



# Enabling the energy transition

Results update  
for the quarter  
ended 31  
December 2023



# Investment Manager Presentation Team

Highly experienced and multi-disciplinary team having worked together for over 6 years

Experienced investment principals with an average of over 27 years energy experience completing over 94 energy deals across 33 jurisdictions

Established team track record across M&A and capital markets in the energy sector



**Richard Lum**  
Co-Chief Investment Officer

**Skills and experience**

Richard heads up the firm's infrastructure investment activities. He chairs the firm's Investment Committee and represents the Company's interest on the Board of the portfolio companies. He has 29 years experience of financing and investing in energy infrastructure globally.



**Eduardo Monteiro**  
Co-Chief Investment Officer

**Skills and experience**

Eduardo co-manages the firm's investment activities and is a voting member of the Investment Committee. He represents the Company's interest on the Board of the portfolio companies. Eduardo has 24 years experience of advising and investing in energy transactions globally.



**Navin Chauhan**  
Chief Commercial Officer

**Skills and experience**

Navin heads-up the sales activities and investor relations for the firm. He has over 17 years experience in the fund management industry working across both the buy and sell-side.



**Michael Egan, CA, CFA**  
Chief Financial Officer

**Skills and experience**

Michael heads-up the finance and risk function of the firm. He is a voting member of the Investment Committee. Michael represents the Company's interest on the Board of the portfolio companies. He has 23 years experience in M&A, financing and risk functions.

# VH Global Sustainable Energy Opportunities (“GSEO”) - Overview

<p><b>Diverse opportunity set</b></p>	<ul style="list-style-type: none"> <li>• Proven sustainable energy technologies: - power generation, biomass, transmission, distribution, storage and waste-to-energy</li> <li>• EU, OECD, OECD Key Partner countries or OECD Accession countries</li> <li>• Operational, in construction or “ready-to-build” stages <ul style="list-style-type: none"> <li>○ No development risk</li> </ul> </li> <li>→ Broad mandate providing <b>flexibility to adapt in challenging market conditions</b></li> </ul>
<p><b>Strong revenue visibility &amp; inflation protection</b></p>	<ul style="list-style-type: none"> <li>• Inflation-linked revenues, protecting real returns</li> <li>• &gt;90% of revenues contracted under long-term PPAs with credit-worthy counterparties</li> </ul>
<p><b>Sector-leading target returns</b></p>	<ul style="list-style-type: none"> <li>• Target total NAV return of 10%*, net of costs and expenses</li> <li>• Progressive annual dividend per share – covered by net income from deployed capital, paid quarterly <ul style="list-style-type: none"> <li>○ Consistent annual dividend growth delivered since IPO</li> </ul> </li> </ul>
<p><b>Minimal interest rate risk &amp; no exposure to subsidies</b></p>	<ul style="list-style-type: none"> <li>• Lowest level of gearing in the sector - leverage only as a tool to enhance returns and achieve further value creation</li> <li>• We don’t look for subsidies to generate returns, but for the structural gaps that bring the differentiated returns</li> </ul>
<p><b>High impact portfolio</b></p>	<ul style="list-style-type: none"> <li>• SFDR Article 9 fund</li> <li>• SDGs as the blueprint for driving GSEO’s investment strategy</li> </ul>

**Note:**

\*This is a target and is based on current market conditions as at the date of this presentation only and not a profit forecast. There can be no assurance that this target will be met or that VH Global Sustainable Energy Opportunities plc (“GSEO” or the “Fund”) will make any distributions at all. This target return should not be taken as an indication of the Fund’s expected or actual current or future return.

**116.46p**

Net Asset Value per share as of 31 December 2023

**£483.8m**

Portfolio valuation as of 31 December 2023

**1.1X**

Dividend coverage as at 31 December 2023

**5.68p**

Target dividend distribution for the year 2024

**10%**

Annualised total NAV return since IPO (February 2021)

**1.9%**

Total gearing as at 31 December 2023

**22,586**

Tones of greenhouse gas emissions avoided in Q4 2023

**159,948**  
MWh

Renewable energy generated in Q4 2023, equivalent to over 59k average UK homes powered annually

# Capital Allocation

A disciplined approach to optimise and enhance shareholder returns



## Dividends

Dividend growth: +2.9% in the FY2024 dividend target



## Share Buyback

£10m Share Buyback Programme announced on 15/09/2023

Additional £10m buyback announced on 22/02/2024 taking the **total programme to £20m**



## Capital Recycling

Asset Sale

Strategic Partnership

Pivot towards **higher yielding/accretive assets** enhancing value for shareholders

Further asset **optimization; hybridization; expansion**

# Unique and Global Operating Model

Joint-venture model which levers multiple local operating partners with unique insights in local energy markets



# Active Asset Management

Case Study: US terminal storage assets



## Value creation initiatives since acquisition in 2021:

- ✓ Renegotiated contracts with better terms
- ✓ Increased utilisation and ancillary services
- ✓ Asset expansion to complete the footprint

## Achievements since acquisition:

- ✓ EBITDA uplift: **\$6m >>> \$15m** <sup>(1)</sup>
- ✓ EBITDA Margin: 49% >>> 57%



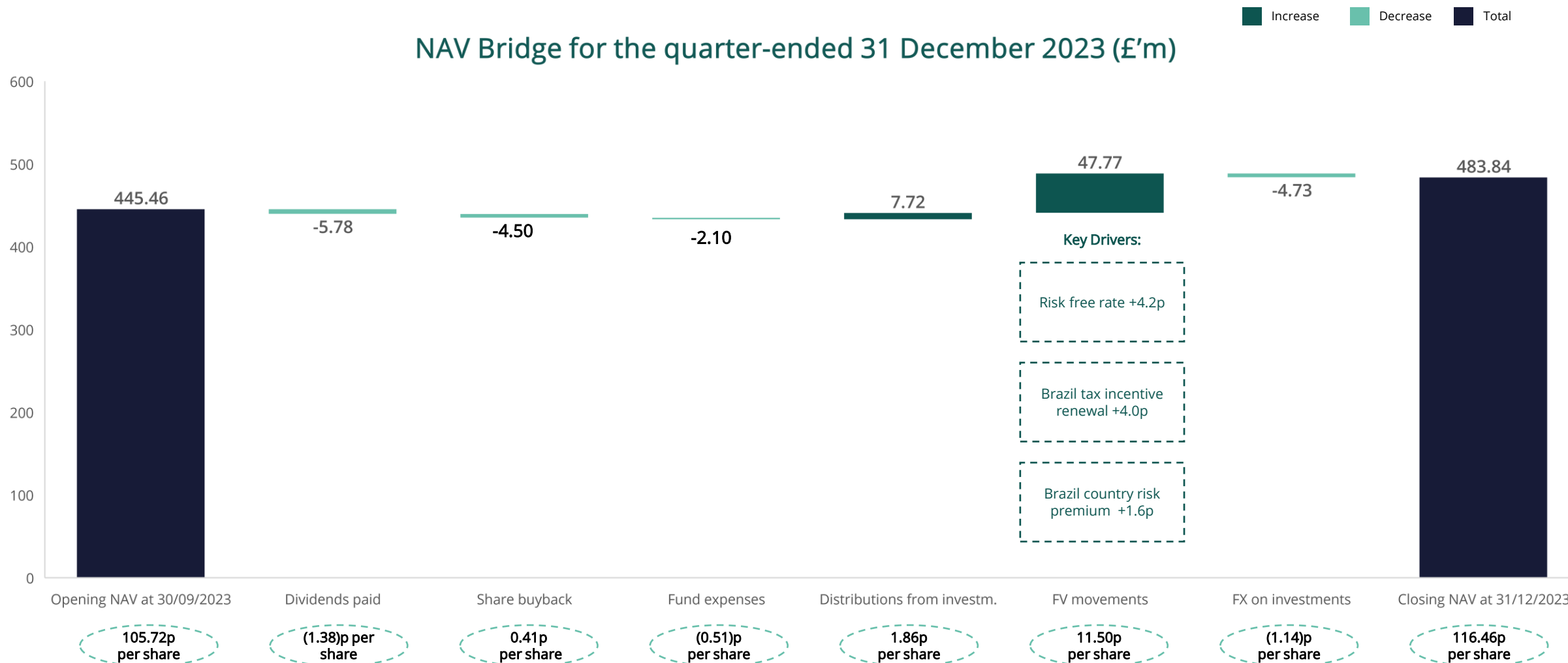
Section 1

# Financial Highlights

# Financial Highlights

For the quarter ended 31 December 2023

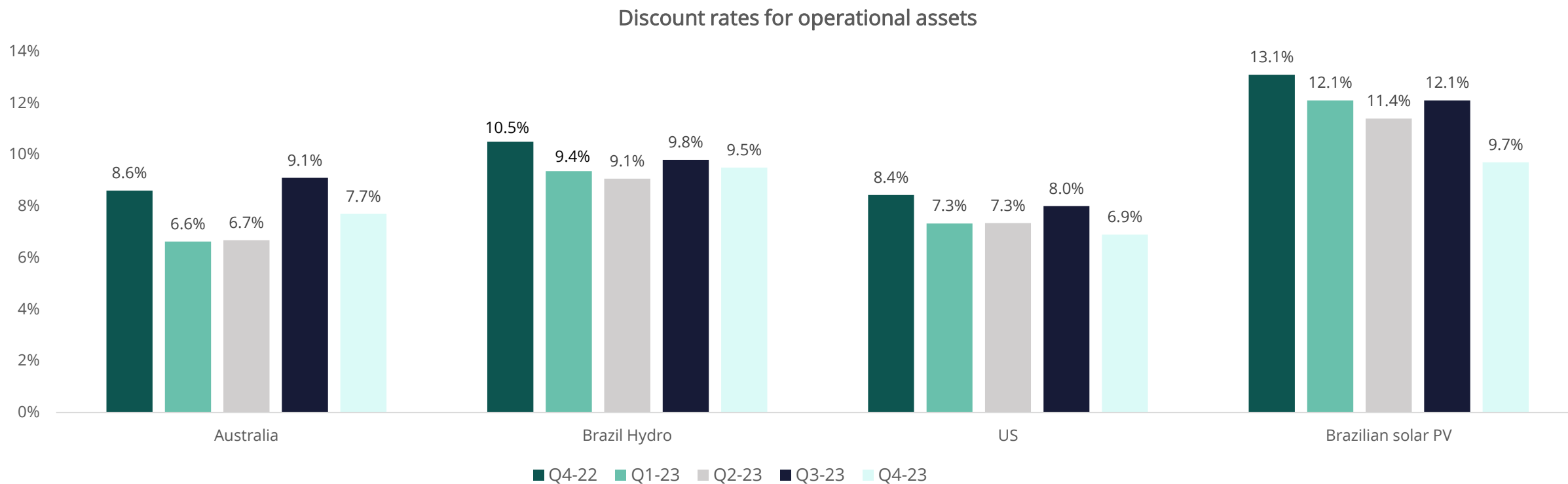
## NAV Bridge for the quarter-ended 31 December 2023 (£'m)



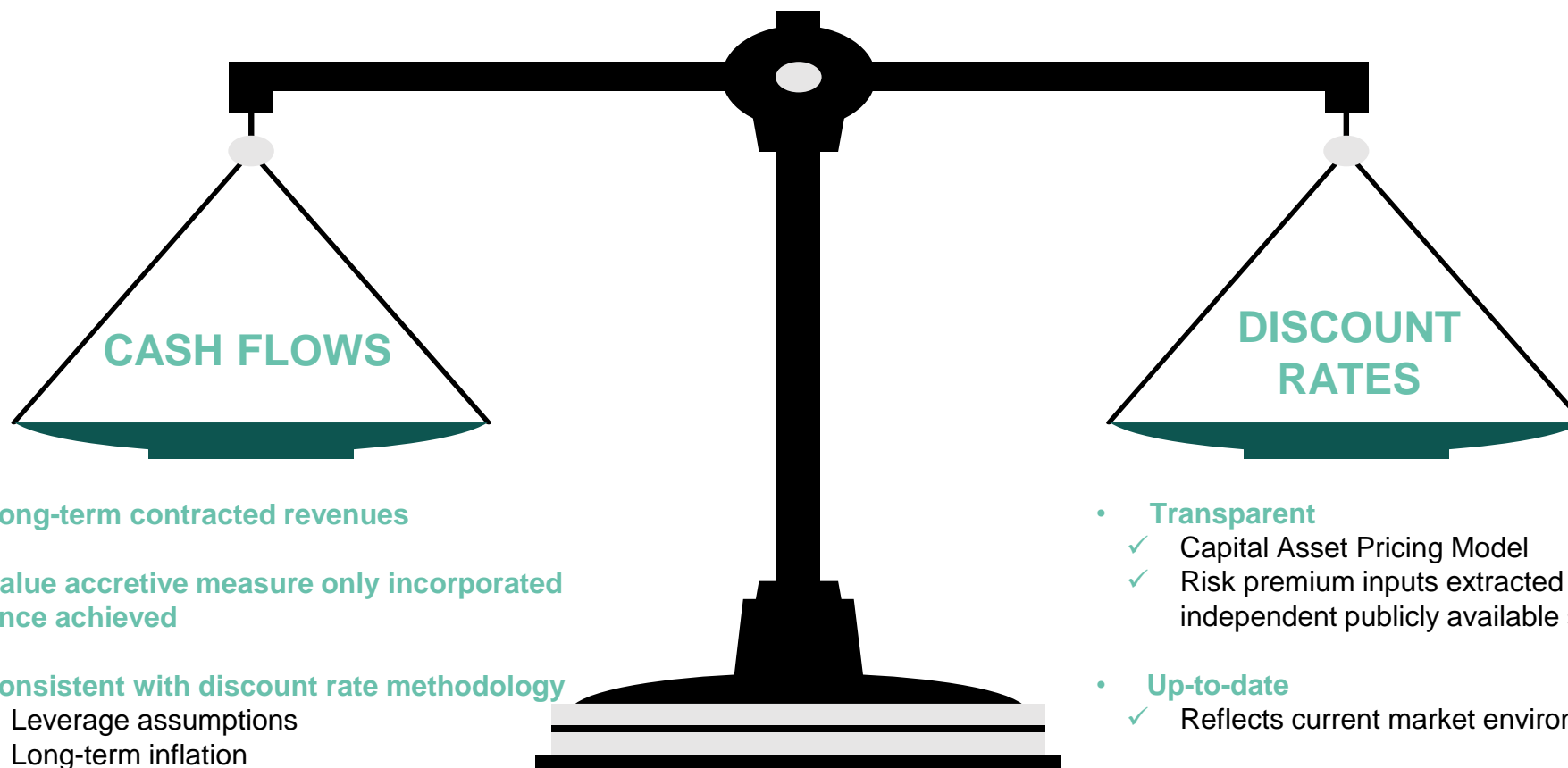


# Discount Rates

Discount rates had been compressing during **Q1/Q2 2023** - driven by a reduction in industry betas, equity and country risk premia; countered by an increase in the risk free rate – then picked up briefly in **Q3 2023** due to an increase in the risk free rate of 83bps, before reducing once again in **Q4 2023** due to lower risk-free rates, and a drop in country risk premia



# Valuation Methodology



- Long-term contracted revenues
- Value accretive measure only incorporated once achieved
- Consistent with discount rate methodology
  - ✓ Leverage assumptions
  - ✓ Long-term inflation
- Conservative asset life assumptions

- Transparent
  - ✓ Capital Asset Pricing Model
  - ✓ Risk premium inputs extracted from independent publicly available sources
- Up-to-date
  - ✓ Reflects current market environment
- Methodology externally verified

Validated by:

- ✓ Market data points (precedent transactions / trading comparables)



Section 2

# Portfolio Update

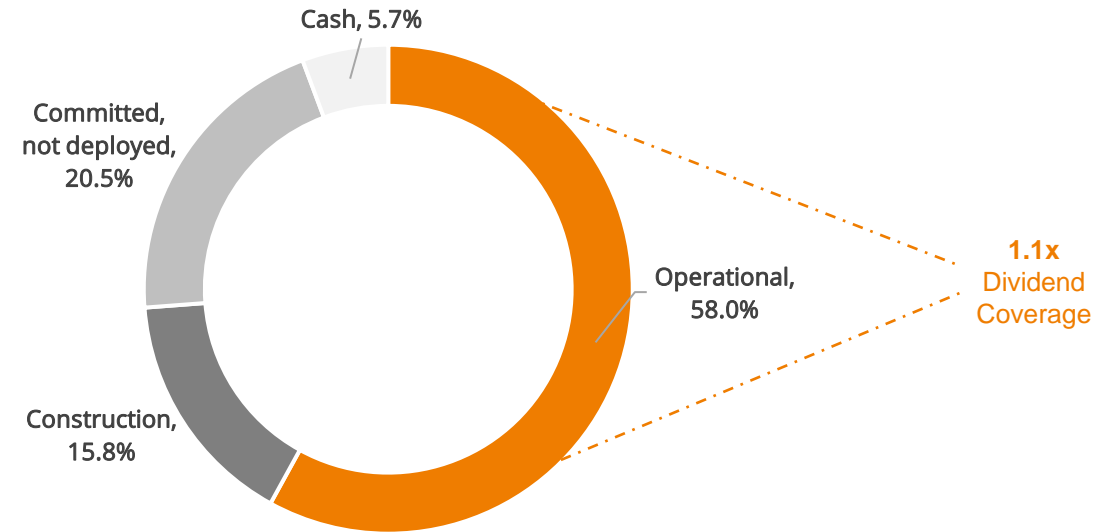


# Fund Portfolio Composition (1/2)

Portfolio as at 31 December 2023 (by value)



Portfolio Status by Deployment and Currency



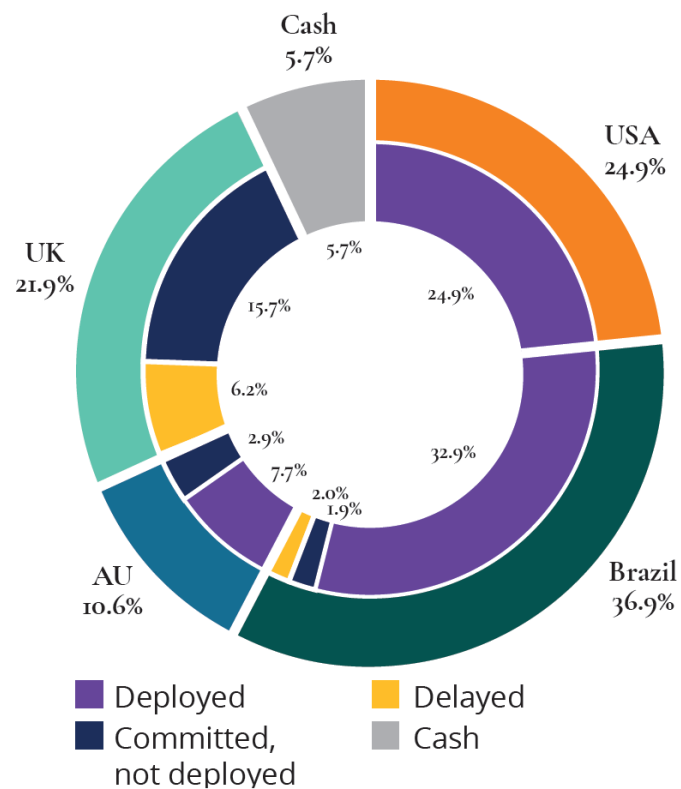
42% of the portfolio will benefit from **construction uplift**

High quality portfolio with ongoing opportunities for **value creation**

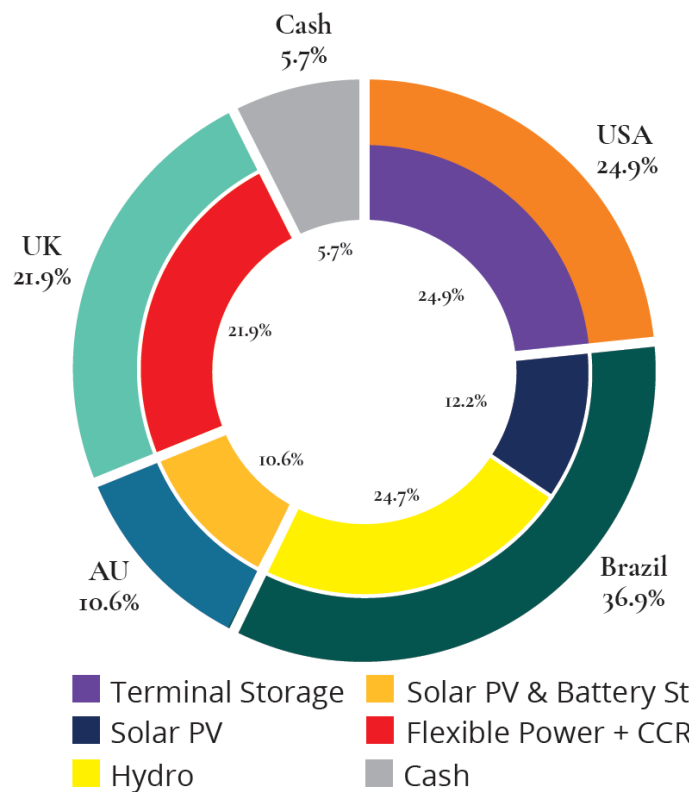
# Fund Portfolio Composition (2/2)

Portfolio as at 31 December 2023 (by value)

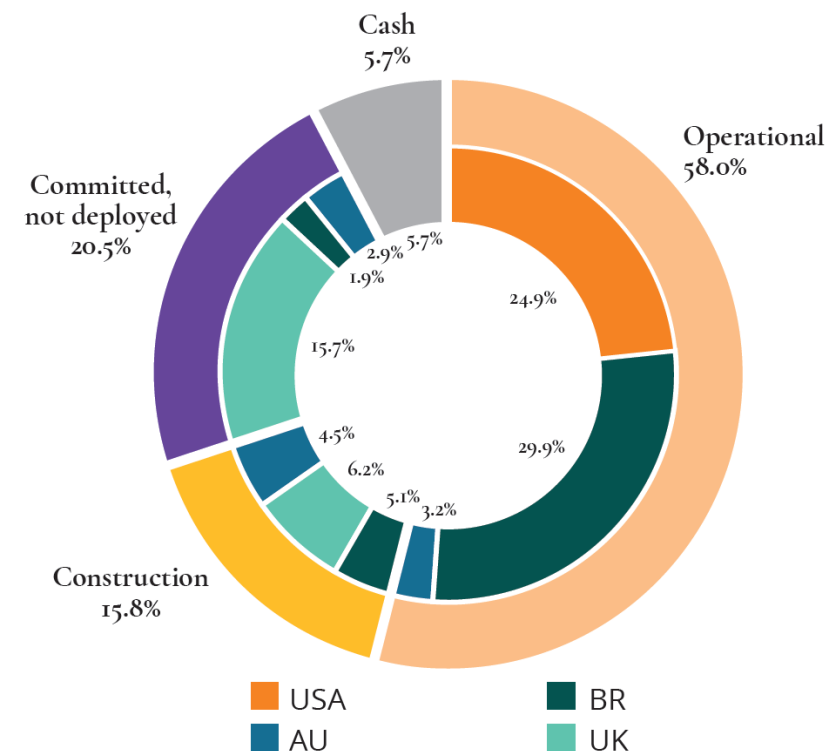
Portfolio by Geography and Deployment



Portfolio by Geography and Technology



Portfolio by Deployment and Currency



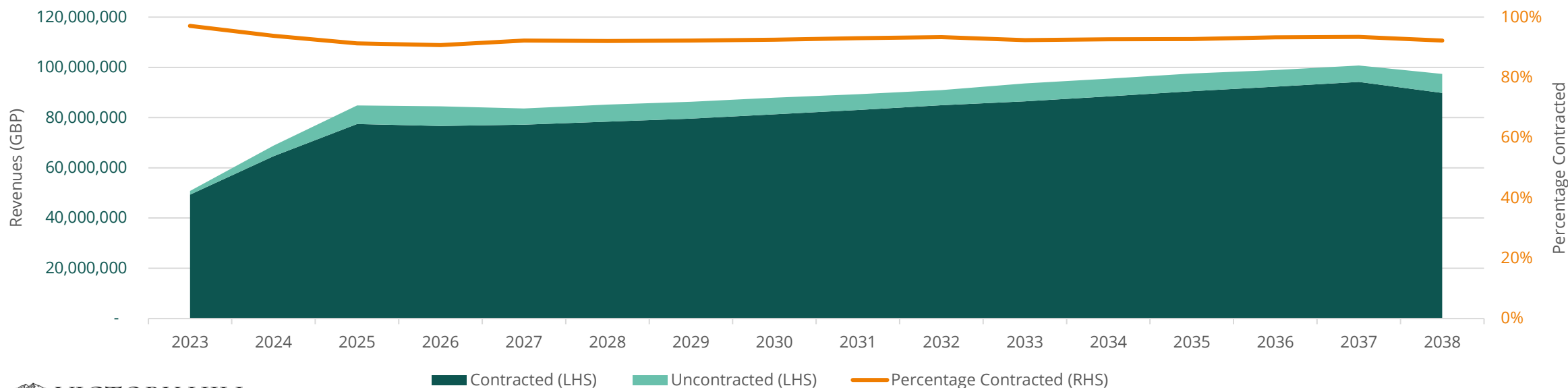
# Cash Generation From Underlying Programmes

Stable, growing revenue streams

## Operating & financial performance




<i>As at 31 December 2023</i>	US Terminal Storage Assets	Brazilian Solar PV Assets	Australian Solar PV with Battery Storage Assets	Brazilian Hydro Facility	UK Flexible Power with CCR Assets
Number of Operational Assets	2	10	2	1	0
Number of Assets under Construction	0	6	3	0	1
Production/Throughput	12,831,553 bbls	41,602 MWh	19,227 MWh	789,654 MWh	N/A
Revenues (GBP million)	18.6	2.1	1.5	28.6	N/A
Average Revenue per Production Unit	1.45	49.65	75.79	36.20	N/A

## Forward looking revenue analysis





# Highly Contracted Portfolio with Credit-Worthy Counterparties

Programme	Key Offtaker(s)	PPA Term	Asset Life
Brazilian solar PV assets		20 years	25 years
Brazilian hydro facility	More than 30 PPAs with blue-chip utilities counterparties – e.g. EDP	up to 15 years	25 years
US terminal storage assets		3 years rolling	30 years
UK flexible power with CCR assets		15 years	25 years
<b>Australian solar PV with BESS assets</b>	Local Australian utilities – e.g. <b>Diamond Energy</b>	Targeting contracted revenues of up to 50% - the remainder is intentionally left as merchant to capture the peak margin opportunity in Australia	25 years

# Brazilian Solar PV Assets

16 distributed generation solar plants offering clean and affordable electricity



## Asset overview

Asset description	
Country	Brazil
Technology	Solar PV
Capacity	50 Megawatts (MW)
Revenue type(s)	Fixed Price Corporate PPA
Revenue currency	BRL

Investment summary	
Invested to date	GBP 42mn
Leverage (D/E)	Nil
IRR <sup>1</sup>	10%

## Project update

- Construction for three of the remaining six solar sites is progressing well, and commissioning is expected in H1 2024.
- Construction for the last three sites will commence upon completion of the three sites currently under construction.



# Brazilian Hydro Facility

Sustaining renewable power generation in the Brazilian energy mix



## Asset overview

Asset description	
Country	Brazil
Technology	Hydro power generation
Capacity	198 MW
Revenue type(s)	Fixed Price PPA / Merchant
Revenue currency	BRL

Investment summary	
Invested to date	BRL 708mn / GBP 115mn <sup>1</sup>
Leverage (D/E)	Nil
IRR <sup>2</sup>	12%

## Project update

- The hydro facility in Brazil continues to be a strong performer in the portfolio, with EBITDA 14% above budget in Q4.
- During the period, tax incentives were secured for a further 8 years.
- Revenues for this asset are secured under long-term PPAs with local utilities and linked to local inflation.



# US Terminal Storage Assets

Reducing the sulfur content of Mexico's fuel supply chain



## Asset overview

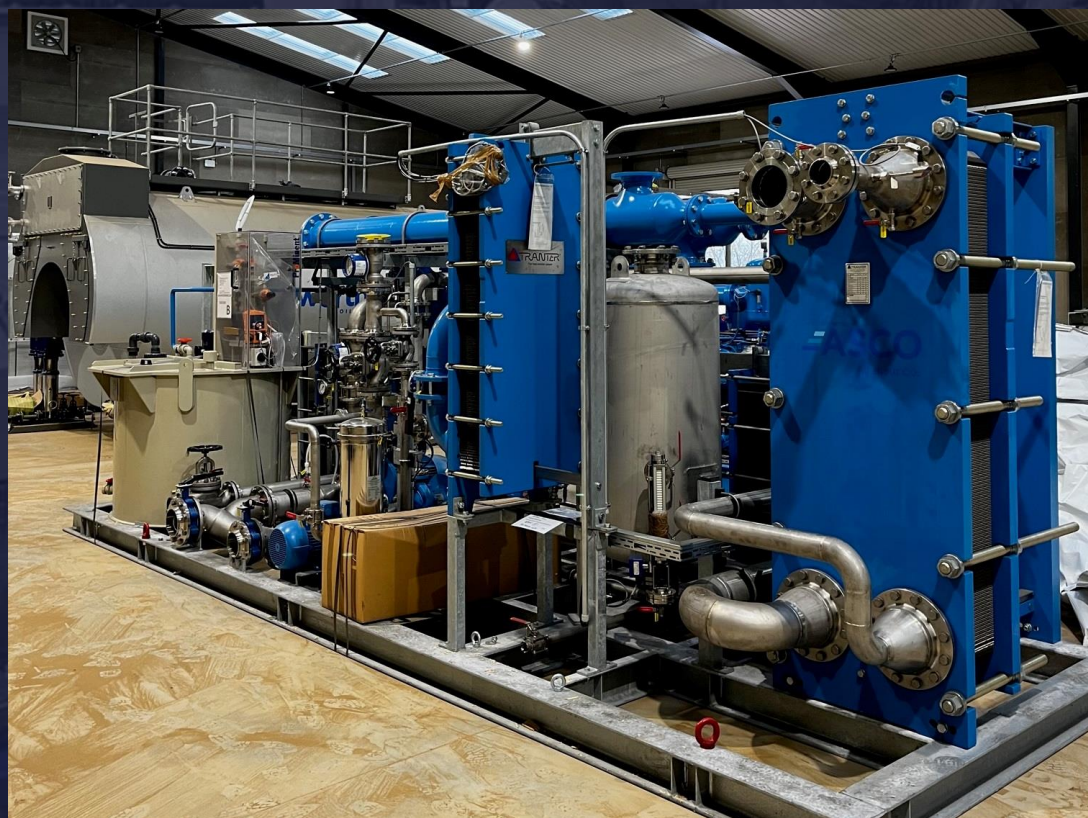
Asset description	
Country	United States
Technology	Liquid fuel storage
Capacity	Acquisition: 525,000 Barrels (bbls); post Motus T2 Expansion: 865,000 bbls; post Motus T1 Expansion I : 895,000 bbls <sup>1</sup>
Revenue type(s)	Availability – based
Revenue currency	USD
Investment summary	
Invested amount to date	USD 104mn
Leverage (D/E)	7.5%
IRR <sup>2</sup>	12%

## Project update

- The US terminal assets continued their strong performance since acquisition in April 2021.

# UK Flexible Power with CCR Assets

Sustainable solution for problems in intermittency and stabilisation of the grid



## Asset overview

Asset description	
Country	United Kingdom
Technology	Flexible Power with carbon capture and reuse
Capacity	10MW (approved capacity)
Revenue type(s)	Long term PPA and fixed-price CPI-linked CO2 offtake agreement
Revenue currency	GBP

Investment summary	
Invested amount to date	GBP 36.6mn
Leverage (D/E)	Nil
IRR <sup>1</sup>	c.7%

## Project update

- Construction of the 10MW site is well advanced, with the Rolls Royce reciprocating engines, Turboden High Temperature ORC Turbines, and ASCO CO2 capture and purification units on site.
- First power is expected in the next few weeks, and commissioning of the integrated plant with CCR is expected over the summer.
- Following the issues faced by the programme's incumbent EPC contractor in Q2 2023, the Company is in the final steps of hiring a new EPC contractor to complete construction. The replacement needed to complete the civil works at the project site resulted in a payment of additional premia and led to an overall increase in CAPEX of £16m for the project.
- Despite this increase, the Investment Manager anticipates the base case IRR to remain at c.7%.



# Australian Solar PV with Battery Storage Assets

Enhancing Australia's grid system by addressing market shortfalls



## Asset overview

Asset description	
Country	Australia
Technology	Solar PV & battery
Capacity	37 MW / 60 Megawatts hour (MWh)
Revenue type(s)	Targeting Fixed Price PPA (50%) + Merchant (50%)
Revenue currency	AUD

Investment summary	
Invested amount to date	GBP <sup>1</sup> 38mn (Phases I + II + III)
Leverage (D/E)	Nil
IRR <sup>1</sup>	9%

## Project update

- Following the completion of the construction of the co-located 2 hour 4.95MW battery energy storage system ("BESS") in South Australia, the solar and storage hybrid system captured attractive power prices in the intraday market.
  - ✓ In November 2023, the average captured price for BESS was over A\$200/MWh, which is 4 times higher than the average captured prices for solar during the same period.
- Post period, the solar farm component of the three New South Wales sites have completed commissioning and are operational. Installation works for the BESS have commenced and the sites are expected to be hybridized within the next 12 months.



Section 3

# GSEO Summary



# Conclusion



**Sector-leading target returns:** 10% Target total NAV return, net of fees and unlevered, with 10% annualised NAV return achieved since IPO



**Minimal leverage maintained,** implying limited impact of higher rates on GSEO returns



**High cash generative nature** of the portfolio: maintained >90% of revenues inflation linked and contracted<sup>(1)</sup>, leading to **1.1x** dividend cover in 2023



Potential NAV uplift from:  
1. **Construction assets becoming operational**  
2. **Active Management** of the assets to **create additional value**



**Highly experienced management team** with the right expertise & skillset to select higher returns opportunities

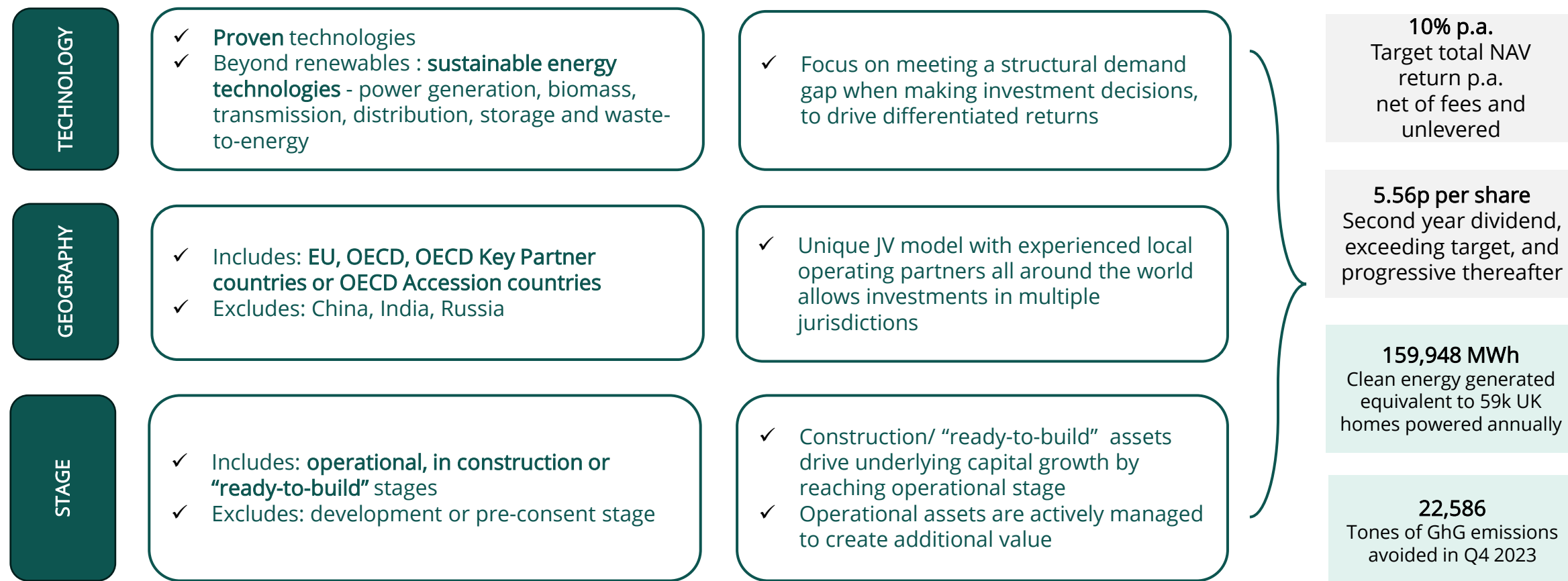


Continue to demonstrate **strong investment stewardship**

# Appendix, Disclaimers, & Risk Factors

# GSEO Investment Approach

A unique investment approach that supports the energy transition from all angles, leading to differentiated returns





# Investment Decision Process

We do not aim to tie investments to sustainability rather we start with sustainability and look for investments



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**Valuations** – The net asset value of the Fund may be determined by its manager, as applicable, based on information reported from underlying portfolio companies. Certain portfolio assets may be illiquid and without a readily ascertainable market value. Valuations of portfolio companies may be difficult to verify.

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**Lack of operating history** – The Fund has little or no operating history.

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Unless otherwise indicated, target IRR is presented on a gross basis and does not reflect the effect of management fees, expenses or taxes that would be imposed, all of which would reduce returns.





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