



26 October 2016

New Energy Solar Fund

Project Acquisition

Summary

The New Energy Solar Fund ("Fund"), is pleased to announce that it has secured its second asset. The Fund has executed binding agreements to acquire a majority interest in the 47.6MW DC (33.8MW AC) Solar Power Project in Maxton, North Carolina ("Project") from VivoPower USA LLC ("Vivo") for a total consideration of US\$47.3 million (excluding transaction expenses) ("Acquisition"). Vivo will retain a minority interest and will be involved in the ongoing management of the asset. The Project's objective is to achieve an initial five-year average annual yield of approximately 6.4% (before Fund fees and expenses) based on the Fund's US\$47.3 million investment.

Fund CEO Tom Kline said, "We are excited to announce our second acquisition since the Fund's inception. We believe that North Carolina is an ideal region for investment with a positive economic and energy outlook. North Carolina has the third largest installed solar capacity of any state in the US, which provides a range of investment opportunities and a well-developed solar construction and services sector. Similar to the Fund's initial acquisition, the Project uses top-quality (Tier 1) equipment and has contracted for the sale of its energy production with a highly-rated buyer. The proximity of the Project to the Fund's initial acquisition is anticipated to facilitate operational synergies and drive further value for investors. Once complete, the Project is expected to generate enough power to supply 11,000 homes and abate an estimated 57,800 tonnes of CO2 emissions annually when compared with a coal-fired alternative plant; the equivalent of taking more than 13,500 cars off the road."

Contracted cash flows

The Project has secured a 10-year fixed price Power Purchase Agreement ("PPA") for 100% of its output with Duke Energy Progress, Inc. ("Duke"). Duke has a Standard & Poor's (S&P) "A" credit rating and is part of the Regulated Utilities division of Duke Energy Corporation, itself a part of the S&P 100, and one of the largest blue chip companies in the US and the largest electric power holding company in the United States. The Project has also secured a 10-year fixed price agreement for the Solar Renewable Energy Certificates generated. After the expiry of the initial 10-year term the Project can re-contract with Duke or enter into a bilateral contract with another energy buyer. The Fund has a positive view of long-term power prices in North Carolina and expects that will benefit the Project and the Fund beyond the initial PPA term.

Asset

Vivo is managing project development on a 105ha (259.5 acre) site leased from local landholders under 20-year leases with four five-year extensions. The Project has an Engineering, Procurement and Construction contract with DEPCOM Power, Inc., an experienced builder of

New Energy Solar Level 15, 100 Pacific Highway North Sydney NSW 2060

T 1300 454 801 **F** 1300 883 159 **W** newenergysolar.com.au

Walsh & Company Investments Limited (ACN 152 367 649) (AFSL 410 433) as responsible entity for
New Energy Solar Fund (ARSN 609 154 298) New Energy Solar Limited (ACN 609 396 983)

utility-scale solar, and will use Canadian Solar photovoltaic modules. Canadian Solar is a Tier-1 supplier of modules and the second largest supplier of modules globally. Once completed, the Project will connect to the electrical system, also owned by Duke. The Project is expected to reach Commercial Operations Date (“COD”) and begin selling power to Duke in the first half of 2017. DEPCOM will also initially provide operations and maintenance services (“O&M”) and guarantee minimum performance standards.

Transaction structure

At completion of the transaction the Fund will hold a majority interest in the Project.

The Fund’s full investment is expected to occur in the second quarter of 2017 upon the satisfaction of a number of conditions precedent, including the Project reaching COD, which requires certification of mechanical completion, connection to the electrical system, satisfaction of certain testing criteria and readiness to sell power to Duke. The Fund’s capital contribution to the Project is fixed at US\$47.3 million and is not subject to any construction cost risks. The Fund intends to acquire the Project with equity.

About the Fund

New Energy Solar is a new, sustainable investment fund initially focused on investing in large-scale solar farms.

The Fund’s objective is to help investors generate attractive financial returns through the combination of distributions from operating solar assets and growth through new acquisitions and developments in the solar sector. In addition, the fund will have a significant positive social impact by investing in solar assets.

The Fund will focus on acquiring and maintaining a diversified portfolio of solar energy assets across the globe, with an initial focus on assets with contracted cash flows in the United States, Australia and select Asian markets.

About VivoPower USA LLC

VivoPower USA LLC is a wholly-owned subsidiary of VivoPower International PLC (VivoPower), a global solar power company with offices and personnel in the United Kingdom, the United States, Australia and Asia. VivoPower aggregates small- and medium-sized solar PV projects underpinned by long-term power purchase agreements and then arranges financing, engineering and procurement, as well as manages the build of such solar PV projects. VivoPower also provides power support services (encompassing operations, maintenance and optimization) under long-term contracts to the asset owners, so as to maximize the performance and value of solar PV assets.

More information: <http://vivopower.com/>

For further information please contact:

Tom Kline

T: 1300 454 801

Email: info@newenergysolar.com.au