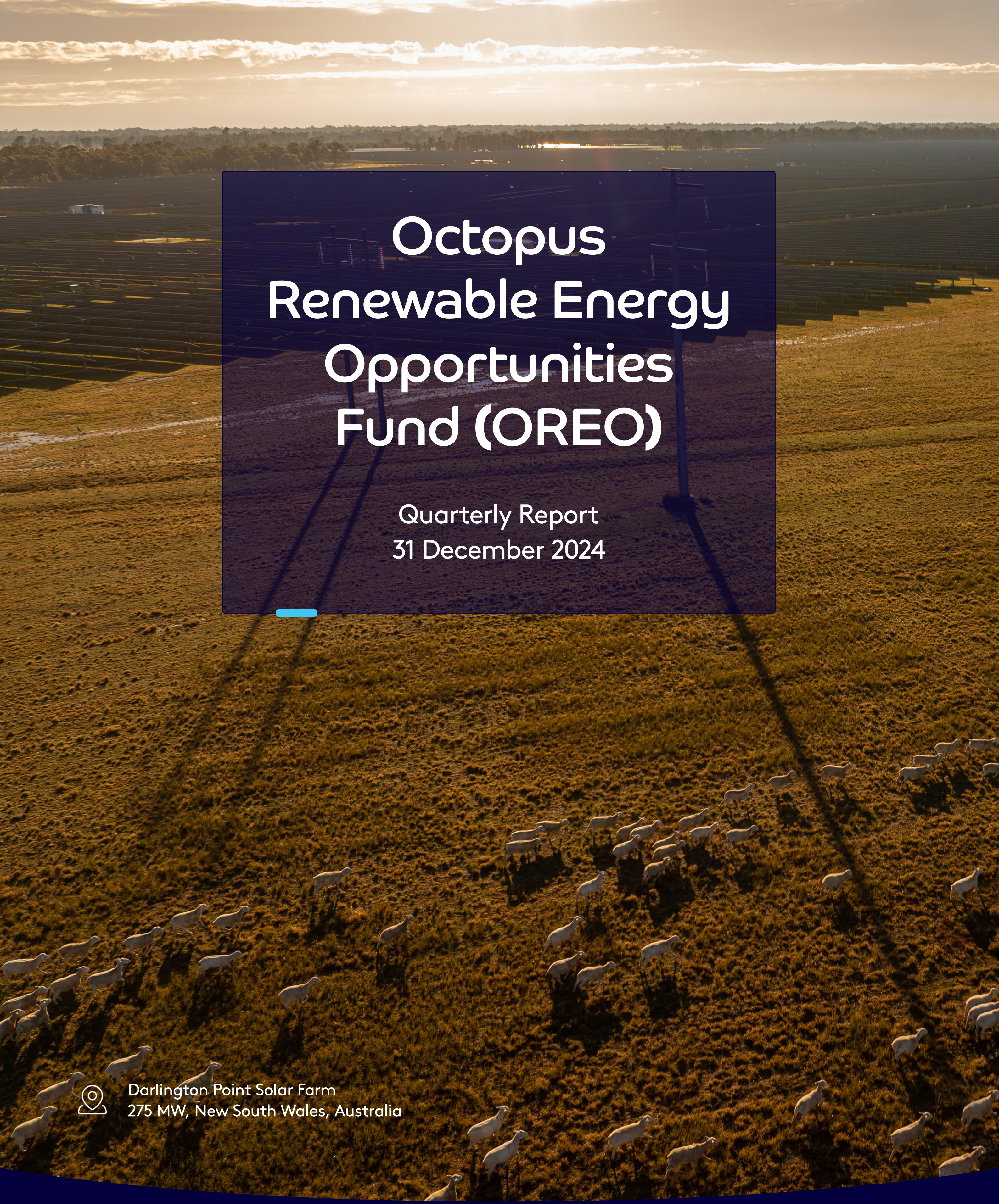
Octopus Renewable Energy Opportunities Fund (OREO)

Quarterly Report
31 December 2024



Darlington Point Solar Farm
275 MW, New South Wales, Australia

octopus investments
A brighter way

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

- The OREO unit price rose by 3.1% during the quarter, reaching $1.1253 The Manager declared a distribution for the 6 month period ending 31 December 2024 of $0.0200 per unit to its unitholders, which will be paid out by the fund in February 2025. As a result of this distribution, the ex-distribution price was $1.1053 at quarter-end.
- The December 2024 distribution is an interim distribution and the Fund continues to track towards a FY25 cash yield within the 4-5% target range.
- Over the past 12 months to date, the Fund has achieved a net return of 13.8%, bringing the since inception net return to 8.5% p.a.
- Energy market prices in Q4 highlighted the benefits of having a geographically diversified portfolio. While the southern states of Victoria, South Australia and Tasmania experienced moderate pricing, the northern states of New South Wales and Queensland saw significantly higher prices, at levels not seen since the energy crisis in 2022.
- Prolonged coal generation outages and transmission constraints, coupled with high demand driven by extreme heat, led to tight supply and elevated prices, including extended periods at the market price cap.
- Dulacca Wind Farm was one of the best performing wind assets in the NEM in Q4. With high Queensland prices over the quarter, its dispatch weighted price was $129/MWh, highlighting the asset's favourable generation profile, able to capture peak price periods.
- Darlington Point Solar Farm also ranked highly in the quarter compared to other solar farms in the NEM, benefitting from high New South Wales spot prices, which at times aligned with peak solar generation hours. The asset ranked among the top solar farms in capacity factor, supported by minimal constraints and consistently clear, sunny conditions throughout the quarter.
- Recent analysis by energy research firm CORE Markets showcased the exceptional performance of both operational assets in 2024. Dulacca Wind Farm ranked as the second best performing wind farm in the NEM for the year, while Darlington Point Solar Farm also delivered strong results, ranking 13th.
- The Octopus Australia team continued to grow in Q4, welcoming Thomas Gerstch as Construction and Engineering Director, Tom Mactier as Senior Technical Asset Manager, Craig Theron as Development Manager, and Emilie Feasey as Senior Grid Engineer.
- Fundraising for the Fulham Solar Farm and Battery project closed at the end of December 2024, with $180m of equity raised from new and existing investors. The acquisition of this project will represent the third asset within the portfolio, and its first in construction. Finalisation of the transaction continues to progress well and is scheduled to start construction in Q1 2025.
- OREO currently has a secured pipeline of 2,374MW of renewable generation and 1,972/4,524MWh of battery storage. Capital raising for the acquisition of the Blind Creek Solar Farm and Battery is currently underway and progressing well, with the project expected to reach financial close in Q2 2025.

Fund Statistics

OREO net asset value
$94m

OREO assets under management
$165m

OREO unit price
$1.1053

Distribution per unit financial year to date[1]
$0.02

Generator capacity under management
456MW

OREO net return since inception
8.5% p.a.

Electricity generated
313k MWh

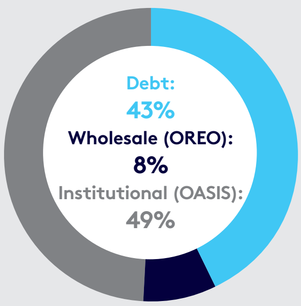
Equivalent number of homes powered[2]
52k homes

Tonnes of CO_2 avoided[2]
202k tCO_2

Equivalent number of trees planted[2]
994k

[1] Ex-Price; Distribution made semi-annually
[2] Based on current quarter generation

Assets Under Management

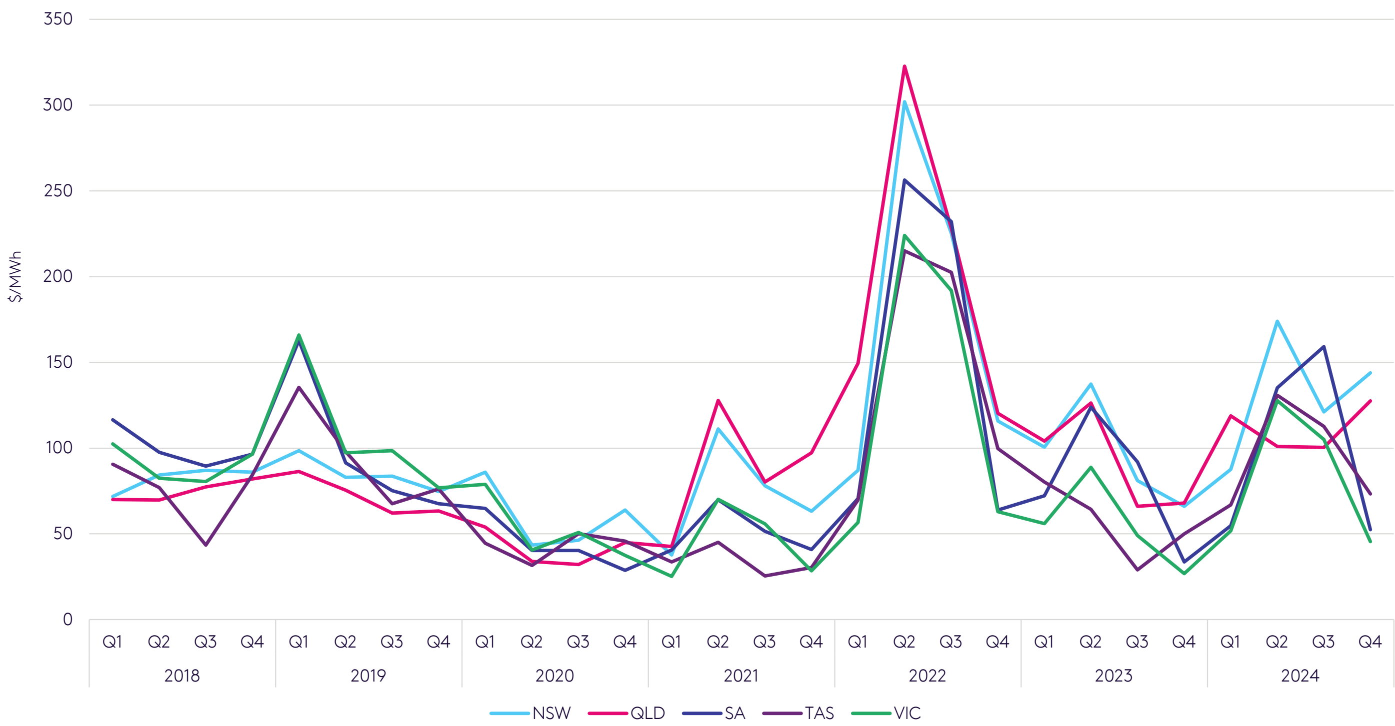


Energy Markets

Q4 Market Update

Energy market prices in Q4 2024 highlighted the difference in price outcomes that can arise between the northern and southern regions of the NEM. Prices in the southern states of Victoria, South Australia and Tasmania were moderate over the quarter (averaging $45, $52 and $73/MWh respectively), whilst the northern states of New South Wales and Queensland saw significantly higher prices ($144 and $128/MWh respectively), at levels not seen outside of the energy crisis in 2022.

Quarterly Average Electricity Spot Price



Elevated quarterly prices in the northern states were mainly driven by events during November and early December, where both New South Wales and Queensland saw several days with significant volatility. Elevated demand, particularly overnight, also contributed to higher prices. The NEM saw its highest ever Q4 demand at 33,716MW, whilst the strong growth of roof top solar meant it also set a minimum demand record at 10,073MW.

On the supply side, longer than expected outages of coal generation and transmission constraints reduced available generation. This reduction, combined with high demand driven by hot weather, resulted in tight supply and consequent high prices, including hitting the market price cap for significant periods. Mid to late December saw more moderate price outcomes, as demand reduced over the Christmas and New Years shut down period.

Notable during November, Queensland and New South Wales saw one and two days respectively of prices averaging over $1000/MWh, driven by an unexpected reduction in coal generation, hot weather, and constraints on the Victoria-New South Wales interconnector. These averages were in the top 10 days ever recorded in New South Wales and Queensland.

When the Victoria-New South Wales interconnector is constrained, the supply that New South Wales and Queensland can call on from the southern states is reduced, creating an effective northern 'economic island'; the interconnector between New South Wales and Queensland was also constrained at times. These events highlight the growing need for additional transmission connection between the regions of the NEM.

Helping to address this need, Project Energy Connect, due to be commissioned in 2027, will connect New South Wales with South Australia for the first time. Also encouragingly, in late in Q4 the Clean Energy Finance Corporation announced an investment of up to $1.92 billion for Transgrid to continue progressing the new Victoria–New South Wales interconnector (VNI West) and HumeLink, both crucial to ensure new renewable energy and pumped hydro in these regions has sufficient transmission capacity.

The average price trends carried through to renewable capture prices, with wind in New South Wales and Queensland averaging around $125/MWh for the quarter. Solar averaged $75/MWh and $41/MWh respectively, with the New South Wales solar price seeing considerable uplift from volatility on November 27, which occurred during peak solar hours – this meant a solar farm in NSW may have earnt upwards of 50% of its monthly revenue in one day on a merchant basis.

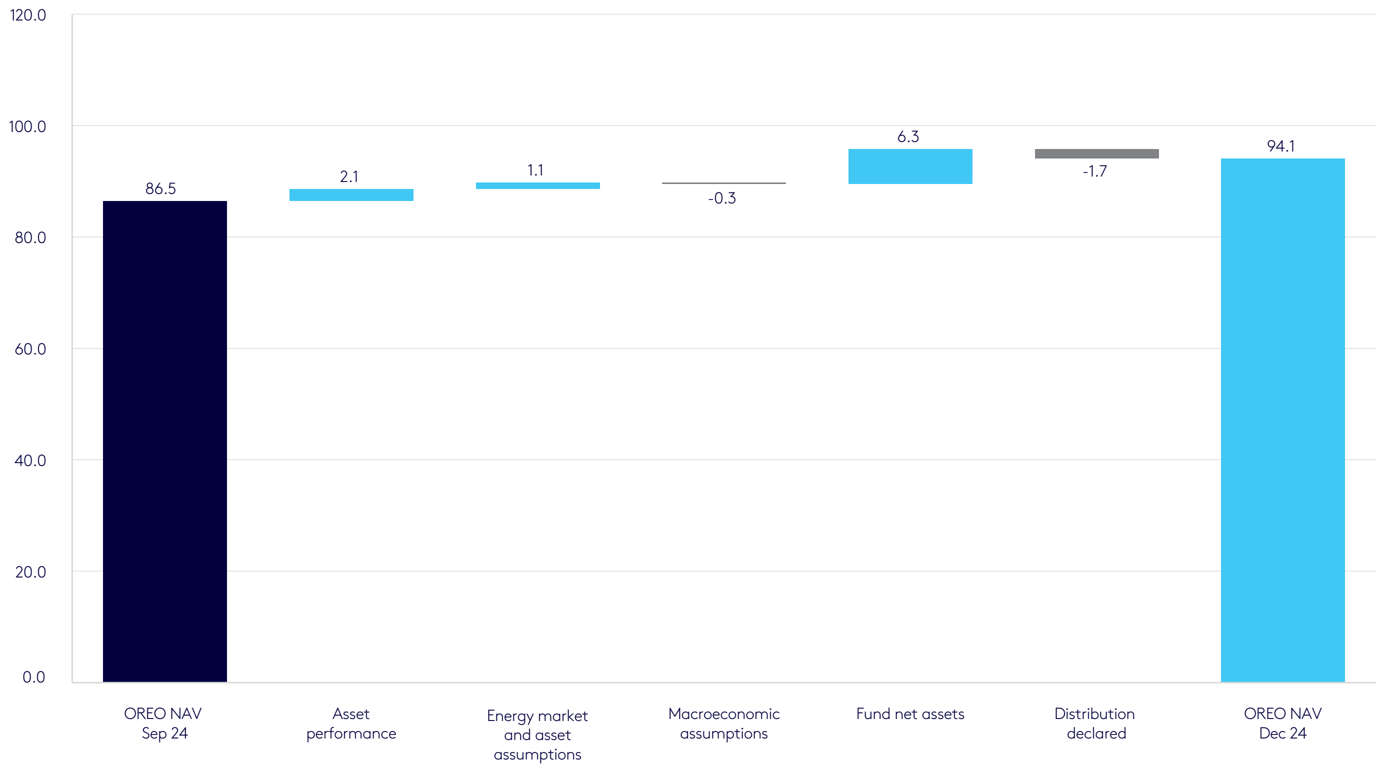
By comparison, renewable prices were subdued in the southern mainland states, with Victoria and South Australia wind averaging $38 and $47/MWh and solar $0 and $25/MWh respectively. Batteries saw similar outcomes, with the volatility in the northern states resulting in significantly higher average price spreads compared to the southern states.

Change in Average Quarterly Baseload Futures Prices, Q3 to Q4

On the back of the high prices seen across the quarter, futures were typically up across the board compared to Q3. Contract prices continue to show a decline into the future, driven by the expected entry of new generation and storage, with no major coal retirements over the period presented. The different price dynamics over seasons continues to be evident, with mild and sunny Q2 and Q3 in Queensland compared to the winter spike seen in the colder, less sunny southern states.

Valuation Bridge

Fund Equity Value Bridge $m



The OREO portfolio net asset value as at 31 December 2024 was $95.8m before distribution, representing an increase of $9.3m in fund value over the quarter. On 31 December 2024, a distribution of $1.7m was declared by OREO resulting in a post-distribution NAV of $94.1m.

Asset performance +$2.1m

Octopus Australia's operating assets performed well over the quarter, with Dulacca Wind Farm ranking as one of the best performing assets in the NEM. Price volatility in the Queensland region meant the asset was able to deliver revenue well above forecasts. Darlington Point's performance was in line with expectations.

Energy market and asset assumptions +$1.1m

There was a moderate increase in wholesale energy prices with the continued recognition of post 2030 LGCs over the quarter.

Macroeconomic assumptions -$0.3m

The reduced short term inflation expectation had a negative impact on the valuation of the assets, due to their revenues being linked to the consumer price index.

Fund net assets +$6.3m

The movement in fund net assets is primarily made up of an increase in cash to provide funding for the acquisition of Fulham.

Distribution declared -$1.7m

The Fund declared a distribution of $1.7 million ($0.02 per unit) to unitholders for the December 2024 quarter.

Portfolio Performance

Fund Performance Summary

	3 months	6 months	1 year (p.a.)	Since Inception (p.a.)
Net return[1]	3.1%	6.5%	13.8%	8.5%

	Financial Year To Date
Net yield[2]	1.9%

Quarterly Portfolio Performance – OREO

	Opening NAV (Sep 24) ($m)	Capital Contributed Over Quarter ($m)	Closing NAV (Dec 24) ($m)	Distributions Over Quarter ($m)	Total Return Over Quarter (%)
Operational					
Darlington Point Solar Farm	34.5	–	34.8	0.7	2.9%
Dulacca Wind Farm	34.6	–	34.5	2.5	6.8%

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

[2] De-annualised IRR for the period.

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

	Asset				OREO[2]				
Project	Enterprise Value ($m)	Asset NAV ($m)	Gearing[1]	OREO Ownership %	Equity Invested ($m)	NAV ($m)	Distributions ($m)	MOIC[3]	IRR (%p.a.)
Operational									
Darlington Point	419.3	262.1	37.5%	13%	33.1	34.8	2.3	1.1	5.1%
Dulacca	637.5	259.5	59.3%	13%	29.0	34.5	5.0	1.4	30.9%[4]

[1] Gearing is defined as debt/EV.

[2] Numbers since inception.

[3] MOIC = Multiple of invested capital.

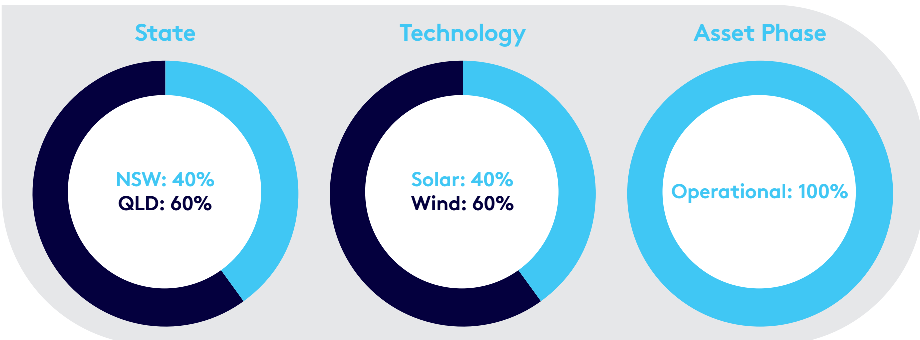
[4] Due to the short holding period of DWF, it is expected that the IRR will normalise over time.

456MW
operational under management

68%
operational output contracted

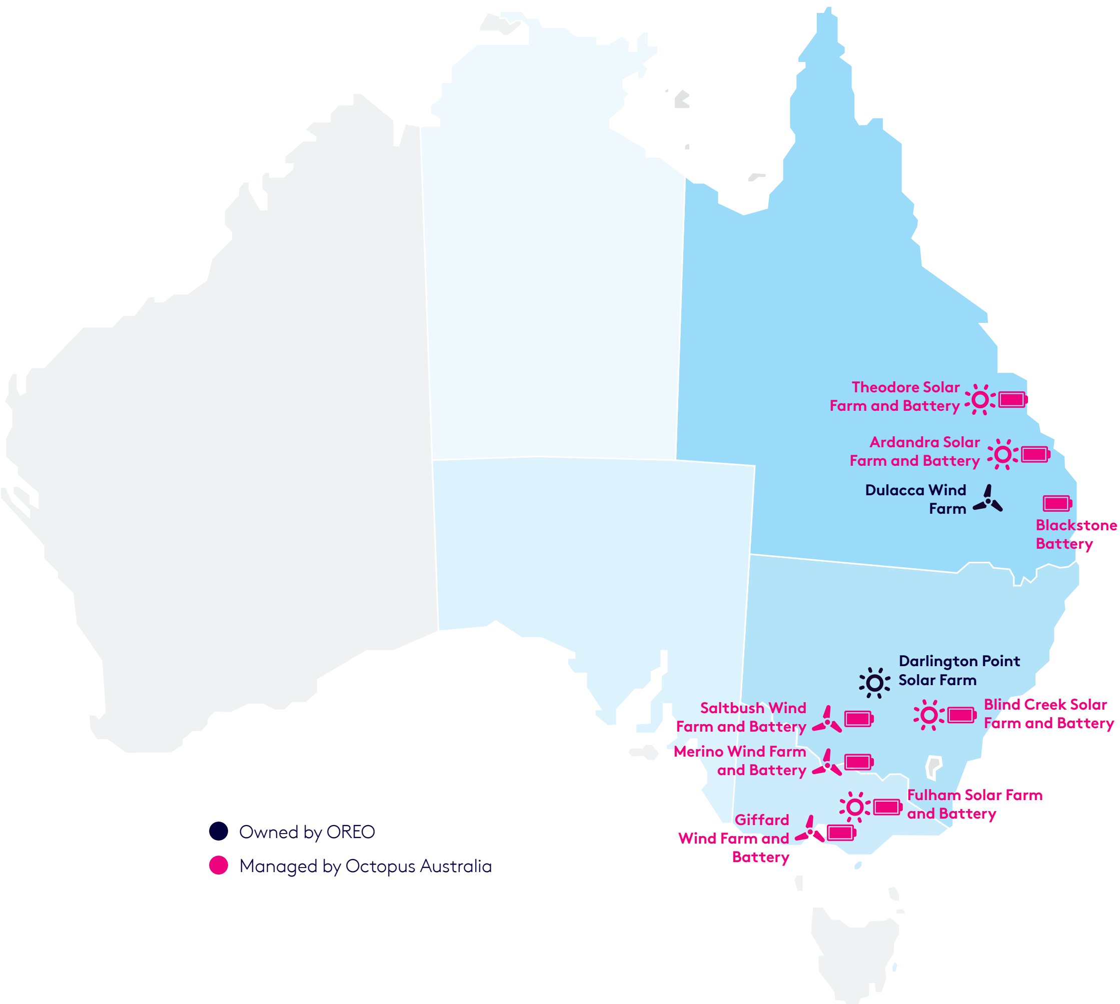
Portfolio Composition

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				
Fulham	Solar and Battery	80	64/128	Development
Blind Creek	Solar and Battery	300	243/486	Development
Giffard	Wind and Battery	417	400/800	Development
Ardandra	Solar and Battery	97	75/150	Development
Theodore	Solar and Battery	70	40/160	Development
Saltbush	Wind and Battery	410	250/1,000	Development
Blackstone	Battery	–	500/1,000	Development
Merino	Wind and Battery	1,000	400/800	Development
Total		**2,374**	**1,972/4,524**	
Early Stage Pipeline				
New South Wales	Battery	–	150/300	–
Queensland	Battery and Wind	400	500/1000	–
Total		**400**	**650/1,300**	**–**
Grand Total Pipeline		**2,774**	**2,622/5,824**	



Asset Summaries

Darlington Point Solar Farm

Asset Summary

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

Investment Summary[1]

Total Equity Invested	$234.9m
Total Debt	$203.8m
Enterprise Value	$438.7m

Investment Background

Darlington Point Solar Farm 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 is the cornerstone asset of OREO.

Performance

The summer period is particularly important for Darlington Point which earns most of its revenue during these months. Darlington Point's performance was solid with actual generation only slightly below forecast.

There were a small number of days with unexpected grid constraints which led to reduced generation and revenue, but this was offset by strong merchant pricing in November in particular, which saw significant price volatility in the NSW Price Region.

Octopus also continued the extension of its successful sheep grazing initiative. Over time, this will reduce the amount of time and money spent on vegetation management while also proving the effective co-existence of pastoral agriculture and utility-scale solar across Australia.

Valuation

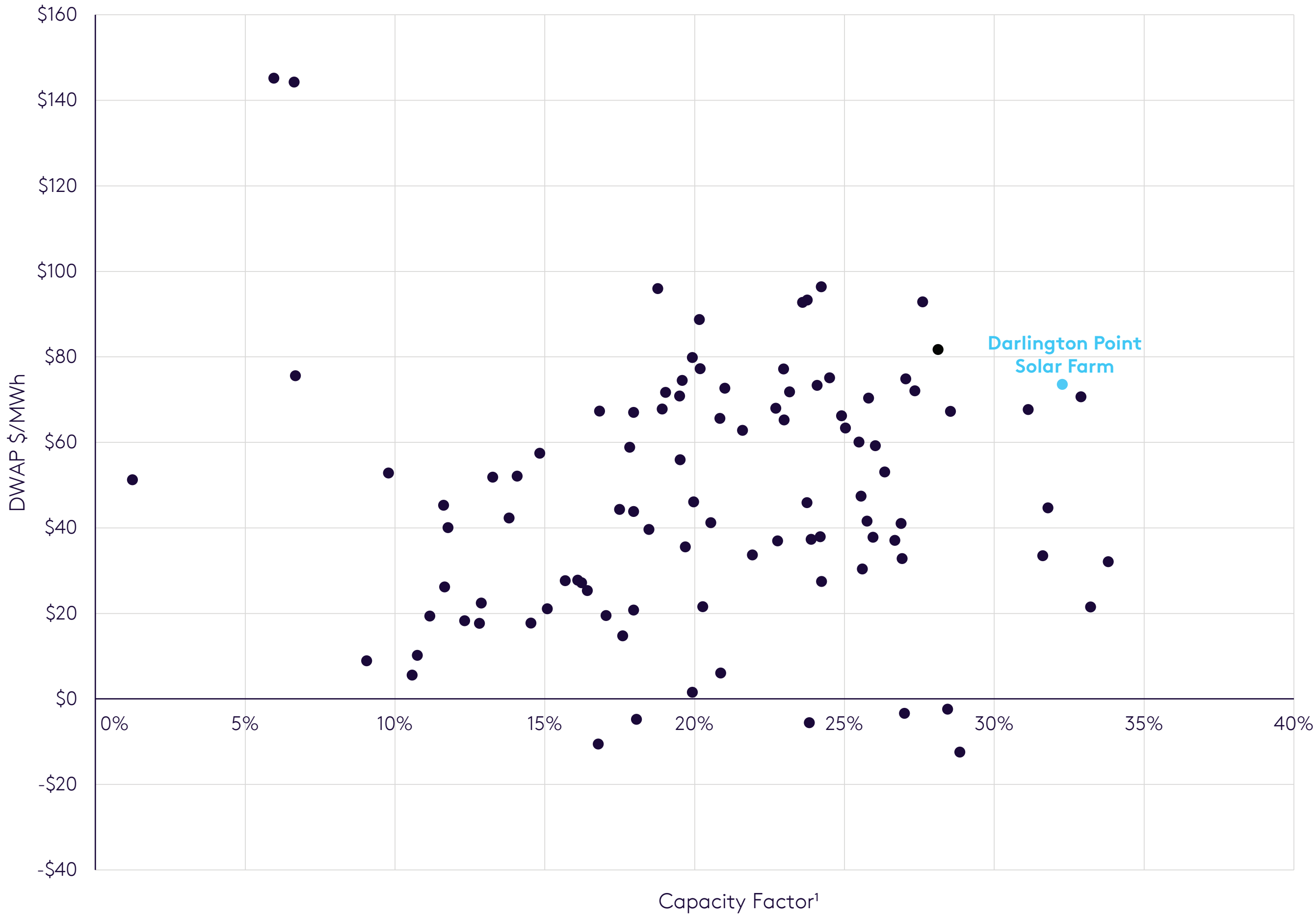
100% Asset NAV	$262.1m

Darlington Point's valuation increased during the quarter. This was mainly due to an increased forecast of long-term wholesale energy prices, which were partially offset by updated macroeconomic assumptions.

The asset's strong EBITDA performance over the quarter helped it pay a distribution to master trust in line with expectations at the end of the quarter. This has been reflected in the NAV figure above.

[1] At acquisition.

Darlington Point relative performance for quarter versus solar farms in NEM



Darlington Point Solar Farm's performance for Q4 2024 compared very favourably to other solar farms in the NEM. Benefitting from high New South Wales spot prices, which at times occurred during peak solar hours, the asset averaged a merchant capture price of $73/MWh. Its capacity factor was also in the top handful of solar farms, with low levels of constraints and generally clear sunny weather over the quarter.

[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 Summary[1]

Total Equity Invested	$218.2m
Total Debt	$399.7m
Enterprise Value	$617.9m

Investment Background

Dulacca Wind Farm 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

Dulacca had a particularly strong quarter. The asset sells 50% of its generation under a Power Purchase Agreement (PPA), with the remainder sold on the spot market. The volatility of the spot market meant that the asset managed to take advantage of particularly high pricing.

November in particular saw some days with very high spot market pricing, with Dulacca making approximately $2m more than forecast. Dulacca's operational expenditure was in line with expectations over the quarter. Overall, EBITDA was significantly above budget over the three months to the end of December 2024.

We anticipate that Dulacca with reach formal commercial operations date in Q1 2025.

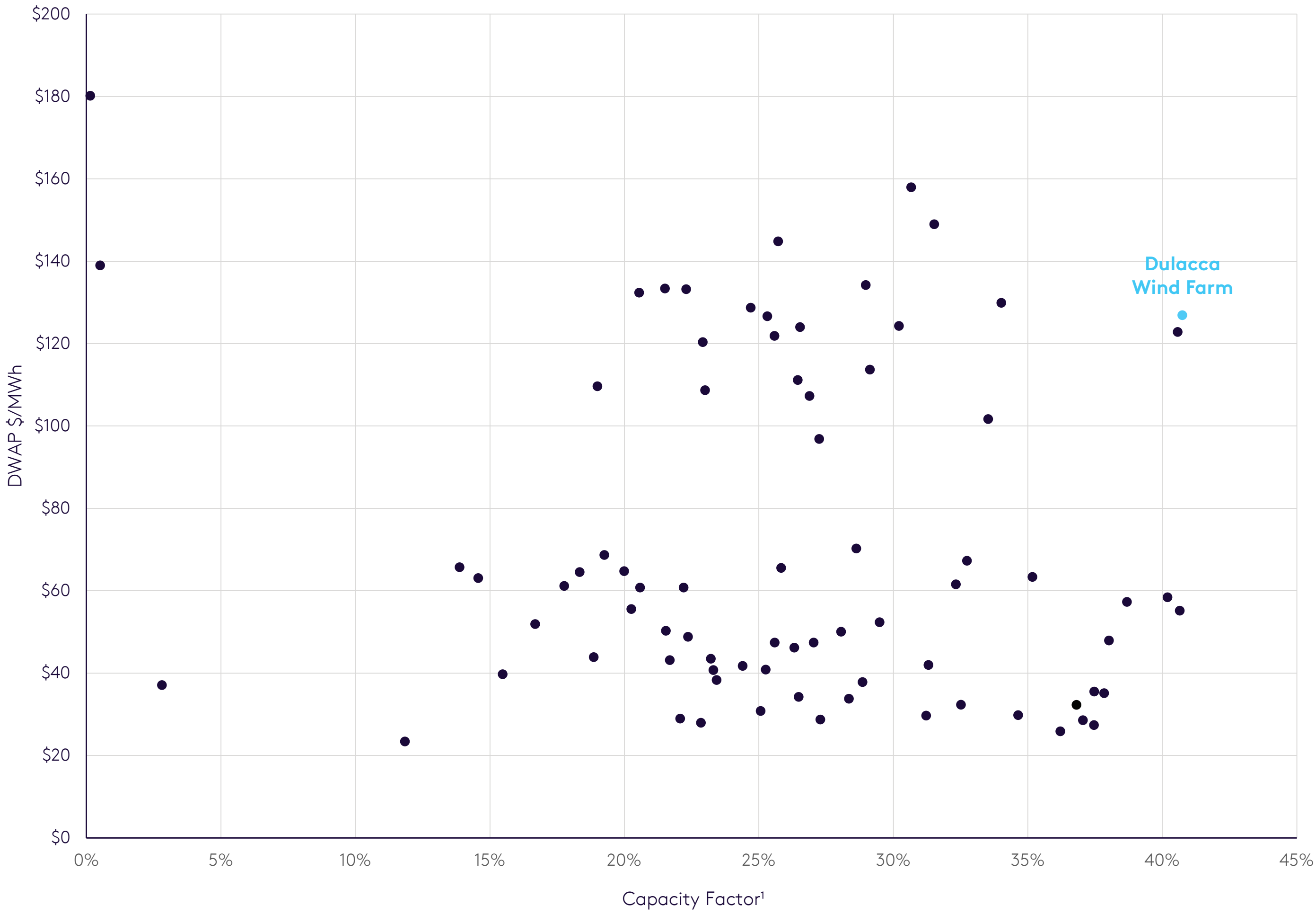
Valuation

100% Asset NAV	$259.5m

Dulacca's valuation increased during the quarter. This was due to a combination of strong underlying performance and an increased forecast of long-term wholesale energy prices.

[1] At acquisition.

Dulacca DWAP relative performance for quarter versus wind farms in NEM



Continuing its strong performance since commissioning in 2023, Dulacca was one of the best performing wind assets in the NEM in Q4 2024. With NEM wide wind resource rebounding from the lows seen in the first half of the year, its capacity factor was almost 41%. With high Queensland prices over the quarter, its dispatch weighted price was $129/MWh, highlighting the asset's favourable generation profile able to capture peak price periods.

[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.**

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Apex Fund Services (Australia) Pty Ltd (Administrator)
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Equity Trustees Limited (Responsible Entity)
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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 55 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
AC Alternating Current
BESS Battery Energy Storage Systems
COD Commercial Operation Date
CPI Consumer Price Index
DC Direct Current
DPSF Darlington Point Solar Farm
DWF Dulacca Wind Farm
IC Investment Committee
LGC Large-scale Generation Certificate
MW Megawatt (all figures are AC unless otherwise specified)
MWh Megawatt hour
NEM National Electricity Market
OA Octopus Australia
OAMT Octopus Australia Master Trust
OASIS Octopus Australia Sustainable Investments Fund
OCA Octopus Capital Aust Pty Ltd
OREO Octopus Renewable Energy Opportunities Fund
OSCAR OSCAR Management Aust Pty Ltd
PPA Power Purchase Agreement
PV Photo Voltaic

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 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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