



# 31 December 2023 Factsheet

## Key Statistics (Unaudited)

### Company

VH Global Sustainable Energy Opportunities plc  
(the "Company" or "GSEO")

### Listing

London Stock Exchange (FTSE All Share and  
FTSE Small Cap)

SEDOL  
BNKVP75

Ticker  
GSEO

### Investment Manager

Victory Hill Capital Partners LLP ("Victory Hill")

### Market Capitalisation

£320.7m

### Gross Asset Value ("GAV")

£483.8m

### Net Asset Value ("NAV")

£483.8m

### Premium/(Discount) to NAV

(33.7%)

### Share Price as at 31 December 2023

77.2p

### NAV per share as at 31 December 2023

116.46p

### Target total NAV return

10%, net of the Company's costs and expenses

### Dividend

1.41p per share declared on 22 February 2024

### Target dividend distribution

5.68p per share for the year beginning 1  
January 2024

### Total gearing as at 31 December 2023

1.9%

### Annualised total NAV return since IPO

10%

### Ongoing charges ratio

1.3%

NAV vs. Share Price in Pence



Source: Bloomberg and Administrator as at 31 December 2023

## Overview

GSEO is focused on enabling the energy transition globally through its investments. Its objective is to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner countries or OECD Accession countries. The Company also aims to create environmental and social impact, transforming lives and communities without compromising on returns. The Company targets a total unlevered NAV return of 10%, net of fees, and a progressive annual dividend per share which, as at 31 December 2023 was 1.1x covered by the strong underlying cash generation from the operating assets, which make up 58% of the current portfolio. As construction assets achieve operational status in the course of the next 12 months, the dividend coverage is set to strengthen. Today, the Company's operational assets benefit from over 90% of contracted and inflation-linked revenues, minimising power-price risks.

Under GSEO's unique joint-venture model, the asset programmes in Australia, Brazil, the UK and the USA are implemented and operated by established local operating partners with over 100 personnel managing the GSEO assets. The local presence and deep expertise of the Company's operating partners maximise asset returns and value creation for shareholders.

## Capital Allocation

The Investment Manager remains focused on disciplined capital allocation to optimise and enhance shareholder returns.

- The Company increased its Q4 2023 dividend, revising it upwards from the previously stated 2023 dividend target. In line with the progressive dividend policy, the Company has committed to a 2.9% increase in its dividend for 2024.
- The Company announced a £10 million share buyback programme on 15 September 2023. As at 31 December 2023, the Company had bought back a total of £5.4 million worth of its own shares, adding 0.41p to the NAV per share. The Board continues to believe that the share price materially undervalues the Company and that the buyback represents an attractive investment as part of an active capital allocation policy. In light of this persistent disconnect between GSEO's portfolio value and the value inferred by its share price, the Board has decided to increase the buyback by £10 million, bringing the total share buyback programme to £20 million.
- The Investment Manager regularly reviews the Company's cash position and, in particular, any amounts allocated but not yet deployed to ensure shareholder returns are maximised in the event that reallocations can be made to new investment opportunities offering potentially superior returns on a risk-adjusted basis.

## Financial & Operational Highlights

### Interim dividend

The Board of Directors of the Company announced an interim dividend of 1.42p per share in respect to the period from 1 October 2023 to 31 December 2023, an increase of 2.9% vs. the prior quarter.

With the declaration of the interim dividend, the total dividend for the 2023 financial year is 5.56p per share, exceeding the dividend target of 5.52p.

The Company has committed to quarterly dividends of at least 1.42p or 5.68p in total for the 2024 financial year, an increase of 2.9% from the previous year and in line with its progressive dividend policy.

Income from the portfolio remained robust during the quarter from the 58% of the portfolio that is operational, with the dividend already 1.1x covered. As further projects reach operational status, the dividend coverage is set to strengthen. The Company's operational assets continue to benefit from over 90% of contracted and inflation-linked revenues.

### Leverage

Total leverage of the Company is 1.9% of NAV, which comprises asset-level leverage at its US asset. The Company does not currently employ short-term leverage at the fund level.

## 31 December 2023 Net Asset Value (NAV)

The Company's NAV as at 31 December 2023 was 116.46p per share, compared to 105.72p per share as at 30 September 2023, a 10.2% increase. The movements in the NAV during the quarter include:

	Pence per share
<b>Net Asset Value per share as at 30 September 2023</b>	<b>105.72</b>
Dividend paid during the quarter	(1.38)
Distributions from investments	1.86
Fund expenses	(0.51)
Movement in fair value of assets	11.50
Movement in foreign exchange	(1.14)
Share buyback	0.41
<b>Net Asset Value per share as at 31 December 2023</b>	<b>116.46</b>

### Movement in Fair Value of Assets – Key Drivers:

- During the quarter, discount rates reduced by 98bps on average across the portfolio, mainly driven by lower risk-free rates as well as a drop in country risk premia:
  - Following a period of macroeconomic volatility from mid 2022, key indicators began to stabilise in Q4 2023, resulting in a reduction in risk free rates, with the 20-year US Treasury falling from 4.90% as at 30 September 2023 to 4.19% as at 31 December 2023, resulting in a 4.2p per share impact on the NAV.
  - The country risk premium for Brazil fell 105bps to 2.43%, which resulted in a decrease in the discount rates used in the valuation of the Brazilian assets, resulting in a 1.6p per share impact on the NAV.
  - Discount rates for operational assets as at 31 December 2023 were 6.91% in the US, 7.74% in Australia, 9.54% for the Brazilian hydro facility and 9.67% for the Brazilian solar PV assets. The UK asset is in construction and therefore currently held at cost.
- The Brazilian hydro facility benefited from a renewal of federal tax incentives for a further eight years, resulting in a 4p per share impact on the NAV.
- Additional operational optimisation by the Investment Manager and the operating partner in the US, Motus Energy, have led to improved revenue expectation for the US terminal storage assets.
- There has been no upward revision in asset lives, and the asset valuations continue to use 25 years for the Brazilian and Australian solar PV assets, 30 years for the US terminal storage assets and 25 years for the Brazilian hydro facility.

### Portfolio Update

- Brazilian solar PV assets:
  - 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.
  - The ten operational sites continue to supply energy to creditworthy commercial and industrial energy users and large multinational corporations with operations in Brazil. The majority of the programme's total production is contracted with a multinational telecommunications company. The average length of these contracts is 20 years, linked to local inflation.
- Brazilian hydro facility:
  - The hydro facility in Brazil continues to be a strong performer in the portfolio, with EBITDA 14% above budget in the fourth quarter of the year.
  - During the period, tax incentives were secured for a further eight years.
  - Revenues for this asset are secured under long-term PPAs with local utilities and linked to local inflation.
  - As a reminder, hydrological risk is mitigated by a consortium system prevalent in Brazil where key hydro plants form part of a nationwide pool that allocate total production to individual plants.
- US terminal storage assets:
  - The US terminal assets continued their strong performance since acquisition in April 2021.
  - EBITDA has increased from \$6m at acquisition to \$15m as at 31 December 2023, through implementation of a buy, expand and optimise strategy.
- Australian solar PV with battery storage assets:
  - 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 hybridised within the next 12 months.
  - The Australian wholesale power market is liberalised much like the UK, and allows batteries to access peak pricing. In particular, when combined with the requirement for system frequency response services, BESS technology proves to be particularly attractive for investors. Furthermore, the generation supply mix between coal, gas and renewables in Australia is more constrained than the UK so peaking events create more pronounced pricing dissonances, driving further interest from BESS investors. Whilst average power prices have decreased from the highs of 2022 as a result of intervention by the grid operator, the reduction in battery module costs, combined with the constrained energy mix make peak prices more accessible to market participants.
- UK flexible power with carbon capture and reuse ("CCR") asset:
  - The construction of the 10MW site is well advanced, with the Rolls Royce reciprocating engines, Turboden High Temperature ORC Turbines, and ASCO CO<sub>2</sub> 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 still expects returns to be in line with original expectations, due to firmer expectations for additional revenue streams of the project.
  - In the UK electricity market, ensuring the delivery of dependable power amidst increasing penetration of intermittent renewable energy is key to maintaining grid stability. Such flexible sources of power are generally provided by unabated gas or coal fired generators - which generate over periods longer than several minutes - unlike batteries which are utilised for periods of a few minutes. By utilising carbon capture technology on the gas-fired project, the Company will be able to provide very attractive flexible power to the grid, while capturing and purifying the CO<sub>2</sub> exhaust. The purified food grade CO<sub>2</sub> is expected to be sold in the industrial gases market, addressing its structural shortage, while allowing the Company to build several revenue streams, in contrast to other UK flexible power projects involving battery storage or gas peakers.

## Foreign Exchange

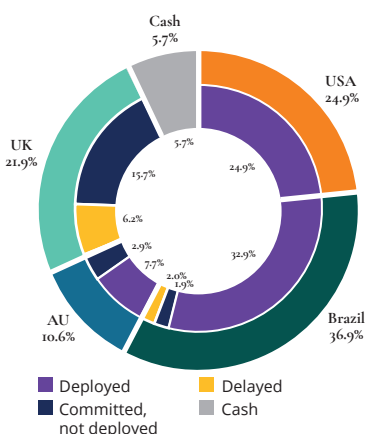
During the quarter, GBP strengthened versus USD by 4.36% and BRL by 0.61% but weakened against AUD by 1.43%. A net strengthening of GBP against the portfolio currencies resulted in FX losses, which were more than offset by gains elsewhere. The Company hedges the short-term distributions from investments from local currency to GBP.

## Sustainability Update

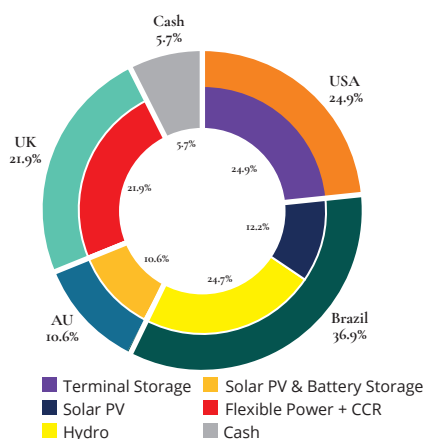
- A total of 25,616 tonnes of greenhouse gas emissions were avoided in the fourth quarter of 2023.
- A total of 160,015 MWh of renewable energy was generated from the portfolio over the same time period, equivalent to over 59,000 average UK homes powered annually.
- Almost 5,000 tonnes of sulfur were avoided in the last quarter, attributable to the US asset.

## Portfolio as at 31 December 2023 (by value)

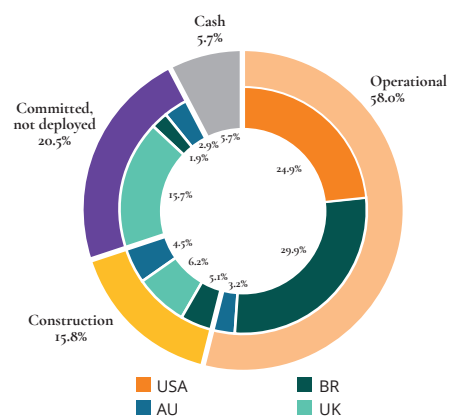
Portfolio by Geography and Deployment



Portfolio by Geography and Technology



Portfolio Status by Deployment and Currency



## Investment Objective & Strategy Summary

The Company's investment objective is to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner countries or OECD Accession countries. The Company continues to support the global energy transition while offering its shareholders both a progressive income stream and capital growth. The Company targets a total unlevered NAV return of 10%, net of costs and expenses, and a progressive annual dividend per share, paid quarterly.

## Company Information

**Investment Manager**  
Victory Hill Capital Partners LLP  
4 Albemarle Street,  
London W1S 4GA

**Contact:**  
Navin Chauhan  
E: info@victory-hill.com

**Company Secretary and Administrator**  
Apex Fund and Corporate Services (UK) Limited  
125 London Wall  
London EC2Y 5AS  
E: ukfundscosec@apexgroup.com

**Corporate Broker**  
Deutsche Numis  
45 Gresham Street  
London EC2V 7BF

**Contact:**  
David Benda / Matt Goss  
T: 020 7260 1000

**Registrar**  
Computershare Investor Services PLC  
The Pavilions  
Bridgewater Road  
Bristol BS13 8AE  
T: 0370 703 0157  
W: www.investorcentre.co.uk

**Board Members**  
Bernard Bulkin OBE (Chair)  
Margaret Stephens  
Richard Horlick  
Louise Kingham CBE  
Daniella Carneiro