

22 November 2024

VH Global Sustainable Energy Opportunities plc

Net Asset Value and Factsheet

GSEO 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.

About Victory Hill Capital Partners LLP

Victory Hill is a London-based specialist investment management firm founded by an experienced team of energy financiers. The investment team has participated in more than 200bn in transaction values across 91 conventional and renewable energy related transactions in over 30 jurisdictions worldwide.

The Victory Hill team deploys its experience across different financial disciplines in order to assess investments holistically from multiple points of view. The firm pursues operational stability and well-designed corporate governance to generate sustainable positive returns for investors.

Buyback Programme

The Company announced a £10 million share buyback programme on 15 September 2023, which was further increased by £10 million on 22 February 2024, bringing the total share buyback programme to £20 million. As at 30 September 2024, the Company had bought back a total of £18.8 million worth of its own shares. During the quarter, the buyback added 0.7p to the NAV per share. Subsequent to the quarter end the buyback budget has now been fully utilised.

Financial Operational Highlights

Dividends

The Company announced an interim dividend of 1.42p per share in respect to the period from 1 July 2024 to 30 September 2024, in line with the dividend target for 2024.

As at 30 September 2024, the dividend was 1.0x covered by the strong underlying cash generation from the operating assets, which make up 64% of the current portfolio. The dividend coverage has reduced from 1.1x due to the strengthening of the GBP in Q3 together with seasonal lows during the period, notably in Brazil. As construction assets achieve operational status in 2025, the dividend coverage is expected to strengthen.

Leverage

Total leverage of the Company is 4.96% of NAV as at 30 September 2024, which comprises of asset-level leverage at its US asset, and Iberian and Swedish assets. The Company does not currently employ leverage at the fund level.

30 September 2024 Net Asset Value (NAV)

The Company's NAV as at 30 September 2024 was 111.2p per share, compared to the NAV of 110.8p per share as at 30 June 2024, a 0.3% increase. The movements in the NAV during the quarter include:

	Pence per share
Net Asset Value per share as at 30 June 2024	110.8
Dividend paid during the quarter	(1.4)
Distributions from investments fair value of asset movements	4.7
Fund expenses	(0.4)
Movement in foreign exchange	(3.2)
Share buyback	0.7

NAV Movements - Key Drivers:**Fair Value of Assets**

- During the quarter, discount rates reduced by 57bps on average across the portfolio, primarily due to a decrease in the risk-free rate - with the 20-year US Treasury rate falling from 4.66% to 4.18% as at 30 September 2024 - and a reduction in equity risk premia, resulting in a 3.6p per share increase in NAV.
- Discount rates for operational assets as at 30 September 2024 are 6.48% in the US, 7.08% in Australia, 8.85% for the Brazilian hydro facility and 8.89% for the Brazilian solar PV assets. The UK asset and the Iberian and Swedish assets are currently held at cost.

Foreign Exchange

During the quarter, movements in foreign exchange led to a £12.8m (-3.2p per share) drop in the NAV. GBP strengthened versus USD, BRL and AUD by 5.8%, 3.0% and 2.0% respectively. A net strengthening of GBP against the portfolio currencies resulted in an unrealised foreign exchange loss. The Company hedges the short-term distributions from investments from local currency to GBP.

Portfolio Update**Financial update**

- On a currency adjusted basis, Q3 EBITDA is 12.2% ahead of the same quarter last year. However, due to GBP strength against the underlying basket of currencies, on a non-currency adjusted basis EBITDA in the last 12 months has decreased by 9.7%. This adjustment is due to GBP strengthening 9.6% against USD, 18.7% against BRL and 2.2% against AUD in the last 12 months.

Operational updateSpanish, Portuguese and Swedish solar onshore wind assets:

- During the period under review, a portfolio of ready to build and operational assets comprising seven solar and two wind assets was acquired across Spain, Portugal and Sweden. The programme is split into two deployment legs, the first of which, completed in July, was an investment of EUR53m in five assets with a generation capacity of 59.8MW. Additionally, project rights for four ready-to-build solar PV assets in Spain with a total 188.6MW capacity were acquired in July.
- Construction of one solar PV asset in Spain has commenced post period and is expected to be completed by H1 2025.

Australian solar PV with battery storage assets:

- Post-period, three solar and storage hybrid systems in New South Wales completed construction and commissioning and have now reached operational status.
- The final two hybridised assets in the programme are still due to come online in 2025.
- We continue to observe market events in Australia translating into increasingly frequent outsized power prices. This is driven by volatility in the supply-demand dynamics of Australia's constrained energy market, validating our initial investment thesis.

Brazilian hydro facility:

- A drought in Brazil has driven spot electricity prices up, as more thermal capacity had to be called upon. As a result, the plant benefited from selling its uncontracted capacity at higher prices, more than offsetting the impact of reduced hydro power availability.

US terminal storage assets:

- The Mexican refined oil product deliveries recommenced post the weather-related disruptions experienced in Q2 2024.

UK flexible power with carbon capture and reuse (CCR) asset:

- The full commissioning of the plant with CCR element is progressing well and streaming of first carbon dioxide is expected by the end of the year.

Brazilian solar PV assets:

- Completion of the construction for three of the remaining six solar sites is still expected by the end of the year.

- The drought in Brazil mentioned above affected retail tariffs, driving up energy inflation to end-users and making solar PVs more cost competitive.

Sustainability Update

- A total of 29,373 tonnes of greenhouse gas emissions were avoided in the third quarter of 2024.
- A total of 95,125 MWh of renewable energy was generated from the portfolio over the same time period equivalent to over 24,300 average UK homes powered annually.
- Almost 5,902 tonnes of sulfur were avoided in the third quarter, attributable to the US terminal storage assets.

www.vh-gseo.com

The Company's LEI is 213800RFHAOF372UU580.

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About Victory Hill Capital Partners LLP

Victory Hill Capital Partners LLP ("Victory Hill") is authorised and regulated by the Financial Conduct Authority (FRN 961570).

Victory Hill is based in London and was founded in May 2020 by an experienced team of energy financiers that have spun-out of a large established global project finance banking group. The team has participated in more than 200bn in transaction values across 91 conventional and renewable energy-related transactions in over 30 jurisdictions worldwide. Victory Hill is the investment manager of the Company.

The Victory Hill team deploys its experience across different financial disciplines in order to assess investments holistically from multiple points of view. The firm pursues operational stability and well-designed corporate governance to generate sustainable positive returns for investors. It focuses on supporting and accelerating the energy transition and the attainment of the UN Sustainable Development Goals.

Victory Hill is a signatory of the United Nations Principles for Responsible Investing (UN PRI), the United Nations Global Compact (UN GC), Net Zero Asset Managers Initiative (NZAMI), a member of the Global Impact Investing Network (GIIN) and is a formal supporter of the Financial Stability Board's Task-Force on Climate-related Disclosures (TCFD).

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