies, the Fund is also exposed to valuation movements associated with changes in the US dollar/Australian dollar exchange rate.

BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis and are based on historical cost with the exception of financial assets held at fair value through profit or loss, which are measured at fair value. All amounts are presented in Australian dollars unless otherwise noted.

STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Company and the Trust comply with the International Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The financial statements were authorised for issue by the directors of the Company and the Responsible Entity of the Trust, E&P Investments Limited, on 25 February 2021. For the purposes of preparing the financial statements, the Company and the Trust are for-profit entities.

The Company and the Trust have each applied ASIC Corporations (Stapled Group Reports) Instrument 2015/838 and therefore include the financial statements of the other entity in their financial report in adjacent columns to their own financial statements.

AMENDMENTS TO ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Company and the Trust have adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for an accounting period that begins on or after 1 January 2020.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company and the Trust include:

- *AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business*
- *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*
- *AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- *AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- *AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations which will be applied in the financial year ending 31 December 2021 are not expected to be material. The potential impact of the new or revised Standards and Interpretations that will be effective for years ending on or after 31 December 2022 have not yet been determined.

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022 (Editorial corrections in AASB 2017-5 applied from 1 January 2018)	31 December 2022
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2022	31 December 2022
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	31 December 2022
AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2	1 June 2021	31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation and presentation of the financial report.

A) BASIS FOR NON-CONSOLIDATION

New Energy Solar (or the **Fund**) comprises New Energy Solar Limited (the **Company**) and New Energy Solar Fund (the **Trust**). The equity securities of the Company and the Trust are stapled and cannot be traded separately.

The parent entity of the stapled group has been determined to be the Company. The Company holds investments, directly or indirectly, through subsidiaries or other underlying entities including the Trust which is considered to be a subsidiary of the Company under the accounting standards.

The Company and the Trust are considered to meet the definition of an 'Investment Entity' as described in AASB 10 'Consolidated Financial Statements' (refer below). Under AASB 10 an Investment Entity is required to hold its subsidiaries at fair value through the profit and loss rather than consolidate them. Subsidiaries are entities over which control is exercised. Control exists when the entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

As noted above the Trust is considered to be a subsidiary of the Company under accounting standards and is therefore required to be recorded by the Company at its fair value. However, the fair value of the Company's investment in the Trust as reflected in the Company's financial statements is considered to be nil as a result of the Company holding no direct interest in this subsidiary. The Company financial statements therefore include all of its own direct and indirect interest in subsidiaries at fair value, but do not reflect any value attributable to the Trust except for loans made between the Company and the Trust.

The financial statements of the Trust are shown separately under the heading "New Energy Solar Fund (Trust)". As noted above because the Trust is considered to be an investment entity, its financial statements reflect its financial assets, including loan receivables and its investment in direct and indirect subsidiaries, at fair value. The Trust had no subsidiaries as at the reporting date.

The column headed "**Fund (combined Company and Trust)**" in the financial statements represents non-IFRS financial information (Fund financial statements) which has been included to reflect the combined financial statements of the Company and the Trust, together representing the Fund. The Fund financial statements have been prepared to reflect the stapled securityholders' combined interest in the Company and the Trust by aggregating the Company and the Trust financial information after eliminating transactions and balances between the Company and the Trust. The accounting policies adopted in the preparation of the Fund financial statements is consistent with that adopted in respect of the Company and the Trust financial statements.

The Company, Trust and Fund financial information disclosures in the format presented in the financial statements is in accordance with an ASIC Order 17-1127 issued on 14 December 2017.

Investment Entity Classification

Under the definition of an Investment Entity, as set out in AASB 10, an entity must satisfy all of the following three tests:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services; and
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company and the Trust satisfy the above three tests in consideration of the following factors:

- The Company and the Trust have multiple investors, having obtained funds from a diverse group of securityholders that would not otherwise have access individually to invest in renewable power generation assets;
- The business purpose of the Company and the Trust, is to invest funds for investment income and potential capital growth. The intended underlying assets, including those held directly or indirectly by the Company and the Trust, will have limited operational lives and therefore minimal residual value and so will not be expected to be held indefinitely; and
- The Company and Trust measure and evaluate performance of their existing and intended future underlying investments on a fair value basis which is most relevant for its securityholders.

The directors have also assessed that the Company meets the typical characteristics of an Investment Entity described in AASB 10 in that:

- It is a separate legal entity;
- Ownership interests in the entity are held by a wide pool of investors who are not related parties; and
- Through its subsidiaries, it holds a portfolio of investments.

In respect of the Trust, the directors have assessed that whilst the first two characteristics above are met, since it presently does not hold any investments as at year end, it therefore does not meet all the typical characteristics described in the accounting standard. Notwithstanding this, the directors have concluded based on the Trust being part of the same stapled structure as the Company and having the same principal business purpose of investing in financial assets for investment returns, that it is appropriately classified as an Investment Entity.

B) FUNCTIONAL AND PRESENTATION CURRENCY

The functional and presentation currency of the Company and the Trust is Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange at the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

C) FINANCIAL INSTRUMENTS

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Company and the Trust become a party to the contractual provisions of the instrument.

i. Financial assets

Being "Investment Entities", the financial assets of both the Company and the Trust are measured initially and (except for trade receivables and other short term financial assets) on an ongoing basis at fair value through profit or loss. Financial assets of the Company and the Trust measured at fair value includes investments in subsidiaries, loan receivables and investments in listed equity instruments.

ii. Financial liabilities

Financial liabilities are classified as derivative and non-derivative instruments as appropriate. The Company and the Trust determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method. Derivative instruments are subsequently measured at fair value, with movements recorded through profit or loss.

iii. Derivative financial instruments

Derivative financial instruments may be utilised to manage exposure to foreign exchange rate risks (foreign currency forward contracts) and interest rate risks (interest rate swap contracts).

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company and/or the Trust have both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

iv. Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

v. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions at the measurement date. The Responsible Entity of the Trust and the directors of the Company determine the fair value of subsidiary investments based on underlying assets information received from the Investment Manager. The Investment Manager's assessment of fair value of underlying investments is determined in accordance with "AASB 13 – Fair Value Measurement", using discounted cash flow principles unless a more appropriate methodology is applied. The Investment Manager may at its discretion source independent valuers to undertake these valuations, or to corroborate the results of its own valuations.

vi. Non-current assets held for sale

Non-current financial assets classified as held for sale are measured in accordance with the measurement requirements of AASB 9 at fair value through profit or loss. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

D) IMPAIRMENT OF ASSETS

The directors of the Company and Responsible Entity assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the expected loss which is recognised in profit or loss.

Debt instruments carried at amortised cost (principally trade receivable balances) are assessed on a forward-looking basis for any lifetime expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and interest receivable, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

No impairment assessment is performed in respect of financial assets where fair value changes are recorded in profit or loss.

E) WORKING CAPITAL DEFICIENCY

The statement of financial position of the Company reflects a working capital deficit position at 31 December 2020 of $5.0 million. This deficit includes an amount of $4.98 million payable to the Trust. The Fund's overall statement of financial position as at balance date reflects a working capital surplus of $7.2 million. As described in Note 2(S) the directors are satisfied that the Company and the Trust will be able to meet their working capital requirements and other obligations for a period of at least 12 months from the date of the financial statements.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

G) TRADE RECEIVABLES AND OTHER SHORT TERM FINANCIAL ASSETS

Short term trade receivables and other financial assets are recorded at amortised cost if the following conditions are met, otherwise they are measured at fair value:

- where the financial asset is held within a business model with the objective to collect contractual cash flows; and
- contractual terms of the financial asset give rise on specific dates to cashflows that are solely repayment of principal and interest on the principal amount outstanding.

H) INTERESTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Company or the Trust has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Pursuant to "AASB 128 Investments in Associates and Joint Ventures", the Company and the Trust, as Investment Entities, have elected to measure investments in associates and joint ventures at fair value through profit or loss.

I) TRADE AND OTHER PAYABLES

Trade and other payables are recognised when the Company and the Trust becomes obliged to make payments resulting from the purchase of goods or services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of the recognition of the liability.

J) PROVISIONS

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

K) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

L) TAXES

i. Income tax

Australian Trust

Under current Australian income tax laws, the Responsible Entity (as trustee of the Trust) is not liable to pay income tax on the net (taxable) income of the Trust, provided the Trust is not a corporate unit trust or a public trading trust and its distributable income (taxable income) for each income year is fully distributed to securityholders, by way of cash or reinvestment.

Australian Company

Under current Australian income tax laws, the Company is liable to pay income tax at the prevailing corporate tax rate, currently 30%.

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

ii. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except to the extent the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the unrecoverable GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable. Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

The Trust qualifies for reduced input tax credits at a minimum rate of 55% as a recognised trust scheme under specific provisions in the GST legislation.

M) REVENUE RECOGNITION

i. Interest income

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

ii. Dividend/distribution income

Dividend/distribution income is recognised on the date that the Company and the Trust's right to receive the dividend/distribution is established.

N) EARNINGS PER SECURITY

Basic earnings per security is calculated by dividing the profit or loss attributable to securityholders by the weighted average number of securities outstanding during the financial year. Diluted earnings per security is the same as there are no potential dilutive ordinary securities as at reporting date.

O) OPERATING SEGMENTS

The Company and the Trust currently operate in a single operating segment, being in the business of investing in solar asset plants. Presently these solar asset plants are located in the United States of America and Australia.

P) COMPARATIVES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Q) SHARE/UNIT CAPITAL

i. Ordinary shares, units and options

Ordinary shares, units and options are classified as equity. Issued capital is recognised at the fair value of consideration received by the Company and the Trust. Incremental costs directly attributable to the issue of ordinary shares/units are recognised as a deduction from equity.

ii. Dividend/distribution to securityholders

Dividends/distributions are recognised in the reporting period in which they are declared, determined, or publicly recommended by the board of the Company and/or the Responsible Entity.

R) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company and the Trust's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and based on historic experience and other factors believed to be reasonable under the circumstances.

Investment entity classification

The directors have assessed that both the Company and the Trust continue to meet the definition of an Investment Entity. This assessment includes judgement of the factors supporting Investment Entity classification as set out in note 2(a).

Fair value recognition

As the definition of an 'investment entity' under AASB 10 is met, the Company and the Trust account for their subsidiaries at fair value through profit or loss, rather than consolidating them. In performing this fair value assessment equity interests are therefore measured at fair value for financial reporting purposes. Once an underlying operating solar asset held by a subsidiary has been owned for a period of no more than twelve months, the Board and the Responsible Entity will appoint the Investment Manager to produce formal investment valuations on an appropriate basis. Such valuations will be performed at least annually thereafter. The valuations of the solar asset equity interests are based on discounted post tax equity cash flow models which are subject to key estimates and assumptions relating to cost of equity, electricity prices, electricity production, operating expenses, gearing levels and taxation. The valuations include unobservable inputs and will therefore be categorised as Level 3 investments. The Investment Manager may at its discretion source independent valuers to undertake these valuations. Refer note 9, note 10 and note 16 for further information relating to fair value assessments.

S) GOING CONCERN

The combined Company and Trust (the Fund) incurred a loss after tax for the financial year of $79.1 million. After excluding fair value gains/losses of financial assets and liabilities and assets held for resale, a combined operational profit after tax of $4.6 million was recognised. During the financial year the Fund generated net cash outflows from operating activities of $0.1 million, net cash inflows from investing activities of $26.6 million and net cash outflows from financing activities totalling $17.3 million, and had an available cash balance of $9.5 million at 31 December 2020.

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. Management has prepared a cash flow forecast for the Fund for the 14 month period following the reporting date through to 28 February 2022, which incorporates recurring operating cash flows and certain assumptions relating to asset sales and repayment of debt facilities maturing during the forecast period.

On 31 December 2020, the Fund announced a two-tranche sale of up to 50% of its Mount Signal 2 solar plant to US Solar Fund plc (**USF**). Tranche One includes an immediate 25% sale interest for fixed consideration of US$23 million, and Tranche Two consists of an option for USF to acquire a further 25% interest (exercisable by USF anytime within 12 months following completion of Tranche One) for US$22 million, subject to a performance mechanism which can adjust the price upwards or downwards by up to US$1 million. The proceeds from Tranche One are intended to be used to settle existing loan facilities which expire during H1 2021 (refer Note 10(iii)).

As announced to the market during the reporting period, following the recommendation arising from completion of a strategy review, the Fund has commenced a sale process for its two Australian solar plant assets, being Manildra and Beryl. Proceeds from these asset sales will assist the Fund to undertake capital management initiatives which may include repayment of debt facilities expiring during the forecast period (refer Note 10(iii)) as well as security buybacks and /or capital returns.

Based on the above, the Directors of the Company and the Responsible Entity of the Trust believe it is appropriate to prepare the financial report on the going concern basis.

3. FINANCE INCOME

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	$	$	$	$	$	$
Interest income on cash at bank	9,834	23,718	7,217	118,459	17,051	142,177
Interest income on loan to New Energy Solar US Corp (subsidiary of the Company)	–	–	8,067,124	10,102,962	8,067,124	10,102,962
	9,834	**23,718**	**8,074,341**	**10,221,421**	**8,084,175**	**10,245,139**

4. INCOME TAX

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	$	$	$	$	$	$
Income tax benefit						
Current tax	–	–	–	–	–	–
Deferred tax – in respect of current year	(1,449,138)	(1,149,414)	–	–	(1,449,138)	(1,149,414)
Deferred tax – in respect of prior years	–	–	–	–	–	–
Aggregate income tax benefit	**(1,449,138)**	**(1,149,414)**	**–**	**–**	**(1,449,138)**	**(1,149,414)**
Numerical reconciliation of income tax expense and tax at the statutory rate						
(Loss)/Profit before tax	(66,507,103)	(32,603,481)	(14,038,194)	27,275,849	(80,545,297)	(5,327,632)
Tax at the statutory Australian tax rate of 30%	(19,952,131)	(9,781,044)	–	–	(19,952,131)	(9,781,044)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:						
Fair value losses not deductible	18,479,815	8,631,630	–	–	18,479,815	8,631,630
Non-deductible expenses	23,178	–	–	–	23,178	–
Income tax benefit	**(1,449,138)**	**(1,149,414)**	**–**	**–**	**(1,449,138)**	**(1,149,414)**
Income tax recognised directly in equity						
Current tax – share buy-back costs	–	(907)	–	–	–	(907)
Deferred tax – equity issue costs in respect of current year	–	(9,870)	–	–	–	(9,870)
Deferred tax – equity issue costs in respect of prior years	–	–	–	–	–	–
Total income tax recognised directly in equity	–	**(10,777)**	**–**	**–**	**–**	**(10,777)**

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
	$	**$**	**$**	**$**	**$**	**$**
Deferred tax assets recognised at balance date comprises						
Tax revenue	4,092,593	2,526,173	–	–	4,092,593	2,526,173
Deductible temporary differences	291,463	408,745	–	–	291,463	408,745
Total	**4,384,056**	**2,934,918**	**–**	**–**	**4,384,056**	**2,934,918**

Despite taxation losses being incurred by the Company in both the current and previous financial years, a deferred tax asset has been recognised at balance date in consideration of probable future taxable income expected to be derived by the Company against which the carried forward losses will be utilised.

5. EARNINGS PER SECURITY

(i) Calculated earnings per security

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
	cents	**cents**	**cents**	**cents**	**cents**	**cents**
Basic and diluted (loss)/ earnings per security	(18.43)	(9.00)	(3.97)	7.80	(22.40)	(1.20)
(ii) Earnings used to calculate basic and diluted earnings per security						
	$	**$**	**$**	**$**	**$**	**$**
(Loss)/Profit from continued operations used to calculate basic and diluted (loss)/ earnings per security	(65,057,965)	(31,454,067)	(14,038,194)	27,275,849	(79,096,159)	(4,178,218)
(iii) Weighted average number of securities						
	No.	**No.**	**No.**	**No.**	**No.**	**No.**
Weighted average number of securities outstanding used to calculate basic earnings per security	353,061,372	349,457,518	353,061,372	349,457,518	353,061,372	349,457,518
Weighted average number of securities outstanding used to calculate diluted earnings per security	**353,061,372**	**349,457,518**	**353,061,372**	**349,457,518**	**353,061,372**	**349,457,518**

There are no transactions that would significantly change the number of securities at the end of the reporting period.

6. EQUITY – ISSUED CAPITAL

(i) Movements in issued capital

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20 $	**31-Dec-19 $**	**31-Dec-20 $**	**31-Dec-19 $**	**31-Dec-20 $**	**31-Dec-19 $**
Balance at beginning of year	**339,372,774**	**252,292,020**	**134,313,666**	**233,667,317**	**473,686,440**	**485,959,337**
Capital reallocation – June 2019	–	83,583,947	–	(83,583,947)	–	–
Capital reallocation – December 2020	81,727,242	–	(81,727,242)	–	–	–
Issue of securities – February 2019	–	2,695,085	–	2,295,674	–	4,990,759
Issue of securities – August 2019	–	2,039,124	–	1,004,273	–	3,043,397
Issue of securities – February 2020	2,002,451	–	986,282	–	2,988,733	–
Issue of securities – August 2020	1,378,049	–	742,027	–	2,120,076	–
Issue costs	–	(55,928)	–	(59,241)	–	(115,169)
Buybacks	–	(1,179,359)	–	(1,088,639)	–	(2,267,998)
Buyback costs	–	(2,115)	–	(2,790)	–	(4,905)
Distributions – June 2019	–	–	–	(7,194,846)	–	(7,194,846)
Distributions – December 2019	–	–	–	(10,724,135)	–	(10,724,135)
Distributions – June 2020	–	–	(5,034,080)	–	(5,034,080)	–
Balance at the end of year	**424,480,516**	**339,372,774**	**49,280,653**	**134,313,666**	**473,761,169**	**473,686,440**

(ii) Movements in stapled securities

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20 No.	31-Dec-19 No.	31-Dec-20 No.	31-Dec-19 No.	31-Dec-20 No.	31-Dec-19 No.
Balance at beginning of year	**351,059,886**	**346,597,195**	**351,059,886**	**346,597,195**	**351,059,886**	**346,597,195**
Issue of securities – February 2019	–	3,693,961	–	3,693,961	–	3,693,961
Issue of securities – August 2019	–	2,431,124	–	2,431,124	–	2,431,124
Issue of securities – February 2020	2,282,068	–	2,282,068	–	2,282,068	–
Issue of securities – August 2020	1,927,957	–	1,927,957	–	1,927,957	–
Buybacks	–	(1,662,394)	–	(1,662,394)	–	(1,662,394)
Balance at the end of year	**355,269,911**	**351,059,886**	**355,269,911**	**351,059,886**	**355,269,911**	**351,059,886**

All issued stapled securities are fully paid. The holders of stapled share/unit securities are entitled to one vote per security at meetings of the Company and the Trust and are entitled to receive dividends/distributions declared from time to time by the Company and the Trust.

Security buyback

The Company and the Trust announced an on-market security buyback program on 3 May 2019 of up to 10 million securities over a 12-month period commencing 17 May 2019 and the program concluded on 16 May 2020. The buybacks were being undertaken as an active capital management tool to provide liquidity to existing securityholders should they seek to exit their investment at a discount to net asset value.

During the year ended 31 December 2020, no security buybacks were undertaken.

7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	$	$	$	$	$	$
Cash and bank balances	**2,329,798**	**4,542**	**7,186,008**	**1,610,618**	**9,515,806**	**1,615,160**

Reconciliation of (loss)/profit after income tax to net cash used in operating activities:

(Loss)/profit after income tax expense for the year	(65,057,965)	(31,454,067)	(14,038,194)	27,275,849	(79,096,159)	(4,178,218)
Adjustments for:						
Fair value movement of assets classified as held for sale	–	–	3,944,789	(1,377,116)	3,944,789	(1,377,116)
Fair value movement of financial assets at fair value through profit or loss	61,599,384	28,772,101	18,191,755	(17,454,008)	79,791,139	11,318,093
Net foreign exchange losses/ (gains)	147,604	(2)	(1,207,583)	115,981	(1,059,979)	115,979
Amortisation of deferred borrowing costs	1,067,649	330,528	–	–	1,067,649	330,528
Payments of transaction costs relating to loans and borrowings	147,260	625,000	–	–	147,260	625,000
Interest on inter-entity balance	–	–	(3,864,997)	–	(3,864,997)	–
Change in operating assets and liabilities:						
(Increase)/decrease in receivables	(102,612)	30,550	349,132	359,333	246,520	389,883
Increase in deferred tax assets	(1,449,138)	(1,149,413)	–	–	(1,449,138)	(1,149,413)
Increase/(decrease) in payables	227,897	(77,440)	(28,554)	(292,666)	199,343	(370,106)
Decrease/(increase) in provision for income tax	13,746	(4,666)	–	–	13,746	(4,666)
Net cash flow from operating activities	**(3,406,175)**	**(2,927,409)**	**3,346,348**	**8,627,373**	**(59,827)**	**5,699,964**

Reconciliation of liabilities arising from financing activities:

COMPANY	1-JAN-20	NON-CASH TRANSACTIONS	FINANCING CASH MOVEMENTS	31-DEC-20
	$	$	$	$
Other liabilities - New Energy Solar Fund	–	(477,522)	5,460,178	4,982,656
	–	**(477,522)**	**5,460,178**	**4,982,656**

COMPANY	1-JAN-19	NON-CASH TRANSACTIONS	FINANCING CASH MOVEMENTS	31-DEC-19
	$	$	$	$
Other liabilities - New Energy Solar Fund	246,470	477,522	(723,992)	–
	246,470	**477,522**	**(723,992)**	**–**

TRUST	1-JAN-20	NON-CASH TRANSACTIONS	FINANCING CASH MOVEMENTS	31-DEC-20
	$	$	$	$
Other liabilities - New Energy Solar Limited	477,522	4,982,656	(5,460,178)	–
	477,522	**4,982,656**	**(5,460,178)**	**–**

TRUST	1-JAN-19	NON-CASH TRANSACTIONS	FINANCING CASH MOVEMENTS	31-DEC-19
	$	$	$	$
Other liabilities - New Energy Solar Limited	(246,470)	–	723,992	477,522
	(246,470)	**–**	**723,992**	**477,522**

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	$	$	$	$	$	$
Interest receivable – New Energy Solar US Corp	–	–	179,659	447,718	179,659	447,718
GST receivable	26,815	26,490	25,827	19,306	52,642	45,796
Other receivables – subsidiary entity, New Energy Solar US Corp	114,538	12,250	–	–	114,538	12,250
Other receivables – subsidiary entity, New Energy Solar Australia HoldCo#1 Pty Ltd	–	–	–	4,453,976	–	4,453,976
Other receivables – New Energy Solar Limited	–	–	4,982,656	–	–	–
Other receivables – New Energy Solar Fund	–	477,522	–	–	–	–
Dividend receivables	–	–	–	87,594	–	87,594
	141,353	**516,262**	**5,188,142**	**5,008,594**	**346,839**	**5,047,334**

There are no balances included in receivables that contain assets that are impaired. The receivables are recorded at carrying amounts that are reasonable approximations of fair value.

9. CURRENT ASSETS – ASSETS CLASSIFIED AS HELD FOR SALE

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20 $	**31-Dec-19 $**	**31-Dec-20 $**	**31-Dec-19 $**	**31-Dec-20 $**	**31-Dec-19 $**
Investment in US Solar Fund plc (**LSE:USF**) – Equity	–	–	–	22,432,702	–	22,432,702
	–	**–**	**–**	**22,432,702**	**–**	**22,432,702**

New Energy Solar Fund sold its investment in US Solar Fund plc on 6 October 2020. New Energy Solar Fund (**Trust**) recorded its investment in US Solar Fund Plc at fair value (as required under AASB 9) and classified the investment as an asset classified as held for sale.

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20 $	**31-Dec-19 $**	**31-Dec-20 $**	**31-Dec-19 $**	**31-Dec-20 $**	**31-Dec-19 $**
Assets classified as held for sale opening balance	**–**	**–**	**22,432,702**	**–**	**22,432,702**	**–**
Total funds (received from disposal of investment)/invested during the year in US Solar Fund	–	–	(18,487,913)	21,055,586	(18,487,913)	21,055,586
Movement in fair value through profit or loss (ii)	–	–	(3,944,789)	1,377,116	(3,944,789)	1,377,116
Assets classified as held for sale closing balance	**–**	**–**	**–**	**22,432,702**	**–**	**22,432,702**

(i) The Trust's 'movement in fair value' decrement amount of $3.9 million is comprised of $3.2 million loss in the fair value of its investment in US Solar Fund plc, and $0.7 foreign exchange loss during the period in relation to this investment.

10. NON-CURRENT ASSETS – FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund owns its existing underlying solar asset portfolio through the Company's immediate subsidiary companies. The Fund's investment in its immediate subsidiaries consists of a combination of equity provided by the Company and debt provided by the Trust. As an 'investment entity' the Company records its equity investment at fair value, which comprises the assessed fair value of the underlying solar asset portfolio and associated debt and the residual net assets of the company and its controlled entities. Similarly, the Trust as an 'investment entity' records its loan receivable at fair value.

At balance date, the fair value of the Company and Trust's combined total investment in immediate subsidiaries and its controlled entities comprises the following:

		NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
		31-Dec-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
		$	**$**	**$**	**$**	**$**	**$**
Investment in New Energy Solar Australia HoldCo #1 Pty Limited	– Equity	104,879,695	122,203,744	–	–	104,879,695	122,203,744
Investment in New Energy Solar US Corp	– Equity	272,489,311	230,974,857	–	–	272,489,311	230,974,857
	– Loans	–	–	56,006,873	158,514,967	56,006,873	158,514,967
		377,369,006	**353,178,601**	**56,006,873**	**158,514,967**	**433,375,879**	**511,693,568**

The investment in subsidiaries comprises on a 'look-through' basis the following:

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
	$	**$**	**$**	**$**	**$**	**$**
Fair value of equity interests held in solar assets (i)	486,141,490	569,562,614	–	–	486,141,490	569,562,614
Fair value of debt in solar assets	732,268,920	755,552,436	–	–	732,268,920	755,552,436
Cash or cash equivalents	24,934,950	9,049,323	–	–	24,934,950	9,049,323
Loan funding provided by New Energy Solar Fund to New Energy Solar US Corp (ii)	(56,006,873)	(158,514,967)	56,006,873	158,514,967	–	–
3rd party loan funding provided (iii)	(710,693,192)	(1,034,124,352)	–	–	(710,693,192)	(1,034,124,352)
Converting 3rd party funding to tax equity interest (ITC Bridge Loan) (iii)	–	284,295,616	–	–	–	284,295,616
Fair value of Interest rate swaps on 3rd party loan funding provided (iii)	(99,573,517)	(65,322,318)	–	–	(99,573,517)	(65,322,318)
Deferred tax assets/ (liabilities)	11,144,600	(7,134,834)	–	–	11,144,600	(7,134,834)
Other net liabilities	(10,847,372)	(184,917)	–	–	(10,847,372)	(184,917)
	377,369,006	**353,178,601**	**56,006,873**	**158,514,967**	**433,375,879**	**511,693,568**

(i) The balance recorded at 31 December 2020 relates to the company's interest in underlying solar assets constituting the NC-31, NC-47, Stanford, TID, Boulder, Mount Signal 2, Cypress Creek portfolio, Manildra and Beryl plants. The fair value of these assets totalling $486.1 million is based on a discounted cash flow valuation as further described in note 16.

On 31 December 2020, the Fund entered into an agreement to sell a 25% interest in the USA Mount Signal 2 asset for consideration of US$23 million, which is expected to complete in H1 2021. The buyer has an option to acquire a further 25% asset interest within a 12-month period of completion of the Tranche 1 sale for consideration of US$22 million subject to a performance based adjustment mechanism that can adjust the price upwards or downwards by US$1 million.

As disclosed to the securityholders on 26 October 2020,the Australian Manildra and Beryl solar plant assets held indirectly through the Company's subsidiary New Energy Solar Australia HoldCo #1 Pty Limited (**NESAH1**) at fair value of $104.9 million (2019: $122.2 million) are being 'held for sale' at balance date as part of a corporate restructure program being undertaken by the Fund. The asset sale is expected to be completed in FY2021. No direct investment income was earned by the Company from its investment in NESAH1 during the year (2019: nil), and the Company incurred a fair value loss of $8.8 million (2019: $22.0 million fair value gain) in the fair value recognition of the investment.

(ii) As at 31 December 2020, the fair value of Note Purchase Agreements with New Energy Solar US Corp that New Energy Solar Fund purchased of US$43,091,688 (face value US$38,949,678, effective 9 December 2016) has been converted to Australian dollars at the prevailing A$:US$ spot rate of 0.7694 (31 December 2019 spot rate 0.7021). The loans to New Energy Solar US Corp have a 7-year loan term from inception and a fixed interest rate of 6%. The loan is unsecured. The fair value of the loan receivable is based on a revaluation at balance date with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivable. During the year, principal repayments of the loan totalling $84,316,339 were made.

(iii) 3rd party loan funding is comprised of the following:

HELD BY:	AVAILABLE FACILITY* (BASE CURRENCY $M)	DRAWN FACE VALUE (BASE CURRENCY $M)	31 DEC 2020 FX RATE	DRAWN FACE VALUE (A$M)	DRAWN FAIR VALUE (BASE CURRENCY $M)	31 DEC 2020 FX RATE	DRAWN FAIR VALUE (A$M)
NES US Funding 1 LLC [(a)]	USD 22.1	USD 22.1	0.7694	28.7	USD 22.1	0.7694	28.7
NES Antares HoldCo LLC [(b)]	USD 60.3	USD 60.3	0.7694	78.4	USD 69.5	0.7694	90.3
NES Perseus HoldCo LLC [(c)]	USD 22.7	USD 22.7	0.7694	29.5	USD 26.9	0.7694	35.0
NES Hercules Class B Member LLC [(d)]	USD 202.3	USD 202.3	0.7694	263.0	USD 202.3	0.7694	263.0
NES Hercules Class B Member LLC [(d)]	USD 8.5	USD 0.0	0.7694	0.0	USD 0.0	0.7694	0.0
NES Galaxy LLC [(e)]	USD 45.0	USD 27.7	0.7694	36.0	USD 27.7	0.7694	36.0
NES Orion HoldCo LLC [(f)]	USD 21.9	USD 21.9	0.7694	28.5	USD 21.9	0.7694	28.5

HELD BY:	AVAILABLE FACILITY* (BASE CURRENCY $M)	DRAWN FACE VALUE (BASE CURRENCY $M)	31 DEC 2020 FX RATE	DRAWN FACE VALUE (A$M)	DRAWN FAIR VALUE (BASE CURRENCY $M)	31 DEC 2020 FX RATE	DRAWN FAIR VALUE (A$M)
Manildra Finco Pty Ltd (g)	AUD 67.2	AUD 67.2	n/a	67.2	AUD 67.2	n/a	67.2
FS NSW Project No 1 Finco Pty Ltd (h)	AUD 120.0	AUD 120.0	n/a	120.0	AUD 120.0	n/a	120.0
New Energy Solar US Corp (i)	USD 15.0	USD 15.0	0.7694	19.5	USD 15.0	0.7694	19.5
NES Australia HoldCo #1 (j)	AUD 22.5	AUD 22.5	n/a	22.5	AUD 22.5	n/a	22.5
				693.3			**710.7**

*Balance outstanding as at 31 December 2020. Facility face values adjusted for committed amortisation payments.

(a) In June 2019, New Energy Solar refinanced the existing term credit facility held by NES US Funding 1 LLC, a wholly owned indirect subsidiary of the Company, with KeyBank National Association to increase the term facility to US$27.3 million. The refinanced term facility is fully amortising and matures in March 2027. The facility with an underlying LIBOR rate is hedged with a fixed interest rate swap for the full duration of the Loan. As part of the refinancing agreement, KeyBank National Association holds a charge over the NC-31 and NC-47 solar plant assets.

(b) US$62.5 million senior secured fixed rate notes issued in October 2017 by NES Antares HoldCo LLC, a wholly owned indirect subsidiary of the Company, to notes purchasers via the United States private placement market. The notes are amortising over 24 years maturing 30 September 2041. As part of the note purchase agreements, the noteholders hold a charge over the Stanford SGS and TID SGS asset interests held.

(c) US$22.7 million senior secured fixed rate notes issued in July 2018 by NES Perseus HoldCo LLC, a wholly owned indirect subsidiary of the Company, to notes purchasers via the United States private placement market. The notes are amortising over 18.5 years maturing 28 February 2037. As part of the note purchase agreements, the noteholders hold a charge over NES Perseus HoldCo LLC, the entity which owns the underlying membership interest in the Boulder solar asset.

(d) US$203.4 million term loan facility held by NES Hercules Class B Member LLC, a wholly-owned indirect subsidiary of the Company, with Santander Bank N.A., Cobank ACB, CIT Bank N.A., Société Générale, Canadian Imperial Bank of Commerce – New York Branch, KeyBank National Association and Seine Funding, LLC as lenders. In March 2020 the previously existing Construction Loan facility was converted to this term facility, which also resulted in the cancellation of the ITC bridge loan facility. As at 31 December 2020, the term loan was fully drawn. The loan matures on 31 January 2028.

Mount Signal 2 also has a US$8.5 million revolving loan facility which became available at the Term Loan Conversion Date on 31 March 2020. The purpose of this facility is to provide short-term liquidity for the payment of Debt Service and O&M Expense as required by the project. As at 31 December 2020, the revolving loan drawn down value was nil. The loan matures on 31 January 2028.

The Term Loan is secured by the assets of NES Hercules Class B Member LLC with collateral pledges of various material project documents.

(e) US$45.0 million revolving loan and letter of credit facility established in June 2018 held by NES Galaxy LLC, a subsidiary of the Company, with KeyBank National Association (**KeyBank**), repayable no later than 5 June 2021. On 14 February 2020, a US$10 million temporary facility increase was granted by Keybank up to 31 July 2020. On 30 June 2020 the temporary facility increase was extended to 31 December 2020 and the loan facility was extended to 31 December 2021. The temporary facility was repaid on 31 December 2020.

As at 31 December 2020, the revolving loan expiring on 31 December 2021 was drawn down to US$27.7 million and a letter of credit was issued for the value of A$2.3 million to the Commonwealth Bank of Australia (**CBA**). CBA has in turn provided a Letter of Credit to Manildra Prop Pty Ltd to the value of A$2.3 million expiring on 28 November 2021. The KeyBank letter of credit reduced the revolving loan facility limit by the same value of A$2.3 million. This loan is secured by a first lien on cash flows from underlying subsidiaries of NES Galaxy LLC.

(f) In February 2019, NES Orion HoldCo LLC, a wholly owned subsidiary of the Company, entered into a US$22.6 million Corporate Revolving Credit Facility with KeyBank National Association. The amortising loan is repayable no later than February 2026. As at 31 December 2020, the loan was drawdown to US$21.9 million. As part of the financing agreement, KeyBank National Association hold a charge over the Cypress Creek solar plant assets.

(g) $67.2 million term loan facility held by Manildra Finco Pty Ltd, a wholly owned indirect subsidiary of the Company, with Société Générale and MUFG Bank, Ltd as lenders. As at 31 December 2020, $67.2 million has been drawn down. The loan amortises over the term with a final payment of A$62.1 million due when the facility expires in March 2022. It is secured by a charge over the assets and equity interest in the Manildra solar plant.

(h) $120.0 million term facility held by FS NSW Project No1 Finco Pty Ltd, a wholly owned indirect subsidiary of the Company, with MUFG Bank, Ltd, Bank of the Philippines, Société Générale and Mizuho Bank, Ltd. As at 31 December 2020, $120.0 million has been drawn down. The loan amortises over the term with a final payment of A$106.5 million due when the facility expires in May 2023. It is secured by a charge over the assets and equity interest in the Beryl solar plant.

(i) A short-term working capital facility of US$15 million has been put in place with Kedrick Cerry Inc. Of the 31 December 2020 loan balance, US$2.3 million was repaid on 4 February 2021 and US$12.7 million expires on 31 March 2021 and carries an annualised interest rate of 8.0 percent.

(j) $22.5 million syndicated secured facility put in place in December 2020 by New Energy Solar Australia HoldCo#1, a subsidiary of the Company, with Infradebt Pty Limited (**Infradebt**), repayable no later than 31 May 2023.

In addition to the above, the following Letters of Credit have been issued:

- KeyBank National Association has provided two Letter of Credit to NES US Funding 1 LLC to the value of US$7.7 million expiring in March and May 2027, and to NES Antares HoldCo LLC to the value of US$21.5 million expiring on 6 June 2027.
- CoBank, ACB provides a Letter of Credit Facility to NES Hercules Class B Member LLC on behalf of Imperial Valley Solar 2, LLC. There are currently two Letters of Credit issued under this facility – a US$17.0 million LC expiring in December 2027 and a US$7.9 million LC expiring in March 2021.
- KeyBank National Association has provided a Letter of Credit to NES Perseus HoldCo LLC to the value of US$8.3 million expiring on 25 July 2028.
- KeyBank National Association has provided a Letter of Credit to NES Orion HoldCo LLC to the value of US$1.7 million expiring on 14 February 2026.
- MUFG Bank, Ltd has provided a Letter of Credit to FS NSW Project No1 Finco Pty Ltd to the value of A$1.6 million expiring on 30 May 2021.

Movement in the equity and debt investments associated with the Company and the Trust's investment in immediate subsidiaries during the year were as follows:

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
	$	**$**	**$**	**$**	**$**	**$**
Investment in financial assets held at fair value through profit or loss opening balance	**353,178,601**	**292,263,917**	**158,514,967**	**252,846,452**	**511,693,568**	**545,110,369**
Total funds (returned)/invested during the year in New Energy Solar Australia HoldCo #1 Pty Limited	(8,544,190)	89,686,785	–	–	(8,544,190)	89,686,785
Total funds invested/ (returned) during the year in New Energy Solar US Corp	94,333,979	–	(84,316,339)	(111,785,493)	10,017,640	(111,785,493)
Movement in fair value through profit or loss (i) (ii)	(61,599,384)	(28,772,101)	(18,191,755)	17,454,008	(79,791,139)	(11,318,093)
Investment in financial assets held at fair value through profit or loss closing balance	**377,369,006**	**353,178,601**	**56,006,873**	**158,514,967**	**433,375,879**	**511,693,568**

(i) The Company's 'movement in fair value' decrement amount of $61.6 million is comprised of a $33.4 million decrease in the value of its investment in its immediate subsidiary New Energy Solar US Corp (**NES US**), an unrealised foreign exchange translation loss of $19.4 million, and a $8.8 million decrease in the value of its investment in its immediate subsidiary New Energy Solar HoldCo #1 (**NESAH1**).

The $33.4 million decrease in the value of its investment in NES US includes a fair value loss impact of $43.4 million relating to NES US's investment in entities holding its underlying solar assets, offset by a $10.0 million fair value gain in respect of interest bearing loans made to NES US Corp by the Trust, a loss impact relating to interest expense incurred by NES US on the loan totalling $8.1 million (offsetting equivalent interest income earned by the Trust), and is net of distribution income earned, other expenses incurred and associated tax benefits.

As at 31 December 2020, the fair value of the Company's US dollar investment in NES US has been converted to Australian dollars at the prevailing A$:US$ spot rate of 0.7694 (31 December 2019 spot rate 0.7021) resulting in the unrealised foreign exchange loss noted of $19.4 million.

The $8.8 million decrease in the value of its investment in NESAH1 is mainly attributable to a decrease in the fair value of NESAH1's investment in entities holding its underlying Australian solar assets.

(ii) The Trust's 'movement in fair value' amount of $18.2 million is comprised of $10.0 million fair value loss in respect of its US denominated loan to NES US, valued with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivables and $8.2 million of foreign exchange losses.

11. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
	$	**$**	**$**	**$**	**$**	**$**
Trade payables	66,637	6,600	29,146	–	95,783	6,600
Accrued liabilities	558,238	470,100	216,200	273,900	774,438	744,000
Other liabilities	91,878	12,156	4,461	4,461	96,339	16,617
Other liabilities – New Energy Solar Fund	4,982,656	–	–	–	–	–
Other liabilities – New Energy Solar Limited	–	–	–	477,522	–	–
Other liabilities – New Energy Solar Australia HoldCo#1 Pty Limited	1,669,999	421,834	–	–	1,669,999	421,834
	7,369,408	**910,690**	**249,807**	**755,883**	**2,636,559**	**1,189,051**

The average credit period for trade payables is generally 30 days. No interest is charged on trade payables from the date of invoice. The Company and the Trust have risk management policies to ensure payables are paid within credit terms.

12. BORROWINGS

The Company had a loan facility with Clean Energy Finance Corporation (**CEFC**) to provide bridge funding for the acquisition of solar assets up to 7 April 2020. The total available amount under the facility before termination was $50.0 million. The facility was cancelled on 7 April 2020.

All other borrowings have been undertaken by subsidiaries of the Company and are shown in note 10.

13. DISTRIBUTIONS

Distributions paid or declared to securityholders during or since the end of the year were as follows:

- 3.00 cents per stapled security for the six months ended 30 June 2020 paid on 17 August 2020 amounting to $10,600,260 (30 June 2019: $13,596,522).
- 3.00 cents per stapled security for the six months ended 31 December 2020 announced on 1 February 2021, payable on 19 March 2021 amounting to $10,658,097 (31 December 2019: $14,042,395).

14. OPERATING SEGMENTS

The Company and the Trust currently operate solely in a single segment being investing in solar assets. Solar assets are in Australia and the United States of America. Revenue, profit/(loss), net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (**CODM**) for the single identified operating segment are the amounts reflected in the Condensed Statement of Profit & Loss and Other Comprehensive Income, Condensed Statement of Financial Position, Condensed Statement of Changes in Equity and Condensed Statement of Cash Flows.

The board of directors of the Company and the Responsible Entity of the Trust, together are considered to represent the CODM for the purposes of assessing performance and determining the allocation of resources.

Geographical information

The Fund operates in two principal geographic areas – Australia (country of domicile) and the United States of America.

The Fund's revenue and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20 $	31-Dec-19 $	31-Dec-20 $	31-Dec-19 $	31-Dec-20 $	31-Dec-19 $
Revenue						
Australia	(8,770,025)	22,010,393	7,217	118,459	(8,762,808)	22,128,852
United States of America	(52,967,129)	(50,758,774)	(12,525,715)	29,003,821	(65,492,844)	(21,754,953)
	(61,737,154)	**(28,748,381)**	**(12,518,498)**	**29,122,280**	**(74,255,652)**	**373,899**

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)		FUND (COMBINED COMPANY AND TRUST)	
	31-Dec-20 $	31-Dec-19 $	31-Dec-20 $	31-Dec-19 $	31-Dec-20 $	31-Dec-19 $
Non-current assets						
Australia	104,879,695	123,271,393	–	–	104,879,695	123,271,393
United States of America	272,489,311	230,974,857	56,006,873	158,514,967	328,496,184	389,489,824
	377,369,006	**354,246,250**	**56,006,873**	**158,514,967**	**433,375,879**	**512,761,217**

15. FINANCIAL INSTRUMENTS

CAPITAL MANAGEMENT

The Company and the Trust manage their capital to ensure that they will be able to continue as going concerns, while maximising the return to securityholders. The Company and the Trust's principal use of cash raised is to fund investments as well as ongoing operational expenses.

The directors monitor and review the broad structure of the Company and the Trust's capital on an ongoing basis. At balance date, the capital structure consists of equity only. There are no externally imposed capital requirements.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company and the Trust are exposed to the following risks from its use of financial instruments:

- market risk (market price risk, foreign exchange risk and interest rate risk)
- credit risk
- liquidity risk.

The directors of the Company and the Responsible Entity of the Trust have overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring risk management policies.

A) MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Company and the Trust are primarily exposed to market risks arising from fluctuations in market prices, foreign currency and interest rates. Refer to note 16 for further details of market price risk relating to the Company's investment portfolio.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. Foreign exchange rate movements will impact on the Australian dollar value of the Company's and the Trust's financial assets and liabilities denominated in a currency that is not the Company's or Trust's functional currency.

The Company and the Trust are exposed to US$ foreign exchange risk through their US$ denominated cash and receivable balances, their investment activities and income derived from these activities.

The table below details the carrying amounts of the Company's and the Trust's foreign currency denominated assets and liabilities (US$) at the reporting date that are denominated in a currency different to the functional currency. This represents the Australian dollar exposure, converted at an exchange rate of 0.7694 (31 December 2019 rate 0.7021).

31 DECEMBER 2020	NEW ENERGY SOLAR LIMITED (COMPANY)	NEW ENERGY SOLAR FUND (TRUST)	FUND (COMBINED COMPANY AND TRUST)
	31-Dec-20	**31-Dec-20**	**31-Dec-20**
	$	**$**	**$**
Cash and cash equivalents	96	6,961,858	6,961,954
Financial assets (equity investments)	272,489,311	–	272,489,311
Financial assets (loan receivables)	–	56,006,873	56,006,873
Financial assets (other receivables)	–	179,659	179,659
	272,489,407	**63,148,390**	**335,637,797**

31 DECEMBER 2019	NEW ENERGY SOLAR LIMITED (COMPANY)	NEW ENERGY SOLAR FUND (TRUST)	FUND (COMBINED COMPANY AND TRUST)
	31-Dec-19	**31-Dec-19**	**31-Dec-19**
	$	**$**	**$**
Cash and cash equivalents	485	18,665	19,150
Dividend receivables	–	87,594	87,594
Financial assets (equity investments)	230,974,857	–	230,974,857
Assets held for sale (equity investments)	–	22,432,702	22,432,702
Financial assets (loan receivables)	–	158,514,967	158,514,967
Financial assets (other receivables)	–	447,718	447,718
	230,975,342	**181,501,646**	**412,476,988**

Sensitivity Analysis

The effect of the foreign exchange risk relating to equity investments (investment in New Energy Solar US Corp and investment in US Solar Fund plc) is recorded in profit or loss as part of the overall fair value movement in the assets classified as held for sale and financial assets (refer to notes 9 and 10). The effect of foreign exchange risk relating to cash and cash equivalents, loans receivable and other receivables is recorded in profit or loss as a foreign exchange gain or loss.

The Company and the Trust considers a 5% movement in the A$ against US$ as at 31 December 2020 to be a reasonable possibility at the end of the reporting period. The impact of the strengthening and weakening of A$ against US$ in profit or loss is shown by the amounts below as it relates to cash and cash equivalents, equity investments, debt investments and other receivables. This analysis assumes that all other variables remain constant.

31 DECEMBER 2020	NEW ENERGY SOLAR LIMITED (COMPANY)	NEW ENERGY SOLAR FUND (TRUST)	FUND (COMBINED COMPANY AND TRUST)
	Effect on profit before tax	**Effect on profit before tax**	**Effect on profit before tax**
	$	**$**	**$**
AUD strengthened +5%			
Cash and cash equivalents	(5)	(331,517)	(331,522)
Financial assets (equity investments)	(12,975,681)	–	(12,975,681)
Financial assets (loan receivables)	–	(2,666,994)	(2,666,994)
Financial assets (other receivables)	–	(8,555)	(8,555)
	(12,975,686)	**(3,007,066)**	**(15,982,752)**
AUD weakened –5%			
Cash and cash equivalents	5	366,414	366,419
Financial assets (equity investments)	14,341,543	–	14,341,543
Financial assets (loan receivables)	–	2,947,730	2,947,730
Financial assets (other receivables)	–	9,456	9,456
	14,341,548	**3,323,600**	**17,665,148**

31 DECEMBER 2019	NEW ENERGY SOLAR LIMITED (COMPANY)	NEW ENERGY SOLAR FUND (TRUST)	FUND (COMBINED COMPANY AND TRUST)
	Effect on profit before tax $	**Effect on profit before tax $**	**Effect on profit before tax $**
AUD strengthened +5%			
Cash and cash equivalents	(23)	(889)	(912)
Dividend receivables	–	(4,171)	(4,171)
Financial assets (equity investments)	(10,998,803)	–	(10,998,803)
Assets held for sale (equity investments)	–	(1,068,224)	(1,068,224)
Financial assets (loan receivables)	–	(7,548,332)	(7,548,332)
Financial assets (other receivables)	–	(21,320)	(21,320)
	(10,998,826)	**(8,642,936)**	**(19,641,762)**
AUD weakened –5%			
Cash and cash equivalents	26	982	1,008
Dividend receivables	–	4,610	4,610
Financial assets (equity investments)	12,156,571	–	12,156,571
Assets held for sale (equity investments)	–	1,180,669	1,180,669
Financial assets (loan receivables)	–	8,342,893	8,342,893
Financial assets (other receivables)	–	23,564	23,564
	12,156,597	**9,552,718**	**21,709,315**

In management's opinion the above sensitivity analysis is not representative of the inherent foreign exchange risk, as the year end exposure does not necessarily reflect the exposure during the course of the entire year.

Interest rate risk

Interest rate risk is the risk that cash flows associated with financial instruments will fluctuate due to changes in market interest rates.

The Company and the Trust are directly exposed to interest rate risk on their variable rate bank deposits and currently do not hedge against this exposure. The Trust does not bear interest rate risk on its loan funding provided to New Energy Solar US Corp as the loan interest rate is fixed for the duration of the loan facility.

Sensitivity analysis

The Company and the Trust consider a 50 basis point increase or decrease to be a reasonably possible change in interest rates. The impact of a 50 basis point movement in interest rates on profit or loss and equity is shown in the table below.

31 DECEMBER 2020		NEW ENERGY SOLAR LIMITED (COMPANY)	NEW ENERGY SOLAR FUND (TRUST)	FUND (COMBINED COMPANY AND TRUST)
		Effect on profit before tax $	Effect on profit before tax $	Effect on profit before tax $
Variable rate deposits	+50 basis points	11,649	35,930	47,579
Variable rate deposits	-50 basis points	(11,649)	(35,930)	(47,579)

31 DECEMBER 2019		NEW ENERGY SOLAR LIMITED (COMPANY)	NEW ENERGY SOLAR FUND (TRUST)	FUND (COMBINED COMPANY AND TRUST)
		Effect on profit before tax $	Effect on profit before tax $	Effect on profit before tax $
Variable rate deposits	+50 basis points	23	8,053	8,076
Variable rate deposits	-50 basis points	(23)	(8,053)	(8,076)

B) CREDIT RISK

Credit risk is the risk that contracting parties to a financial instrument will cause a financial loss for the Company or the Trust by failing to discharge an obligation. The Company and the Trust manage credit risk by ensuring deposits are made with reputable financial institutions. The majority of funds of the Company and the Trust at reporting date were deposited with Australia and New Zealand Banking Group Limited and Macquarie Bank Limited.

The carrying amount of financial assets that represents the maximum credit risk exposure at the reporting date are detailed below:

31 DECEMBER 2020	NEW ENERGY SOLAR LIMITED (COMPANY)	NEW ENERGY SOLAR FUND (TRUST)	FUND (COMBINED COMPANY AND TRUST)
Summary of exposure	**31-Dec-20 $**	**31-Dec-20 $**	**31-Dec-20 $**
Cash and cash equivalents	2,329,798	7,186,008	9,515,806
Loans receivable*	–	56,006,873	56,006,873
Interest receivable	–	179,659	179,659
GST receivable	26,815	25,827	52,642
Other receivables – related party	114,538	4,982,656	5,097,194
	2,471,151	**68,381,023**	**70,852,174**

31 DECEMBER 2019	NEW ENERGY SOLAR LIMITED (COMPANY)	NEW ENERGY SOLAR FUND (TRUST)	FUND (COMBINED COMPANY AND TRUST)
Summary of exposure	**31-Dec-19**	**31-Dec-19**	**31-Dec-19**
	$	**$**	**$**
Cash and cash equivalents	4,542	1,610,618	1,615,160
Loans receivable	–	158,514,967	158,514,967
Interest receivable	–	447,718	447,718
GST receivable	26,490	19,306	45,796
Dividend receivables	–	87,594	87,594
Other receivables – related party	489,772	4,453,976	4,943,748
	520,804	**165,134,179**	**165,654,983**

* Loans receivable represent loans to New Energy Solar US Corp.

C) LIQUIDITY RISK

Liquidity risk is the risk that the Company or the Trust will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The Company's and the Trust's approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's and the Trust's reputation.

The Company's and the Trust's liquidity primarily comprises cash at bank totalling $2,329,798 and $7,186,008 respectively at 31 December 2020 ($4,542 and $1,610,618 respectively at 31 December 2019) which is held to cover their day-to-day running costs and expenditures.

The following is the contractual maturity of financial liabilities. The table has been drawn based on the undiscounted cash flows of liabilities based on the earliest date on which the Company and the Trust can be required to settle the liability.

31 DECEMBER 2020	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
NEW ENERGY SOLAR LIMITED (COMPANY)			
Trade and other payables	–	7,369,408	–
NEW ENERGY SOLAR FUND (TRUST)			
Trade and other payables	–	249,807	–
FUND (COMBINED COMPANY AND TRUST)			
Trade and other payables	–	2,636,559	–

31 DECEMBER 2019	On call	Less than 12 months	Remaining contractual maturities
	$	$	$
NEW ENERGY SOLAR LIMITED (COMPANY)			
Trade and other payables	–	910,690	–
NEW ENERGY SOLAR FUND (TRUST)			
Trade and other payables	–	755,883	–
FUND (COMBINED COMPANY AND TRUST)			
Trade and other payables	–	1,189,051	–

16. FAIR VALUE MEASUREMENT

The Company and Trust are exposed to market price risk based on investments in underlying solar assets and on loan receivable balances which are measured on a fair value basis.

FAIR VALUE

The fair value of financial assets and financial liabilities approximate their carrying values at the reporting date.

The table below analyses recurring fair value measurements for financial assets. The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 DECEMBER 2020

NEW ENERGY SOLAR LIMITED (COMPANY)	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets held at fair value through profit or loss	–	–	377,369,006	377,369,006
NEW ENERGY SOLAR FUND (TRUST)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Loans receivable at fair value	–	56,006,873	–	56,006,873
FUND (COMBINED COMPANY AND TRUST)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Financial assets held at fair value through profit or loss	–	–	377,369,006	377,369,006
Loans receivable at fair value	–	56,006,873	–	56,006,873

31 DECEMBER 2019

NEW ENERGY SOLAR LIMITED (COMPANY)	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets held at fair value through profit or loss	–	–	353,178,601	353,178,601
NEW ENERGY SOLAR FUND (TRUST)	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets classified as held for sale	22,432,702	–	–	22,432,702
Loans receivable at fair value	–	158,514,967	–	158,514,967
FUND (COMBINED COMPANY AND TRUST)	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets classified as held for sale	22,432,702	–	–	22,432,702
Financial assets held at fair value through profit or loss	–	–	353,178,601	353,178,601
Loans receivable at fair value	–	158,514,967	–	158,514,967

Refer below for a description of the valuation basis adopted for the material asset class constituting the Company's equity investment in its subsidiaries, being the underlying solar assets held at balance date.

The fair value of loan advances to New Energy Solar US Corp was assessed at balance date with reference to prevailing referable market interest rates for comparable external debt as a proxy for market pricing of the loan receivables.

The fair value of the Trust's investment in US Solar Fund plc was assessed at balance date with reference to quoted prices in the London Stock Exchange.

TRANSFERS DURING THE YEAR

The Company and the Trust recognise transfers between levels of the fair value hierarchy during the reporting period which the transfer has occurred. There were no transfers between levels during the financial year.

Reconciliation of level 3 fair value measurements

31 DECEMBER 2020	NEW ENERGY SOLAR LIMITED (COMPANY)	FUND (COMBINED COMPANY AND TRUST)
	Investments held at fair value through profit or loss $	Investments held at fair value through profit or loss $
Opening balance	353,178,601	353,178,601
Total gains or losses:		
– in profit or loss	(61,599,384)	(61,599,384)
Return of capital during the year from New Energy Solar Australia HoldCo #1 Pty Limited	(8,544,190)	(8,544,190)
Total funds invested during the year in New Energy Solar US Corp	94,333,979	94,333,979
Closing balance	**377,369,006**	**377,369,006**

SOLAR ASSET VALUATION METHODOLOGY AND PROCESS

For investments in underlying entities holding solar assets which are operational at balance date, the Directors base the fair value of the investments on valuation information received from the Investment Manager. At a minimum, valuations will be performed annually and otherwise as determined by the Directors. The investment Manager engages suitably qualified independent valuation firms to assist in its assessment of fair value.

The Directors review and consider the fair value arrived at by the Investment Manager, including any independent external valuation obtained, before making their assessment of the fair value of the investments. Fair value is calculated with reference to a discounted cash flow (**DCF**) methodology.

In a DCF analysis, the underlying investment entity valuation is derived using discounted post tax equity cash flows that are comprised of cash flows from the underlying solar assets after allowing for debt. The future cash flows incorporate a range of operating assumptions for revenues, costs and gearing, and an appropriate post tax cost of equity range. Given the long-term nature of the solar asset investments, the valuation inputs are assessed using long-term historical data to reflect the asset's life. Where possible, assumptions are based on observable market and externally sourced technical data. The Investment Manager uses technical experts such as long-term electricity price forecasters to provide reliable long-term data for use in its valuations.

In the current reporting period, an independent valuation of the equity interest held in underlying entities holding all of the Funds Solar asset holding was obtained.

FAIR VALUE OF SOLAR ASSET INVESTMENTS

As at 31 December 2020, the fair value of equity interests held in operating solar asset investments (valued by DCF methodology) was $486.1 million (US$287.7 million and A$112.2 million), comprising:

PLANT	FAIR VALUE AS AT 31 DECEMBER 2020 ($million)	FAIR VALUE AS AT 31 DECEMBER 2019 ($million)
Stanford/TID	US$74.1	US$73.0
NC-31/NC-47	US$62.3	US$68.7
Boulder Solar I	US$35.0	US$42.0
Rigel	US$25.5	US$26.0
MS2	US$90.8	US$100.5
Subtotal US plants (US$)	**US$287.7**	**US$310.2**
A$ to US$ foreign exchange rate at balance date	0.7694	0.7021
Subtotal US plants (A$)	**A$373.9**	**A$441.8**
Manildra	A$51.1	A$58.5
Beryl	A$61.1	A$69.2
Subtotal AUS plants (A$)	**A$112.2**	A$127.7
TOTAL (A$)	**A$486.1**	**A$569.5**

The fair value of the Fund's renewable energy asset investments as at 31 December were determined as described above, using a cost of equity range of 5.00% to 7.75% for contracted cashflows, and 5.75% to 8.50% for uncontracted cashflows.

The Company and the Trust have established a control framework with respect to measurement and assessment of fair values. The Board of Directors of the Company and the responsible entity of the Trust have overall responsibility for analysing the performance and fair value movements of underlying US investments during each reporting period.

While the Fund's day-to-day operations have continued relatively unimpacted by the effects of COVID-19, the Investment Manager has identified a number of potential longer-term risks impacting both the current period and potentially future period solar asset values. The unfavourable macroeconomic impact of the pandemic, together with the high degree of uncertainty as to future economic conditions may impact the future availability and cost of debt, and more broadly volatility in the electricity market pricing. These factors may impact the future fair value of solar plant interests held by the Fund.

SENSITIVITY ANALYSIS

Set out below are the key assumptions the Directors believe would have a material impact upon the fair value of NEW's solar asset investments and NAV per Stapled Security should they change. The following sensitivities assume the relevant input is changed over the entire useful life of each of the underlying renewable energy assets, while all other variables remain constant. All sensitivities have been calculated independently of each other.

The Directors consider the changes in inputs to be within a reasonable expected range based on their understanding of market transactions. This is not intended to imply that the likelihood of change or that possible changes in value would be restricted to this range.

		31 DECEMBER 2020		31 DECEMBER 2019	
Input	**Change in input**	**Change in fair value (A$ million)**	**Change in NAV per Stapled Security (A$ cents)**	**Change in fair value (A$ million)**	**Change in NAV per Stapled Security (A$ cents)**
A$/US$ foreign exchange rate	+ 5.0%	(17.8)	(5.0)	(21.1)	(6.0)
	- 5.0%	19.6	5.5	23.3	6.6
Discount rate	+ 0.5%	(36.6)	(10.3)	(42.4)	(12.1)
	- 0.5%	39.7	11.2	47.3	13.5
Electricity production (change from P50)	P90	(103.2)	(29.1)	(106.3)	(30.3)
	P10	91.4	25.7	104.6	29.8
Merchant Period Electricity Prices	- 10.0%	(46.9)	(13.2)	(50.4)	(14.4)
	+ 10.0%	46.7	13.1	50.5	14.4
Operations and maintenance expenses	+ 10.0%	(34.9)	(9.8)	(36.4)	(10.4)
	- 10.0%	32.4	9.1	34.9	9.9

FOREIGN EXCHANGE RATE

The fair value of NEW's solar asset investments located in the United States of America are first determined in US$ for financial reporting purposes. The sensitivity shown looks at the impact of a change in the A$ to US$ exchange rate. A 5% appreciation and 5% depreciation of the assumed US$ to A$ exchange rate (of A$: US$0.7694 as at 31 December 2020) has been considered to determine the resultant impact on NEW's fair value of investments and NAV per Stapled Security.

DISCOUNT RATE

As at 31 December 2020, the fair value of the underlying solar asset investments were determined using a post-tax cost of equity approach based on the Capital Asset Pricing Model. This approach takes into account long-term assumptions regarding risk-free rates, market risk premia, gearing, counterparty quality and asset specific items. The post-tax cost of equity range used is 5.00% to 7.75%% for contracted cashflows, and 5.75% to 8.50% for uncontracted cashflows.

The sensitivity demonstrates the impact of a change in the post-tax cost of equity applied to the equity interest of all of NEW's renewable energy asset investments as at 31 December 2020. A range of + / - 0.5% has been considered to determine the resultant impact on NEW's NAV per Stapled Security and the fair value of its solar asset investments.

ELECTRICITY PRODUCTION

NEW's solar asset investments are valued based upon a forecast P50 solar energy generation profile (being a 50% probability that this generation estimate will be met or exceeded). A technical adviser has derived this generation estimate by taking into account a range of irradiation datasets, satellite and ground-based measurements, and site-specific loss factors including module performance degradation, module mismatch and inverter losses. These items are then considered in deriving the anticipated production of the individual solar asset (MWh per annum) based upon a 50% probability of exceedance.

The sensitivity shown looks at the impact on the fair value of solar asset investments and NAV per Stapled Security of a change of production estimates to P90 (90% likely probability of exceedance) and a P10 generation estimate (10% probability of exceedance).

As P10 generation estimates were not independently obtained for each solar asset on or about the time of the asset acquisition, the Directors have determined a proxy P10 estimate for those assets by assessing the relationship between the independently determined P50 and P90 generation estimates for each of the assets in the Operating Portfolio (e.g. a 1-year P90 generation estimate might be 92.5% of a 1-year P50 generation estimate, implying that it is 7.5% lower than the P50 generation estimate).

In determining the proxy P10 generation estimate, the Directors have assumed that the relationship between a P50 generation estimate and a P10 generation estimate is the same as that between a P50 generation estimate and a P90 generation estimate in absolute terms. Therefore a 1-year P10 generation estimate by this methodology would be 107.5% (i.e. 100% + 7.5%) of the asset's P50 generation estimate.

MERCHANT PERIOD ELECTRICITY PRICES

Each of the assets underlying NEW's solar asset investments have long-term PPAs in place with creditworthy energy purchasers and thus the PPA prices are not impacted by energy price changes during this period. For the post-PPA period of each solar asset, the Directors use long-term electricity price forecasts that have been prepared by a market consultant in their determination of the fair value of NEW's operating solar asset investments. As noted above the COVID-19 pandemic poses risks in the form of economic uncertainty and related volatility in future electricity price forecasts applicable to the post PPA periods.

The sensitivities show the impact of an increase / decrease in power prices for each year of the power price curve for each plant over the plant's remaining economic life after the conclusion of the existing PPAs. A flat 10% increase / decrease in market electricity prices from forecasted levels over the remaining asset life of all plants have been used in the sensitivity analysis.

OPERATING EXPENSES

The operating costs of the assets underlying NEW's solar asset investments include annual operations and maintenance (**O&M**), asset management (**AM**), insurance expenses, land lease expenses, major maintenance and general administration expenses.

The sensitivity above assumes a 10% increase/decrease in annual operating costs for all underlying assets and the resultant impact on NEW's fair value of investments and NAV per Stapled Security.

LOAN FAIR VALUE SENSITIVITY ANALYSIS

The Directors have also assessed the impact of a change in interest rate environment on the fair value of the loan receivable to New Energy Solar US Corp held by the Trust as set out below.

		31 DECEMBER 2020		31 DECEMBER 2019	
Input	**Change in input**	**Change in fair value of investments (A$ thousands)**	**Change in NAV per Stapled Security (A$ cents)**	**Change in fair value of investments (A$ thousands)**	**Change in NAV per Stapled Security (A$ cents)**
US interest rates	+ 0.5%	(755)	(0.21)	(3,121)	(0.89)
	- 0.5%	767	0.22	3,196	0.91

17. CONTROLLED AND JOINTLY CONTROLLED ENTITIES

As 'Investment Entities' the Company and the Trust recognise all underlying investments in their direct and indirect subsidiaries and jointly controlled entities at fair value through profit or loss. Below is the legal name for the Holding Company and the remaining legal entities controlled or jointly controlled through the investment in the HoldCo entities at reporting date.

COMPANY

Name of entity	Place of registration and operation	Direct or Indirect Holding	Principal Activity	Economic interest 31 Dec 2020	Economic interest 31 Dec 2019
New Energy Solar US Corp.	United States of America	Direct	HoldCo	100.00%	100.00%
NES Rosamond 1S, LLC	United States of America	Indirect	SPV	100.00%	100.00%
SSCA XLI Class B Member HoldCo, LLC	United States of America	Indirect	SPV	99.90%	99.90%
SSCA XLI Class B Member, LLC	United States of America	Indirect	SPV	99.90%	99.90%
NES Rosamond 2T, LLC	United States of America	Indirect	SPV	100.00%	100.00%
GFS I Class B Member HoldCo, LLC	United States of America	Indirect	SPV	99.90%	99.90%
GFS I Class B Member, LLC	United States of America	Indirect	SPV	99.90%	99.90%
NES US NC-31 LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES US NC-47 LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES US Funding 1, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Antares HoldCo, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Orion HoldCo, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Callisto Lender, LLC	United States of America	Indirect	SPV	100.00%	100.00%
SSCA XLI Holding Company, LLC	United States of America	Indirect	SPV	(i)	(i)
GFS I Holding Company, LLC	United States of America	Indirect	SPV	(i)	(i)
US-NC-31 Sponsor, LLC	United States of America	Indirect	SPV	100.00%	100.00%
IS-31 Holdings, LLC	United States of America	Indirect	SPV	(i)	(i)
Innovative Solar 31, LLC	United States of America	Indirect	SPV	(i)	(i)
US-NC-47 Sponsor, LLC	United States of America	Indirect	SPV	100.00%	100.00%
IS-47 Holdings, LLC	United States of America	Indirect	SPV	(i)	(i)
Innovative Solar 47, LLC	United States of America	Indirect	SPV	(i)	(i)
NES Rigel HoldCo, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Rigel MM, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Rigel Tenant, LLC	United States of America	Indirect	SPV	(i)	(i)
NES Rigel Lessor, LLC	United States of America	Indirect	SPV	(i)	(i)
New Energy Solar Australia HoldCo #1 Pty Limited	Australia	Direct	HoldCo	100.00%	100.00%
NES Galaxy, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Perseus HoldCo, LLC	United States of America	Indirect	SPV	100.00%	100.00%
BSPCB Class B Member, LLC	United States of America	Indirect	SPV	100.00%	100.00%
BSP Class B Member Holdco, LLC	United States of America	Indirect	SPV	(i)	(i)
BSP Class B Member, LLC	United States of America	Indirect	SPV	(i)	(i)

Name of entity	Place of registration and operation	Direct or Indirect Holding	Principal Activity	Economic interest 31 Dec 2020	Economic interest 31 Dec 2019
BSP Holding Company, LLC	United States of America	Indirect	SPV	(i)	(i)
NES Hercules HoldCo, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Hercules Class B Member, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Hercules Buyer, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES Hercules TE Holdings, LLC	United States of America	Indirect	SPV	(i)	(i)
NES Hercules Project Holdings, LLC	United States of America	Indirect	SPV	(i)	(i)
NES Hercules ProjectCo, LLC	United States of America	Indirect	SPV	(i)	(i)
Imperial Valley Solar 2, LLC	United States of America	Indirect	SPV	(i)	(i)
NES IVS Holdings, LLC	United States of America	Indirect	SPV	100.00%	100.00%
NES SREC Holdco, LLC	United States of America	Indirect	SPV	100.00%	100.00%
VivoRex, LLC	United States of America	Indirect	SPV	100.00%	100.00%
Manildra Hold Trust	Australia	Indirect	SPV	100.00%	100.00%
Manildra Prop Hold Pty Limited	Australia	Indirect	SPV	100.00%	100.00%
Manildra Asset Trust	Australia	Indirect	SPV	100.00%	100.00%
Manilda Prop Pty Limited	Australia	Indirect	SPV	100.00%	100.00%
Manildra Finco Pty Limited	Australia	Indirect	SPV	100.00%	100.00%
Manildra Solar Farm Pty Limited	Australia	Indirect	SPV	100.00%	100.00%
FS NSW Project No 1 Hold Trust	Australia	Indirect	SPV	100.00%	100.00%
FS NSW Project No 1 HT Pty Limited	Australia	Indirect	SPV	100.00%	100.00%
FS NSW Project No 1 Asset Trust	Australia	Indirect	SPV	100.00%	100.00%
FS NSW Project No 1 AT Pty Limited	Australia	Indirect	SPV	100.00%	100.00%
FS NSW Project No 1 Finco Pty Limited	Australia	Indirect	SPV	100.00%	100.00%

TRUST

–	N/A	N/A	N/A	N/A	N/A

(i) The economic interest percentage held is not readily determinable since the investors have different classes of shares with entitlements which change over time, including preferential entitlements and entitlements to tax losses.

All Special Purpose Vehicle (**SPV**) activities relate to ownership and operation of solar energy assets.

18. KEY MANAGEMENT PERSONNEL

DIRECTORS

The following persons were directors of New Energy Solar Limited during the financial year:

Jeffrey Whalan – Non-Executive Chair

James Davies – Non-Executive Director

John Holland – Non-Executive Director

Maxine McKew – Non-Executive Director

Alan Dixon – Non-Executive Director (resigned on 17 May 2020)

John Martin – Non-Independent, Executive Director

The following persons were directors of E&P Investments Limited during the financial year:

Stuart Nisbett – Non-Executive Chair

Mike Adams – Non-Executive Director

Warwick Keneally – Executive Director

Peter Shear – Non-Executive Director

John Martin is also a director of the Investment Manager, New Energy Solar Manager Pty Limited.

KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration of directors and other members of key management personnel during the year was as follows:

	31 DEC 2020 $	31 DEC 2019 $
Short-term benefits	213,779	244,817
Superannuation	12,471	15,183
Post-employment benefits	–	–
Other long-term benefits	–	–
Share-based payments	–	–
Termination benefits	–	–
Other services	18,000	14,000
	244,250	**274,000**

As at the reporting date, details of directors who hold securities for their own benefit or who have an interest in holdings through a third party and the total number of such securities held are listed as follows:

DIRECTOR OF THE COMPANY	NO. OF SECURITIES
Jeffrey Whalan	541,552
John Holland	248,003
James Davies	41,549
Maxine McKew	66,666
John Martin	635,230
DIRECTOR OF THE RESPONSIBLE ENTITY OF THE TRUST	
Warwick Keneally	42,613
Mike Adams	–
Stuart Nisbett	–
Peter Shear	–

19. RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

RESPONSIBLE ENTITY FEE

E&P Investments Limited, as Responsible Entity of the Trust receives a Responsible Entity Fee for the performance of its duties under the constitution of the Trust. The Responsible Entity Fee is 0.08% per annum (exclusive of GST) calculated on the gross asset value of the Trust and payable monthly in arrears by the Trust.

For the year ended 31 December 2020, $134,456 (31 December 2019: $172,298), exclusive of GST, was paid or payable to the Responsible Entity.

Total Responsible Entity fee included in trade and other payables of the Trust at 31 December 2020 is $27,000 (31 December 2019: $37,500).

INVESTMENT MANAGER FEE

New Energy Solar Manager Pty Limited, as Investment Manager of the Fund receives an Investment Manager Fee based on the sliding scale fee structure as set out below. Fees are calculated on the Enterprise Value of the Fund, payable quarterly in arrears. Fees are either payable by the Company, Trust or Controlled Entities depending on the recipient of investment manager services.

Effective 16 April 2019, the investment manager waived payment of part of the Base Management Fee that's otherwise payable by the Fund in respect of its investment in US Solar Fund plc (USF). The Enterprise Value used to calculate the Base Management Fee is reduced by market value of the Fund's investment in USF. The waiver results in a lower Base Management Fee structure set out in the following table:

	BASE MANAGEMENT FEE (% OF ENTERPRISE VALUE (EV))	ACQUISITION AND DISPOSAL FEE (% OF CUMULATIVE PURCHASE PRICE OR NET SALE PROCEEDS)
Threshold Value		
< A$1.0bn	0.625%	1.50%
A$1.0bn to A$1.5bn	0.55%	0.90%
A$1.5bn to A$2.0bn	0.40%	0.90%
> A$2.0bn	0.40%	0.40%

Threshold Value means:

Base Management Fee – Percentage of Enterprise Value: Enterprise Value is calculated as the total of the Fund's market capitalisation, external borrowing, debt or hybrid instruments issued by the Fund as defined in the Investment Management Agreement.

All fees are applied on a marginal basis to each Threshold Value band and calculated at the end of each quarter. For example, the revised Base Management Fee for a Threshold Value of A$1,500 million would be A$9.0 million (excluding GST) which is the sum of (A$1,000 million multiplied by 0.625%) and (A$500 million multiplied by 0.55%).

Acquisition and Disposal Fee – **Percentage of Cumulative Purchase Price or Net Sale Proceeds**: Purchase Price and Sale price as defined in the Investment Management Agreement and assessed in A$ at the time the purchase or sale takes effect where purchases add to the cumulative total and sales reduce the cumulative total.

All fees are applied on a marginal basis to each Cumulative Purchase Price or Net Sale Proceeds band. Gross purchase price and gross sale price as they are referred to in the definitions of Purchase Price and Net Sale Proceeds respectively mean the value of the equity and debt of an Asset acquired or disposed.

For the year ended 31 December 2020, $1,466,521 (31 December 2019: $1,420,728), exclusive of GST, was paid or payable to the Investment Manager by the Company, $657,405 (31 December 2019: $773,166), exclusive of GST, was paid or payable by the Trust and $4,543,470 (31 December 2019: $5,226,565), exclusive of GST, was paid or payable by New Energy Solar US Corp, a controlled entity of the Company.

Total Investment Manager fee included in trade and other payables at 31 December 2020 is $411,000 (31 December 2019: $339,000) for the Company and $114,000 (31 December 2019: $160,000) for the Trust.

RELATED PARTY INVESTMENTS IN THE FUND

The Investment Manager is entitled to received 10% of its Investment Management Fee in securities, which are issued to the Investment Manager or its nominee. As at 31 December 2020, E&P Private Investments Pty Limited (formerly Dixon Private Investments Pty Limited), a subsidiary of E&P Financial Group Limited, who is the parent entity of the Responsible Entity and Investment Manager, held 576,727 stapled securities (31 December 2019: nil), representing an 0.16% interest (31 December 2019: nil) in New Energy Solar. During the year ended 31 December 2020, E&P Private Investments Pty Limited received a distribution of $4,402 from the Fund (31 December 2019: nil).

ACQUISITION FEE

For the year ended 31 December 2020, Acquisition Fees of nil (31 December 2019: nil), exclusive of GST, was paid or payable to the Investment Manager by New Energy Solar US Corp, a Controlled Entity of the Company, and nil (31 December 2019: $2,004,196), exclusive of GST, was paid or payable to the Investment Manager by New Energy Australia HoldCo #1 Pty Limited, a Controlled Entity of the Company. For the year ended 31 December 2020, no acquisition fees (31 December 2019: nil), exclusive of GST, was paid or payable to the Investment Manager directly by the Company.

New Energy Solar Manager Pty Limited, in its capacity as Investment Manager, is responsible for sourcing, undertaking due diligence investigations, recommending solar energy asset acquisitions as well as advising, providing recommendations, and executing investment exit strategies to the Fund.

The Investment Manager receives an Acquisition fee based on the sliding scale fee structure in Table 1 under "Investment Manager Fee" above. The fees are calculated on the purchase price (excluding acquisition costs) of assets acquired by the Company and the Trust or their respective Controlled Entities. The Acquisition Fee is payable to the Investment Manager upon completion of the acquisition of any asset by the Company and the Trust or their respective Controlled Entities, and prorated fee payment in the case of an acquisition by instalments/part payments.

BROKERAGE FEE

Dixon Advisory & Superannuation Services Limited, a related party of the Responsible Entity, was engaged as a broker by the Fund, receives brokerage of 0.25% on all transactions undertaken as part of the Fund's buy-back program.

Total brokerage fee paid or payable to the related party of the Responsible Entity for the year ended 31 December 2020 was nil (31 December 2019: $5,670), exclusive of GST.

FUND ADMINISTRATION FEES

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of E&P Financial Group Limited, the parent of the Responsible Entity, provides fund administration services to the Company and the Trust under an agreement with the Investment Manager. Time spent by staff is charged to the Company and the Trust at agreed rates up to an annual cap. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the year ended 31 December 2020 were $86,400 (31 December 2019: $72,900), exclusive of GST, by the Company and $33,600 (31 December 2019: $47,100), exclusive of GST, by the Trust.

Total fund administration fees included in trade and other payables at 31 December 2020 is $21,600 (31 December 2019: nil) for the Company and $8,400 (31 December 2019: nil) for the Trust.

DEBT ARRANGING FEES

Walsh & Company Corporate Advisory, a division of E&P Funds Management Pty Limited which is a wholly-owned subsidiary of E&P Financial Group Limited, the parent of the Responsible Entity, was engaged on 21 June 2017 to provide debt arranging services to the Fund, including contacting and liaising with capital providers, negotiating borrowing terms, obtaining credit ratings, implementing interest rate hedging strategies and executing documentation. The service is now provided by the Investment Manager, who is responsible for securing debt, interest rate hedging and letter of credit facilities at competitive terms for the Fund, providing diversification to the Fund's capital sources.

For this service, the Investment Manager (and formerly Walsh & Company Corporate Advisory) receives debt arranging fees ranging from 0.5%-2.0% of the face value of new third party debt and letter of credit facilities.

During the year ended 31 December 2020, the Investment Manager successfully negotiated a new debt facility of $22.5 million. For the year ended 31 December 2020, debt arranging fees of $112,500 (31 December 2019: nil to Walsh & Company Corporate Advisory) was paid or payable to New Energy Solar Manager by the New Energy Australia HoldCo #1 Pty Limited, a Controlled Entity of the Company, and nil (31 December 2019: $528,472 to Walsh & Company Corporate Advisory) was paid or payable to New Energy Solar Manager by wholly owned subsidiaries of NES US Corp.

Total debt arranging fees included in trade and other payables of the Company and the Trust at 31 December 2020 is nil (31 December 2019: nil).

PROJECT SERVICES AGREEMENT

New Energy Solar US Corp, a subsidiary of the Company, entered into a non-exclusive arrangement dated 27 October 2017 with NES Project Services, LLC for the provision of asset management, operations and maintenance services and/or construction management services (**Services**). The agreement is for an initial one year term, with rolling one year extensions if the agreement has not been terminated. The Services will be provided upon request by NES US Corp. at market rates.

The primary focus of these activities is to ensure that construction service providers successfully deliver projects on time and cost. Key tasks include construction project management, regular site visits, contract supervision, identification and resolution of potential issues and construction payment approvals.

For the year ended 31 December 2020, project services fees of $25,308 (31 December 2019: $352,330) calculated at average exchange rate were paid or payable by New Energy Solar US Corp, a Controlled Entity of the Company.

ASSET MANAGEMENT SERVICES AGREEMENT

New Energy Solar US Corp, a subsidiary of the Company, entered into a non-exclusive arrangement dated 17 September 2018 with NES Project Services, LLC for the provision of asset management services in relation to construction and operation of solar farms. The Services will be provided upon request by NES US Corp. at an agreed hourly rate.

Key tasks include facility development and operations services, insurance, government approvals, reporting and inspections.

For the year ended 31 December 2020, asset management fees of $462,475 calculated at average exchange rate were paid or payable by New Energy Solar US Corp, a Controlled Entity of the Company (31 December 2019: $519,316).

INVESTMENT IN OTHER ENTITY MANAGED BY THE INVESTMENT MANAGER

The Trust invested $21.1 million (US$15.0 million) in US Solar Fund plc in 2019. USF is a $US denominated investment vehicle listed on the London Stock Exchange (**LSE**). New Energy Solar Manager Pty Limited (the Investment Manager of the Fund) is the Investment Manager of USF. The Trust disposed of the investment in USF on 6 October 2020 and received net sale proceeds of $18.5 million (US$13.4 million). As at 31 December 2020, the fair value of the Fund's holding in USF is nil (31 December 2019: $22.4 million, which is equivalent to US$15.8 million). The fair value of the investment is disclosed in note 9.

SIGNAGE

The Trust Company (Australia) Limited as custodian and agent for E&P Investment Services Pty Limited (ACN 163 814 346) as trustee for APOT III No. 1 Trust, a related party of the Fund, has a contractual agreement with the Trust, to provide a non-exclusive licence for the use of the signage at the property of Level 11, 241 O'Riordan Street, Mascot, New South Wales, under the terms of the signage licence agreement. Total signage licence fees paid or payable for the year ended 31 December 2020 were $18,674 (31 December 2019: $17,646), exclusive of GST by the Trust.

20. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company and the Trust:

	NEW ENERGY SOLAR LIMITED (COMPANY)		NEW ENERGY SOLAR FUND (TRUST)	
	31-Dec-20 $	31-Dec-19 $	31-Dec-20 $	31-Dec-19 $
Auditors of the Company and the Trust				
Deloitte Touche Tohmatsu				
Audit and review of the Company and the Trust financial statements	200,880	165,680	78,120	95,820
Other advisory services	37,800	28,000	14,700	12,000
Taxation services	5,250	9,000	6,900	6,850
	243,930	**202,680**	**99,720**	**114,670**

Fees were also paid by subsidiaries of the Company to Deloitte Touche Tohmatsu as follows:

Audit of subsidiary financial statements $120,000 (2019: $115,000)

Taxation services $2,400 (2019: $65,963)

Fees were also paid by subsidiaries of the Company to other firms affiliated with the parent auditor, including Deloitte Tax LLP as follows:

Taxation services $11,671 (2019: $77,907)

21. CAPITAL COMMITMENTS

As at 31 December 2020, the Company and the Trust do not have any direct outstanding capital commitments.

22. CONTINGENT LIABILITIES

Other than as disclosed in the financial report, the directors of the Company and Responsible Entity are not aware of any other potential liabilities or claims against the Company or the Trust as at the end of the reporting period.

23. EVENTS AFTER THE REPORTING PERIOD

A distribution of 3.0 cents per stapled security totalling $10,658,097 was declared on 1 February 2021 and is payable to securityholders on 19 March 2021.

While the Fund's day-to-day operations have continued relatively unimpeded by the effects of COVID-19, the Investment Manager has identified a number of potential longer-term risks to the business. The unfavourable macroeconomic impact of the pandemic, together with the high degree of uncertainty as to future economic conditions may impact the future availability and cost of equity and debt and more broadly volatility in the electricity market and related electricity pricing. These factors may impact the fair value of underlying solar plant values and therefore the value of the Funds investment in financial assets. Management is monitoring the energy market outlook closely and will take a cautious approach to all business decisions.

Other than the matters discussed above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company or the Trust's operations, the results of those operations, or the Company or the Trust's state of affairs in future financial years.

Directors' Declaration

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors of the Company and directors of the Responsible Entity of the Trust declare that, in the directors' opinion:

- the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- the financial statements are in compliance with International Financial Reporting Standards as stated in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company and the Trust's financial position as at 31 December 2020 and of their performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors

STUART NISBETT
Chair of the Responsible Entity

JEFFREY WHALAN
Chair of the Company

25 February 2021

Independent Auditor's Report

FOR THE YEAR ENDED 31 DECEMBER 2020

Deloitte.

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Independent Auditor's Report to the Stapled Security Holders of New Energy Solar Limited and New Energy Solar Fund

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of New Energy Solar Limited (the "Company") and New Energy Solar Fund (the "Trust"), which comprise the statements of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies and other explanatory information, and the Directors' declarations.

In our opinion the accompanying financial report of the Company and the Trust, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company and Trust's financial position as at 31 December 2020 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company and the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company and the Directors of E&P Investments Limited (the "Responsible Entity" of the Trust), would be in the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Fair Value Recognition - Company
 	
As at 31 December 2020 the fair value of the Company's investment in equity instruments is represented by its investment in New Energy Solar US Corp. of $272.5 million and its investment in New Energy Solar Australia HoldCo #1 Pty Ltd of $104.9 million, as disclosed in Note 10.
 	
As disclosed in Note 2(R), significant estimation uncertainty is involved in the determination of the fair value of equity interests. The Company determines the fair value of the its equity interests using discounted post tax equity cash-flow (DCF) models applied to entities holding the underlying solar assets and associated debt, with the key assumptions including:
 	
- electricity production
- electricity prices
- operating expenses
- gearing levels
- taxation
- the cost of equity (COE).
	Our procedures included, but were not limited to:
	
	• Updating our understanding of and evaluating management's key processes and internal controls. In addition, performing walk through tests to assess the design and implementation of relevant controls in so far as they apply to fair value determination of the equity interests;
	
	• For equity interests which are valued using DCF models, obtaining management's valuations and:
	
	  • In conjunction with our valuation specialists assessing the appropriateness of the approach adopted in the valuation models and assessing the reasonableness of the key assumptions, including those underlying the COE, electricity production, electricity price forecasts, operating expenses, gearing levels and taxation;
	
	  • Assessing the cash flow projections by agreeing a sample of revenue, cost and debt inputs to underlying power purchase contracts, debt facility and supplier agreements and external data sources; and
	
	  • Testing the mathematical accuracy of the valuation models.
	
	• Comparing independent valuation reports of the Company's equity interests which have been sourced by management as at reporting date, in order to identify any material inconsistencies between management's DCF model valuation outputs and the external valuer valuation outputs.
	
	• Assessing the appropriateness of the disclosures included in Note 2, Note 10 and Note 16 to the financial statements.

Other Information

The Directors of the Company and the Responsible Entity of the Trust (the "Directors") are responsible for the other information. The other information comprises the information included in the Company and the Trust's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company and the Trust to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company or the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company or the Trust's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Trust to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 16 of the Directors' Report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of New Energy Solar Limited, for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Report on the Fund Financial Statements

Opinion on the Fund Financial Statements

We have audited the Fund Financial Statements, representing the combined financial statements of the Company and the Trust ("the Fund"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies.

In our opinion, the accompanying Fund Financial Statements for the year ended 31 December 2020 are prepared, in all material respects, in accordance with the basis of preparation described in Note 2(A).

Responsibilities

The Directors are responsible for the preparation and presentation of the Fund Financial Statements. Our responsibility is to express an opinion on the Fund Financial Statements based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 25 February 2021

Stock Exchange Information

TID PV modules – ground view – September 2017

TID panel rows closeup – September 2017

Stock Exchange Information

STATEMENT OF QUOTED SECURITIES AS AT 31 JANUARY 2021

- There are 7,744 unitholders holding a total 355,269,911 ordinary securities
- The 20 largest unitholders between them hold 15.67% of the total securities on issue.

DISTRIBUTION OF QUOTED SECURITIES AS AT 31 JANUARY 2021

DISTRIBUTION OF SECURITYHOLDERS CATEGORY (SIZE OF HOLDING)	NUMBER OF SECURITYHOLDERS	PERCENTAGE
1–1,000	987	12.75%
1,001–5,000	1,268	16.37%
5,001–10,000	719	9.28%
10,001–100,000	3,994	51.58%
100,001 and over	776	10.02%
Totals	**7,744**	**100%**
Holding less than marketable parcel	342	4.42%

SUBSTANTIAL SECURITYHOLDINGS AS AT 31 JANUARY 2021

There are no substantial unitholders pursuant to the provisions of section 671B of the *Corporations Act 2001*.

DIRECTORS' SECURITYHOLDINGS

As at 31 January 2021 directors of the Fund held a relevant interest in the following securities on issue by the Fund.

DIRECTOR OF THE COMPANY	ORDINARY SECURITIES
Jeffrey Whalan	541,552
John Holland	248,003
James Davies	41,549
Maxine McKew	66,666
John Martin	635,230
DIRECTOR OF THE RESPONSIBLE ENTITY OF THE TRUST	
Warwick Keneally	42,613
Mike Adams	–
Stuart Nisbett	–
Peter Shear	–

RESTRICTED SECURITIES

There are no restricted securities on issue by the Fund.

TOP 20 HOLDERS OF ORDINARY SECURITIES AT 31 JANUARY 2021

SECURITYHOLDER NAME	NUMBER OF SECURITIES HELD	% OF TOTAL
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,941,195	4.206%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,681,081	3.569%
MR ORANGE PTY LIMITED	6,616,660	1.862%
BNP PARIBAS NOMINEES PTY LTD	4,021,965	1.132%
CITICORP NOMINEES PTY LIMITED	3,825,913	1.077%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,782,079	0.502%
NETWEALTH INVESTMENTS LIMITED	1,398,039	0.394%
ZONDA CAPITAL PTY LTD	1,333,334	0.375%
BNP PARIBAS NOMINEES PTY LTD BARCLAYS	1,059,960	0.298%
NATIONAL NOMINEES LIMITED	898,803	0.253%
NWOD MONTPELIER INVESTMENTS PTY LIMITED	843,995	0.238%
MR STANISLAV MICHAEL KOLENC	800,886	0.225%
J & V KING PTY LTD	775,878	0.218%
JOBE FAMILY HOLDINGS NO 3 PTY LTD	750,000	0.211%
CONTINENTAL HOLDINGS PTY LTD	750,000	0.211%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	710,052	0.200%
NEWECONOMY COM AU NOMINEES PTY LIMITED	705,873	0.199%
IRWIN BIOTECH NOMINEES PTY LTD	620,000	0.175%
DIXON PRIVATE INVESTMENTS PTY LIMITED	576,727	0.162%
KATDAR PTY LTD	572,762	0.161%
Total held by top 20 holders of ordinary securities	**55,665,202**	**15.668%**

Stanford at sunset – September 2017

Additional Disclosures

TID ground view – September 2017

Additional Disclosures

FOR THE YEAR ENDED 31 DECEMBER 2020

OTHER

Since admission to the ASX on 4 December 2017 to the date of the financial report, the Company and the Trust has used the cash assets at the time of admission in a way consistent with its business objectives.

Directory

31 DECEMBER 2020

The Fund's securities are quoted on the official list of the Australian Securities Exchange Limited (**ASX**).

ASX Code is NEW.

NEW ENERGY SOLAR

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New Energy Solar Fund (ARSN 609 154 298)

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www.eap.com.au

DIRECTORS – NEW ENERGY SOLAR LIMITED

Jeffrey Whalan (Non-Executive Chair)
John Holland (Non-Executive Director)
Maxine McKew (Non-Executive Director)
James Davies (Non-Executive Director)
John Martin (Executive Director)

DIRECTORS – E&P INVESTMENTS LIMITED

Stuart Nisbett (Non-Executive Chair)
Warwick Keneally (Executive Director)
Mike Adams (Non-Executive Director)
Peter Shear (Non-Executive Director)

SECRETARIES

Hannah Chan
Caroline Purtell

INVESTMENT MANAGER

New Energy Solar Manager Pty Limited
(ACN 609 166 645)

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AUDITOR

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