



Octopus Renewable Energy Opportunities Fund (OREO)

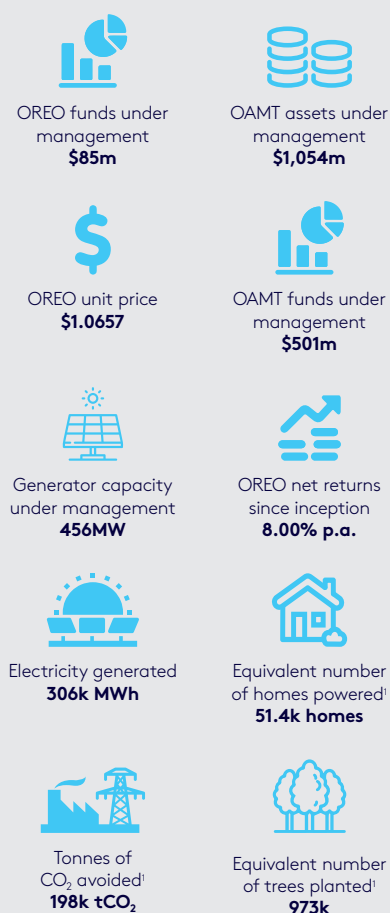
Quarterly Report
31 March 2024

Octopus Renewable Energy Opportunities Fund (“OREO”, or the “Fund”) is an open ended unregistered wholesale Australian unit trust. The Fund focuses on providing investors with exposure to a diversified portfolio of Australian clean energy infrastructure assets through its investment in the Octopus Australia Master Trust (“OAMT”) alongside the Octopus Australia Sustainable Investments Fund (“OASIS”).

Highlights

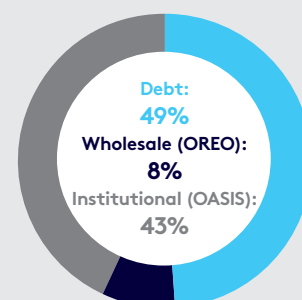
- It has been a strong quarter for the Fund, with top quartile performance for our operational assets and a meaningful uplift in asset valuations. This resulted in the OREO unit price increasing 5.97% to \$1.0657 during the quarter. The Fund achieved a net return of 11.47% over the 12 months to date. This brings the since inception net return to 8.00% p.a. The net yield for the financial year to date is 4.44%, within the Fund’s target range.
- Dulacca Wind Farm (“DWF”) continues to perform well with a strong cash generation profile. DWF was one of the top performing wind farms on the NEM, the result of its favourable generation profile and the resulting high capacity factors and dispatch prices relative to other Australian wind farms. DWF returns this quarter were driven primarily by improved third party energy markets forecasts in Queensland and updated LGC price curves.
- Darlington Point Solar Farm (“DPSF”) generation was in line with expectations. Positive contributions to returns at DPSF were driven primarily by updated third party energy market forecasts. Solar prices in particular saw significant increases due to higher demand and higher assumed coal futures which increased short term prices in New South Wales and Queensland.
- The Octopus Australia team continues to expand its team of renewable energy experts; Marcus Krieger (Senior Grid Engineer); Matt Moncrieff (Stakeholder Engagement Manager); Chris Wallace (Senior Legal Manager); and Jonny Lacey (Portfolio Associate) all joined during the quarter. This brings the total headcount to 53 at quarter-end.
- Octopus Australia now has a secured pipeline of 797MW of renewable generation and 707MW/1,402MWh of storage. Its origination pipeline continues to grow with a further 2,015MW of generation and 1,990MW/4,150MWh of storage in due diligence. Two sites in the secured pipeline are expected to be construction ready this year.

Fund Statistics



¹Based on current quarter generation

Assets Under Management



Energy Markets

Wholesale Pricing

During the quarter the portfolio benefited from higher than expected pricing in all NEM regions. This is reflective of the hotter conditions of a La Nina summer, driving higher demand and subsequent price volatility. Of particular note were events in Victoria and Queensland which drove periods of significantly high pricing. In Victoria severe storms damaged transmission lines which resulted in prices hitting the maximum market price cap for several hours, while hot and humid weather in Queensland saw multiple periods of record demand and subsequent price volatility.

Compared to previous quarters, there were higher levels of volatility, driven by a combination of higher demand, lower levels of coal generated energy, and an increasing level of intermittent renewable generation. Continuing changes in the daily shape of prices were experienced during the quarter with prices trending, lower during the middle of the day and higher in the late morning and afternoon. This was largely due to increasing solar penetration during the middle of the day, combined with lower coal and higher volatility. Lastly, the quarter saw strong baseload and cap futures volumes traded for 2025, 2026 and 2027. Although futures prices trended lower this is not uncommon during this time of year.

LGC Pricing

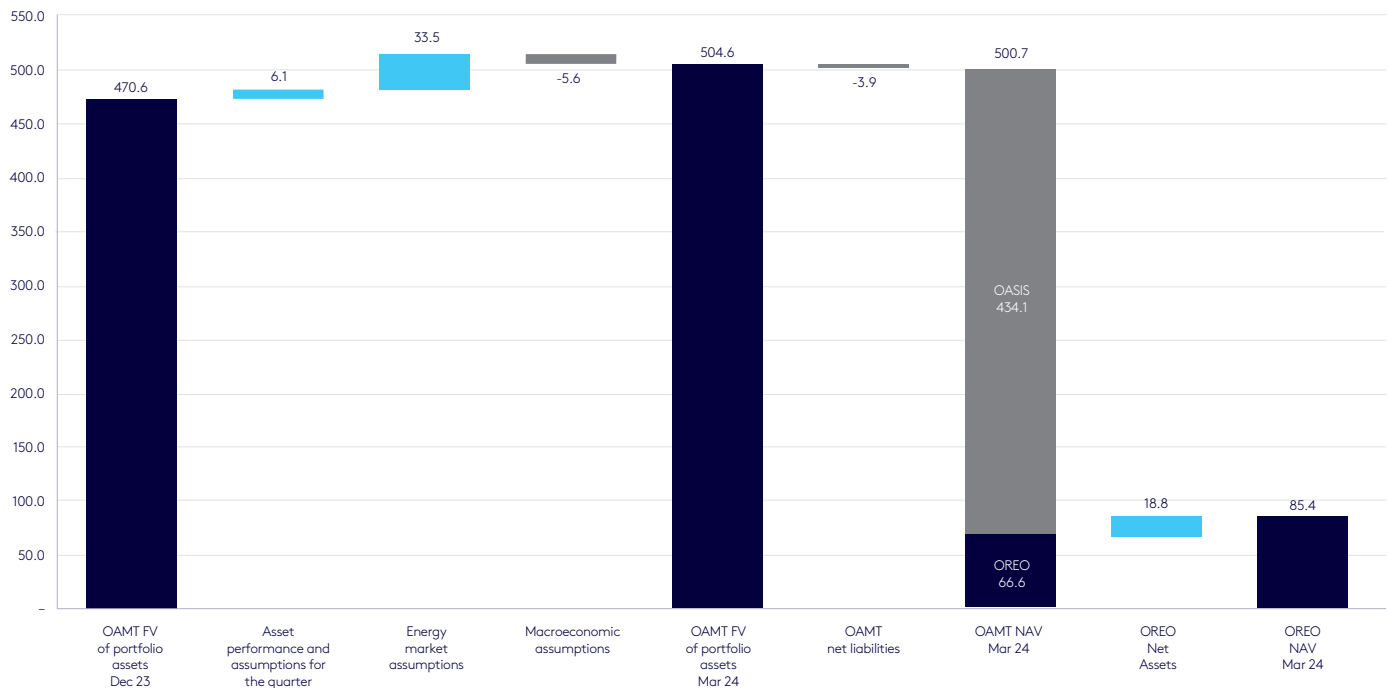
LGC prices were reasonably stable over the quarter. Spot LGC prices ended the quarter around \$47, with calendar 2024 and 2025 certificates slightly higher at \$48.



Learn more about the outlook for Australia's energy market in our latest video update, [click here](#).

Valuation Bridge

Fund Equity Value Bridge \$m



The OREO portfolio net asset value as at 31 March 2024 was \$85.4m, an increase of \$8.6m from \$76.8m at 31 December 2023. The net asset value of OAMT increased by \$33.8m from \$466.9m at 31 December 2023 to \$500.7m at 31 March 2024, with operational assets performing well and improved long term merchant energy price assumptions.

Asset performance for the quarter (+\$6.1m)

Rolling forward the valuation and adjusting for the portfolio performance resulted in a \$6.1m increase to the valuation. For more details on asset performance, please refer to the Asset Summaries section.

Energy market assumptions (+\$33.5m)

Updating the valuation with the latest wholesale energy price forecasts, provided by independent market leading experts, has resulted in an uplift of \$33.5m. The increase in the price forecasts is the result of:

- Increased hydrogen demand which increased prices NEM wide from the late 2020s.
- Higher assumed coal futures which increased short term prices, particularly for NSW and QLD.
- Increased forecast demand resulting in higher prices in the 2030s for NSW and QLD.

Macroeconomic assumptions (-\$5.6m)

Updating macroeconomic assumptions resulted in a downward movement of \$5.6m in valuation. This movement was largely due to an increase in the cost of equity across operational projects. The increase is in line with industry-wide observations of increased cost of capital for infrastructure and renewable energy assets.

OAMT net liabilities (-\$3.9m)

Master Trust net liabilities of \$3.9m consists primarily of cash and current payables.

OREO net assets (\$18.8m)

OREO has fund level net assets of \$18.8m consisting primarily of cash and receivables.

Portfolio Performance

Fund Performance Summary

	3 months	6 months	1 year (p.a.)	Since Inception (p.a.)
Net return ¹	5.97%	9.30%	11.47%	8.00%

	Financial Year To Date
Net yield ²	4.44%

Quarterly Portfolio Performance – OREO

	Opening NAV (Dec 23) (\$m)	Capital Contributed Over Quarter (\$m)	Closing NAV (Mar 24) (\$m)	Distributions Over Quarter (\$m)	Total Return Over Quarter (%)
Operational					
Darlington Point Solar Farm	32.7	–	33.4	–	2.20%
Dulacca Wind Farm	29.9	–	33.7	–	12.70%

¹ Annualised IRR net of fees and expenses, periods less than one year are not annualised.

² Cumulative yield net of fees and expenses.

Portfolio Summary

Project	Technology	Location	Generator Capacity (MW)	Battery Capacity (MW/MWh)	Date Acquired
Operational					
Darlington Point	Solar	NSW	275	–	Jul-22
Dulacca	Wind	QLD	181	–	Oct-23

Project	Asset			OREO ¹				
	Enterprise Value (\$m)	Current Asset NAV (\$m)	OREO Ownership %	Equity Invested (\$m)	NAV (\$m)	Distributions (\$m)	MOIC ²	IRR (%p.a.)
Operational								
Darlington Point	416.3	251.0	13%	31.8	33.4	2.0	1.1x	7.2%
Dulacca	641.4	253.6	13%	29.0	33.7	2.0	1.2x	57.9% ³

¹Numbers since inception.

²MOIC = Multiple of invested capital.

³DWF was acquired in October 2023. Due to the short holding period, this has resulted in a 57.9% p.a. since inception IRR, which we expect to normalise over time.



456MW

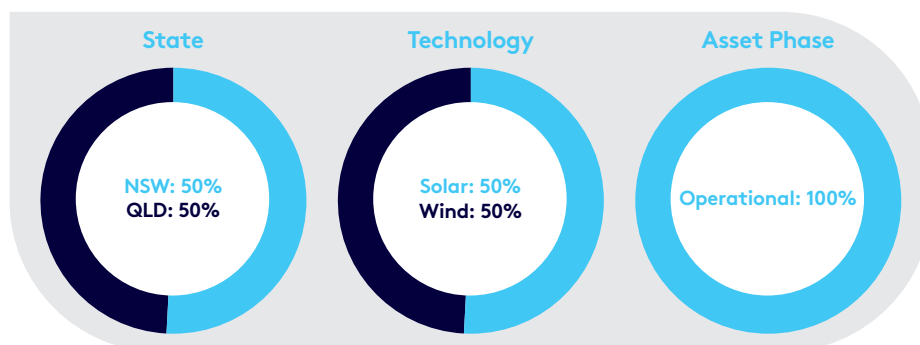
operational under management

76%

operational output contracted

Portfolio Composition

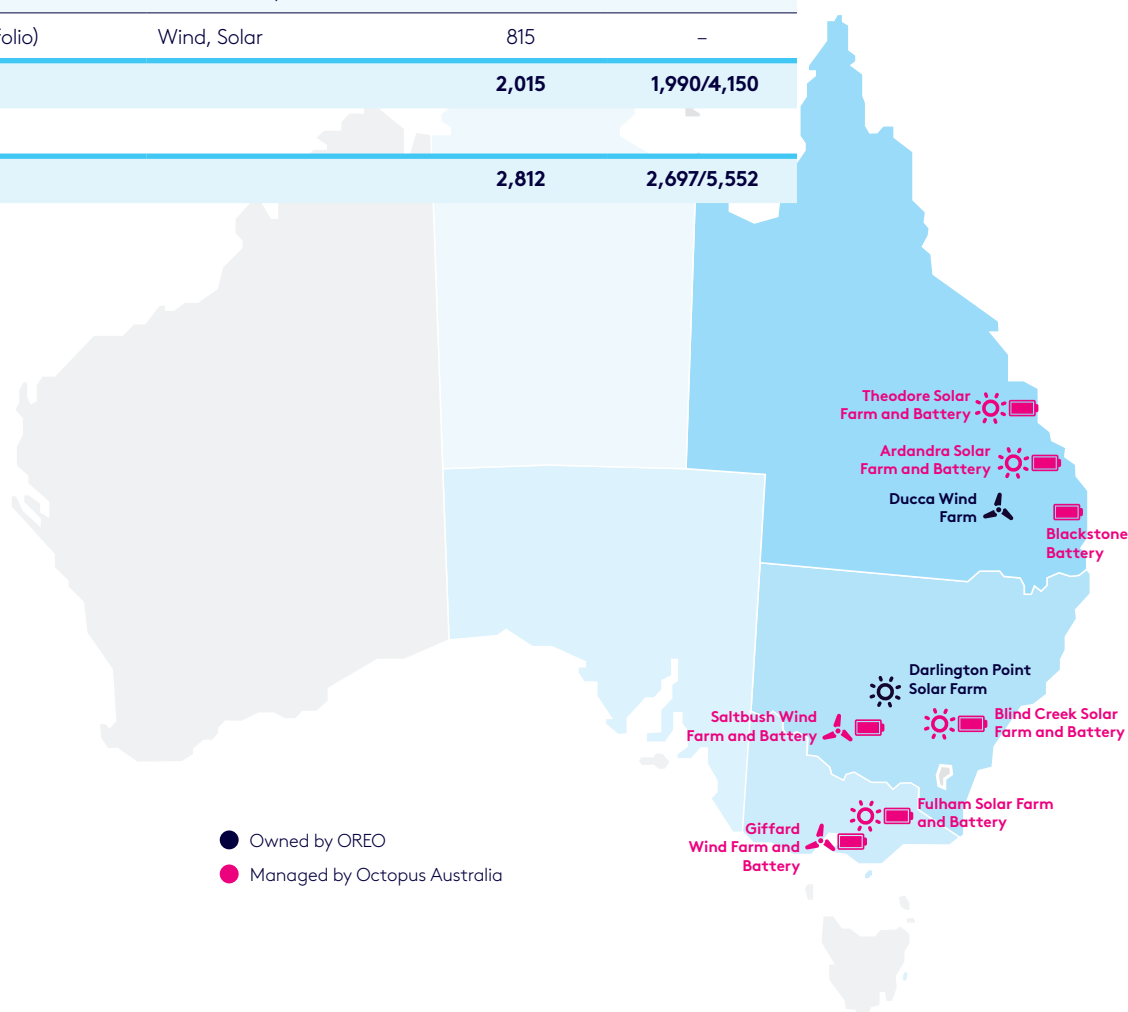
Portfolio composition broken down by total assets under management.



Pipeline

Project	Technology	Generator Capacity (MW)	Battery Capacity (MW/MWh)	Current Stage
Current Octopus Australia Managed				
1 Fulham	Solar, Battery	80	64/116	Development
2 Blind Creek	Solar, Battery	300	243/486	Development
3 Giffard	Wind, Battery	417	400/800	Development
4 Ardandra	Solar, Battery	97	75/150	Development
5 Theodore	Solar, Battery	70	40/160	Development
6 Saltbush	Wind, Battery	400	400/800	Development
7 Blackstone	Battery	–	500/1,000	Development
Total		1,364	1,722/3,512	

Location	Technology	Generator Capacity (MW)	Battery Capacity (MW/MWh)
Early Stage Pipeline			
New South Wales	Wind, Battery	1,100	1,760/3,720
South Australia	Battery	–	200/400
Northern Territory	Solar, Battery	100	30/30
Various States (asset portfolio)	Wind, Solar	815	–
Total		2,015	1,990/4,150
Grand Total Pipeline		2,812	2,697/5,552



Asset Summaries

Darlington Point Solar Farm

Asset Summary

Location	NSW
Technology	Solar
Acquisition Date	July 2022
Status	Operational
Generator Capacity	275 MW

Investment Summary¹

Total Equity Invested	\$234.9m
Total Debt	\$203.8m
Enterprise Value (at acquisition)	\$438.7m
Gearing	46.5%

Investment Background

DPSF was the first acquisition by Octopus Australia and has been managed by the team since it began construction in 2018. DPSF achieved full operations in early 2022 and has long-term PPAs covering 80% of its generation. It was the cornerstone asset of OREO.

Performance

DPSF experienced its strongest performance since operations commenced. The summer months are particularly important for asset performance, given this is when expected generation is highest, owing to irradiance.

DPSF was one of the top performing assets in the National Energy Market (NEM) on a capacity factor basis throughout the quarter.

Revenue for the quarter was broadly in line with expectations, with lower than forecast expenditure. Overall, EBITDA was broadly in line with forecasts.



This quarter saw 750 sheep released for grazing on site, a demonstration of how renewable power generation and agriculture are compatible in Australia. The livestock will be rotated through the 2,000 acre site, allowing efficient management of the grasses around the farm. DPSF becomes one of many wind and solar farms in the National Electricity Market (NEM) that maintains agriculture around generation equipment; the practice, commonly known as 'agrisolar' or 'agrivoltaics' when paired with solar, offers multiple benefits for both graziers and generators. The shading provided by solar panels is attractive to sheep, allowing protection from the sun and rain. In return the sheep clear vegetation from often hard to reach areas of the farm, reducing time intensive requirements for mowing and pesticide treatment. Octopus Investments Australia continues to explore opportunities to deploy agricultural practices around its portfolio.

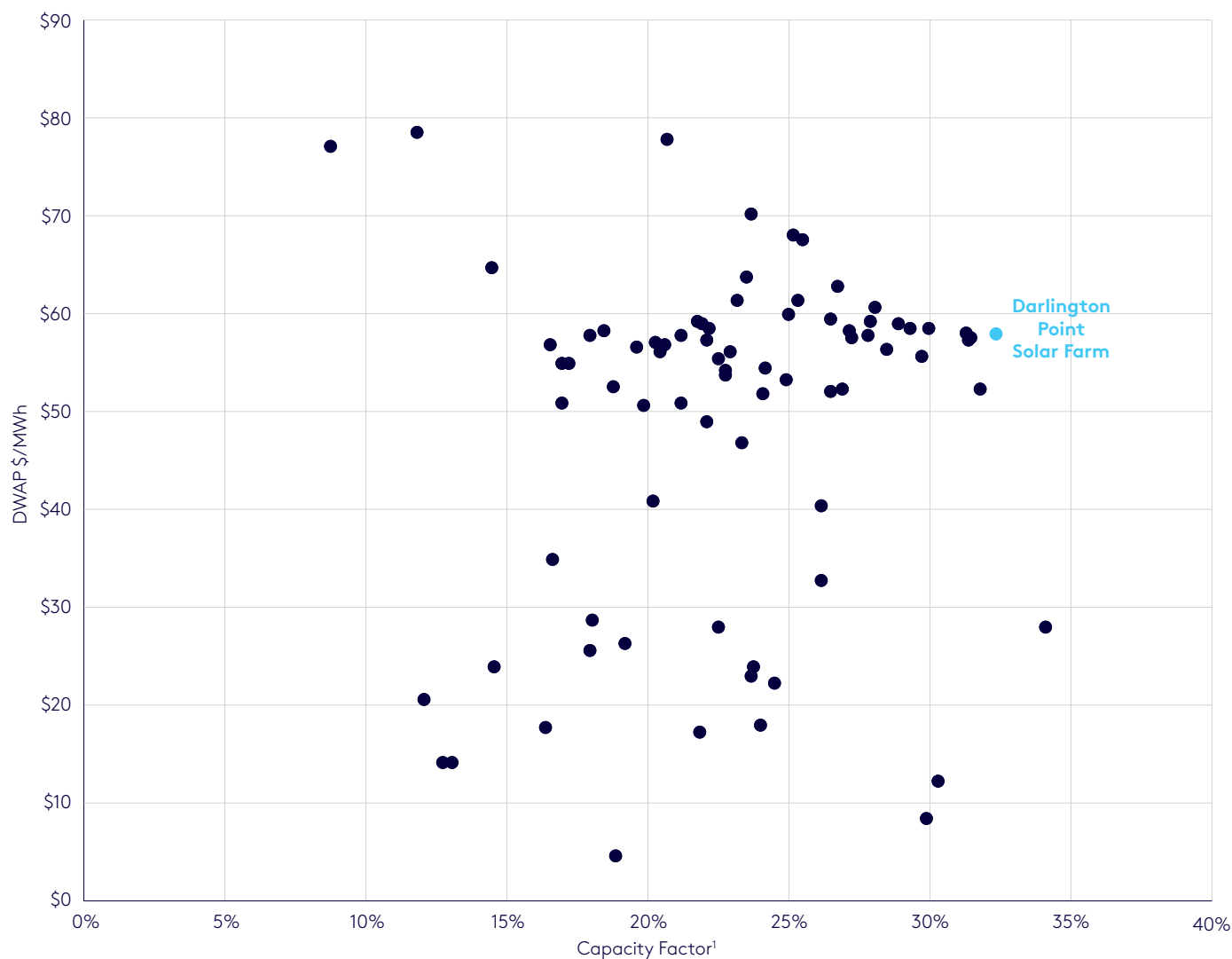
Valuation

NAV	\$251.0m
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The valuation of DPSF rose from \$245.6m to \$251.0m during the quarter. This was largely the result of the updated long term wholesale energy price forecasts. Refer to the Valuation Bridge for more details.

¹ At acquisition.

Darlington Point relative performance for quarter versus solar farms in NEM



DPSF continues to be one of the top performers in terms of both capacity factor and dispatch weighted average price, in comparison to the other generators within the NEM solar fleet.

¹ The capacity factor of a generator is the ratio of its actual electricity output over a period of time (in this case, the quarter) to the theoretical maximum electricity output of its nameplate capacity.

Dulacca Wind Farm

Asset Summary

Location	QLD
Technology	Wind
Acquisition Date	October 2023
Status	Commissioning (100% output)
Generator Capacity	181 MW

Investment Summary¹

Total Equity Invested	\$218.2m
Total Debt	\$399.7m
Enterprise Value (at acquisition)	\$617.9m
Gearing	64.7%

Investment Background

DWF is a fully constructed and energised wind asset in QLD, Australia. The team has been managing the asset since it began construction in 2021. Its acquisition by the Fund presented a rare opportunity to acquire a near-operational wind farm with excellent grid location, 300 kilometres west of Brisbane in the Western Downs Region. DWF comprises of 43 wind turbines with a generation capacity of 181MW.

Performance

DWF performed well in its first full quarter of generation with revenue broadly in line with the investment case. The wind farm saw its best single week of generation since the asset was energised in March 2024.



DWF had one of the highest capacity factors for a wind farm in the NEM. During the quarter wind speeds were not as high as forecast however the result was only a minor variance in performance.

The early generation Power Purchase Agreement beginning in January 2024 will remain in place for 18-months at a high capture price relative to merchant pricing.

Commercial Operations (COD) is anticipated in the second quarter of the year.

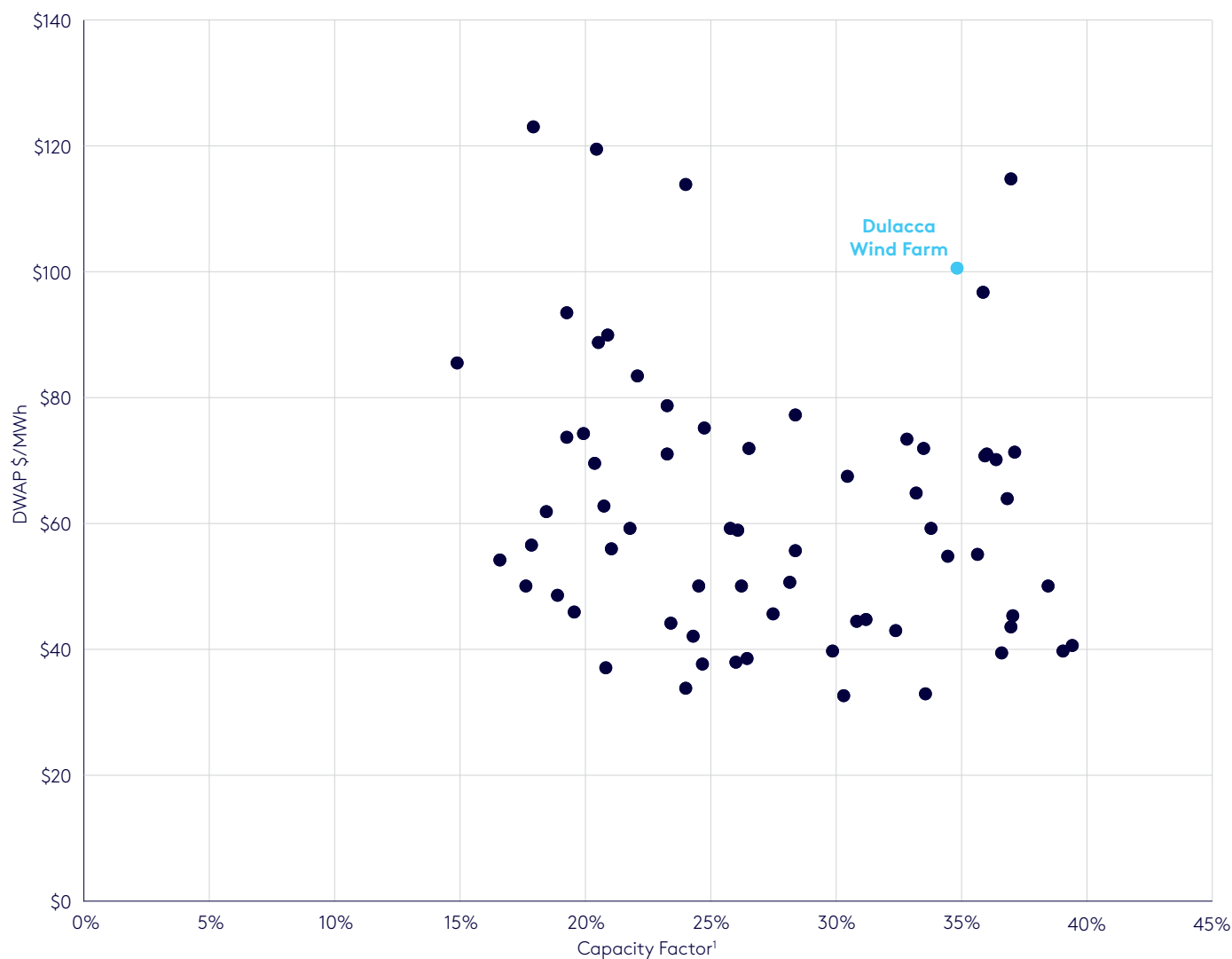
Valuation

NAV	\$253.6m
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The valuation of DWF has increased since acquisition, with an uplift of \$28.6m resulting from a combination of the improved wholesale energy price forecasts, the discount rate unwind and assumption updates.

¹ At acquisition.

Dulacca relative performance for quarter versus wind farms in NEM



Since beginning operations, DWF has been one of the strongest performing wind farms in the NEM on both a capacity factor and dispatch weighted average basis, sitting in the upper right quadrant of the performance chart.

¹ The capacity factor of a generator is the ratio of its actual electricity output over a period of time (in this case, the quarter) to the theoretical maximum electricity output of its nameplate capacity.

Investment Guidelines

- Target Returns **7.0%** net IRR (post annual management and performance fees, before tax).
- Target Yield **4-5%** per annum net yield.
- The Fund, via its investment in the OAMT, intends to invest in a geographically and technologically diversified spread of assets and, over the long term, expects that the following investment guidelines will be met:
 - Investment targets will include utility scale Australian solar PV farms, wind farms, storage and hydrogen opportunities;
 - Leverage will not, in aggregate across the Portfolio, exceed 65% of the gross asset value;
 - At any one time, more than 50% of generation from sites within the Portfolio will be covered by a fixed price contract, with a target of more than 60% under normal market conditions (as determined by the Manager, acting reasonably)
- Quarterly liquidity on best endeavours basis.
- Investment manager **Octopus Aust OREO Manager Pty Ltd.**

Octopus Aust OREO Manager Pty Ltd (Manager)

Level 8, 627 Chapel Street
South Yarra VIC 3141

Apex Fund Services (Australia) Pty Ltd (Administrator)

Level 13, 459 Little Collins Street
Melbourne VIC 3000

OneVue Fund Services Pty Ltd (Share Registry)

Level 16, 385 Bourke Street
Melbourne VIC 3000

Equity Trustees Limited (Responsible Entity)

Level 1, 575 Bourke Street
Melbourne VIC 3000

Octopus Australia – who we are

Octopus Aust OREO Manager Pty Ltd ("the Manager") is a subsidiary of Octopus Capital Aust Pty Ltd (ACN 627 019 096) ("OCA"), which employs greater than 50 energy professionals and renewables experts across wind/solar/storage development as well as construction, asset and fund management. The team has a deep knowledge of the Australian energy market and has extensive experience within the domestic renewable energy market.

OCA provide its team's experience to the Fund via service contracts directly with the underlying assets (development, construction and asset management) or with the Fund (fund management). Asset-level services relating to a project are carried out by OSCAR Management Aust Pty Ltd ("OSCAR"), a 100% subsidiary of OCA, unless otherwise determined by the Manager in respect of one or more projects. Such services represent the necessary costs associated with developing institutional grade assets designed to perform for 30+ years. Fund management services will be carried out by the Manager.

Glossary

AEMO	Australian Energy Market Operator	LGC	Large-scale Generation Certificate	OCA	Octopus Capital Aust Pty Ltd
AC	Alternating Current	MW	Megawatt (all figures are AC unless otherwise specified)	OREO	Octopus Renewable Energy Opportunities Fund
BESS	Battery Energy Storage Systems	MWh	Megawatt hour	OSCAR	OSCAR Management Aust Pty Ltd
COD	Commercial Operation Date	NEM	National Electricity Market	PPA	Power Purchase Agreement
CPI	Consumer Price Index	OA	Octopus Australia	PV	Photo Voltaic
DC	Direct Current	OAMT	Octopus Australia Master Trust		
DPSF	Darlington Point Solar Farm	OASIS	Octopus Australia Sustainable Investments Fund		
DWF	Dulacca Wind Farm				
IC	Investment Committee				

Key risks

An investment in OREO will place capital at risk. The value of investments, and any income, can go down as well as up, so investors could get back less than the amount invested.

Neither past performance nor any forecasts should be considered a reliable indicator of future results. Actual performance will, inter alia, depend on factors such as wholesale power prices, power purchase agreements, regulatory environment, government incentives, exchange rates, inflation, grid connections, asset concentrations and site performance.

OREO is investing in OAMT which is investing in construction and operational renewable energy assets and, therefore, may be exposed to certain risks, such as cost overruns, construction delay and construction defects, which may be outside OREO's control.

Investment valuation is based on financial projections for the Fund's relevant Renewable Energy Assets. Projections will primarily be based on the Investment Manager's assessment and are only estimates based on assumptions made at the time of the projection.

For the full list of investment risks please refer to the OREO Information Memorandum.

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