THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beijing Energy International Holding Co., Ltd.**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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京能集团

北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

VERY SUBSTANTIAL ACQUISITION
ACQUISITION OF PROJECT HOLDING COMPANIES
AND
NOTICE OF SPECIAL GENERAL MEETING

A notice convening a SGM to be held at 11 a.m. on Friday, 19 April 2024 at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) is set out on pages 446 to 447 of this circular.

A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

28 March 2024

CONTENTS

In this circular, unless the context specifies otherwise, the following expressions shall have the meanings stated below:

"Acquisition"	the acquisition of the Sale Shares by the Buyers from the Sellers
"AEMO"	Australian Energy Market Operator, being an organisation that manages the electricity and gas systems and markets in Australia
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"AFRCO"	the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"AUD" or "A$"	Australian dollars, the lawful currency of Australia
"BEH"	Beijing Energy Holding Co., Ltd.*（北京能源集團有限責任公司）, a company incorporated in the PRC with limited liability and a controlling shareholder of the Company holding 7,176,943,498 Shares, representing approximately 32.14% of the issued share capital of the Company
"BESS"	Battery Energy Storage System
"BJEI Australia"	Beijing Energy International (Australia) Holding Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Company
"BJEI Australia SPV"	BJEI Ludy Holding Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Company
"Board"	the board of Directors
"BP"	BP p.l.c., a British multinational oil and gas company whose ordinary shares are listed on the London Stock Exchange, the Frankfurt, Hamburg and Dusseldorf Stock Exchanges; and whose American depositary shares are listed on the New York Stock Exchange

"Business Day"	a day on which banks are open for general banking business in Sydney, New South Wales and in the PRC (not being a Saturday, Sunday or public holiday in either of those places)
"Buyers"	collectively, WSH, WSH SPV, BJEI Australia and BJEI Australia SPV, each a "Buyer"
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company"	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 686)
"Completion"	the completion of the Acquisition
"Completion Amount"	the amount to be paid by the Buyers upon Completion, details are set forth in "Letter from the Board – 2. Very substantial acquisition in relation to the Acquisition of Project Holding Companies – Consideration of the Acquisition" in this circular
"Completion Date"	the date on which Completion takes place
"Conditions Precedent"	the conditions precedent to Completion, as set forth in "Letter from the Board – 2. Very substantial acquisition in relation to the Acquisition of Project Holding Companies – Conditions Precedent" in this circular
"Construction Capex Amount"	construction capex amount made to three Projects, namely, Wellington South Project, West Wyalong Project and Woolooga Project
"Construction Wrap"	the construction wrap mechanism governing the Sellers' control over the EPC Contracts agreed by the Parties in the SPA, as set forth in "Letter from the Board – 2. Very substantial acquisition in relation to the Acquisition of Project Holding Companies – Construction Wrap" in this circular
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group and Project Groups

"EPC Contracts"	the engineering, procurement and construction contracts in respect of the construction and development of the Wellington North Project and the Wunghnu Project, as well as the connected contracts and agreements
"Equity Contribution Adjustment Amount"	the equity contribution amount made to each Project Group by the Sellers or Seller Group Members
"Equity Value"	the equity value of the Sale Shares agreed by the Parties in the SPA
"Equity Value Amount"	any amount which becomes payable based on the audit of the Locked Box Accounts
"Estimated LDs and Insurance Claim Amount"	a good faith estimate of LDs and Insurance Claim Amount agreed by the Parties to be included in the adjustment of the Purchase Price in the event that the LDs and Insurance Claim Amount is not quantified and agreed in writing prior to the Completion
"EY Australia"	Ernst & Young of 200 George Street, Sydney, NSW 2000, Australia, being the independent reporting accountants that have prepared the accountants' report on the historical financial information of the Project Groups
"FIRB"	the Australian Foreign Investment Review Board
"Gross Equity Value"	Equity Value gross of customary transaction costs such as those associated with stamp duty and the W&I Insurance Policy
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	party or parties that, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is or are not our connected person(s), within the meaning of the Listing Rules
"Latest Practicable Date"	25 March 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

"LDs and Insurance Claim Amount"	the amount of liquidated damages and insurance claims received by the West Wyalong Project Group and the Woolooga Project Group against the relevant contractor in respect of the engineering, procurement and construction contracts of West Wyalong Project and Woolooga Project
"Leakage"	includes each of the following circumstances stipulated in the SPA but excludes the Permitted Leakage: (a) any dividend, capital return or distribution declared, made or paid by any Project Group Member to any Seller or any Seller Group Member; (b) any return of capital by any Project Group Member; (c) any payments or benefit made to any Seller or any Seller Group Member by any Project Group Member; (d) any monetary liabilities assumed or incurred, or any guarantee or security provided, by any Project Group Member for the benefit of any Seller or any Seller Group Member; (e) any bonus paid or to be paid by any Project Group Member to any Seller or any Seller Group Member as an incentive to complete the Acquisition; (f) the waiver by any Project Group Member of any amount or obligation owed by any Seller or any Seller Group Member; (g) any transaction costs of the Acquisition incurred by any Project Group Member; (h) the incurring by, or payment by, any Project Group Member of any tax, or the loss by any Project Group Member of any tax attribute, except in the ordinary course of business; (i) the entering into of any agreement or contract to do any of the matters referred to in paragraphs (a) to (h) above; or

	(j) all tax liabilities incurred by any Project Group Member, and any loss of any tax attribute by any Project Group Member, in each case in relation to any of the matters set out in paragraphs (a) to (i) above
"Leakage Amount"	the monetary amount of the Leakage
"LGC(s)"	the large-scale generation certificate(s)
"Lightsource Asset Holdings"	Lightsource Asset Holdings (Australia) Limited, a company incorporated in the United Kingdom, being one of the Sellers
"Lightsource Australia FinCo"	Lightsource Australia FinCo Holdings Limited, a company incorporated in the United Kingdom, being one of the Sellers
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Locked Box Accounts"	means, in respect of each Project Group, the unaudited aggregated balance sheet of the relevant Project Holding Company as at 30 June 2023
"LS Australia FinCo"	LS Australia FinCo 2 Pty Ltd, a company incorporated in Australia, being one of the Project Holding Companies
"LS Australia HoldCo1"	LS Australia HoldCo1 Pty Ltd, a company incorporated in Australia, being one of the Project Holding Companies
"MWh"	megawatt-hours
"MWp"	Mega-Watt-peak
"Notified Leakage Amount"	has the meaning ascribed to it under sub-section (2) of the "Letter from the Board – 2. Very substantial acquisition in relation to the Acquisition of Project Holding Companies – Consideration of the Acquisition"

"PAC Adjustments"	certain adjustments to be made to the Purchase Price payable in respect of LS Australia Finco in connection with the construction process and costs of Wellington North Project and Wunghnu Project, as set forth in the "Letter from the Board – 2. Very substantial acquisition in relation to the Acquisition of Project Holding Companies – Construction Wrap" in this circular
"PAC"	provisional acceptance certificate
"Parties"	the parties to the SPA, collectively, the Buyers, the Company, the Sellers and the Seller Guarantor
"Permitted Leakage"	includes each of the following:

(a) any payment or repayment that is expressly included in the Locked Box Accounts;

(b) each payment of a Shareholder Loan Amount paid at Completion;

(c) any payment or transaction contemplated under any project contract, financing contract or lease contract in respect of the Projects;

(d) any transaction which would otherwise constitute Leakage, to the extent that the amount of that Leakage is actually reimbursed or repaid in cash to a Project Group Member before Completion;

(e) any rental payment made to a landlord who is a related party of a Project Holding Company which is made in accordance with the terms of the relevant lease documents;

(f) any payment of an amount for which there is an adjustment to the Completion Amount, other than any Notified Leakage Amount;

(g) any amount incurred or paid before the Completion in connection with the specific tax indemnities set out in the SPA;

	(h) any amounts recharged to a Project Group by a Seller or any other Seller Group Member for third party costs incurred on behalf of the Project Group for goods provided to or services performed for the Project Group;
	(i) the purchase of any large-scale generation certificates from a Seller or any other Seller Group Member at a price consistent with market value; or
	(j) any payment which is approved in writing by the Buyer or acknowledged as Permitted Leakage in writing by the Buyer
"PIE"	the public interest entity
"PIE Engagement"	any engagement by the audit firms with a PIE
"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
"Project Group Member"	means each entity forming part of the relevant Project Group
"Project Groups"	collectively, the Wellington South Project Group, the West Wyalong Project Group, the Woolooga Project Group and the Wellington North & Wunghnu Project Group, each a "Project Group"
"Project Holding Companies" or the "Target Companies"	collectively, LS Australia HoldCo1, West Wyalong HoldCo 2, Woolooga HoldCo 2 and LS Australia FinCo
"Projects"	collectively, Wellington South Project, West Wyalong Project, Woolooga Project, Wellington North Project and Wunghnu Project, and each a "Project"
"Purchase Price"	the consideration of the Acquisition, details are set forth in "Letter from the Board – 2. Very substantial acquisition in relation to the Acquisition of Project Holding Companies – Consideration of the Acquisition" in this circular
"Recognised PIE Auditors"	any Hong Kong auditor firms registered or any non-Hong Kong auditor firms recognised by the AFRC as recognised PIE auditors

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGM" or "Special General Meeting"	the special general meeting of the Company to be held at 11 a.m. on Friday, 19 April 2024 at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, PRC) or any adjournment thereof, and the notice of which is attached to this circular
"Sale Shares"	the entire issued share capital in each of the Project Holding Companies to be acquired by the Buyers from the Sellers
"Scheduled PAC Date"	the scheduled provisional acceptance certificate date of two Projects, being, in respect of the Wellington North Project, being 30 September 2024, and in respect of the Wunghnu Project, being 31 July 2024
"Seller Group"	in respect of each Seller, includes that Seller and each of its affiliates (other than, on and from Completion, the Project Group Members, but before Completion, including the Project Group Members)
"Seller Group Member"	any member of the Seller Group
"Seller Guarantor"	Lightsource Holdings 1 Limited, a company incorporated in the United Kingdom
"Sellers"	collectively, Lightsource Asset Holdings, West Wyalong HoldCo 1, Woolooga HoldCo 1 and Lightsource Australia FinCo, each a "Seller"
"Shareholder Loan Amount"	the amount of Shareholder Loans
"Shareholder Loan Interim Repayments"	the repayment amount of Shareholder Loans made by the Project Groups prior to Completion
"Shareholder Loans"	all loans between the Project Groups and Seller Group Member as at Completion
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company

"Shareholder(s)"	holder(s) of the issued Share(s)
"SPA"	the share sale and purchase agreement dated 14 December 2023 entered into by the Parties in relation to the Acquisition
"SNO"	the statement of no objection issued by the Stock Exchange relating to an application made by an overseas equity issuer listed in Hong Kong to engage its non-Hong Kong auditors to undertake its PIE Engagement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Transaction Documents"	collectively, the SPA and the relevant ancillary documents in connection with the Acquisition
"Transitional Services"	transitional arrangements to provide certain asset management services in respect of each Project following Completion
"Valuation Report"	the report dated 22 March 2024 prepared by the Valuer on the indicative fair valuation of the Projects as at 30 September 2023 using the discounted cash flow method of the income approach
"Valuer"	RSM Corporate Australia Pty Ltd
"W&I Insurance Policy"	the warranty and indemnity insurance policy in respect of the warranties, general indemnity for breach of warranty and tax indemnity given by the Sellers under the SPA
"Wellington North Project"	the construction stage solar project with a generation capacity of up to 425MWp and the related BESS development Project to be operated by the relevant Wellington North & Wunghnu Project Group Members
"Wellington North & Wunghnu Project Group"	the group of companies constituted by the Wellington North & Wunghnu Project Group Members
"Wellington North & Wunghnu Project Group Members"	LS Australia FinCo and its subsidiaries

"Wellington South Project"	the constructed and operational solar project with a generation capacity of up to 200MWp and the related BESS development Project operated by the Wellington South Project Group Members
"Wellington South Project Group"	the group of companies constituted by the Wellington South Project Group Members
"Wellington South Project Group Members"	LS Australia HoldCo1 and its subsidiaries
"West Wyalong HoldCo 1"	West Wyalong HoldCo 1 Limited, a company incorporated in the United Kingdom, being one of the Sellers
"West Wyalong HoldCo 2"	West Wyalong HoldCo 2 Pty Ltd, a company incorporated in Australia, being one of the Project Holding Companies
"West Wyalong Project"	the constructed and operational solar project with a generation capacity of up to 108MWp and the related BESS development Project operated by the West Wyalong Project Group Members
"West Wyalong Project Group Members"	West Wyalong HoldCo 2 and its subsidiaries
"West Wyalong Project Group"	the group of companies constituted by the West Wyalong Project Group Members
"Woolooga Additional Seller BESS"	the additional BESS project that is being constructed and developed by the Seller Group at Woolooga adjacent to the Woolooga Project but does not form part of any Project or the Acquisition
"Woolooga HoldCo 1"	Woolooga HoldCo 1 Limited, a company incorporated in the United Kingdom, being one of the Sellers
"Woolooga HoldCo 2"	Woolooga HoldCo 2 Pty Ltd, a company incorporated in Australia, being one of the Project Holding Companies
"Woolooga Land Agreement"	the land agreement to be negotiated by the Parties between the date of the SPA and Completion, which is to be entered into between the relevant Seller Group Member and the Woolooga Project Group Members in connection with the development of the Woolooga Additional Seller BESS

"Woolooga Project"	the constructed and operational solar project with a generation capacity of up to 214MWp and the related BESS development Project operated by the Woolooga Project Group Members
"Woolooga Project Group"	the group of companies constituted by the Woolooga Project Group Members
"Woolooga Project Group Members"	Woolooga HoldCo 2 and its subsidiaries
"WSH"	Wollar Solar Holding Pty Ltd, a company incorporated in Australia with limited liability and an indirect wholly-owned subsidiary of the Company
"WSH SPV"	WSH Ludy Holding Pty Ltd, a company incorporated in Australia with limited liability and an indirect wholly-owned subsidiary of the Company
"Wunghnu Project"	the construction stage solar project with a generation capacity of up to 90MWp and the related BESS development Project to be operated by the relevant Wellington North & Wunghnu Project Group Members
"%"	per cent

* *In this circular, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.
(Incorporated in Bermuda with limited liability)
(Stock code: 686)

Executive Directors:
Mr. Zhang Ping *(Chairman)*
Mr. Lu Zhenwei

Non-executive Directors:
Mr. Liu Guoxi
Mr. Su Yongjian
Mr. Li Hao
Mr. Lu Xiaoyu

Independent Non-executive Directors:
Ms. Jin Xinbin
Ms. Li Hongwei
Mr. Zhu Jianbiao

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business in Hong Kong:
Unit 1012, 10/F.
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

28 March 2024

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION
ACQUISITION OF PROJECT HOLDING COMPANIES
AND
NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated 14 December 2023 in relation to, among other things, the very substantial acquisition in relation to the Acquisition of Project Holding Companies.

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition, the SPA and the transactions contemplated thereunder; (ii) financial information of the Group and the Project Holding Companies; (iii) unaudited pro forma financial information of the Enlarged Group; (iv) the Valuation Report of the Projects; (v) other information as required under the Listing Rules; and (vi) the notice of SGM, to enable you to make an informed decision on whether to vote for or against the resolution proposed at the SGM.

2. VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF PROJECT HOLDING COMPANIES

On 14 December 2023 (after trading hours), the Buyers, the Company (as the buyer guarantor), the Sellers and the Seller Guarantor entered into the SPA, pursuant to which the Sellers have conditionally agreed to sell, and the Buyers have conditionally agreed to purchase, the Sale Shares for a total consideration of no more than the Gross Equity Value.

The principal terms of the SPA agreed by the parties are summarized below:

Date

14 December 2023 (after trading hours)

Parties

(i) The Buyers, namely, BJEI Australia, BJEI Australia SPV, WSH and WSH SPV;

(ii) The Company (as the buyer guarantor);

(iii) The Sellers, namely, Lightsource Asset Holdings, West Wyalong HoldCo 1, Woolooga HoldCo 1, and Lightsource Australia FinCo; and

(iv) The Seller Guarantor,

to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Sellers, the Seller Guarantor and their respective ultimate beneficial owners is an Independent Third Party as at the Latest Practicable Date.

Subject matter

The Buyers have conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the Sale Shares.

Consideration of the Acquisition

Pursuant to the SPA, the consideration of the Acquisition shall be the Purchase Price, which equals to:

(1) the Completion Amount, which is expected to be no more than the Gross Equity Value of AUD813 million, equivalent to approximately RMB3,813 million at the exchange rate between AUD and RMB as at 30 September 2023;

(2) as decreased by any Leakage Amount;

(3) as further adjusted pursuant to the mechanism set forth in the paragraph headed "Construction Wrap" below; and

(4) as further adjusted pursuant to the mechanism set forth in the paragraph headed "LDs and Insurance Claim Amount True-up" below.

(1) The Completion Amount

Pursuant to the SPA, the Completion Amount shall be the amount equal to:

(a) the Equity Value;

(b) as increased by (if positive) or decreased by (if negative) the Equity Value Amount;

(c) as increased by the Equity Contribution Adjustment Amount;

(d) as decreased by the Shareholder Loan Amount;

(e) as decreased by the Shareholder Loan Interim Repayments;

(f) as decreased by the Notified Leakage Amount (as defined in sub-section (2), "the Leakage Amount" below);

(g) as decreased by the Construction Capex Amount;

(h) as increased by the LDs and Insurance Claim Amount. In the event that the LDs and Insurance Claim Amount is not quantified and agreed in writing prior to Completion, then the Estimated LDs and Insurance Claim Amount will be included as an adjustment; and

(i) as increased by an amount equal to interest at a rate of 7% per annum on the Equity Value between 30 June 2023 and Completion, as adjusted for the amounts comprised within the Equity Contribution Adjustment Amount, Shareholder Loan Interim Repayments and Notified Leakage Amount, each calculated daily and compounded monthly.

Based on the estimation of the Parties as at the date of the SPA, the Completion Amount is expected to be no more than the Gross Equity Value of AUD813 million, equivalent to approximately RMB3,813 million at the exchange rate between AUD and RMB as at 30 September 2023.

(2) the Leakage Amount

Pursuant to the SPA, each of the Sellers warrants and undertakes to the Buyers that, after 30 June 2023 up to the date of the SPA, no Leakage has occurred; and after the date of the SPA up to Completion, no Leakage will occur.

On the other hand, (i) if Leakage has occurred between 30 June 2023 and Completion, the relevant Seller must pay in cash to the relevant Buyer the Leakage Amount; and (ii) if any Seller becomes aware of any circumstance or matter that could reasonably be expected to give rise to any Leakage, the relevant Seller must promptly notify the relevant Buyer in writing, including the reasonable details of the Leakage Amount (the "**Notified Leakage Amount**").

(3) Purchase Price adjustments under the Construction Wrap

The Purchase Price will be further adjusted equal to the PAC Adjustments pursuant to the mechanism set forth in the paragraph headed "Construction Wrap" below.

(4) LDs and Insurance Claim Amount True-up

In the event that the LDs and Insurance Claim Amount is not quantified and agreed in writing prior to Completion, then the Estimated LDs and Insurance Claim Amount will be included as an adjustment. Furthermore, the difference between the Estimated LDs and Insurance Claim Amount and the LDs and Insurance Claim Amount will be separately settled by the Parties upon the determination of the LDs and Insurance Claim Amount.

Basis of the consideration

The consideration of the Acquisition was determined after arm's length negotiation by the Parties after considering various factors, among others, (i) the factors and adjustment items set forth in the paragraph headed "Consideration of the Acquisition" above, including the basis of determination of the Completion Amount, the effect of the Leakage and the price adjustment mechanisms set forth in the paragraphs headed "LDs and Insurance Claim Amount True-up" above and "Construction Wrap" below; (ii) the historical operational and financial performance of the Project Groups; (iii) the revenue expected to be generated by the Project Groups in the forthcoming years; (iv) the prospects of the solar farms and BESS industry in Australia; (v) the recent market movements in electricity prices and long term expectations in the Group's risk assessment; and (vi) other factors set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below. Furthermore, in determining the consideration of the Acquisition, the Company has engaged the Valuer to prepare the Valuation Report. See "Valuation Report" below for further details.

Payment of consideration

The Completion Amount shall be paid by the Buyers upon Completion; the difference between the Estimated LDs and Insurance Claim Amount and the LDs and Insurance Claim Amount will be separately settled by the Parties in the manner as described in the paragraph headed "LDs and Insurance Claim Amount True-up" above; and the PAC Adjustments will be separately settled by the Parties in the manner as described in the paragraph headed "Construction Wrap" below.

The Group currently expects to finance the consideration of the Acquisition by way of utilising the Group's internal resources and external financing.

Conditions Precedent

Pursuant to the SPA, Completion is subject to the following Conditions Precedent being fulfilled:

(a) the approval of the Acquisition by FIRB under the Australia Foreign Acquisitions and Takeovers Act 1975;

(b) the approval of the Acquisition by Beijing Municipal State-owned Assets Supervision and Administration Commission (北京國有資產監督管理委員會) under the applicable PRC laws and regulations;

(c) the approval of the Acquisition by the Shareholders;

(d) the obtaining of the necessary consents with respect to the Acquisition from the counterparties of all material business contracts and financing contracts of the Project Groups;

(e) the counterparties of the relevant financing contracts that apply to West Wyalong Project Group, Woolooga Project Group and Wellington South Project Group consenting to the changes to the issued share capital of the corresponding Project Holding Companies which are required to give effect to the Acquisition;

(f) the counterparties of the relevant financing contracts in respect of each Project consenting to the amendment and restatement or the replacement of the relevant asset management agreements, which is required to give effect to the Transitional Services (as described below); and

(g) the counterparties to the relevant financing contracts that apply to the Woolooga Project Group consenting to the execution of the Woolooga Land Agreement between the relevant Seller Group Member and the Woolooga Project Group Members in connection with the construction of the Woolooga Additional Seller BESS, and consenting to the transactions to be contemplated by the Woolooga Land Agreement.

Pursuant to the SPA, (i) a Condition Precedent may only be waived in writing by the party entitled to the benefit of that Condition Precedent; and (ii) Conditions Precedent set forth in paragraphs (a), (b) and (c) above are not waivable. As at the Latest Practicable Date, none of the Conditions Precedent set out above has been satisfied or waived.

Completion

Subject to compliance with the requirements under all applicable laws and regulations, Completion will take place on the date that is the 15th Business Day after all Conditions Precedent being fulfilled or waived. Upon Completion, the Project Groups will be indirectly wholly owned by the Company.

Transitional Services

Pursuant to the SPA, the Parties have agreed to enter into the Transitional Services. A formal agreement in respect of the Transitional Services will be entered into by the relevant parties on or before Completion.

Indemnity

Pursuant to the SPA, the Sellers agreed to indemnify the Buyers against, and must reimburse and compensate the Buyers for, among others, certain tax liabilities of the Project Groups up to and including the Completion Date, subject to the terms and limitations set forth in the SPA.

W&I Insurance Policy

The Buyers have taken out the W&I Insurance Policy. The W&I Insurance Policy will be the Buyers' sole and exclusive remedy in respect of any breach of warranty (other than warranties in respect of title and capacity of the Sellers) or for any claim under the tax indemnity.

Construction Wrap

As at the date of the SPA, the Wellington North Project and Wunghnu Project are under construction. To facilitate the achievement of provisional acceptance for the Wellington North Project and Wunghnu Project, the SPA contains the Construction Wrap governing the relevant Seller's control over the EPC Contracts. The Construct Wrap provides for the PAC Adjustments primarily linked to the construction process and costs of Wellington North Project and Wunghnu Project, which comprise:

(a) the PAC Delay Adjustment, which is a liquidated daily delay rate payable by the Seller to the Buyer to compensate the Buyer for the consequences of delays in the achievement of provisional acceptance beyond Scheduled PAC Date; and

(b) the Net Revenue Adjustment, which primarily reflects that:

 (i) revenues of the Wellington North Project and the Wunghnu Project prior to the Scheduled PAC Date shall not be taken into account in calculating the Equity Value; and

 (ii) where the actual PAC date is after the Scheduled PAC Date, the Buyer will be compensated for the delay in receiving the anticipated revenues of the Wellington North Project and the Wunghnu Project subsequent to the Scheduled PAC Date through the PAC Delay Adjustment; and

(c) the Construction Costs Adjustment, which is to compensate the Buyer for any construction cost overruns above the agreed contingency (or provide the Seller with the benefit of any construction cost savings where the contingency is not exhausted, as applicable) in respect of the Wellington North Project and the Wunghnu Project.

The Construction Wrap provides for interim PAC Adjustments to be made every three months after the Scheduled PAC Date until the actual PAC date for each of the Wellington North Project and the Wunghnu Project. The final PAC Adjustments shall be separately settled by the Parties following the actual PAC date of the Wellington North Project and the Wunghnu Project.

Woolooga Additional Seller BESS

The land on which the Woolooga Project is constructed is subject to a lease of the entire land to Woolooga Fund Pty Ltd, one of the Woolooga Project Group Members. It is proposed that the land be subdivided into two lots, with a smaller lot being leased to the Seller for the Woolooga Additional Seller BESS, and the remainder of the land being leased to the current lessee for the existing solar farm and the Woolooga Additional Seller BESS. Development approval has been obtained for the proposed subdivision and construction of the additional BESS as at the date of the SPA.

To facilitate the above proposal, as soon as reasonably practicable after the date of the SPA, the Parties shall cooperate and work together to negotiate the terms and conditions on which the relevant Seller Group Member and the Woolooga Project Group Members will enter into the Woolooga Land Agreement.

Guarantee

Guarantee provided by the Seller Guarantor

In consideration of the Buyers entering into the SPA, the Seller Guarantor:

(a) irrevocably and unconditionally guarantees to the Buyers on demand the due and punctual performance by any Seller of its payment obligations under or in connection with the SPA;

(b) indemnifies the Buyers against, and agrees to reimburse and compensate the Buyers for:

(i) any liability or loss incurred or sustained by the Buyers in respect of any default by any Seller in the due and punctual payment of any amount which is due and payable under the SPA; and

(ii) any amount that the Sellers would have been liable to pay to the Buyers, or which would have been recoverable by the Buyers, but for the Sellers' liquidation.

Guarantee provided by the buyer guarantor

In consideration of the Sellers entering into the Transaction Documents, the buyer guarantor (being the Company):

(a) irrevocably and unconditionally guarantees to each of the Sellers on demand the due and punctual performance by any Buyer of its obligations under or in connection with each of the Transaction Documents;

(b) indemnifies the Sellers against, and agrees to reimburse and compensate the Sellers for:

(i) any liability or loss incurred or sustained by the Sellers in respect of any default by any Buyer in the due and punctual performance of any of its obligations under or in connection with any Transaction Documents and/or a warranty made by any Buyer is found to have been incorrect or misleading; and

(ii) any amount that the Buyers would have been liable to pay to the Sellers, or which would have been recoverable by the Sellers, but for the Buyers' liquidation.

Valuation Report

The fair valuation of the Projects as at 30 September 2023 assessed in the Valuation Report was prepared using the discounted cash flow method of the income approach. As a result, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. The conclusion of the valuation estimates the market value of the Projects on the basis of the valuation purpose and under the assumption of open market, without considering the impact on the value caused by the potentially increased or decreased price resulted from the special transaction method, or the impact on the value caused by changes of the macroeconomic environment and the natural force and other force majeure. According to the Valuation Report, the indicative valuation of the Projects reflects the equity of the Projects as at 30 September 2023 in the range of AUD786.3 million (low end) and AUD879.1 million (high end), with a midpoint of AUD841.7 million. Based on the above, the Gross Equity Value of AUD813 million falls within the indicative valuation range from the Valuation Report. The consideration of the Acquisition shall be further adjusted pursuant to the mechanisms set out in paragraphs headed "LDs and Insurance Claim Amount True-up" and "Construction Wrap" above. Based on the above factors taken into account when determining the consideration of the Acquisition and other factors set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below, the Directors are of the view that the consideration of the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assumptions

Details of the key assumptions upon which the Valuation Report was issued are set out below:

General assumptions

(a) The valuation reflects the equity in the legal entities being sold by the Sellers. The Valuer has not incorporated factors specific to the deal structure of the transaction.

(b) Open market assumption: Parties to the Acquisition are assumed to be in equal position for the assets to be traded or proposed to be traded in the market, where opportunities and time are available for both to access adequate market information, in order to make rational judgements on the functions, uses and transaction prices of the assets.

(c) Going concern assumption: The appraised entities are assumed to fully comply with all relevant laws and regulations and will operate sustainably in the useful life of machinery and equipment.

Special assumptions

(d) The valuation regards the specific valuation purpose of the Acquisition as its premises of basic assumptions.

(e) The valuation assumes the valued assets are in continuous use according to the present use and its mode, size, frequency and environment of use, without taking into account the respective optimal use of each asset.

(f) It is assumed that, on top of the existing management mode and management level, there will be no material adverse impacts on the Project Groups arising from other force majeure and unforeseeable factors.

(g) The relevant basic information and financial information provided by the Company are true, accurate and complete.

(h) The valuation is only based on the financial information provided by the Company, without taking into account the possible contingent assets and contingent liabilities outside of the list provided by the Company.

(i) The financial report and transaction data of the comparable companies which the Valuation Report relies on are true and reliable.

(j) The valuation assumes the Project Holding Companies would obtain a net cashflow evenly during a forecast period.

Confirmations

Grant Thornton Hong Kong Limited, being the Company's auditor, has reviewed and reported to the Directors in respect of the compilation of the discounted cash flows in connection with the valuation of the Projects prepared by the Valuer used in the Valuation Report, which do not involve the adoption of accounting policies.

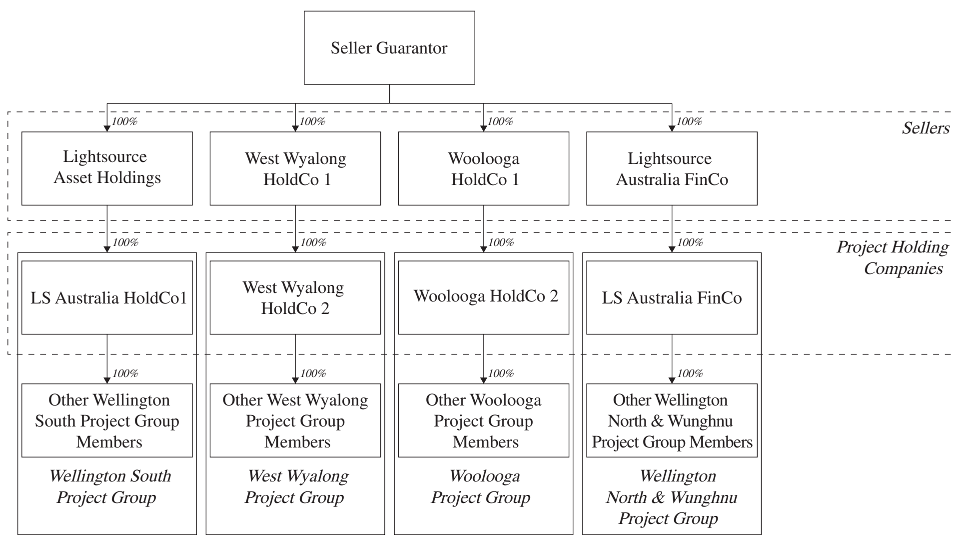
The Directors confirm that the fair valuation of Projects as at 30 September 2023 in the Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry. A report from Grant Thornton Hong Kong Limited in compliance with Rule 14.60A(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules is included in Appendix VI to this circular.

3. INFORMATION ABOUT THE PARTIES TO THE ACQUISITION

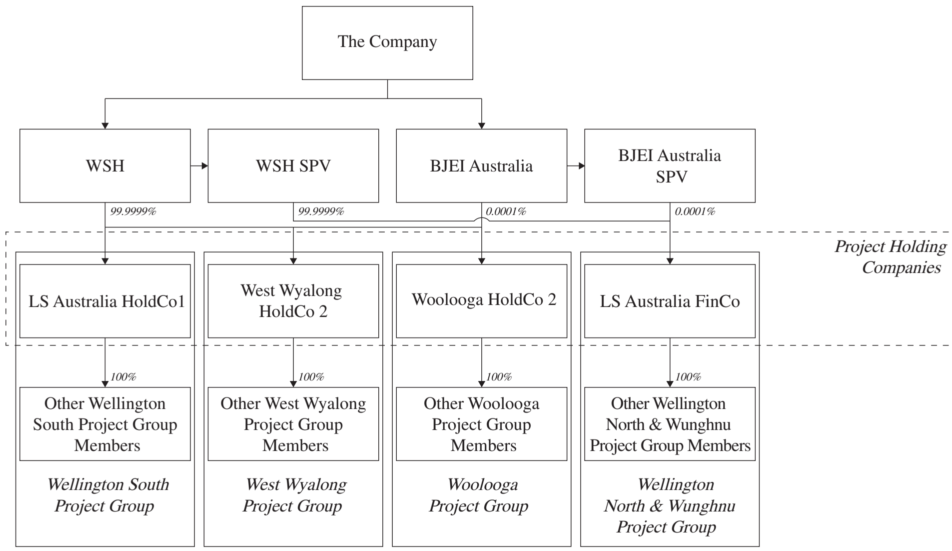
Information about the Project Groups

Shareholding structure of the Project Groups

Each of the Project Holding Companies is a company incorporated in Australia and is the holding company of the corresponding Project Groups. The Project Groups are principally engaged in solar farm and BESS development, construction and operation. As at the date of the SPA, the simplified shareholding structure of the Project Groups is set forth as following:



The simplified shareholding structure of the Project Groups immediately following Completion is set forth as following:



Information about the Projects

(a) Wellington South Project is a constructed and operational solar project with a generation capacity up to 200MWp together with the related BESS development project. Wellington South Project is owned by Lightsource Asset Holdings and operated by the Wellington South Project Group Members as at the Latest Practicable Date.

(b) West Wyalong Project is a constructed and operational solar project with a generation capacity up to 108MWp together with the related BESS development project. West Wyalong Project is owned by West Wyalong HoldCo 1 and operated by the West Wyalong Project Group Members as at the Latest Practicable Date.

(c) Woolooga Project is a constructed and operational solar project with a generation capacity up to 214MWp together with the related BESS development project. Woolooga Project is owned by Woolooga HoldCo 1 and operated by the Woolooga Project Group Members as at the Latest Practicable Date.

(d) Wellington North Project is a solar project under construction with a generation capacity up to 425MWp together with the related BESS development project. Wellington North Project is owned by Lightsource Australia FinCo as at the Latest Practicable Date.

(e) Wunghnu Project is a solar project under construction with a generation capacity up to 90MWp together with the related BESS development project. Wunghnu Project is owned by Lightsource Australia FinCo as at the Latest Practicable Date.

Financial information of the Project Holding Companies

Set out below is the profit/(loss) before and after taxation of each of the Project Holding Companies for three years ended 31 December 2020, 2021 and 2022, as well as the nine months ended 30 September 2023:

LS Australia HoldCo1	**For the year ended 31 December**			**For the nine months ended 30 September**
	2020	**2021**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Profit/(loss) before taxation	(1)	38,355	12,800	15,499
Profit/(loss) after taxation	(8,638)	26,341	9,204	10,896

The net assets of LS Australia HoldCo1 as at 30 September 2023 was AUD67.7 million.

West Wyalong HoldCo 2	**For the year ended 31 December**			**For the nine months ended 30 September**
	2020	**2021**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Profit/(loss) before taxation	(2)	15,096	10,177	6,353
Profit/(loss) after taxation	(1)	9,829	3,708	4,063

The net assets of West Wyalong HoldCo 2 as at 30 September 2023 was AUD17.6 million.

Woolooga HoldCo 2				**For the nine months ended 30 September**
	For the year ended 31 December			
	2020	**2021**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Profit/(loss) before taxation	(1)	26,008	(1,642)	6,812
Profit/(loss) after taxation	(1)	15,561	(7,810)	5,036

The net assets of Woolooga HoldCo 2 as at 30 September 2023 was AUD12.8 million.

LS Australia FinCo				**For the nine months ended 30 September**
	For the year ended 31 December			
	2020	**2021**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Profit/(loss) before taxation	(3)	(15)	(11,570)	18,205
Profit/(loss) after taxation	(2)	(11)	(8,128)	5,121

The net assets of LS Australia FinCo as at 30 September 2023 was AUD228.5 million.

Details of the financial information of each of the Project Holding Companies are set forth in Appendix IIA, Appendix IIB, Appendix IIC and Appendix IID to this circular.

Information about the Buyers and The Company

The Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 686) and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

The Buyers are companies incorporated in Australia with limited liability and indirect wholly-owned subsidiaries of the Company. The Buyers are principally engaged in, among others, wind farm, solar farm and other clean energy projects investment, development and operation in Australia.

Information about the Sellers and Seller Guarantor

The Sellers are investment holding companies incorporated in the United Kingdom and wholly owned by the Seller Guarantor. The Seller Guarantor is a company incorporated in the United Kingdom and principally engaged in solar farm investment and development. The Seller Guarantor is ultimately owned by Lightsource BP Renewable Energy Investments Limited ("**Lightsource BP**"). Lightsource BP is a global solar farm developer. Lightsource BP is ultimately owned and controlled by BP and two original founding members of Lightsource BP, namely Nick Boyle and Paul McCartie, who are Independent Third Parties as of the date of this circular. As of date of this circular, BP has agreed to acquire the equity interest it does not already own in Lightsource BP.

4. FINANCIAL EFFECTS OF THE ACQUISITION

Earnings

Upon Completion, the Project Holding Companies will be wholly owned by the Company and become the Company's indirect wholly-owned subsidiaries. The financial information of the Project Holding Companies will be consolidated into the financial statements of the Group. As set out in the Accountants' Reports in Appendix IIA, Appendix IIB, Appendix IIC and Appendix IID to this circular, the Project Groups recorded a profit before tax of approximately AUD8.3 million for the year ended 31 December 2022 in aggregate, and further recorded a profit before tax of approximately AUD45.4 million for the nine months ended 30 September 2023. Based on the prospect of the Project Groups, the Board is of the view that the Acquisition will be complementary to the Group's existing clean power plant portfolio and enables the Group to further expand its scale of business in the clean energy sector to enhance returns to the Shareholders.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, which is prepared to illustrate the effect of the Acquisition on the Group's financial position as at 30 June 2023 as if the Acquisition had taken place on 30 June 2023, it is expected that the total assets of the Enlarged Group would increase by approximately RMB8,526 million and its total liabilities would increase by approximately RMB8,594 million. Hence, a decrease in the net assets of the Enlarged Group by approximately RMB68 million is expected as a result of the Completion.

The above analysis is for illustrative purpose only and does not purport to represent how the financial performance and position of the Group would actually be after Completion.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group, principally engaged in the development, investment, operation and management of power plants and other clean energy projects, has been identifying suitable investment opportunities to acquire clean energy projects with good prospects and potential for stable returns.

The Board is of the view that the Acquisition will be complementary to the Group's existing clean power plant portfolio and enables the Group to further expand its scale of business in the clean energy sector to enhance returns to the Shareholders. The Acquisition is therefore considered by the Board to be a good opportunity to expand the Group's existing clean energy business. Having considered (i) each of Wellington South Project, West Wyalong Project and Woolooga Project has commenced power generation with a generation capacity up to 200MWp, 108MWp and 214MWp, respectively; (ii) based on the unaudited consolidated management accounts of the Project Holding Companies, for the year of 2022, the Project Groups have recognised operating revenue; and (iii) the Wellington North Project and Wunghnu Project, with a generation capacity up to 425MWp and 90MWp, respectively, are expected to complete construction in 2024, the Board believes that the Project Groups have a reasonable potential to create new overseas income streams for the Company in the future. Accordingly, the Board holds an optimistic view towards the prospects of the solar farms and BESS industry in Australia in the long run.

The Directors (including the independent non-executive Directors) consider that the Acquisition was negotiated on normal commercial terms, and the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company and is therefore subject to reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

7. EY AUSTRALIA AS A RECOGNISED PIE AUDITOR UNDER AFRCO

As from 1 October 2019, the amendments to the AFRCO takes effect. Under the AFRCO, any overseas auditor intending to carry out any engagement with a PIE has to be registered or recognised by the AFRC before it can accept the appointment. In addition, the PIE must seek a SNO from the Stock Exchange to engage any non-Hong Kong auditors to undertake its PIE engagement. After the issue of the SNO, the AFRC will consider the application for recognition of the non-Hong Kong auditor as a Recognised PIE Auditor.

Pursuant to the Rule 4.03(1) note 2 of the Listing Rules, in relation to an application for the recognition of an overseas firm of practising accountants under the AFRCO, on a request made by an issuer incorporated outside Hong Kong, the Stock Exchange may provide a SNO to that issuer appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the AFRCO. Such a firm must normally: (a) have an international name and reputation; (b) be a member of a recognised body of accountants; and (c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information ("**IOSCO MMOU**"). It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

Given EY Australia is not an accountant qualified under the Professional Accountants Ordinance ("**PAO**") and is an "overseas auditor" under the AFRCO, the Company applied to the Stock Exchange and obtained the SNO on 30 November 2023 to appoint EY Australia as the reporting accountants to prepare the accountants' reports relating to the Acquisition. The Company also obtained an approval-in-principle from the AFRC on 15 February 2024 to appoint EY Australia as the reporting accountants to prepare the accountants' reports relating to the Acquisition.

8. WAIVER FROM STRICT COMPLIANCE WITH THE REQUIREMENT SET OUT IN RULE 4.03 OF THE LISTING RULES

Pursuant to Rule 4.03 of the Listing Rules, any accountants' report to be included in a circular must normally be prepared by certified public accountants who are qualified under the PAO for appointment as auditors of a company. It is however provided under Rule 4.03(1) of the Listing Rules that in the case of a PIE Engagement that is a very substantial acquisition circular issued by a listed issuer incorporated outside Hong Kong relating to the acquisition of an overseas company, the Stock Exchange may be prepared to accept the appointment of an overseas firm of practising accountants that is not qualified under the PAO but is a Recognised PIE Auditor.

Pursuant to Frequently Asked Questions on recognition of overseas audit firms in relation to the amendments to the Accounting and Financial Reporting Council Ordinance No. 063-2019, the overseas equity issuer or the applicant is still required to apply for the waiver from strict compliance with the requirements set out in Rule 4.03 of the Listing Rules together with its SNO application, and the Stock Exchange will grant such waiver subject to the overseas audit firm to be recognized by the AFRC.

Also, pursuant to Rule 14.69(4)(a)(i) of the Listing Rules, the financial information of the target company must be prepared using accounting policies which should be materially consistent with those of the listed issuer.

Moreover, pursuant to Rule 4.11 of the Listing Rules, the financial history of results and the balance sheet included in the accountants' report must normally be drawn in conformity with (a) Hong Kong Financial Reporting Standards ("**HKFRS**"), (b) International Financial Reporting Standards ("**IFRS**"), or (c) China Accounting Standards for Business Enterprises ("**CASBE**") in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

The Company proposed to engage EY Australia as the reporting accountants, to prepare the Accountants' Reports as required under Rule 14.69(4) of the Listing Rules. The Stock Exchange has granted a waiver from strict compliance with Rule 4.03 of the Listing Rules to allow EY Australia to prepare the Accountants' Reports on the following grounds and conditions:

(i) EY Australia is an internationally recognised accounting firm and supervised and regulated by the Australian Securities and Investments Commission ("**ASIC**"), which is a current signatory of the IOSCO MMOU. ASIC is an independent government body of Australia and is the national regulator of corporate, markets and financial services in Australia. ASIC is responsible for the following functions:

   (a) to register companies and manage investment schemes;

   (b) to grant Australian financial services licences and Australian credit licences;

   (c) to register auditors and liquidators;

   (d) to grant relief from various provisions of the legislation which it administers;

   (e) to maintain publicly accessible registers of information about companies, financial services licensees and credit licensees;

   (f) to make rules aimed at ensuring the integrity of financial markets;

   (g) to stop the issue of financial products under defective disclosure documents;

   (h) to investigate suspected breaches of the law and, in so doing, require people to produce books or answer questions at an examination;

   (i) to issue infringement notices in relation to alleged breaches of some laws;

   (j) to ban people from engaging in credit activities or providing financial services;

   (k) to seek civil penalties from the courts; and

   (l) to commence prosecutions.

(ii) All EY Australia audit partners are members of the local accountancy body of Chartered Accountants Australia and New Zealand ("**CAANZ**"). CAANZ is a member of the Global Accounting Alliance. The public accountancy profession in Australia is independently regulated by CAANZ and ASIC.

(iii) The Project Groups comprise companies in Australia, and key financial reporting staff and accounting work papers of the Project Groups are primarily located in Australia. The relevant audit team of EY Australia has geographical proximity to the relevant personnel and records of the Project Groups. Furthermore, the relevant audit team of EY Australia had been previously engaged for a variety of assurance projects within infrastructure and energy sector and is therefore familiar with the business of the Project Groups and the industry that the Project Groups operate in. The Company therefore considers that it would be unduly burdensome, impractical, costly and inefficient to engage another accountant qualified under the PAO to prepare the Accountants' Reports for the Acquisition. Furthermore, the statutory auditor of the Project Holding Companies is not one of the "Big Four" accounting firms. The Company therefore considers that appointing the statutory auditor of the Project Holding Companies to act as the reporting accountant of the Acquisition may not be able to fulfill the conditions of the granting the 4.03 waiver.

(iv) The Accountants' Reports will be prepared in accordance with IFRS issued by the International Accounting Standards Board. EY Australia will express an opinion on the historical financial information to be included in the Accountants' Reports. EY Australia will conduct its work in accordance with the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants. In addition, the historical financial information will be audited by EY Australia in accordance with International Standards on Auditing promulgated by the International Auditing and Assurance Standards Board. The Company understands that there are no material differences between IFRS and HKFRS, being the accounting standard currently adopted by the Company. Furthermore, an engagement quality control reviewer as an additional reviewer will be assigned by EY Australia as required to review the Accountants' Reports. EY Australia will also assign its internal quality control team members who are familiar with the Companies Ordinance and the Listing Rules to assist EY Australia in reviewing the historical financial information to be included in the Accountants' Reports to ensure the disclosure requirements under the Companies Ordinance and the applicable provisions of the Listing Rules are duly complied with.

(v) EY Australia (with the assistance of the internal quality team members) will also assist the Company in ensuring the disclosure requirements of the Companies Ordinance, the applicable provisions of the Listing Rules and the requirements of the relevant accounting standards are duly complied with in respect of the historical financial information to be included in the Accountants' Reports.

(vi) EY Australia is independent of both the Group and the Project Groups as required under the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants.

9. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 446 to 447 of this circular, at which the ordinary resolution will be proposed for the Shareholders to consider, and if thought fit, to approve and confirm the SPA, and the transactions contemplated thereunder.

For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Tuesday, 16 April 2024 to Friday, 19 April 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 April 2024.

A form of proxy for use at the SGM is enclosed to this circular and such form of proxy is also published on websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.bjei.com). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisition. Therefore, no Shareholder is required to abstain from voting at the SGM in respect of the ordinary resolution approving and confirming the SPA and the transactions contemplated thereunder.

10. VOTING BY WAY OF POLL

According to Rule 13.39(4) of the Listing Rules, all votes of shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all the resolutions put to the vote at the SGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

11. RECOMMENDATION

The Board considers that the terms of the SPA are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed in respect of approving and confirming the SPA and the transactions contemplated thereunder.

12. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

The English text of this circular, the notice of the SGM and the form of proxy for use at the SGM shall prevail over the Chinese text in case of inconsistency.

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2020, 2021 and 2022 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 are disclosed in the following documents, which can be accessed on both the websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.bjei.com).

(i) Annual report of the Company for the year ended 31 December 2020 (pages 86-178), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042200401.pdf

(ii) Annual report of the Company for the year ended 31 December 2021 (pages 127-294), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100465.pdf

(iii) Annual report of the Company for the year ended 31 December 2022 (pages 143-322), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401355.pdf

(iv) Interim report of the Company for the six months ended 30 June 2023 (pages 26-71), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0921/2023092100545.pdf

The information for any company acquired since the date of the last published audited accounts of the Group is disclosed in the circular of the Company dated 9 June 2023, which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0608/2023060800815.pdf

2. STATEMENT OF INDEBTEDNESS OF THE ENLARGED GROUP

Indebtedness

As at the close of business on 29 February 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group and the Project Groups had the following indebtedness:

	The Group	**The Target Companies**	**The Enlarged Group**
	RMB'million	*RMB'million*	*RMB'million*
Bank Borrowings			
Secured with guarantee	5,591	3,626	9,217
Secured and without guarantee	4,764	–	4,764
Unsecured with guarantee	8,071	–	8,071
Unsecured without guarantee	33,771	–	33,771
	52,197	3,626	55,823
Finance Lease			
Secured with guarantee	2,622	50	2,672
Secured and without guarantee	6,773	–	6,773
Unsecured with guarantee	–	–	–
Unsecured without guarantee	1,677	–	1,677
	11,072	50	11,122
Other Loan			
Secured with guarantee	–	1,498	1,498
Secured and without guarantee	110	–	110
Unsecured with guarantee	–	–	–
Unsecured without guarantee	935	–	935
	1,045	1,498	2,543
	64,314	5,174	69,488

	The Group	The Target Companies	The Enlarged Group
	RMB'million	*RMB'million*	*RMB'million*
Convertible Bonds			
Secured with guarantee	–	–	–
Secured and without guarantee	–	–	–
Unsecured with guarantee	–	–	–
Unsecured without guarantee	343	–	343
	343	–	343
	64,657	5,174	69,831

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any material outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or any other actual or material contingent liabilities outstanding at the close of business on 29 February 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 29 February 2024 up to and including the Latest Practicable Date.

3. CONTINGENT LIABILITIES

As at the Latest Practicable Date, the Group had no significant contingent liabilities.

4. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial effects of the Acquisition and the financial resources available to the Enlarged Group, including internally generated funds, the existing cash and bank balances, bank borrowings, available banking facilities and credit enhancement guarantee from BEH, a controlling Shareholder holding approximately 32.14% of the issued share capital of the Company as at the Latest Practicable Date, in the absence of any unforeseen circumstances, the Directors, after due and careful enquiry, are of the opinion that the Enlarged Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of the circular. The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has not been any material adverse change in the financial or operation position or business trend or outlook of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

6. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP

The Group is primarily engaged in the development, investment, operation and management of power plants and other clean energy projects.

According to the Group's preliminary operation statistics, the 200 power plants beneficially owned by the Group and its associates with an aggregate installed capacity of approximately 9,1452.67MW have generated electricity in an aggregate volume of approximately 3,631,699 MWh in the fourth quarter of 2023, and the aggregate electricity generation volume for the 12 months ended 31 December 2023 has amounted to approximately 13,781,366 MWh.

Looking forward, with the strong support of BEH, the Group will further focus on its main business. It will fully leverage the opportunity of the transition of energy structure to a clean and low-carbon model and its rapid development and determine the main line of business development. Meanwhile, the Group will coordinate domestic and overseas market resources to optimise assets allocation, and realise scale expansion and intensive development of solar power, wind power and other new energy businesses. In addition to the rapid development of existing new energy businesses, the Group will keep up with the industry's high-tech and new technology development trends, and actively promote the combination of energy and data by capturing new opportunities arising from the clean energy industry ecosystem. Furthermore, it will mainly focus on integrated energy business with the focus placed on big data, and integrate various types of resources including distributed energy, energy storage and hydrogen energy and user loads. It will research and promote the multi-energy complementary integrated services and terminal energy solutions based on renewable energy. By realising the business optimisation transformation and sustainable healthy development of the Group through value creation, it will be in the best interests of the Group and its Shareholders.

The following is the text of accountants' report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, EY Australia.

Building a better working world

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF LS AUSTRALIA HOLDCO1 PTY LTD AND ITS CONTROLLED ENTITIES TO THE DIRECTORS OF BEIJING ENERGY INTERNATIONAL HOLDING CO., LTD.

Introduction

We report on the historical financial information of LS Australia HoldCo1 Pty Ltd (the "**Target Company**") and its controlled entities (collectively, the "**Target Group**") set out on pages 41 to 95, which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2020, 2021, and 2022 and for the nine months ended 30 September 2023 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2020, 2021 and 2022, and 30 September 2023, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 41 to 95 forms an integral part of this report, which has been prepared for inclusion in the circular of Beijing Energy International Holding Co., Ltd. (the "**Company**") dated 28 March 2024 (the "**Circular**") in connection with the proposed acquisition of the equity interests in the Target Company to achieve 100% ownership by the Company ("**Proposed Acquisition**").

Directors' Responsibility for the Historical Financial Information

The directors of the Target Group are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information and for such internal control as the directors of the Target Group determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on the accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 *Accountants' Report on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountant. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2020, 2021, and 2022, and 30 September 2023 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Review of Interim Comparative Financial Information

We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended 30 September 2022 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements *2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements and Management Accounts as defined on page 41 as were considered necessary.

Ernst & Young
200 George Street
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Australia

28 March 2024

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the management accounts of the Target Group for the nine months ended 30 September 2023 (the "**Management Accounts**") and previously issued financial statements of the Target Group for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 (the "**Historical Financial Statements**"). The previously issued financial statements were audited by *Moore Australia* in accordance with the requirement of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncement issued by Australian Accounting Standard Board.

The Historical Financial Information is presented in Australian Dollar ("**AUD**") and all values are rounded to the nearest thousand (AUD'000) except when otherwise indicated.

(A) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Nine months ended 30 September	
		2020	2021	2022	2022	2023
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Revenue	*4*	56	12,814	31,311	24,456	16,407
Cost of sales		–	(11,238)	(17,364)	(13,898)	(11,641)
Gross profit		56	1,576	13,947	10,558	4,766
Other income	*5*	–	–	15,000	–	–
Administration expenses		(437)	(1,370)	(1,380)	(1,014)	(1,219)
Gain/(loss) on derivative instruments at fair value through profit or loss		380	41,403	(5,678)	969	22,014
Finance costs	*6*	–	(3,254)	(9,418)	(6,264)	(10,341)
Finance income		–	–	329	156	279
Profit/(loss) before income tax		(1)	38,355	12,800	4,405	15,499
Income tax (expense)/benefit	7	(8,637)	(12,014)	(3,596)	(1,239)	(4,603)
Profit/(loss) and total comprehensive income for the year/period		**(8,638)**	**26,341**	**9,204**	**3,166**	**10,896**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

(B) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December			As at 30 September
		2020	**2021**	**2022**	**2023**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS					
Cash and cash equivalents	*8*	3,647	20,011	26,451	3,429
Trade and other receivables	*9*	446	2,186	6,156	1,245
Large-scale generation certificates	*10*	–	1,813	806	4,013
Derivatives	*16*	1,605	4,368	3,786	5,071
Other assets	*11*	659	664	15,673	1,512
TOTAL CURRENT ASSETS		6,357	29,042	52,872	15,270
NON-CURRENT ASSETS					
Property, plant and equipment	*12*	266,713	318,710	307,547	298,308
Derivatives	*16*	8,507	37,782	43,677	51,286
Deferred tax assets	*7*	–	–	–	–
Other assets	*11*	1,861	1,204	547	55
TOTAL NON-CURRENT ASSETS		277,081	357,696	351,771	349,649
TOTAL ASSETS		283,438	386,738	404,643	364,919
CURRENT LIABILITIES					
Trade and other payables	*13*	677	56,678	36,712	11,598
Borrowings	*14*	3,826	5,054	9,098	7,564
Derivatives	*16*	3,324	2,255	10,439	–
Contract liabilities		–	790	539	–
Income tax payable	*18*	–	–	1,640	–
TOTAL CURRENT LIABILITIES		7,827	64,777	58,428	19,162

		As at 31 December			As at 30 September
		2020	2021	2022	2023
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
NON-CURRENT LIABILITIES					
Decommissioning provision	*15*	28,614	29,949	30,329	29,796
Borrowings	*14*	208,125	223,082	235,796	220,372
Derivatives	*16*	8,297	–	–	–
Deferred tax liabilities	*7*	9,268	21,282	23,238	27,841
TOTAL NON-CURRENT LIABILITIES		254,304	274,313	289,363	278,009
TOTAL LIABILITIES		262,131	339,090	347,791	297,171
NET ASSETS		**21,307**	**47,648**	**56,852**	**67,748**
EQUITY					
Issued capital	*19*	33,091	33,091	33,091	33,091
(Accumulated losses)/Retained earnings		(11,784)	14,557	23,761	34,657
TOTAL EQUITY		**21,307**	**47,648**	**56,852**	**67,748**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

(C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital AUD'000	(Accumulated losses)/ Retained earnings AUD'000	Total equity AUD'000
At 1 January 2020	33,091	(3,146)	29,945
Profit/(Loss) for the year	–	(8,638)	(8,638)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	(8,638)	(8,638)
At 31 December 2020	**33,091**	**(11,784)**	**21,307**
At 1 January 2021	33,091	(11,784)	21,307
Profit/(Loss) for the year	–	26,341	26,341
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	26,341	26,341
At 31 December 2021	**33,091**	**14,557**	**47,648**
At 1 January 2022	33,091	14,557	47,648
Profit/(Loss) for the year	–	9,204	9,204
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	9,204	9,204
At 31 December 2022	**33,091**	**23,761**	**56,852**
At 1 January 2022	33,091	14,557	47,648
Profit/(Loss) for the period	–	3,166	3,166
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period	–	3,166	3,166
At 30 September 2022	**33,091**	**17,723**	**50,814**

	Issued capital AUD'000	(Accumulated losses)/ Retained earnings AUD'000	Total equity AUD'000
At 1 January 2023	33,091	23,761	56,852
Profit/(Loss) for the year	–	10,896	10,896
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	10,896	10,896
At 30 September 2023	**33,091**	**34,657**	**67,748**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

(D) CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December			Nine months ended 30 September	
	Notes	2020 *AUD'000*	2021 *AUD'000*	2022 *AUD'000*	2022 *AUD'000* (Unaudited)	2023 *AUD'000*
OPERATING ACTIVITIES						
Profit/(loss) before income tax		**(1)**	**38,355**	**12,800**	**4,405**	**15,499**
Adjustments for						
Depreciation of property, plant and equipment		–	4,261	10,621	7,972	7,959
LGCs government grant		–	(4,615)	(5,748)	(2,162)	(4,639)
Impairment on LGCs		–	2,802	4,941	2,029	3,267
Fair value gain/(losses) on financial assets at fair value through profit or loss		(10,112)	(32,037)	28,542	32,114	(8,334)
Fair value gain/(losses) on financial liabilities at fair value through profit or loss		9,732	(9,366)	(25,671)	(35,890)	(11,000)
Finance income		–	–	(329)	(156)	(279)
Finance costs		–	2,451	6,590	6,132	7,754
Operating profit before working capital changes		**(381)**	**1,851**	**31,746**	**14,444**	**10,227**
Changes in working capital						
Trade and other receivables		(6)	(1,741)	(3,971)	(4,490)	3,273
Other assets		–	(5)	(15,008)	(713)	(514)
Large-scale generation certificates		–	–	1,813	–	(2,508)
Trade and other payables		59	4,559	6,071	3,381	549
Cash generated from operations		**(328)**	**4,664**	**20,651**	**12,622**	**11,027**
Interest received		–	–	329	156	279
Income tax paid		–	–	–	–	(1,640)
Net cash flows (used) in/from operating activities		**(328)**	**4,664**	**20,980**	**12,778**	**9,666**
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(171,474)	(7,365)	(20,652)	(5,484)	(27,127)
Interest paid		(2,552)	(3,902)	–	–	–
Net cash flows used in investing activities		**(174,026)**	**(11,267)**	**(20,652)**	**(5,485)**	**(27,127)**
FINANCING ACTIVITIES						
Proceeds from borrowings		183,562	17,661	16,177	19,137	–
Repayment of borrowings		(15,845)	(3,412)	(5,054)	(5,054)	(5,435)
Loan from shareholders		–	–	–	–	–
Loan repaid to shareholders		–	–	–	–	(6,269)
Interest paid		–	(1,307)	(5,011)	(4,958)	(6,514)
Proceeds from related entities		–	10,025	–	10,025	–
Net cash flows from financing activities		167,717	22,967	6,112	19,150	(18,218)
Net increase/(decrease) in cash and cash equivalents		(6,637)	16,364	6,440	26,443	(35,679)
Cash and cash equivalents at beginning of year/period		10,284	3,647	20,011	12,666	39,108
Cash and cash equivalents at end of year/period		3,647	20,011	26,451	39,109	3,429

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

(E) STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 September
	2020	**2021**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS	78,649	80,585	84,122	81,013
NON-CURRENT ASSETS	1,665	1,553	–	4,013
TOTAL ASSETS	**80,314**	**82,138**	**84,122**	**85,026**
CURRENT LIABILITIES	1,665	1,553	1,640	5,652
NON-CURRENT LIABILITIES	45,559	47,503	49,515	46,498
TOTAL LIABILITIES	**47,224**	**49,056**	**51,155**	**52,150**
EQUITY				
Issued capital	33,091	33,091	33,091	33,091
Accumulated losses	(1)	(9)	(124)	(215)
TOTAL EQUITY	**33,090**	**33,082**	**32,967**	**32,876**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

1. General Information

LS Australia HoldCo1 Pty Ltd (the "**Target Company**") is a for-profit company limited by shares incorporated in Australia. The immediate parent of LS Australia HoldCo1 Pty Ltd is Lightsource Asset Holdings (Australia) Limited, a company registered in the United Kingdom, while the ultimate controlling party is Lightsource BP Renewable Energy Investments Limited, a company registered in the United Kingdom.

The registered office and principal place of business of the Target Group is CBW Level 19 181 William Street, Melbourne, VIC 3000.

The nature of the operations and principal activity of the Target Group is development, operation and maintenance of Wellington Solar Farm. In 2020 and early 2021, Wellington Solar Farm was under construction. It commenced commercial operations in late 2021.

2. Summary of Material Accounting Policies

2.1 Basis of preparation and presentation

The Historical Financial Information set out to this report, has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All IFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The measurement bases are fully described in the accounting policies below. The Historical Financial Information is presented in Australian Dollar (AUD), rounded to the nearest thousand (AUD'000) except when otherwise indicated, which is also the functional currency of the Target Group.

Foreign Currencies

Transactions in foreign currencies are translated to the functional currency of the Target Group at exchange rates as the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured on historical cost in a foreign currency are not translated.

Going Concern

The Historical Financial Information have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 September 2023, the Target Group's consolidated total current liabilities exceeded consolidated total current assets by AUD4,276,000 (2022: net current liability of AUD5,940,000; 2021: net current liability of AUD35,735,000; 2020: net current liability of AUD1,470,000). Included within the net current liabilities are predominantly amounts owing to related parties (see Note 13).

The directors of the Company had made an assessment and concluded the Target Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the date of approval of these financial statements. The directors of the Company had made this assessment after having regard to the financial support received from one of the controlling parties of the Target Group that it will provide the necessary financial support to the Target Group if the Target Group is not able to pay its debts when they are due, and that the Parent Entity will not call for repayment its shareholder loan for at least twelve months from the date of approval of these financial statements, or until the completion of the Proposed Transaction, whichever is earlier, if doing so would cause the Target Group not to be able to continue as a going concern. In addition, following the completion of the Proposed Transaction, the Company, or one of its controlled entities, will replace the existing shareholder loan in its entirety to facilitate the continuing ongoing operations of the Target Group. Consequently, the Historical Financial Information have been prepared on a going concern basis.

2.2 Basis of consolidation

The Historical Financial Information include the financial statements of the Target Group for each of the years ended 31 December 2020, 2021 and 2022, and for the nine months ended 30 September 2023 (the "**Relevant Periods**").

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Target Company controls an investee if, and only if, the Target Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

The results of subsidiaries are consolidated from the date on which the Target Company obtains control and continue to be consolidated until the date that such control ceases. If the Target Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Target Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 Summary of material accounting policies

(a) New and amended standards and interpretations

The Target Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective, which is not expected to have any significant impact on the Target Group's financial information.

(b) Current and non-current classification

The Target Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Target Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Revenue recognition

The Target Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Target Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Target Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the ‘expected value’ or ‘most likely amount’ method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

(i) Sale of electricity

Revenue is earned from the sale of electricity generated from Wellington Solar Farm. Revenue from electricity sales is recognised on an accrual basis and is only recognised when the electricity is generated and connected to the grid and the Target Group attains the right to be compensated.

(ii) Large-scale Generation Certificates (LGCs)

A Large-scale Generation Certificate (LGC) represents 1MWh of generation from renewable energy generators in Australia. The Target Group receives LGCs as a government grant on generation of renewable energy, which are recognised at fair value, with the corresponding amount recognised within cost of sales as compensating the costs incurred in generating the renewable energy. LGCs generated by Target Group are registered with the Clean Energy Regulator.

LGC revenue is recognised at the consideration expected to be received on transfer of the LGCs to the customer.

Other income

Other revenue is recognised when it is received or when the right to receive payment is established.

Contract balances

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Target Group performs by transferring goods to a customer before the customer pays considerations or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of each Relevant Periods in the countries where the Target Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date during the measurement period, or recognised in profit or loss.

The Target Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidation

The Target Group and its Australian related entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is LS Australia HoldCo1 Pty Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within the group" approach by reference to the carrying amounts of assets and liabilities either in the separate financial statements of each entity or at the level of tax consolidated group and the tax bases applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are initially recognised during the period to the extent that they are recoverable by the group, whether as a reduction of the current tax of other entities in the group or as a deferred tax asset of the head entity in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Target Group as an equity contribution or distribution.

Where several entities in a tax consolidated group derive tax losses/credits in the same period but the aggregate amount of the tax losses/credits are not expected to be utilised as a reduction of a current tax liability or be recognised as a deferred tax asset by the head entity, the aggregate amount expected to be utilised or recognised is apportioned on a systematic and reasonable basis between those entities for their initial tax-loss/tax-credit deferred tax asset recognition.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Goods and services tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable

- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Target Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(g) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Target Group uses derivative financial instruments, such as interest rate swaps and power purchase agreements, to economically hedge its interest rate risk and electricity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information, the Target Group's derivative financial instruments are measured at fair value through profit or loss.

(h) Fair value measurement

The Target Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Target Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of Relevant Period.

(i) Financial assets

(i) Classification

The Target Group classifies its financial assets at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them.

(ii) Measurement

The Target Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of revenue from contacts with customers in Note 2.3(c).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(iii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a. Financial assets at amortised cost (debt instruments)

b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)

c. Financial assets at fair value through profit or loss

The Target Group measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Target Group's financial assets at amortised cost includes trade and other receivables, and receivables from related parties.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within revaluation (loss)/gain on derivative instruments, finance costs and interest income.

(iv) Impairment

The Target Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Target Group applies a simplified approach in calculating ECLs. Therefore, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Target Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(j) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Target Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Solar Farm Assets	30 years
Inverters	10 years

The residual value, useful live and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress

Construction in progress pertains to capitalised expenditure related to the development and construction of Wellington Solar Farm. Development expenditures on an individual project are recognised as an asset when the Target Group can demonstrate:

a. The technical feasibility of completing the intangible asset so that asset will be available for use or sale;

b. Its intension to complete and its ability and intension to use or sell the asset;

c. How the asset will generate future economic benefits;

d. The availability of resources to complete the asset; and

e. The ability to measure reliably the expenditure during the development.

Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is transferred to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised into the cost of the asset. This includes any realised gains or losses from interest rate swaps for which hedge accounting is not applied. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. Costs incurred to obtain any qualifying borrowing facility is separately capitalised on the statement of financial position.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Impairment of non-financial assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimated of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Target Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Financial liabilities

(i) Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and other payables, payables to related parties and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

(o) Decommissioning provision

The Target Group records the present value of the estimated cost of legal and constructive obligations to rehabilitate lease areas as a decommissioning provision, initially in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, dismantling operating facilities, closure of plant, and restoration, reclamation and revegetation of affected areas. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related construction in progress. Over time, the discounted liability is increased for the change in the present value based on a discount rate, where appropriate. Additional disturbances or changes in decommissioning costs will be recognised as additions or changes to the corresponding asset and decommissioning liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance charge in the profit or loss. The carrying amount capitalised as part of construction in progress is depreciated or amortised over the life of the asset following the transfer to the appropriate category of property, plant and equipment.

(p) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Related parties

For the purposes of the Historical Financial Information, a party is considered to be related to the Target Group if:

(a) the party, is a person or a close member of that person's family and if that person,

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Target Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

(ix) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Critical Accounting Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the Historical Financial Information requires Target Group to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed below.

The key assumptions concerning the future and other key sources of estimation uncertainty at each relevant period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Target Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Target Group. Such changes are reflected in the assumptions when they occur.

(a) Fair value measurement

The Target Group is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement (see Note 2.3(h)).

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

The Target Group accounted for Power Purchase Agreements ("**PPA**") and Interest Rate Swaps ("**IRS**") as derivative contracts in accordance with financial instrument requirements. PPA is revalued at the end of each report period based on the net present value of the difference between the forward market curve of the electricity price and the fixed price stated in the power purchase agreement.

The following table summarises the methods used to estimate fair value.

Instrument	**Fair value level**	**Fair value methodology**
Power purchase agreements (PPA)	3	Uses a discounted cash flow methodology which reflects differences in contract prices and long-term forecast energy pool prices (not observable in the market), estimation of electricity volumes, the discount rate, and related credit adjustments.
Interest rate swaps contracts	2	Discounts the present value of the estimated future cash flows using the applicable observable market yield curves having regard to timing of cash flows.

(b) Estimation of useful lives of assets

The Target Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(c) Decommissioning provision

Significant estimates and assumptions are made in determining the decommissioning provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation and biodiversity costs required.

4. Revenue

Revenue from contracts with customers

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Revenue from contracts with customers					
Sales of electricity	56	8,291	23,011	16,662	14,099
Sales of Large-scale Generation Certificates (LGCs)	–	4,523	8,300	7,794	2,308
Total	**56**	**12,814**	**31,311**	**24,456**	**16,407**

All sales are made to customers in Australia, and those sales are recognised at a point in time.

5. Other Income

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Other Income					
Liquidated damages (a)	–	–	15,000	–	–
Total	**–**	**–**	**15,000**	**–**	**–**

(a) Liquidated damages

The Target Group is entitled to liquidated damages under the Engineering, Procurement and Construction ("**EPC**") contract due to delay in achieving stage completion by the agreed date as defined in the contract to compensate for the loss of revenue.

6. Finance Costs

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Interest expense	–	(2,110)	(7,839)	(5,090)	(9,101)
Amortisation of capitalised borrowing costs	–	(274)	(657)	(493)	(493)
Unwinding of discount on decommissioning provision	–	(870)	(922)	(681)	(747)
Total	**–**	**(3,254)**	**(9,418)**	**(6,264)**	**(10,341)**

7. Income Taxes

The major components of income tax expense for each Relevant Period and the nine months ended 30 September 2022 are:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
				(Unaudited)	
Current tax	–	–	2,024	–	–
Deferred tax	8,637	12,014	1,956	1,239	4,603
Adjustments in respect of prior year	–	–	(384)	–	–
Income tax expense reported in the statement of profit or loss	**8,637**	**12,014**	**3,596**	**1,239**	**4,603**

Reconciliation of tax expense and the accounting loss multiplied by Australia's domestic tax rate for each Relevant Period and the nine months ended 30 September 2022:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
				(Unaudited)	
Accounting (loss)/profit before income tax	(1)	38,355	12,800	4,405	15,499
At Australia's statutory income tax rate of 30% (2020, 2021 and 2022: 30%)	–	11,507	3,840	1,322	4,650
Adjustments in respect of prior year	–	–	(384)	–	–
Current year temporary differences not recognised[1]	8,584	401	114	–	–
Other non-deductible/deductible items	53	106	26	(83)	(47)
Income tax expense reported in the statement of profit or loss	**8,637**	**12,014**	**3,596**	**1,239**	**4,603**

1 Decommissioning provision (see Note 15) and a corresponding decommissioning asset within Construction in Progress (see Note 12) were recorded in years ended 31 December 2020, 2021 and 2022, and period ended 30 September 2023. As a result, a deferred tax liability was recognised on the decommissioning asset relating to this provision. However as it is not probable that any deferred tax asset recognised on the decommissioning provision would be recoverable based on timing of reversal of the provision, a corresponding deferred tax asset has not been recognised. This has resulted in this amount being recorded as deferred tax expense.

Deferred tax relates to the following:

	Consolidated statement of financial position			
	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Fixed assets	(2,073)	(1,673)	(3,529)	(6,935)
Capitalised borrowing costs	332	223	112	27
Decommissioning asset	(8,584)	(8,610)	(8,172)	(7,743)
Shareholder loan	(1,061)	(807)	(542)	(296)
Tax losses carried forward	1,665	1,553	–	4,013
Derivatives	453	(11,968)	(11,107)	(16,907)
Deferred tax assets/(liabilities)	**(9,268)**	**(21,282)**	**(23,238)**	**(27,841)**

	Consolidated statement of profit or loss				
	31 December 2020	31 December 2021	31 December 2022	30 September 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Fixed assets	2,073	(400)	1,856	(582)	3,406
Capitalised borrowing costs	(332)	109	111	84	85
Decommissioning asset	8,585	26	(438)	(496)	(429)
Shareholder loan	(264)	(254)	(265)	(198)	(246)
Tax losses carried forward	(1,539)	–	–	–	(4,013)
Tax losses utilised	–	112	1,553	1,298	–
Derivatives	114	12,421	(861)	1,133	5,800
Deferred tax expenses/(benefit)	**8,637**	**12,014**	**1,956**	**1,239**	**4,603**

	Reconciliation of deferred tax balances, net			
	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
As of beginning of year/period	(631)	(9,268)	(21,282)	(23,238)
Fixed assets	(2,073)	400	(1,856)	(3,406)
Capitalised borrowing costs	332	(109)	(111)	(85)
Decommissioning asset	(8,585)	(26)	438	429
Shareholder loan	264	254	265	246
Tax losses carried forward	1,539	–	–	4,013
Tax losses utilised	–	(112)	(1,553)	–
Derivatives	(114)	(12,421)	861	(5,800)
As at end of year/period	**(9,268)**	**(21,282)**	**(23,238)**	**(27,841)**

8. Cash and Cash Equivalents

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
Cash at bank	3,647	20,011	26,451	3,429
Total	**3,647**	**20,011**	**26,451**	**3,429**

9. Trade and Other Receivables

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
Trade receivables	–	–	955	92
Accrued income	37	1,995	2,743	1,123
GST receivables	373	155	–	–
Other receivables	30	30	30	30
Amount due from related parties *(Note 22)*	6	6	2,428	–
Total	**446**	**2,186**	**6,156**	**1,245**

Based on management's assessment and judgement, there is no credit loss impairment during the Relevant Periods.

The table below sets out, as at the end of reporting periods indicated, the ageing analysis, based on the date of invoices, of our trade receivables:

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
Current				
1-30 days	–	–	831	70
31-60 days	–	–	34	22
61-90 days	–	–	90	–
Total	**–**	**–**	**955**	**92**

10. Large-scale Generation Certificates (LGCs)

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Large-scale generation certificates	–	1,813	806	4,013
Total	**–**	**1,813**	**806**	**4,013**

Total amount of LGCs government grant received, and recognised within cost of sales in the period ended 30 September 2023 is AUD12,716,000 (2022: AUD16,771,000, 2021: AUD7,487,000, 2020: AUD54,000).

11. Other Assets

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Current				
Prepayments	2	7	16	786
Liquidated damages *(a)*	–	–	15,000	–
Capitalised borrowing costs *(b)*	657	657	657	657
Other current assets	–	–	–	69
Total	**659**	**664**	**15,673**	**1,512**
Non-current				
Capitalised borrowing costs *(b)*	1,861	1,204	547	55
Total	**1,861**	**1,204**	**547**	**55**

(a) Liquidated damages

The Target Group is entitled to liquidated damages under the EPC contract due to delay in achieving stage completion by the agreed date as defined in the contract to compensate for the loss of revenue.

(b) Capitalised borrowing costs

Borrowing cost incurred to obtain the loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

12. Property, Plant and Equipment

	Land	Construction in progress	Property, plant and equipment	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Cost				
At 1 January 2020	9,370	53,526	–	62,896
Additions	–	175,203	–	175,203
Decommissioning provision	–	28,614	–	28,614
At 31 December 2020	**9,370**	**257,343**	**–**	**266,713**
Accumulated Depreciation				
At 1 January 2020	–	–	–	–
Depreciation	–	–	–	–
At 31 December 2020	–	–	–	–
Net Book Value	**9,370**	**257,343**	**–**	**266,713**
Cost				
At 1 January 2021	9,370	257,343	–	266,713
Additions	–	55,793	–	55,793
Transfer from CIP to PPE	–	(313,136)	313,136	–
Remeasurement of decommissioning provision	–	–	464	464
At 31 December 2021	**9,370**	**–**	**313,600**	**322,970**
Accumulated Depreciation				
At 1 January 2021	–	–	–	–
Depreciation	–	–	4,260	4,260
At 31 December 2021	**9,370**	**–**	**4,260**	**4,260**
Net Book Value	**9,370**	**–**	**309,340**	**318,710**

	Land AUD'000	Construction in progress AUD'000	Property, plant and equipment AUD'000	Total AUD'000
Cost				
At 1 January 2022	9,370	–	313,600	322,970
Additions	–	–	–	–
Remeasurement of decommissioning provision	–	–	(542)	(542)
At 31 December 2022	**9,370**	**–**	**313,058**	**322,428**
Accumulated Depreciation				
At 1 January 2022	–	–	4,260	4,260
Depreciation	–	–	10,621	10,621
At 31 December 2022	–	–	14,881	14,881
Net Book Value	**9,370**	**–**	**298,177**	**307,547**
Cost				
At 1 January 2023	9,370	–	313,058	322,428
Additions	–	–	–	–
Remeasurement of decommissioning provision	–	–	(1,280)	(1,280)
At 30 September 2023	**9,370**	**–**	**311,778**	**321,148**
Accumulated Depreciation				
At 1 January 2023	–	–	14,881	14,881
Depreciation	–	–	7,959	7,959
At 30 September 2023	–	–	22,840	22,840
Net Book Value	**9,370**	**–**	**288,938**	**298,308**

13. Trade and Other Payables

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
Trade Payables	12	2,564	7	313
Accrued expense	606	26,827	26,589	1,142
GST Payable	–	–	90	56
Other Payables	–	–	–	59
Amount due to related parties *(Note 22)*	59	27,287	10,026	10,028
Total	**677**	**56,678**	**36,712**	**11,598**

The table below sets out, as at the end of reporting periods indicated, the ageing analysis, based on the date of invoices, of our trade payables:

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
1-30 days	12	169	–	313
31-60 days	–	208	7	–
61-90 days	–	169	–	–
Over 90 days	–	2,018	–	–
Total	**12**	**2,564**	**7**	**313**

14. Borrowings

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
Loan facility	3,826	5,054	9,098	7,564
Total	**3,826**	**5,054**	**9,098**	**7,564**
Non-current				
Shareholder loan *(Note 22)*	44,234	46,170	48,142	38,289
Loan facility	163,891	176,912	187,654	182,083
Total	**208,125**	**223,082**	**235,796**	**220,372**

The loan facility is a syndicated financing arrangement entered into on 25 October 2019 with ING and Export Development Canada banks on a term of 5 years with expiration date on 12 November 2024. The interest rate payable on the loan facility as at period ended 30 September 2023 was BBSY+1.55% (2022: BBSY+1.55%; 2021: BBSY+1.65%; 2020: BBSY+1.65%). During the period of construction, the loan facility requires monthly interest payments. Upon conversion of the loan facility from a construction loan to an operation loan, the loan facility requires quarterly principal and interest payments. The conversion of the loan facility took place on 28 June 2022.

One of the shareholder loans is non-interest bearing and is repayable in full after a fixed term of five years. In accordance with IFRS 9, the fair value of this loan was determined, resulting in the difference between the loan amount and the fair value recorded as a component of equity in the Target Company, as a deemed additional capital contribution. See Note 19.

Borrowing cost incurred to obtain the loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

The table below sets out, as at the end of reporting periods indicated, a maturity analysis of firstly bank loans and overdrafts, and secondly of other borrowings, showing the aggregate amounts repayable:

	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
On demand or within a period not exceeding one year	3,826	5,054	9,098	7,564
Within a period of more than one year but not exceeding two years	5,054	9,098	7,564	220,371
Within a period of more than two years but not exceeding five years	203,071	213,984	228,232	–
Total	**211,951**	**228,136**	**244,894**	**227,935**

15. Decommissioning Provision

	AUD'000
At 1 January 2020	–
Initial recognition	28,614
Accretion of interest	–
Remeasurement	–
At 31 December 2020	**28,614**
At 1 January 2021	28,614
Accretion of interest	871
Remeasurement	464
At 31 December 2021	**29,949**
At 1 January 2022	29,949
Accretion of interest	922
Remeasurement	(542)
At 31 December 2022	**30,329**
At 1 January 2023	30,329
Accretion of interest	747
Remeasurement	(1,280)
At 30 September 2023	**29,796**

16. Derivatives

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
Current assets				
Derivative – interest rate swaps	–	–	3,786	4,488
Derivative – power purchase agreements	1,605	4,368	–	583
Total	**1,605**	**4,368**	**3,786**	**5,071**
Non-current assets				
Derivative – interest rate swaps	–	3,803	30,070	29,928
Derivative – power purchase agreements	8,507	33,979	13,607	21,358
Total	**8,507**	**37,782**	**43,677**	**51,286**
Current liabilities				
Derivative – interest rate swaps	3,324	2,255	–	–
Derivative – power purchase agreements	–	–	10,439	–
Total	**3,324**	**2,255**	**10,439**	**–**
Non-current liabilities				
Derivative – interest rate swaps	8,297	–	–	–
Derivative – power purchase agreements	–	–	–	–
Total	**8,297**	**–**	**–**	**–**

Reconciliation of fair value measurement of derivative assets and liabilities (Level 3):

	Power purchase agreements
	AUD'000
At 1 January 2020	(1,890)
Additions	–
Remeasurement recognised in statement of profit or loss during the year	12,002
Termination	–
At 31 December 2020	**10,112**
At 1 January 2021	10,112
Additions	–
Remeasurement recognised in statement of profit or loss during the year	28,235
Termination	–
At 31 December 2021	**38,347**
At 1 January 2022	38,347
Additions	–
Remeasurement recognised in statement of profit or loss during the year	(35,179)
Termination	–
At 31 December 2022	**3,168**
At 1 January 2023	3,168
Additions	–
Remeasurement recognised in statement of profit or loss during the period	18,773
Termination	–
At 30 September 2023	**21,941**

Interest rate risk management

The Target Group is exposed to interest rate risk because the Target Group borrows funds at variable interest rates. The risk is managed by the Target Group by the use of interest rate swap contracts ("**IRSs**").

Under IRSs, the Target Group agrees to exchange the difference between fixed and variable rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Target Group to mitigate the interest rate risk. The fair value of IRSs at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and credit risk inherent in the contract.

Power purchase agreements (PPAs) and IRSs are recognised at fair value through profit or loss under IFRS 9.

17. Fair Value Measurement

IFRS 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Target Group:

	Level 1	Level 2	Level 3	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
31 December 2020				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	10,112	10,112
Financial liabilities				
Interest rate swaps	–	11,621	–	11,621
31 December 2021				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	38,347	38,347
Interest rate swaps	–	3,803	–	3,803
Financial liabilities				
Interest rate swaps	–	2,255	–	2,255
31 December 2022				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	13,607	13,607
Interest rate swaps	–	33,856	–	33,856
Financial liabilities				
Power purchase agreements	–	–	10,439	10,439
30 September 2023				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	21,941	21,941
Interest rate swaps	–	34,416	–	34,416

There were no transfers between levels during the Relevant Periods.

The carrying amounts of trade and other receivables, and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The fair value of borrowings is not materially different to the carrying values.

The fair value of derivative investments is recognised at Level 2 fair value for interest rate swaps, and Level 3 fair value for the power purchase agreements. The Target Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. The Target Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis throughout the Relevant Periods.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

The fair values of financial assets and financial liabilities are determined based on the financial instrument. The fair value of:

- financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (as described below); and
- discount rates.

Valuation input	**Source**
• Interest rate forward price curve	• Published market swap rates.
• Discount rate	• Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of the Target Group for liabilities.

• Electricity forward price curve	• Market quoted prices such as ASX Futures where available, and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See Note 21 for sensitivity analysis.

18. Income Tax Payable

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current liabilities				
Provision for income tax	–	–	1,640	–
Total	**–**	**–**	**1,640**	**–**

19. Issued Capital

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
30,000,010 Ordinary shares issued and fully paid (2022, 2021 and 2020: 30,000,010 Ordinary shares)	30,000	30,000	30,000	30,000
Deemed capital contribution, net of tax	3,091	3,091	3,091	3,091
	33,091	**33,091**	**33,091**	**33,091**

Ordinary shares issued and fully paid

Movement in ordinary shares	No. of shares	AUD
At 1 January 2020	30,000,010	30,000,010
Ordinary shares issued	–	–
At 31 December 2020	30,000,010	30,000,010
Ordinary shares issued	–	–
At 31 December 2021	30,000,010	30,000,010
Ordinary shares issued	–	–
At 31 December 2022	30,000,010	30,000,010
Ordinary shares issued	–	–
At 30 September 2023	30,000,010	30,000,010

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

When managing capital, the Company's objectives are to ensure sufficient funds are available to pay liabilities when they fall due and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or to adjust the capital structure, the Company has the discretion to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by net debt plus equity.

Deemed capital contribution

In November 2019, the Target Company entered into a non-interest bearing loan arrangement with its shareholder and the loan is repayable in full after a fixed term of five years. In accordance with IFRS 9, the fair value of this loan was determined, resulting in the difference between the loan amount and the fair value recorded as a component of equity in the Target Company, as a deemed additional capital contribution.

20. Dividends

There were no dividends paid, recommended or declared during any of reporting periods.

21. Financial Risk Management

Financial risk management objectives

The Target Group's activities expose it to a variety of risks: generation risk (including electricity price risk, volume risk, credit risk and damage to generation asset) and funding risk (including interest rate risk, credit risk, refinancing risk and liquidity risk). The Target Group's overall risk management programmes focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Target Group enters into agreements to manage its electricity and interest rate risks. In accordance with the Target Group's risk management policies, the Target Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not quality for hedge accounting and are required to be accounted for at fair value through profit or loss.

Generation risk

Electricity price risk

Over 50% of output in the year ended 2021, and over 75.5% of output in the years ended 2022 and 2023 is contracted to electricity retailers which ensures the Target Group receives a fixed price for this portion of its generation. This risk management strategy assumes that the current electricity wholesale markets operating in Australia, including the renewable energy credit market, will continue to do so in the future.

At the reporting date, if electricity forward prices increase/decrease by 10 per cent with all other variables held constant, the possible changes to the fair value of PPAs are disclosed in the table below:

	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
10 per cent increase in electricity forward prices	11,679	7,962	11,177	8,329
10 per cent decrease in electricity forward prices	(11,679)	(7,962)	(11,177)	(8,329)

Volume risk

100% of generation comes from the Wellington Solar Farm that depends on weather conditions which vary significantly from year to year. The Target Group accepts that this risk will cause a degree of volatility to its earnings.

Credit risk

A large proportion of the revenue comes from three counterparties. One of these is the Australian Electricity Market Operator (AEMO) and the other two are major electricity retailers as offtakers of the PPAs. As at 30 September 2023, AUD92,000 was owed to the Target Group by these counterparties (2020: nil; 2021: nil; 2022: AUD955,000).

Damage to generation asset

There is potential for the Target Group to sustain significant losses through damage to its generation plant and the resulting loss of earnings. The major portion of this risk has been mitigated by taking out appropriate insurance policies with insurers of high creditworthiness.

Funding risk

Interest rate risk

All of the Target Group's borrowings are a series of floating interest rate facilities. The Target Group uses Interest Rate Swaps (IRS) to fix the interest costs of the Target Group. This stabilises the Target Group's debt servicing costs. However, for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage of a potential fall in market interest rates. Payments made or received by IRS are recognised as a part of "Gain/(loss) on derivative instruments at fair value through profit or loss" within the statement of profit or loss.

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 30 September 2023 were AUD168,889,000 (2020: AUD180,164,000; 2021: AUD178,329,000; 2022: AUD173,780,000).

Interest payment transactions are expected to occur at various dates between one month and quarterly from the end of the reporting period consistent with the Target Group's forecast total borrowings.

At the reporting date, if interest rate had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the period and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
(Decrease) to profit of a 100 basis point increase in interest rates	–	(760)	(1,872)	(1,420)
Increase to profit of a 100 basis point decrease in interest rates	–	760	1,872	1,420
(Decrease) to equity of a 100 basis point increase in interest rates	(667)	(1,759)	(1,872)	(1,420)
Increase to equity of a 100 basis point decrease in interest rates	667	1,759	1,872	1,420

The above interest rate sensitivities would have an offsetting impact on the interest paid on borrowings.

Refinancing risk

From time to time, the Target Group's debt facilities mature and need to be refinanced. There is a risk that this could occur during adverse market conditions resulting in increased interest rates or, in extreme events, a complete inability to refinance. The Treasury policy requires a spread of debt maturities to minimise the impact of this risk should it occur. This is measured by the proportion of debt maturing in various time bands.

Credit risk

The Target Group's dollar facilities are with institutions that all have a Standard & Poor's long-term credit rating of A+ or higher.

Credit risk exposure is managed using credit risk management policies which provide credit exposure limits based on the credit worthiness of counterparties. The Target Group's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Derivative counterparties are limited to organisations in the energy industry. The Target Group also utilises International Swaps and Derivative Association ("**ISDA**") agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from the amounts payable to individual counterparties.

Liquidity risk

The Target Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management requires maintaining sufficient cash, marketable securities or unutilised committed credit facilities to provide cover for reasonably conceivable adverse conditions. The Target Group operates under a Treasury policy which dictates the level of available committed facilities to be maintained. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
31 December 2020						
Borrowings	–	1,128	4,188	237,771	–	243,087
Trade and other payables *(Note 13)*	59	618	–	–	–	677
Derivatives – PPA	–	–	–	–	–	–
Derivatives – IRS	–	500	1,532	9,303	558	11,893
31 December 2021						
Borrowings	–	3,555	6,913	246,246	–	256,714
Trade and other payables *(Note 13)*	10,287	2,010	44,381	–	–	56,678
Derivatives – PPA	–	–	–	–	–	–
Derivatives – IRS	–	1,517	1,265	–	–	2,782
31 December 2022						
Borrowings	–	5,396	10,771	247,935	–	264,102
Trade and other payables *(Note 13)*	10,026	26,686	–	–	–	36,712
Derivatives – PPA	–	5,937	4,922	–	–	10,859
Derivatives – IRS	–	–	–	–	–	–
30 September 2023						
Borrowings	–	2,973	13,377	223,358	–	239,708
Trade and other payables *(Note 13)*	10,028	1,570	–	–	–	11,598
Derivatives – PPA	–	–	–	–	–	–
Derivatives – IRS	–	–	–	–	–	–

22. Related Party Disclosures

Parent Entity

The immediate parent company of the Target Group is Lightsource Asset Holdings (Australia) Limited, which holds 100% equity interest of the Target Company.

The ultimate controlling party of the Target Group is the Lightsource BP Renewable Energy Investments Limited.

Transactions with key management personnel

There are no transactions with key management personnel during the Relevant Periods and the nine months ended 30 September 2022.

Key management personnel compensation for all Relevant Periods was borne by one of its Australian sister company, Lightsource Development Services Australia Pty Ltd.

Subsidiaries

As at end of year/period, following subsidiary entities and equity interest held by the Target Company are listed as below:

	% Equity interest			
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
Name				
Lightsource Australia SPV4 Pty Ltd	100	100	100	100
LS Australia Finco1 Pty Ltd	100	100	100	100
Wellington Land Co Pty Ltd	100	100	100	100

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the Relevant Periods and the nine months ended 30 September 2022:

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Immediate parent:					
Lightsource Asset Holdings (Australia) Limited					
– Purchases	–	–	–	–	–
– Sales	–	–	–	–	–
– Amounts owed by related parties	–	–	–	–	–
– Amounts owed to related parties (a)	(47,772)	(48,860)	(49,948)	(49,674)	(39,340)
Other related parties:					
Lightsource Asset Management Australia Pty Ltd					
– Purchases	–	–	–	–	–
– Sales	–	–	–	–	–
– Amounts owed by related parties	6	6	6	6	–
– Amounts owed to related parties	–	(242)	–	–	–
Lightsource Development Services Australia Pty Ltd					
– Purchases	–	–	–	–	–
– Sales	–	2,784	1,569	1,569	–
– Amounts owed by related parties	–	–	–	705	–
– Amounts owed to related parties (b)	(59)	(27,045)	(10,026)	(27,026)	(10,026)
Lightsource Holdings 1 Limited					
– Purchases	–	–	–	–	–
– Sales	–	–	–	–	–
– Amounts owed by related parties	–	–	–	–	–
– Amounts owed to related parties	(34)	–	–	–	–
Woolooga Fund Pty Ltd					
– Purchases	–	–	–	–	–
– Sales	–	–	3,704	3,704	–
– Amounts owed by related parties	–	–	2,422	2,422	–
– Amounts owed to related parties	–	–	–	–	–
West Wyalong Fund Pty Ltd					
– Purchases	–	–	–	–	(726)
– Sales	–	–	–	–	–
– Amounts owed by related parties	–	–	–	–	–
– Amounts owed to related parties	–	–	–	–	–
Total					
– Purchases	**–**	**–**	**–**	**–**	**(726)**
– Sales	**–**	**2,784**	**5,273**	**5,273**	**–**
– Amounts owed by related parties	**6**	**6**	**2,428**	**3,133**	**–**
– Amounts owed to related parties	**(47,865)**	**(76,147)**	**(59,974)**	**(76,700)**	**(49,366)**

(a) Borrowings from related parties

Loans from related parties are both interest and non-interest bearing and are repayable in full after a fixed term of five years.

(b) Amounts owed to related parties

Amounts owed to related parties predominantly relate to costs paid on behalf of the Target Group for the solar farm project.

(c) Terms and conditions of transactions with related parties

Outstanding balances at the end of each Relevant period other than loans receivable and loans payables discussed above are unsecured and interest free and settlement occurs in cash.

23. Information Relating to LS Australia Holdco1 Pty Ltd (The Parent)

(a) Contingent liabilities of the Target Company

The Target Company did not have any material contingent liabilities at each Relevant Period.

(b) Capital commitments – Property, plant and equipment

The Target Company did not have any material contractual commitments at each Relevant Period.

(c) Material accounting policies

The accounting policies of the parent entity are consistent with those of the Target Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

- Dividends received from subsidiaries are recognised as other income by the parent entity

24. Commitments

Capital commitments

The capital commitments as at 30 September 2023 are nil (2022: nil; 2021: nil; 2020: AUD33,089,000). The commitments in 2020 are related to the construction of the solar farm project.

Contingencies

There were no material contingencies for the Target Group at each Relevant Period.

Guarantees

The Target Group has guarantees of AUD3,760,000 as at 30 September 2023 (2022: AUD3,760,000; 2021: AUD9,000,000, 2020: AUD9,000,000). The guarantees in all Relevant Periods are predominantly related to the construction of the solar farm project.

25. Event After the Reporting Periods

No matter or circumstance has arisen since 30 September 2023 that has significantly affected, or may significantly affect the Target Group's operations, the results of those operations, or the Target Group's state of affairs in future financial years.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group and the Target Company in respect of any period subsequent to 30 September 2023 and up to the date of this report.

The following is the text of accountants' report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, EY Australia.

Building a better working world

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF WEST WYALONG HOLDCO 2 PTY LTD AND ITS CONTROLLED ENTITIES TO THE DIRECTORS OF BEIJING ENERGY INTERNATIONAL HOLDING CO., LTD.

Introduction

We report on the historical financial information of West Wyalong HoldCo 2 Pty Ltd (the "**Target Company**") and its controlled entities (collectively, the "**Target Group**") set out on pages 99 to 156, which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2020, 2021, and 2022 and for the nine months ended 30 September 2023 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2020, 2021 and 2022, and 30 September 2023, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 99 to 156 forms an integral part of this report, which has been prepared for inclusion in the circular of Beijing Energy International Holding Co., Ltd. (the "**Company**") dated 28 March 2024 (the "**Circular**") in connection with the proposed acquisition of the equity interests in the Target Company to achieve 100% ownership by the Company ("**Proposed Acquisition**").

Directors' Responsibility for the Historical Financial Information

The directors of the Target Group are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information and for such internal control as the directors of the Target Group determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on the accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 *Accountants' Report on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountant. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2020, 2021, and 2022, and 30 September 2023 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Review of Interim Comparative Financial Information

We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended 30 September 2022 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements *2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements and Management Accounts as defined on page 99 as were considered necessary.

Ernst & Young
200 George Street
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28 March 2024

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the management accounts of the Target Group for the years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2023 (the "**Management Accounts**") and previously issued financial statements of the Target Group for the year ended 31 December 2022 (the "**Historical Financial Statements**"). The previously issued financial statements were audited by *Moore Australia* in accordance with the requirement of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncement issued by Australian Accounting Standard Board.

The Historical Financial Information is presented in Australian Dollar ("**AUD**") and all values are rounded to the nearest thousand (AUD'000) except when otherwise indicated.

(A) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Nine months ended 30 September	
		2020	2021	2022	2022	2023
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Revenue	4	–	–	208	–	6,969
Cost of sales		–	–	(15)	–	(3,651)
Gross profit		–	–	193	–	3,318
Administration expenses		(2)	(21)	(50)	(4)	(340)
Gain/(loss) on derivative instruments at fair value through profit or loss		–	15,117	10,082	12,910	7,587
Finance costs	5	–	–	(116)	(56)	(4,368)
Finance income		–	–	68	39	156
Profit/(loss) before income tax		(2)	15,096	10,177	12,889	6,353
Income tax benefit/(expense)	6	1	(5,267)	(6,469)	(5,325)	(2,290)
Profit/(loss) and total comprehensive income for the year/period		**(1)**	**9,829**	**3,708**	**7,564**	**4,063**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

(B) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December			As at 30 September
		2020	**2021**	**2022**	**2023**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS					
Cash and cash equivalents	7	–	6,871	2,629	14,848
Trade and other receivables	8	–	1,050	169	589
Large-scale generation certificates		–	–	–	921
Derivatives	15	–	–	1,336	2,290
Other assets	9	–	561	855	1,260
TOTAL CURRENT ASSETS		**–**	**8,482**	**4,989**	**19,908**
NON-CURRENT ASSETS					
Property, plant and equipment	10	6	54,728	137,470	154,373
Other assets	9	–	861	712	71
Derivatives	15	–	17,421	25,802	30,218
Right-of-use assets	11	–	9,758	20,845	21,452
Deferred tax assets	6	1	–	–	–
TOTAL NON-CURRENT ASSETS		**7**	**82,768**	**184,829**	**206,114**
TOTAL ASSETS		**7**	**91,250**	**189,818**	**226,022**
CURRENT LIABILITIES					
Trade and other payables	12	8	6,332	2,375	9,687
Borrowings	13	–	1,625	39,909	63,897
Lease liabilities	11	–	182	194	199
Derivatives	15	–	1,876	1,940	–
TOTAL CURRENT LIABILITIES		**8**	**10,015**	**44,418**	**73,783**

		As at 31 December			As at 30 September
		2020	2021	2022	2023
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
NON-CURRENT LIABILITIES					
Decommissioning provision	14	–	2,458	13,846	15,127
Borrowings	13	–	56,034	99,077	98,298
Derivatives	15	–	429	–	–
Lease liabilities	11	–	7,220	7,206	7,190
Deferred tax liabilities	6	–	5,266	11,735	14,025
TOTAL NON-CURRENT LIABILITIES		**–**	**71,407**	**131,864**	**134,640**
TOTAL LIABILITIES		**8**	**81,422**	**176,282**	**208,423**
NET ASSETS/ (LIABILITIES)		**(1)**	**9,828**	**13,536**	**17,599**
EQUITY					
Issued capital	17	–	–	–	–
(Accumulated losses)/Retained earnings		(1)	9,828	13,536	17,599
TOTAL EQUITY		**(1)**	**9,828**	**13,536**	**17,599**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

(C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	(Accumulated losses)/ Retained earnings	Total equity
	AUD'000	*AUD'000*	*AUD'000*
At 1 January 2020	–	–	–
Loss for the year	–	(1)	(1)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	(1)	(1)
At 31 December 2020	**–**	**(1)**	**(1)**
At 1 January 2021	–	(1)	(1)
Profit for the year	–	9,829	9,829
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	9,829	9,829
At 31 December 2021	**–**	**9,828**	**9,828**
At 1 January 2022	–	9,828	9,828
Profit for the year	–	3,708	3,708
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	3,708	3,708
At 31 December 2022	**–**	**13,536**	**13,536**

	Issued capital	(Accumulated losses)/ Retained earnings	Total equity
	AUD'000	*AUD'000*	*AUD'000*
At 1 January 2022	–	9,828	9,828
Profit for the period	–	7,564	7,564
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period	–	7,564	7,564
At 30 September 2022	**–**	**17,392**	**17,392**
At 1 January 2023	–	13,536	13,536
Profit for the period	–	4,063	4,063
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period	–	4,063	4,063
At 30 September 2023	**–**	**17,599**	**17,599**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

(D) CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December			Nine months ended 30 September	
		2020	2021	2022	2022	2023
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
OPERATING ACTIVITIES						
Profit/(loss) before income tax		(2)	15,096	10,177	12,889	6,353
Adjustments for						
Depreciation of property, plant and equipment		–	–	–	–	2,514
Depreciation of right-of-use asset		–	–	–	–	92
LGCs government grant		–	–	–	–	(1,935)
Impairment on LGCs		–	–	–	–	1,014
Fair value gain/(losses) on financial assets at fair value through profit or loss		–	(17,422)	(9,717)	(10,605)	(5,370)
Fair value gain/(losses) on financial liabilities at fair value through profit or loss		–	2,305	(365)	(2,305)	(1,940)
Finance income		–	–	(68)	(39)	(156)
Finance cost		–	–	116	56	3,806
Operating profit before working capital changes		(2)	(21)	143	(4)	4,378
Changes in working capital						
Trade and other receivables		–	–	–	–	368
Other assets		–	–	–	–	(405)
Large-scale generation certificates		–	–	–	–	–
Trade and other payables		2	–	14	–	1,276
Cash generated from operations		–	(21)	157	(4)	5,617
Interest received		–	–	68	39	156
Income tax paid		–	–	–	–	–
Net cash flows (used) in/from operating activities		**–**	**(21)**	**225**	**35**	**5,773**

		Year ended 31 December			Nine months ended 30 September	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
					(Unaudited)	
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		–	(47,278)	(78,995)	(69,527)	(9,833)
Interest paid		–	(3,488)	(6,206)	(3,189)	(1,304)
Net cash flows used in investing activities		**–**	**(50,766)**	**(85,201)**	**(72,716)**	**(11,137)**
FINANCING ACTIVITIES						
Proceeds from shareholder loan		–	–	38,200	29,000	21,600
Proceeds from borrowings		–	61,293	48,486	48,486	–
Repayments of borrowings		–	(3,635)	(5,952)	(5,952)	(908)
Interest paid		–	–	–	–	(3,109)
Net cash flows from financing activities		**–**	**57,658**	**80,734**	**71,534**	**17,583**
Net increase/(decrease) in cash and cash equivalents		–	6,871	(4,242)	(1,147)	12,219
Cash and cash equivalents at beginning of year/period		–	–	6,871	6,871	2,629
Cash and cash equivalents at end of year/period		**–**	**6,871**	**2,629**	**5,724**	**14,848**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

(E) STATEMENT OF FINANCIAL POSITION

	Year ended 31 December			As at 30 September
	2020	**2021**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS	–	–	594	1,485
NON-CURRENT ASSETS	1	627	40,752	63,351
TOTAL ASSETS	**1**	**627**	**41,346**	**64,836**
CURRENT LIABILITIES	–	632	41,392	64,922
NON-CURRENT LIABILITIES	1	–	–	–
TOTAL LIABILITIES	**1**	**632**	**41,392**	**64,922**
EQUITY				
Issued capital	–	–	–	–
Retained Earnings/(Accumulated losses)	–	(5)	(46)	(86)
TOTAL EQUITY	**–**	**(5)**	**(46)**	**(86)**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

1. General information

West Wyalong HoldCo 2 Pty Ltd (the "**Target Company**") is a for-profit company limited by shares incorporated in Australia. The immediate parent of West Wyalong HoldCo 2 Pty Ltd is West Wyalong HoldCo 1 Limited, a company registered in the United Kingdom, while the ultimate controlling party is Lightsource BP Renewable Energy Investments Limited, a company registered in the United Kingdom.

The registered office and principal place of business of the Target Group is CBW Level 19 181 William Street, Melbourne, VIC 3000.

The nature of the operations and principal activity of the Target Group is development, operation and maintenance of West Wyalong Solar Farm. The Target Company was incorporated in late 2020, and construction of the West Wyalong Solar Farm began in middle of 2021. It commenced commercial operations and reached practical completion in the second quarter of 2023.

2. Summary of material accounting policies

2.1 Basis of preparation and presentation

The Historical Financial Information set out to this report, has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All IFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The measurement bases are fully described in the accounting policies below. The Historical Financial Information is presented in Australian Dollar (AUD), rounded to the nearest thousand (AUD'000) except when otherwise indicated, which is also the functional currency of the Target Group.

Foreign Currencies

Transactions in foreign currencies are translated to the functional currency of the Target Group at exchange rates as the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured on historical cost in a foreign currency are not translated.

Going Concern

The Historical Financial Information have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 September 2023, the Target Group's consolidated total current liabilities exceeded consolidated total current assets by AUD53,875,000 (2022: net current liability of AUD39,429,000; 2021: net current liabilities of AUD1,533,000; 2020: net current liability of AUD8,000). Included within the net current liabilities is a loan from its Parent Entity, West Wyalong HoldCo 1 Limited of AUD61,285,000 (see Note 20).

The directors of the Company had made an assessment and concluded the Target Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the date of approval of these financial statements. The directors of the Company had made this assessment after having regard to the financial support received from one of the controlling parties of the Target Group that it will provide the necessary financial support to the Target Group if the Target Group is not able to pay its debts when they are due, and also that while its shareholder loan is repayable on demand, the Parent Entity will not call for repayment of this loan for at least twelve months from the date of approval of these financial statements, or until the completion of the Proposed Transaction, whichever is earlier, if doing so would cause the Target Group not to be able to continue as a going concern. In addition, following the completion of the Proposed Transaction, the Company, or one of its controlled entities, will replace the existing shareholder loan in its entirety to facilitate the continuing ongoing operations of the Target Group. Consequently, the Historical Financial Information have been prepared on a going concern basis.

2.2 Basis of consolidation

The Historical Financial Information include the financial statements of the Target Group for each of the years ended 31 December 2020, 2021 and 2022, and for the nine months ended 30 September 2023 (the "**Relevant Periods**").

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Target Company controls an investee if, and only if, the Target Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

The results of subsidiaries are consolidated from the date on which the Target Company obtains control and continue to be consolidated until the date that such control ceases. If the Target Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Target Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 *Summary of material accounting policies*

(a) New and amended standards and interpretations

The Target Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective, which is not expected to have any significant impact on the Target Group's financial information.

(b) Current and non-current classification

The Target Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Target Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Revenue recognition

The Target Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Target Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Target Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

(i) Sale of electricity

Revenue is earned from the sale of electricity generated from West Wyalong Solar Farm. Revenue from electricity sales is recognised on an accrual basis and is only recognised when the electricity is generated and connected to the grid and the Target Group attains the right to be compensated.

(ii) Large-scale Generation Certificates (LGCs)

A Large-scale Generation Certificate (LGC) represents 1MWh of generation from renewable energy generators in Australia. The Target Group receives LGCs as a government grant on generation of renewable energy, which are recognised at fair value, with the corresponding amount recognised within cost of sales as compensating the costs incurred in generating the renewable energy. LGCs generated by Target Group are registered with the Clean Energy Regulator.

LGC revenue is recognised at the consideration expected to be received on transfer of the LGCs to the customer.

Other income

Other revenue is recognised when it is received or when the right to receive payment is established.

Contract balances

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Target Group performs by transferring goods to a customer before the customer pays considerations or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of each Relevant Periods in the countries where the Target Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date during the measurement period, or recognised in profit or loss.

The Target Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidation

The Target Group and its Australian related entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is West Wyalong HoldCo 2 Pty Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within the group" approach by reference to the carrying amounts of assets and liabilities either in the separate financial statements of each entity or at the level of tax consolidated group and the tax bases applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are initially recognised during the period to the extent that they are recoverable by the group, whether as a reduction of the current tax of other entities in the group or as a deferred tax asset of the head entity in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Target Group as an equity contribution or distribution.

Where several entities in a tax consolidated group derive tax losses/credits in the same period but the aggregate amount of the tax losses/credits are not expected to be utilised as a reduction of a current tax liability or be recognised as a deferred tax asset by the head entity, the aggregate amount expected to be utilised or recognised is apportioned on a systematic and reasonable basis between those entities for their initial tax-loss/tax-credit deferred tax asset recognition.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Goods and services tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable

- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Target Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(g) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Target Group uses derivative financial instruments, such as interest rate swaps and power purchase agreements, to economically hedge its interest rate risk and electricity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Target Group's derivative financial instruments are measured at fair value through profit or loss.

(h) Fair value measurement

The Target Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Target Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of Relevant Period.

(i) Financial assets

(i) Classification

The Target Group classifies its financial assets at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them.

(ii) Measurement

The Target Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of revenue from contacts with customers in Note 2.3(c).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(iii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a. Financial assets at amortised cost (debt instruments)

b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)

c. Financial assets at fair value through profit or loss

The Target Group measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Target Group's financial assets at amortised cost includes trade and other receivables, and receivables from related parties.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within revaluation (loss)/gain on derivative instruments, finance costs and interest income.

(iv) Impairment

The Target Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Target Group applies a simplified approach in calculating ECLs. Therefore, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(j) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Target Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Solar Farm Assets	35 years
Inverters	10 years

The residual value, useful live and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress

Construction in progress pertains to capitalised expenditure related to the development and construction of West Wyalong Solar Farm. Development expenditures on an individual project are recognised as an asset when the Target Group can demonstrate:

a. The technical feasibility of completing the intangible asset so that asset will be available for use or sale;

b. Its intension to complete and its ability and intension to use or sell the asset;

c. How the asset will generate future economic benefits;

d. The availability of resources to complete the asset; and

e. The ability to measure reliably the expenditure during the development.

Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is transferred to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised into the cost of the asset. This includes any realised gains or losses from interest rate swaps for which hedge accounting is not applied. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. Costs incurred to obtain any qualifying borrowing facility is separately capitalised on the statement of financial position.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Impairment of non-financial assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimated of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Target Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Financial liabilities

(i) Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and other payables, payables to related parties and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

(o) Leases

(i) Definition of a lease and the Target Group as a lessee

The Target Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To apply this definition, the Target Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Target Group;
- the Target Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Target Group has the right to direct the use of the identified asset throughout the period of use. The Target Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Target Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Target Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(ii) Measurement and recognition of Right-of use-assets

The Target Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right to access land	40 years

If ownership of the leased asset transfers to the Target Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.3(l) impairment of non-financial assets.

In the Historical Financial Information, the Target Group's right-of-use assets are presented separately in consolidated statement of financial position.

(iii) Measurement and recognition of leases as a lessee

At the commencement date of the lease, the Target Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Target Group and payments of penalties for terminating the lease, if the lease term reflects the Target Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Target Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. In the Historical Financial Information, the Target Group's lease liabilities are presented separately in statement of financial position.

(iv) Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(p) Decommissioning provision

The Target Group records the present value of the estimated cost of legal and constructive obligations to rehabilitate lease areas as a decommissioning provision, initially in the period in which the obligation is incurred. The nature of decommissioning activities includes dismantling and removing structures, dismantling operating facilities, closure of plant, and restoration, reclamation and revegetation of affected areas. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related construction in progress. Over time, the discounted liability is increased for the change in the present value based on a discount rate, where appropriate. Additional disturbances or changes in decommissioning costs will be recognised as additions or changes to the corresponding asset and decommissioning liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance charge in the profit or loss. The carrying amount capitalised as part of construction in progress is depreciated or amortised over the life of the asset following the transfer to the appropriate category of property, plant and equipment.

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Related parties

For the purposes of the Historical Financial Information, a party is considered to be related to the Target Group if:

(a) the party, is a person or a close member of that person's family and if that person,

 (i) has control or joint control over the Target Group

 (ii) has significant influence over the Target Group; or

 (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

(b) the party is an entity where any of the following conditions applies:

 (i) the entity and the Target Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Target Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

(ix) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the Historical Financial Information requires Target Group to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed below.

The key assumptions concerning the future and other key sources of estimation uncertainty at each relevant period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Target Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Target Group. Such changes are reflected in the assumptions when they occur.

(a) Fair value measurement

The Target Group is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement (See Note 2.3(h)).

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

The Target Group accounted for Power Purchase Agreements ("PPA") and Interest Rate Swaps as derivative contracts in accordance with financial instrument requirements. PPA is revalued at the end of each report period based on the net present value of the difference between the forward market curve of the electricity price and the fixed price stated in the power purchase agreement.

The following table summarises the methods used to estimate fair value.

Instrument	Fair value level	Fair value methodology
Power purchase agreements(PPA)	3	Uses a discounted cash flow methodology which reflects differences in contract prices and long-term forecast energy pool prices (not observable in the market), estimation of electricity volumes, the discount rate, and related credit adjustments
Interest rate swaps contracts	2	Discounts the present value of the estimated future cash flows using the applicable observable market yield curves having regard to timing of cash flows.

(b) Estimation of useful lives of assets

The Target Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(c) Decommissioning provision

Significant estimates and assumptions are made in determining the decommissioning provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation and biodiversity costs required.

4. Revenue

Revenue from contracts with customers

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Revenue from contracts with customers					
Sales of electricity	–	–	208	–	4,549
Sales of Large-scale Generation Certificates (LGCs)	–	–	–	–	2,420
Total	**–**	**–**	**208**	**–**	**6,969**

All sales are made to customers in Australia, and those sales are recognised at a point in time.

Total amount of LGCs government grant received, and recognised within cost of sales in the period ended 30 September 2023 is AUD4,886,000 (2022: AUD266,000, 2021: Nil, 2020: Nil).

5. Finance costs

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Interest expense	–	–	–	–	3,581
Amortisation of capitalised borrowing costs	–	–	–	–	356
Interest and finance charges paid/payable on lease liabilities	–	–	–	–	90
Unwinding of discount on decommissioning provision	–	–	116	56	341
Total	**–**	**–**	**116**	**56**	**4,368**

6. Income taxes

The major components of income tax expense for each Relevant Period and the nine months ended 30 September 2022 are:

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Current tax	–	–	–	–	–
Deferred tax	(1)	5,267	6,469	5,325	2,290
Income tax expense/(benefit) reported in the statement of profit or loss	**(1)**	**5,267**	**6,469**	**5,325**	**2,290**

Reconciliation of tax expense and the accounting loss multiplied by Australia's domestic tax rate for each Relevant Period and the nine months ended 30 September 2022:

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Accounting (loss)/profit before income tax	(2)	15,096	10,177	12,889	6,353
At Australia's statutory income tax rate of 30% (2020 and 2021: 30%)	(1)	4,529	3,053	3,867	1,906
Adjustments in respect of prior year	–	–	–	–	–
Current year temporary differences not recognised[1]	–	738	3,416	1,458	384
Income tax expense/(benefit) reported in the statement of profit or loss	**(1)**	**5,267**	**6,469**	**5,325**	**2,290**

1 Decommissioning provision (see Note 14) and a corresponding decommissioning asset (see Note 11) were recorded in years ended 31 December 2021 and 2022, and period ended 30 September 2023. As a result, a deferred tax liability was recognised on the decommissioning asset relating to this provision. However as it is not probable that any deferred tax asset recognised on the decommissioning provision would be recoverable based on timing of reversal of the provision, a corresponding deferred tax asset has not been recognised. This has resulted in this amount being recorded as deferred tax expense.

Deferred tax relates to the following:

	Consolidated statement of financial position			
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Fixed assets	–	(651)	(2,702)	(3,684)
Right-of-use asset	–	(2,191)	(2,135)	(2,093)
Lease liability	–	2,221	2,220	2,217
Decommissioning asset	–	(737)	(4,119)	(4,342)
Tax losses carried forward	1	627	2,560	3,629
Derivatives	–	(4,535)	(7,559)	(9,752)
Deferred tax assets/(liabilities)	**1**	**(5,266)**	**(11,735)**	**(14,025)**

	Consolidated statement of profit or loss				
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Fixed assets	–	651	2,051	1,198	982
Right-of-use asset	–	2,191	(56)	(43)	(42)
Lease liability	–	(2,221)	1	1	3
Decommissioning asset	–	737	3,382	1,443	223
Tax losses recognised	(1)	(626)	(1,933)	(1,147)	(1,069)
Derivatives	–	4,535	3,024	3,873	2,193
Deferred tax expenses/(benefit)	**(1)**	**5,267**	**6,469**	**5,325**	**2,290**

	Reconciliation of deferred tax balances, net			
	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
As of beginning of year/period	–	1	(5,266)	(11,735)
Fixed assets	–	(651)	(2,051)	(982)
Right-of-use asset	–	(2,191)	56	42
Lease liability	–	2,221	(1)	(3)
Decommissioning asset	–	(737)	(3,382)	(223)
Tax losses carried forward	1	626	1,933	1,069
Derivatives	–	(4,535)	(3,024)	(2,193)
As at end of year/period	**1**	**(5,266)**	**(11,735)**	**(14,025)**

7. Cash and cash equivalents

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Cash at bank	–	6,871	2,629	14,848
Total	**–**	**6,871**	**2,629**	**14,848**

8. Trade and other receivables

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Trade receivables	–	–	–	5
Accrued Income	–	–	121	536
GST receivables	–	1,002	–	–
Amount due from related parties (See Note 20)	–	48	48	48
Total	**–**	**1,050**	**169**	**589**

Based on management's assessment and judgement, there is no credit loss impairment during the Relevant Periods.

The table below sets out, as at the end of reporting periods indicated, the ageing analysis, based on the date of invoices, of our trade receivables:

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Current				
1-30 days	–	–	–	5
Total	**–**	**–**	**–**	**5**

9. Other assets

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Current				
Prepayments	–	–	–	405
Capitalised borrowing costs (a)	–	561	855	855
Total	**–**	**561**	**855**	**1,260**
Non-Current				
Capitalised borrowing costs (a)	–	861	712	71
Total	**–**	**3,482**	**712**	**71**

(a) Capitalised borrowing costs

Borrowing cost incurred to obtain the loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

10. Property, plant and equipment

	Construction in progress *AUD'000*	Property, plant and equipment *AUD'000*	Total *AUD'000*
Cost			
At 1 January 2020	1	–	1
Additions	5	–	5
At 31 December 2020	**6**	**–**	**6**
Accumulated Depreciation			
At 1 January 2020	–	–	–
Depreciation	–	–	–
At 31 December 2020	–	–	–
Net Book Value	**6**	**–**	**6**
Cost			
At 1 January 2021	6	–	6
Additions	54,722	–	54,722
At 31 December 2021	**54,728**	**–**	**54,728**
Accumulated Depreciation			
At 1 January 2021	–	–	–
Depreciation	–	–	–
At 31 December 2021	–	–	–
Net Book Value	**54,728**	**–**	**54,728**

	Construction in progress *AUD'000*	Property, plant and equipment *AUD'000*	Total *AUD'000*
Cost			
At 1 January 2022	54,728	–	54,728
Additions	82,742	–	82,742
At 31 December 2022	**137,470**	**–**	**137,470**
Accumulated Depreciation			
At 1 January 2022	–	–	–
Depreciation	–	–	–
At 31 December 2022	–	–	–
Net Book Value	**137,470**	**–**	**137,470**
Cost			
At 1 January 2023	137,470	–	137,470
Additions	19,221	–	19,221
Transfer from CIP to PPE	(156,691)	156,691	–
At 30 September 2023	**–**	**156,691**	**156,691**
Accumulated Depreciation			
At 1 January 2023	–	–	–
Depreciation	–	(2,318)	(2,318)
At 30 September 2023	**–**	**(2,318)**	**(2,318)**
Net Book Value	**–**	**154,373**	**154,373**

11. Leases

The Target Group has lease contracts for right to access land used in its operations. Leases of right to access land generally have lease terms of 40 years, which is more than the useful life of solar panels. The Target Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Target Group is restricted from assigning and subleasing the leased assets and some contracts require the Target Group to maintain certain financial ratios. The leases contain restoration obligations at the end of the lease term, which are capitalised by increasing the carrying amount of the related construction in progress.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the Relevant Periods:

	Right to access land	Decommissioning asset	Total
	AUD'000	*AUD'000*	*AUD'000*
Cost			
At 1 January 2020	–	–	–
Additions	–	–	–
At 31 December 2020	**–**	**–**	**–**
Amortisation and impairment			
At 1 January 2020	–	–	–
Amortisation	–	–	–
At 31 December 2020	**–**	**–**	**–**
Net Book Value	–	–	–
Cost			
At 1 January 2021	–	–	–
Additions	7,399	2,458	9,857
At 31 December 2021	**7,399**	**2,458**	**9,857**
Amortisation and impairment			
At 1 January 2021	–	–	–
Amortisation	(99)	–	(99)
At 31 December 2021	**(99)**	**–**	**(99)**
Net Book Value	7,300	2,458	9,758
Cost			
At 1 January 2022	7,399	2,458	9,857
Additions	–	11,272	11,272
At 31 December 2022	**7,399**	**13,730**	**21,129**

	Right to access land	Decommissioning asset	Total
	AUD'000	*AUD'000*	*AUD'000*
Amortisation and impairment			
At 1 January 2022	(99)	–	(99)
Amortisation	(185)	–	(185)
At 31 December 2022	**(284)**	**–**	**(284)**
Net Book Value	**7,115**	**13,730**	**20,845**
Cost			
At 1 January 2023	7,399	13,730	21,129
Additions	–	940	940
At 30 September 2023	7,399	14,670	22,069
Amortisation and impairment			
At 1 January 2023	(284)	–	(284)
Amortisation	(138)	(195)	(333)
At 30 September 2023	**(422)**	**(195)**	**(617)**
Net Book Value	**6,977**	**14,475**	**21,452**

Set out below are the carrying amounts of lease liabilities and the movements during the Relevant Periods:

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
At beginning of year/period	–	–	7,402	7,400
Additions	–	7,399	–	–
Accretion of interest	–	134	180	133
Payments	–	(131)	(182)	(144)
Remeasurement	–	–	–	–
At end of year/period	**–**	**7,402**	**7,400**	**7,389**
Current	–	182	194	199
Non-current	–	7,220	7,206	7,190
At end of year/period	**–**	**7,402**	**7,400**	**7,389**

The Target Group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The amount of expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the period ended 30 September 2023 is Nil (2022, 2021 and 2020: Nil).

The amount of variable lease payments from the solar farm which depending on revenue generation are not included in the measurement of the lease liability. This amount has been recognised in profit or loss during the period ended 30 September 2023 is Nil (2022, 2021 and 2020: Nil).

12. Trade and Other Payables

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Current				
Trade payables	–	69	–	258
GST payable	–	–	–	190
Accrued expense	–	6,189	2,374	9,238
Amounts due to related parties *(Note 20)*	8	74	1	1
Total	**8**	**6,332**	**2,375**	**9,687**

The table below sets out, as at the end of reporting periods indicated, the ageing analysis, based on the date of invoices, of our trade payables:

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Current				
1-30 days	–	69	–	258
Total	**–**	**69**	**–**	**258**

13. Borrowings

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Current				
Shareholder loan *(Note 20)*	–	–	38,794	61,285
Loan facility	–	1,625	1,115	2,612
Total	**–**	**1,625**	**39,909**	**63,897**
Non-current				
Shareholder loan *(Note 20)*	–	–	–	–
Loan facility	–	56,034	99,077	98,298
Total	**–**	**56,034**	**99,077**	**98,298**

The loan facility is a syndicated financing arrangement entered into on 28 May 2021 with ING, Intesa Sanpaolo, Westpac and Export Development Canada banks on a term of 5 years with expiration date on 28 May 2026. The interest rate payable on the loan facility is BBSY+1.9%. During the period of construction, the loan facility requires monthly interest payments. Upon conversion of the loan facility from a construction loan to an operation loan, the loan facility requires half-yearly principal and interest payments. The conversion of the loan facility took place on 19 June 2023.

Borrowing cost incurred to obtain the loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

The table below sets out, as at the end of reporting periods indicated, a maturity analysis of firstly bank loans and overdrafts, and secondly of other borrowings, showing the aggregate amounts repayable:

	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
On demand or within a period not exceeding one year	–	1,625	39,909	63,897
Within a period of more than one year but not exceeding two years	–	1,115	2,612	98,298
Within a period of more than two years but not exceeding five years	–	54,919	96,465	–
Total	**–**	**57,659**	**138,986**	**162,195**

14. Decommissioning Provision

	AUD'000
At 1 January 2020	–
Accretion of interest	–
Remeasurement	–
At 31 December 2020	**–**
At 1 January 2021	–
Initial recognition	2,458
Accretion of interest	–
Remeasurement	–
At 31 December 2021	**2,458**

	AUD'000
At 1 January 2022	2,458
Accretion of interest	116
Remeasurement	11,272
At 31 December 2022	**13,846**
At 1 January 2023	13,846
Accretion of interest	341
Remeasurement	940
At 30 September 2023	**15,127**

15. Derivatives

	31 December 2020 *AUD'000*	**31 December 2021** *AUD'000*	**31 December 2022** *AUD'000*	**30 September 2023** *AUD'000*
Current assets				
Derivative – interest rate swaps	–	–	1,336	1,670
Derivative – power purchase agreements	–	–	–	620
Total	**–**	**–**	**1,336**	**2,290**
Non-current assets				
Derivative – interest rate swaps	–	–	15,166	16,204
Derivative – power purchase agreements	–	17,421	10,636	14,014
Total	**–**	**17,421**	**25,802**	**30,218**
Current liabilities				
Derivative – interest rate swaps	–	1,876	–	–
Derivative – power purchase agreements	–	–	1,940	–
Total	**–**	**1,876**	**1,940**	**–**
Non-current liabilities				
Derivative – interest rate swaps	–	429	–	–
Derivative – power purchase agreements	–	–	–	–
Total	**–**	**429**	**–**	**–**

Reconciliation of fair value measurement of derivative assets and liabilities (Level 3):

	Power purchase agreements
	AUD'000
At 1 January 2020	–
Additions	–
Remeasurement recognised in statement of profit or loss during the year	–
Termination	–
At 31 December 2020	**–**
At 1 January 2021	–
Additions	–
Remeasurement recognised in statement of profit or loss during the year	17,421
Termination	–
At 31 December 2021	**17,421**
At 1 January 2022	17,421
Additions	–
Remeasurement recognised in statement of profit or loss during the year	(8,725)
Termination	–
At 31 December 2022	**8,696**
At 1 January 2023	8,696
Additions	–
Remeasurement recognised in statement of profit or loss during the period	5,938
Termination	–
At 30 September 2023	**14,634**

Interest rate risk management

The Target Group is exposed to interest rate risk because the Target Group borrows funds at variable interest rates. The risk is managed by the Target Group by the use of interest rate swap contracts ("IRSs"). Under IRSs, the Target Group agrees to exchange the difference between fixed and variable rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Target Group to mitigate the interest rate risk. The fair value of IRSs at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and credit risk inherent in the contract.

Power purchase agreements (PPAs) and IRSs are recognised at fair value through profit or loss under IFRS 9.

16. Fair Value Measurement

IFRS 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Target Group:

	Level 1	Level 2	Level 3	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
31 December 2020				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–
Financial liabilities				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–
31 December 2021				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	17,421	17,421
Interest rate swaps	–	–	–	–
Financial liabilities				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	2,305	–	2,305
31 December 2022				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	10,636	10,636
Interest rate swaps	–	16,502	–	16,502
Financial liabilities				
Power purchase agreements	–	–	1,940	1,940
Interest rate swaps	–	–	–	–
30 September 2023				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	14,634	14,634
Interest rate swaps	–	17,874	–	17,874
Financial liabilities				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–

There were no transfers between levels during the Relevant Periods.

The carrying amounts of trade and other receivables, and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The fair value of borrowings is not materially different to the carrying values.

The fair value of derivative investments is recognised at Level 2 fair value for interest rate swaps, and Level 3 fair value for the power purchase agreements. The Target Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. The Target Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis throughout the Relevant Periods.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

The fair values of financial assets and financial liabilities are determined based on the financial instrument. The fair value of:

- financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (as described below); and
- discount rates.

Valuation input	**Source**
• Interest rate forward price curve	• Published market swap rates.
• Discount rate	• Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of the Target Group for liabilities.

Valuation input	Source
• Electricity forward price curve	• Market quoted prices such as ASX Futures where available, and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See Note 19 for sensitivity analysis.

17. Issued Capital

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
10 Ordinary shares issued and fully paid (2022, 2021 and 2020: 10 Ordinary shares)	10	10	10	10
	10	**10**	**10**	**10**

Ordinary shares issued and fully paid:

Movement in ordinary shares	No. of shares	AUD
At 1 January 2020	**–**	**–**
Ordinary shares issued	10	10
At 31 December 2020	**10**	**10**
Ordinary shares issued	–	–
At 31 December 2021	**10**	**10**
Ordinary shares issued	–	–
At 31 December 2022	**10**	**10**
Ordinary shares issued	–	–
At 30 September 2023	**10**	**10**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

When managing capital, the Company's objectives are to ensure sufficient funds are available to pay liabilities when they fall due and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or to adjust the capital structure, the Company has the discretion to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by net debt plus equity.

18. Dividends

There were no dividends paid, recommended or declared during any of reporting periods.

19. Financial Risk Management

Financial risk management objectives

The Target Group's activities expose it to a variety of risks: generation risk (including electricity price risk, volume risk, credit risk and damage to generation asset) and funding risk (including interest rate risk, credit risk, refinancing risk and liquidity risk). The Target Group's overall risk management programmes focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Target Group enters into agreements to manage its electricity and interest rate risks. In accordance with the Target Group's risk management policies, the Target Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not quality for hedge accounting and are required to be accounted for at fair value through profit or loss.

Generation risk

Electricity price risk

Over 66% of output is contracted to electricity retailers which ensures the Target Group receives a fixed price for this portion of its generation. This risk management strategy assumes that the current electricity wholesale markets operating in Australia, including the renewable energy credit market, will continue to do so in the future.

At the reporting date, if electricity forward prices increase/decrease by 10 per cent with all other variables held constant, the possible changes to the fair value of PPAs are disclosed in the table below:

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
10 per cent increase in electricity forward prices	–	(7,279)	(6,636)	(6,571)
10 per cent decrease in electricity forward prices	–	7,279	6,636	6,571

Volume risk

100% of generation comes from the West Wyalong Solar Farm that depends on weather conditions which vary significantly from year to year. The Target Group accepts that this risk will cause a degree of volatility to its earnings.

Credit risk

A large proportion of the revenue comes from three counterparties. One of these is the Australian Electricity Market Operator (AEMO) and the other two are major electricity retailers. As at 30 September 2023, AUD5,000 was owed to the Target Group by these counterparties (2022, 2021, 2020: Nil).

Damage to generation asset

There is potential for the Target Group to sustain significant losses through damage to its generation plant and the resulting loss of earnings. The major portion of this risk has been mitigated by taking out appropriate insurance policies with insurers of high creditworthiness.

Funding risk

Interest rate risk

All of the Target Group's borrowings are a series of floating interest rate facilities. The Target Group uses Interest Rate Swaps (IRS) to fix the interest costs of the Target Group. This stabilises the Target Group's debt servicing costs. However, for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage of a potential fall in market interest rates. Payments made or received by IRS are recognised as a part of "Gain/(loss) on derivative instruments at fair value through profit or loss" within the statement of profit or loss.

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 30 September 2023 were AUD58,598,000 (2022: AUD127,322,000; 2021: AUD123,867,000; 2020: Nil).

Interest payment transactions are expected to occur at various dates between one month and six months from the end of the reporting period consistent with the Target Group's forecast total borrowings.

At the reporting date, if interest rate had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the period and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
(Decrease) to profit of a 100 basis point increase in interest rates	–	–	–	(418)
Increase to profit of a 100 basis point decrease in interest rates	–	–	–	418
(Decrease) to equity of a 100 basis point increase in interest rates	–	(265)	(842)	(750)
Increase to equity of a 100 basis point decrease in interest rates	–	265	842	750

The above interest rate sensitivities would have an offsetting impact on the interest paid on borrowings.

Refinancing risk

From time to time, the Target Group's debt facilities mature and need to be refinanced. There is a risk that this could occur during adverse market conditions resulting in increased interest rates or, in extreme events, a complete inability to refinance. The Treasury policy requires a spread of debt maturities to minimise the impact of this risk should it occur. This is measured by the proportion of debt maturing in various time bands.

Credit risk

The Target Group's dollar facilities are with institutions that all have a Standard & Poor's long-term credit rating of A+ or higher. Credit risk exposure is managed using credit risk management policies which provide credit exposure limits based on the credit worthiness of counterparties. The Target Group's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Derivative counterparties are limited to organisations in the energy industry. The Target Group also utilises International Swaps and Derivative Association ("ISDA") agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from the amounts payable to individual counterparties.

Liquidity risk

The Target Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management requires maintaining sufficient cash, marketable securities or unutilised committed credit facilities to provide cover for reasonably conceivable adverse conditions. The Target Group operates under a Treasury policy which dictates the level of available committed facilities to be maintained. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
31 December 2020						
Borrowings	–	–	–	–	–	–
Lease liabilities	–	–	–	–	–	–
Trade and other payables *(Note 12)*	8	–	–	–	–	8
Derivatives – PPA	–	–	–	–	–	–
Derivatives – IRS	–	–	–	–	–	–
31 December 2021						
Borrowings	–	938	2,386	62,372	–	65,696
Lease liabilities	–	44	138	1,025	11,141	12,348
Trade and other payables *(Note 12)*	74	6,258	–	–	–	6,332
Derivatives – PPA	–	–	–	–	–	–
Derivatives – IRS	–	513	1,366	892	–	2,771
31 December 2022						
Borrowings	38,794	1,318	5,768	104,524	–	150,404
Lease liabilities	–	46	148	1,053	10,921	12,168
Trade and other payables *(Note 12)*	1	2,374	–	–	–	2,375
Derivatives – PPA	–	–	1,991	–	–	1,991
Derivatives – IRS	–	–	–	–	–	–
30 September 2023						
Borrowings	61,285	1,859	5,674	98,849	–	167,667
Lease liabilities	–	49	150	1,072	10,751	12,022
Trade and other payables *(Note 12)*	1	9,686	–	–	–	9,687
Derivatives – PPA	–	–	–	–	–	–
Derivatives – IRS	–	–	–	–	–	–

20. Related Party Disclosures

Parent Entity

The immediate parent company of the Target Group is West Wyalong HoldCo 1 Limited, which holds 100% equity interest of the Target Company.

The ultimate controlling party of the Target Group is the Lightsource BP Renewable Energy Investments Limited.

Transactions with key management personnel

There are no transactions with key management personnel during the Relevant Periods and the nine months ended 30 September 2022.

Key management personnel compensation for all Relevant Periods was borne by one of its Australian sister company, Lightsource Development Services Australia Pty Ltd.

Subsidiaries

As at end of year/period, following subsidiary entities and equity interest held by the Target Company are listed as below:

	% Equity interest			
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Name				
West Wyalong Fund Pty Ltd	100	100	100	100
West Wyalong Finco Pty Ltd	100	100	100	100
Lightsource Australia SPV2 Pty Ltd	100	100	100	100

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the Relevant Periods and the nine months ended 30 September 2022:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Immediate parent:					
West Wyalong HoldCo 1 Limited					
– Borrowings from related parties (a)	–	–	(38,794)	(29,294)	(61,285)
Other related parties:					
Lightsource Development Services Australia Pty Ltd					
– Amounts owed by related parties	–	33	33	33	33
– Amounts owed to related parties	(8)	–	–	–	–
Woolooga Finco Pty Ltd					
– Amounts owed by related parties	–	15	15	15	15
Woolooga Fund Pty Ltd					
– Sales (b)	–	–	–	–	1,577
Lightsource Australia SPV 4 Pty Ltd					
– Sales (b)	–	–	–	–	726
Other Related Parties					
– Amounts owed to related parties	–	(74)	(1)	–	(1)
Total sales to related parties	**–**	**–**	**–**	**–**	**2,303**
Total borrowings from related parties	**–**	**–**	**(38,794)**	**(29,294)**	**(61,285)**
Total amounts owed by related parties	**–**	**48**	**48**	**48**	**48**
Total amounts owed to related parties	**(8)**	**(74)**	**(1)**	**–**	**(1)**

(a) Borrowings from related parties

Loans from related parties have interest bearing and non-interest bearing components and are both payable on demand.

(b) Sales to related parties

These relates to the sales of LGCs through executory contracts held between related parties.

(c) Terms and conditions of transactions with related parties

Outstanding balances at the end of each Relevant period other than loans receivable and loans payables discussed above are unsecured and interest free and settlement occurs in cash.

21. Information Relating to West Wyalong Holdco 2 Pty Ltd (The Parent)

(a) Contingent liabilities of the Target Company

The Target Company did not have any material contingent liabilities at each Relevant Period.

(b) Capital commitments – Property, plant and equipment

The Target Company did not have any material contractual commitments at each Relevant Period.

(c) Material accounting policies

The accounting policies of the parent entity are consistent with those of the Target Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity

22. Commitments

Capital commitments

The capital commitments as at 30 September 2023 are nil (2022: AUD12,499,000; 2021: AUD76,386,000, 2020: Nil). The commitments in 2022 and 2021 are related to the construction of the solar farm project.

Contingencies

There were no material contingencies for the Target Group at each Relevant Period.

Guarantees

The Target Group has guarantees of AUD1,000,000 as at 30 September 2023 (2022: AUD1,000,000; 2021: AUD3,702,000; 2020: Nil). The guarantees in 2023 and 2022 are predominantly related to the construction of the solar farm project.

23. Event After the Reporting Periods

No matter or circumstance has arisen since 30 September 2023 that has significantly affected, or may significantly affect the Target Group's operations, the results of those operations, or the Target Group's state of affairs in future financial years.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group and the Target Company in respect of any period subsequent to 30 September 2023 and up to the date of this report.

The following is the text of accountants' report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, EY Australia.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF WOOLOOGA HOLDCO 2 PTY LTD AND ITS CONTROLLED ENTITIES TO THE DIRECTORS OF BEIJING ENERGY INTERNATIONAL HOLDING CO., LTD.

Introduction

We report on the historical financial information of Woolooga HoldCo 2 Pty Ltd (the "**Target Company**") and its controlled entities (collectively, the "**Target Group**") set out on pages 160 to 211, which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2020, 2021, and 2022 and for the nine months ended 30 September 2023 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2020, 2021 and 2022, and 30 September 2023, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 160 to 211 forms an integral part of this report, which has been prepared for inclusion in the circular of Beijing Energy International Holding Co., Ltd. (the "**Company**") dated 28 March 2024 (the "**Circular**") in connection with the proposed acquisition of the equity interests in the Target Company to achieve 100% ownership by the Company ("**Proposed Acquisition**").

Directors' Responsibility for the Historical Financial Information

The directors of the Target Group are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information and for such internal control as the directors of the Target Group determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on the accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 *Accountants' Report on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountant. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2020, 2021, and 2022, and 30 September 2023 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Review of Interim Comparative Financial Information

We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended 30 September 2022 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements *2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements and Management Accounts as defined on page 160 as were considered necessary.

Ernst & Young
200 George Street
Sydney 2000 NSW
Australia

28 March 2024

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the management accounts of the Target Group for the years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2023 (the "**Management Accounts**") and previously issued financial statements of the Target Group for the year ended 31 December 2022 (the "**Historical Financial Statements**"). The previously issued financial statements were audited by *Moore Australia* in accordance with the requirement of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncement issued by Australian Accounting Standard Board.

The Historical Financial Information is presented in Australian Dollar ("**AUD**") and all values are rounded to the nearest thousand (AUD'000) except when otherwise indicated.

(A) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Nine months ended 30 September	
		2020	2021	2022	2022	2023
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Revenue	*4*	–	–	5,275	2,125	6,578
Cost of sales		–	–	(3,066)	(3,844)	(9,031)
Gross profit		–	–	2,209	(1,719)	(2,453)
Administration expenses		(1)	(3,633)	(81)	(5)	(3,995)
Gain/(loss) on derivative instruments at fair value through profit or loss		–	29,641	(3,439)	1,662	22,759
Finance costs	*5*	–	–	(448)	(182)	(9,640)
Finance income		–	–	117	60	141
Profit/(Loss) before income tax		(1)	26,008	(1,642)	(184)	6,812
Income tax (expense)/benefit	*6*	–	(10,447)	(6,168)	(6,404)	(1,776)
Profit/(loss) and total comprehensive income for the year/period		**(1)**	**15,561**	**(7,810)**	**(6,588)**	**5,036**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

(B) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December			As at 30 September
		2020	**2021**	**2022**	**2023**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS					
Cash and cash equivalents	*7*	–	699	8,560	4,472
Restricted cash	*8*	–	–	–	4,071
Trade and other receivables	*9*	555	4,245	1,597	1,412
Large-scale generation certificates	*10*	–	–	1,135	746
Derivatives	*16*	–	1,390	588	3,490
Other assets	*11*	–	991	991	1,009
TOTAL CURRENT ASSETS		**555**	**7,325**	**12,871**	**15,200**
NON-CURRENT ASSETS					
Property, plant and equipment	*12*	8,793	135,877	301,040	311,708
Derivatives	*16*	–	32,700	37,933	44,654
Other assets	*11*	–	3,388	2,396	1,652
TOTAL NON-CURRENT ASSETS		**8,793**	**171,965**	**341,369**	**358,014**
TOTAL ASSETS		**9,348**	**179,290**	**354,240**	**373,214**
CURRENT LIABILITIES					
Trade and other payables	*13*	9,350	572	4,903	20,185
Borrowings	*14*	–	2,802	91,536	103,117
Derivatives	*16*	–	3,629	12,319	–
TOTAL CURRENT LIABILITIES		**9,350**	**7,003**	**108,758**	**123,302**

		As at 31 December			As at 30 September
		2020	**2021**	**2022**	**2023**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
NON-CURRENT LIABILITIES					
Borrowings	*14*	–	136,645	190,101	188,607
Decommissioning provision	*15*	–	8,815	31,017	30,129
Derivatives	*16*	–	821	–	–
Deferred tax liabilities	*6*	–	10,447	16,615	18,391
TOTAL NON-CURRENT LIABILITIES		**–**	**156,728**	**237,733**	**237,127**
TOTAL LIABILITIES		**9,350**	**163,731**	**346,491**	**360,429**
NET ASSETS		**(2)**	**15,559**	**7,749**	**12,785**
EQUITY					
Issued capital	*18*	–	–	–	–
(Accumulated losses)/Retained earnings		(2)	15,559	7,749	12,785
TOTAL EQUITY		**(2)**	**15,559**	**7,749**	**12,785**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

(C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	(Accumulated losses)/ Retained earnings	Total equity
	AUD'000	*AUD'000*	*AUD'000*
At 1 January 2020	**–**	**(1)**	**(1)**
Profit/(Loss) for the year	–	(1)	(1)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	(1)	(1)
At 31 December 2020	**–**	**(2)**	**(2)**
At 1 January 2021	**–**	**(2)**	**(2)**
Profit/(Loss) for the year	–	15,561	15,561
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	15,561	15,561
At 31 December 2021	**–**	**15,559**	**15,559**
At 1 January 2022	**–**	**15,559**	**15,559**
Profit/(Loss) for the year	–	(7,810)	(7,810)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	(7,810)	(7,810)
At 31 December 2022	**–**	**7,749**	**7,749**
At 1 January 2022	**–**	**15,559**	**15,559**
Profit/(Loss) for the period	–	(6,588)	(6,588)
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period	–	(6,588)	(6,588)
At 30 September 2022	**–**	**8,971**	**8,971**
At 1 January 2023	**–**	**7,749**	**7,749**
Profit/(Loss) for the period	–	5,036	5,036
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period	–	5,036	5,036
At 30 September 2023	**–**	**12,785**	**12,785**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

(D) CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December			Nine months ended 30 September	
		2020	2021	2022	2022	2023
		AUD'000	AUD'000	AUD'000	AUD'000 (Unaudited)	AUD'000
OPERATING ACTIVITIES						
Profit/(loss) before income tax		**(1)**	**26,008**	**(1,642)**	**(184)**	**6,812**
Adjustments for						
Depreciation of property, plant and equipment		–	–	–	–	6,629
LGCs government grant		–	–	(2,597)	–	(3,845)
Impairment on LGCs		–	–	1,461	–	3,485
Fair value gain/(losses) on financial assets at fair value through profit or loss		–	(34,091)	(4,431)	2,788	(9,623)
Fair value gain/(losses) on financial liabilities at fair value through profit or loss		–	4,450	7,870	(4,450)	(12,319)
Finance income		–	–	(117)	(60)	(141)
Finance costs		–	–	448	182	8,823
Operating profit before working capital changes		**(1)**	**(3,633)**	**992**	**(1,724)**	**(179)**
Changes in working capital						
Trade and other receivables		(555)	–	4,892	(1,282)	7,635
Large-scale generation certificates		–	–	–	–	(387)
Trade and other payables		–	–	(4,454)	(301)	(6,471)
Cash generated from operations		**(555)**	**(3,633)**	**1,430**	**(3,307)**	**598**
Interest received		–	–	117	60	141
Income tax paid		–	–	–	–	–
Net cash flows (used) in / from operating activities		**(556)**	**(3,633)**	**1,547**	**(3,247)**	**739**
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(8,778)	(122,710)	(124,313)	(115,172)	(6,642)
Interest paid		–	(3,071)	(11,368)	(6,111)	(644)
Proceeds from insurance claims		–	–	–	–	4,071
Transfer to restricted cash account		–	–	–	–	(4,071)
Net cash flows used in investing activities		**(8,778)**	**(125,781)**	**(135,681)**	**(121,283)**	**(7,286)**
FINANCING ACTIVITIES						
Proceeds from borrowings		–	148,925	62,509	62,509	–
Repayment of borrowings		–	(9,478)	(9,714)	(9,373)	(1,743)
Loan from shareholders		–	–	89,200	83,200	11,600
Interest paid		–	–	–	–	(7,398)
Proceeds from related parties		9,334	–	–	–	–
Repayment to related parties		–	(9,334)	–	–	–
Net cash flows from financing activities		**9,334**	**130,113**	**141,995**	**136,336**	**2,459**
Net increase/(decrease) in cash and cash equivalents		–	699	7,861	11,806	(4,088)
Cash and cash equivalents at beginning of year/period		–	–	699	699	8,560
Cash and cash equivalents at end of year/ period		**–**	**699**	**8,560**	**12,505**	**4,472**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

(E) STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 September
	2020	2021	2022	2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS	–	–	89,386	101,139
NON-CURRENT ASSETS	–	1,321	4,802	7,004
TOTAL ASSETS	**–**	**1,321**	**94,188**	**108,143**
CURRENT LIABILITIES	–	1,326	94,235	108,230
NON-CURRENT LIABILITIES	–	–	–	–
TOTAL LIABILITIES	**–**	**1,326**	**94,235**	**108,230**
EQUITY				
Issued capital	–	–	–	–
Accumulated losses	–	(5)	(47)	(87)
TOTAL EQUITY	**–**	**(5)**	**(47)**	**(87)**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

1. General Information

Woolooga HoldCo 2 Pty Ltd (the "**Target Company**") is a for-profit company limited by shares incorporated in Australia. The immediate parent of Woolooga HoldCo 2 Pty Ltd is Woolooga HoldCo 1 Limited, a company registered in the United Kingdom, while the ultimate controlling party is Lightsource BP Renewable Energy Investments Limited, a company registered in the United Kingdom.

The registered office and principal place of business of the Target Group is CBW Level 19 181 William Street, Melbourne, VIC 3000.

The nature of the operations and principal activity of the Target Group is development, operation and maintenance of Woolooga Solar Farm. There were minimal activities in 2020, and since the middle of 2021, Woolooga Solar Farm was under construction. It commenced commercial operations in 2023.

2. Summary of Material Accounting Policies

2.1 Basis of preparation and presentation

The Historical Financial Information set out to this report, has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All IFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The measurement bases are fully described in the accounting policies below. The Historical Financial Information is presented in Australian Dollar (AUD), rounded to the nearest thousand (AUD'000) except when otherwise indicated, which is also the functional currency of the Target Group.

Foreign Currencies

Transactions in foreign currencies are translated to the functional currency of the Target Group at exchange rates as the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured on historical cost in a foreign currency are not translated.

Going Concern

The Historical Financial Information have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 September 2023, the Target Group's consolidated total current liabilities exceeded consolidated total current assets by AUD108,001,000 (2022: net current liabilities of AUD93,617,000; 2021: net current assets of AUD322,000; 2020 net current liability of AUD8,795,000). Included within the net current liabilities is a loan from its Parent Entity, Woolooga HoldCo 1 Limited (see Note 21).

The directors of the Company had made an assessment and concluded the Target Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the date of approval of these financial statements. The directors of the Company had made this assessment after having regard to the financial support received from one of the controlling parties of the Target Group that it will provide the necessary financial support to the Target Group if the Target Group is not able to pay its debts when they are due, and also that while its shareholder loan is repayable on demand, the Parent Entity will not call for repayment of this loan for at least twelve months from the date of approval of these financial statements, or until the completion of the Proposed Transaction, whichever is earlier, if doing so would cause the Target Group not to be able to continue as a going concern. In addition, following the completion of the Proposed Transaction, the Company, or one of its controlled entities, will replace the existing shareholder loan in its entirety to facilitate the continuing ongoing operations of the Target Group. Consequently, the Historical Financial Information have been prepared on a going concern basis.

2.2 Basis of consolidation

The Historical Financial Information include the financial statements of the Target Group for each of the years ended 31 December 2020, 2021 and 2022, and for the nine months ended 30 September 2023 (the "**Relevant Periods**").

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Target Company controls an investee if, and only if, the Target Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

The results of subsidiaries are consolidated from the date on which the Target Company obtains control and continue to be consolidated until the date that such control ceases. If the Target Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Target Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 Summary of material accounting policies

(a) New and amended standards and interpretations

The Target Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective, which is not expected to have any significant impact on the Target Group's financial information.

(b) Current and non-current classification

The Target Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Target Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Revenue recognition

The Target Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Target Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Target Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

(i) Sale of electricity

Revenue is earned from the sale of electricity generated from Woolooga Solar Farm. Revenue from electricity sales is recognised on an accrual basis and is only recognised when the electricity is generated and connected to the grid and the Target Group attains the right to be compensated.

(ii) Large-scale Generation Certificates (LGCs)

A Large-scale Generation Certificate (LGC) represents 1MWh of generation from renewable energy generators in Australia. The Target Group receives LGCs as a government grant on generation of renewable energy, which are recognised at fair value, with the corresponding amount recognised within cost of sales as compensating the costs incurred in generating the renewable energy. LGCs generated by Target Group are registered with the Clean Energy Regulator.

LGC revenue is recognised at the consideration expected to be received on transfer of the LGCs to the customer.

Other income

Other revenue is recognised when it is received or when the right to receive payment is established.

Contract balances

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Target Group performs by transferring goods to a customer before the customer pays considerations or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of each Relevant Periods in the countries where the Target Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date during the measurement period, or recognised in profit or loss.

The Target Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidation

The Target Group and its Australian related entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Woolooga HoldCo 2 Pty Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within the group" approach by reference to the carrying amounts of assets and liabilities either in the separate financial statements of each entity or at the level of tax consolidated group and the tax bases applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are initially recognised during the period to the extent that they are recoverable by the group, whether as a reduction of the current tax of other entities in the group or as a deferred tax asset of the head entity in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Target Group as an equity contribution or distribution.

Where several entities in a tax consolidated group derive tax losses/credits in the same period but the aggregate amount of the tax losses/credits are not expected to be utilised as a reduction of a current tax liability or be recognised as a deferred tax asset by the head entity, the aggregate amount expected to be utilised or recognised is apportioned on a systematic and reasonable basis between those entities for their initial tax-loss/tax-credit deferred tax asset recognition.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Goods and services tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Restricted cash

Restricted cash comprises of cash balances which are not available to meet short-term commitments. Refer to Note 8 for further details.

(g) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Target Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(h) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Target Group uses derivative financial instruments, such as interest rate swaps and power purchase agreements, to economically hedge its interest rate risk and electricity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Target Group's derivative financial instruments are measured at fair value through profit or loss.

(i) Fair value measurement

The Target Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Target Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of Relevant Period.

(j) Financial assets

(i) Classification

The Target Group classifies its financial assets at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them.

(ii) Measurement

The Target Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of revenue from contacts with customers in Note 2.3(c).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(iii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a. Financial assets at amortised cost (debt instruments)

b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)

c. Financial assets at fair value through profit or loss

The Target Group measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Target Group's financial assets at amortised cost includes trade and other receivables, and receivables from related parties.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within revaluation (loss)/gain on derivative instruments, finance costs and interest income.

(iv) Impairment

The Target Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Target Group applies a simplified approach in calculating ECLs. Therefore, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Target Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Solar Farm Assets	35 years
Inverters	10 years

The residual value, useful live and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress

Construction in progress pertains to capitalised expenditure related to the development and construction of Woolooga Solar Farm. Development expenditures on an individual project are recognised as an asset when the Target Group can demonstrate:

a. The technical feasibility of completing the intangible asset so that asset will be available for use or sale;

b. Its intension to complete and its ability and intension to use or sell the asset;

c. How the asset will generate future economic benefits;

d. The availability of resources to complete the asset; and

e. The ability to measure reliably the expenditure during the development.

Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is transferred to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised into the cost of the asset. This includes any realised gains or losses from interest rate swaps for which hedge accounting is not applied. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. Costs incurred to obtain any qualifying borrowing facility is separately capitalised on the statement of financial position.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Impairment of non-financial assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimated of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Target Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Financial liabilities

(i) Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and other payables, payables to related parties and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

(p) Decommissioning provision

The Target Group records the present value of the estimated cost of legal and constructive obligations to rehabilitate lease areas as a decommissioning provision, initially in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, dismantling operating facilities, closure of plant, and restoration, reclamation and revegetation of affected areas. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related construction in progress. Over time, the discounted liability is increased for the change in the present value based on a discount rate, where appropriate. Additional disturbances or changes in decommissioning costs will be recognised as additions or changes to the corresponding asset and decommissioning liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance charge in the profit or loss. The carrying amount capitalised as part of construction in progress is depreciated or amortised over the life of the asset following the transfer to the appropriate category of property, plant and equipment.

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Related parties

For the purposes of the Historical Financial Information, a party is considered to be related to the Target Group if:

(a) the party, is a person or a close member of that person's family and if that person,

(i) has control or joint control over the Target Group

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Target Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

(ix) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Critical Accounting Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the Historical Financial Information requires Target Group to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed below.

The key assumptions concerning the future and other key sources of estimation uncertainty at each relevant period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Target Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Target Group. Such changes are reflected in the assumptions when they occur.

(a) Fair value measurement

The Target Group is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement (See Note 2.3(i)).

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

The Target Group accounted for Power Purchase Agreements ("**PPA**") and Interest Rate Swaps ("**IRS**") as derivative contracts in accordance with financial instrument requirements. PPA is revalued at the end of each report period based on the net present value of the difference between the forward market curve of the electricity price and the fixed price stated in the power purchase agreement.

The following table summarises the methods used to estimate fair value.

Instrument	**Fair value level**	**Fair value methodology**
Power purchase agreements (PPA)	3	Uses a discounted cash flow methodology which reflects differences in contract prices and long-term forecast energy pool prices (not observable in the market), estimation of electricity volumes, the discount rate, and related credit adjustments
Interest rate swaps contracts	2	Discounts the present value of the estimated future cash flows using the applicable observable market yield curves having regard to timing of cash flows.

(b) Estimation of useful lives of assets

The Target Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(c) Decommissioning provision

Significant estimates and assumptions are made in determining the decommissioning provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation and biodiversity costs required.

4. Revenue

Revenue from contracts with customers

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Revenue from contracts with customers					
Sales of electricity	–	–	3,573	681	5,554
Sales of Large-scale Generation Certificates (LGCs)	–	–	1,702	1,444	1,024
Total	**–**	**–**	**5,275**	**2,125**	**6,578**

All sales are made to customers in Australia, and those sales are recognised at a point in time.

5. Finance Costs

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Interest expense	–	–	–	–	8,215
Amortisation of capitalised borrowing costs	–	–	–	–	661
Unwinding of discount on decommissioning provision	–	–	448	182	764
Total	**–**	**–**	**448**	**182**	**9,640**

6. Income Taxes

The major components of income tax expense for each Relevant Period and the nine months ended 30 September 2022 are:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Current tax	–	–	–	–	–
Deferred tax	–	10,447	6,168	6,404	1,776
Income tax expense/(benefit) reported in the statement of profit or loss	**–**	**10,447**	**6,168**	**6,404**	**1,776**

Reconciliation of tax expense and the accounting (loss)/profit by Australia's domestic tax rate for each Relevant Period and the nine months ended 30 September 2022:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Accounting (loss)/profit before income tax	(1)	26,008	(1,642)	(184)	6,812
At Australia's statutory income tax rate of 30% (2020 and 2021: 30%)	–	7,802	(493)	(55)	2,044
Current year temporary differences not recognised[1]	–	2,645	6,661	6,459	–
Other non-deductible/deductible items	–	–	–	–	(268)
Income tax expense/(benefit) reported in the statement of profit or loss	**–**	**10,447**	**6,168**	**6,404**	**1,776**

[1] Decommissioning provision (see Note 15) and a corresponding decommissioning asset within Construction in Progress (see Note 12) were recorded in years ended 31 December 2021 and 2022, and period ended 30 September 2023. As a result, a deferred tax liability was recognised on the decommissioning asset relating to this provision. However as it is not probable that any deferred tax asset recognised on the decommissioning provision would be recoverable based on timing of reversal of the provision, a corresponding deferred tax asset has not been recognised. This has resulted in this amount being recorded as deferred tax expense.

Deferred tax relates to the following:

	Consolidated statement of financial position			
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Fixed assets	–	(1,095)	(5,033)	(2,935)
Capitalised borrowing costs	–	864	648	486
Decommissioning asset	–	(2,645)	(9,171)	(8,503)
Tax losses carried forward	–	1,321	4,802	7,004
Derivatives	–	(8,892)	(7,861)	(14,443)
Deferred tax assets/(liabilities)	**–**	**(10,447)**	**(16,615)**	**(18,391)**

	Consolidated statement of profit or loss				
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Fixed assets	–	1,095	3,938	2,063	(2,098)
Capitalised borrowing costs	–	(864)	216	162	162
Decommissioning asset	–	2,645	6,526	6,399	(668)
Tax losses recognised	–	(1,321)	(3,481)	(2,719)	(2,202)
Derivatives	–	8,892	(1,031)	499	6,582
Deferred tax expenses/(benefit)	**–**	**10,447**	**6,168**	**6,404**	**1,776**

	Reconciliation of deferred tax balances, net			
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
As of beginning of year/period	–	–	(10,447)	(16,615)
Fixed assets	–	(1,095)	(3,938)	2,098
Capitalised borrowing costs	–	864	(216)	(162)
Decommissioning asset	–	(2,645)	(6,526)	668
Tax losses carried forward	–	1,321	3,481	2,202
Derivatives	–	(8,892)	1,031	(6,582)
As at end of year/period	**–**	**(10,447)**	**(16,615)**	**(18,391)**

7. Cash and Cash Equivalents

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Cash at bank	–	699	8,560	4,472
Total	**–**	**699**	**8,560**	**4,472**

8. Restricted Cash

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Restricted cash	–	–	–	4,071
Total	**–**	**–**	**–**	**4,071**

Restricted Cash represents money held in the Insurance Proceeds Account, for claims submitted on behalf of the Engineering, Procurement and Construction ("**EPC**") contractor. The Target Group shall transfer the money held to the EPC contractor within the next 12 months.

9. Trade and Other Receivables

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Accrued income	–	–	829	464
GST receivables	555	2,332	335	–
Other receivables	–	–	433	590
Amounts due from related parties *(Note 21)*	–	1,913	–	358
Total	**555**	**4,245**	**1,597**	**1,412**

Based on management's assessment and judgement, there is no credit loss impairment during the Relevant Periods.

10. Large-scale Generation Certificates (LGCs)

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Large-scale generation certificates	–	–	1,135	746
Total	**–**	**–**	**1,135**	**746**

Total amount of LGCs government grant received, and recognised within cost of sales in the period ended 30 September 2023 is AUD9,677,000 (2022: AUD6,495,000; 2021 and 2020: Nil).

11. Other Assets

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Current				
Capitalised borrowing costs (a)	–	991	991	991
Other current assets	–	–	–	18
Total	**–**	**991**	**991**	**1,009**
Non-current				
Capitalised borrowing costs (a)	–	3,388	2,396	1,652
Total	**–**	**3,388**	**2,396**	**1,652**

(a) Capitalised borrowing costs

Borrowing cost incurred to obtain the loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

12. Property, Plant and Equipment

	Land	Construction in progress	Property, plant and equipment	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Cost				
At 1 January 2020	1,051	345	–	1,396
Additions	7,397	–	–	7,397
At 31 December 2020	8,448	345	–	8,793
Accumulated Depreciation				
At 1 January 2020	–	–	–	–
Depreciation	–	–	–	–
At 31 December 2020	–	–	–	–
Net Book Value	**8,448**	**345**	**–**	**8,793**
Cost				
At 1 January 2021	8,448	345	–	8,793
Additions	4,355	113,913	–	118,268
Decommissioning provision	–	8,816	–	8,816
At 31 December 2021	12,803	123,074	–	135,877
Accumulated Depreciation				
At 1 January 2021	–	–	–	–
Depreciation	–	–	–	–
At 31 December 2021	–	–	–	–
Net Book Value	**12,803**	**123,074**	**–**	**135,877**

	Land	Construction in progress	Property, plant and equipment	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Cost				
At 1 January 2022	12,803	123,074	–	135,877
Additions	–	143,409	–	143,409
Remeasurement of decommissioning provision	–	21,754	–	21,754
At 31 December 2022	12,803	288,237	–	301,040
Accumulated Depreciation				
At 1 January 2022	–	–	–	–
Depreciation	–	–	–	–
At 31 December 2022	–	–	–	–
Net Book Value	**12,803**	**288,237**	**–**	**301,040**
Cost				
At 1 January 2023	12,803	288,237	–	301,040
Additions	–	18,959	–	18,959
Transfer from CIP to PPE	–	(307,196)	307,196	–
Remeasurement of decommissioning provision	–	–	(1,652)	(1,652)
At 30 September 2023	12,803	–	305,544	318,347
Accumulated Depreciation				
At 1 January 2023	–	–	–	–
Depreciation	–	–	6,639	6,639
At 30 September 2023	–	–	6,639	6,639
Net Book Value	**12,803**	**–**	**298,905**	**311,708**

13. Trade and Other Payables

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
Current				
Trade Payables	–	–	19	–
Accrued expense	–	464	2,396	15,982
Other Payables	–	–	–	4,153
Amounts due to related parties *(Note 21)*	9,350	108	2,488	50
Total	**9,350**	**572**	**4,903**	**20,185**

The table below sets out, as at the end of reporting periods indicated, the ageing analysis, based on the date of invoices, of our trade payables:

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
Current				
1-30 days	–	–	19	–
Total	**–**	**–**	**19**	**–**

14. Borrowings

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
Current				
Shareholder loan *(Note 21)*	–	–	89,396	101,226
Loan facility	–	2,802	2,140	1,891
Total	**–**	**2,802**	**91,536**	**103,117**
Non-current				
Loan facility	–	136,645	190,101	188,607
Total	**–**	**136,645**	**190,101**	**188,607**

The loan facility is a syndicated financing arrangement entered into in May 2021 with ING, Intesa Sanpaolo, Westpac and Export Development Canada banks on a term of 5 years with expiration date on 2 June 2026. The interest rate payable on the loan facility is BBSY +1.9%. During the period of construction, the loan facility requires monthly interest payments. Upon conversion of the loan facility from a construction loan to an operation loan, the loan facility requires quarterly principal and interest payments. The conversion of the loan facility took place in October 2023.

Borrowing cost incurred to obtain the loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

The table below sets out, as at the end of reporting periods indicated, a maturity analysis of firstly bank loans and overdrafts, and secondly of other borrowings, showing the aggregate amounts repayable:

	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
On demand or within a period not exceeding one year	–	2,802	91,536	103,117
Within a period of more than one year but not exceeding two years	–	2,140	1,690	1,843
Within a period of more than two years but not exceeding five years	–	134,505	188,411	186,764
Total	**–**	**139,447**	**281,637**	**291,724**

15. Decommissioning Provision

	AUD'000
At 1 January 2020	–
Accretion of interest	–
Remeasurement	–
At 31 December 2020	**–**
At 1 January 2021	–
Accretion of interest	–
Remeasurement	8,815
At 31 December 2021	**8,815**
At 1 January 2022	8,815
Accretion of interest	448
Remeasurement	21,754
At 31 December 2022	**31,017**
At 1 January 2023	31,017
Accretion of interest	764
Remeasurement	(1,652)
At 30 September 2023	**30,129**

16. Derivatives

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
Current assets				
Derivative – interest rate swaps	–	–	588	3,198
Derivative – power purchase agreements	–	1,390	–	292
Total	**–**	**1,390**	**588**	**3,490**
Non-current assets				
Derivative – interest rate swaps	–	–	31,114	31,137
Derivative – power purchase agreements	–	32,700	6,819	13,517
Total	**–**	**32,700**	**37,933**	**44,654**
Current liabilities				
Derivative – interest rate swaps	–	3,629	–	–
Derivative – power purchase agreements	–	–	12,319	–
Total	**–**	**3,629**	**12,319**	**–**
Non-current liabilities				
Derivative – interest rate swaps	–	821	–	–
Derivative – power purchase agreements	–	–	–	–
Total	**–**	**821**	**–**	**–**

Reconciliation of fair value measurement of derivative assets and liabilities (Level 3):

	Power purchase agreements
	AUD'000
At 1 January 2020	
Additions	–
Remeasurement recognised in statement of profit or loss during the year	–
Termination	–
At 31 December 2020	**–**
At 1 January 2021	–
Additions	–
Remeasurement recognised in statement of profit or loss during the year	34,091
Termination	–
At 31 December 2021	**34,091**
At 1 January 2022	34,091
Additions	–
Remeasurement recognised in statement of profit or loss during the year	(39,591)
Termination	–
At 31 December 2022	**(5,500)**
At 1 January 2023	(5,500)
Additions	–
Remeasurement recognised in statement of profit or loss during the period	19,309
Termination	–
At 30 September 2023	**13,809**

Interest rate risk management

The Target Group is exposed to interest rate risk because the Target Group borrows funds at variable interest rates. The risk is managed by the Target Group by the use of interest rate swap contracts ("**IRSs**").

Under IRSs, the Target Group agrees to exchange the difference between fixed and variable rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Target Group to mitigate the interest rate risk. The fair value of IRSs at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and credit risk inherent in the contract.

Power purchase agreements (PPAs) and IRSs are recognised at fair value through profit or loss under IFRS 9.

17. Fair Value Measurement

IFRS 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Target Group:

	Level 1	Level 2	Level 3	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
31 December 2020				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–
Financial liabilities				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–

	Level 1	Level 2	Level 3	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
31 December 2021				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	34,091	34,091
Financial liabilities				
Interest rate swaps	–	4,450	–	4,450
31 December 2022				
Recurring fair value measurements				
Financial assets				
Interest rate swaps	–	31,702	–	31,702
Financial liabilities				
Power purchase agreements	–	–	5,500	5,500
30 September 2023				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	13,809	13,809
Interest rate swaps	–	34,335	–	34,335
Financial liabilities				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–

There were no transfers between levels during the Relevant Periods.

The carrying amounts of trade and other receivables, and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The fair value of borrowings is not materially different to the carrying values.

The fair value of derivative investments is recognised at Level 2 fair value for interest rate swaps, and Level 3 fair value for the power purchase agreements. The Target Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. The Target Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis throughout the Relevant Periods.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

The fair values of financial assets and financial liabilities are determined based on the financial instrument. The fair value of:

- financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates; and

- derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (as described below); and

- discount rates.

Valuation input	Source
• Interest rate forward price curve	• Published market swap rates.
• Discount rate	• Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of the Target Group for liabilities.
• Electricity forward price curve	• Market quoted prices such as ASX Futures where available, and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See Note 20 for sensitivity analysis.

18. Issued Capital

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD	*AUD*	*AUD*	*AUD*
10 Ordinary shares issued and fully paid (2022, 2021 and 2020: 10 Ordinary shares)	10	10	10	10
	10	10	10	10

Ordinary shares issued and fully paid

Movement in ordinary shares	No. of shares	AUD
At 1 January 2020	**–**	**–**
Ordinary shares issued	10	10
At 31 December 2020	**10**	**10**
Ordinary shares issued	–	–
At 31 December 2021	**10**	**10**
Ordinary shares issued	–	–
At 31 December 2022	**10**	**10**
Ordinary shares issued	–	–
At 30 September 2023	**10**	**10**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

When managing capital, the Company's objectives are to ensure sufficient funds are available to pay liabilities when they fall due and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or to adjust the capital structure, the Company has the discretion to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by net debt plus equity.

19. Dividends

There were no dividends paid, recommended or declared during any of reporting periods.

20. Financial Risk Management

Financial risk management objectives

The Target Group's activities expose it to a variety of risks: generation risk (including electricity price risk, volume risk, credit risk and damage to generation asset) and funding risk (including interest rate risk, credit risk, refinancing risk and liquidity risk). The Target Group's overall risk management programmes focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Target Group enters into agreements to manage its electricity and interest rate risks. In accordance with the Target Group's risk management policies, the Target Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not quality for hedge accounting and are required to be accounted for at fair value through profit or loss.

Generation risk

Electricity price risk

Over 66% of output is contracted to electricity retailers which ensures the Target Group receives a fixed price for this portion of its generation. This risk management strategy assumes that the current electricity wholesale markets operating in Australia, including the renewable energy credit market, will continue to do so in the future.

At the reporting date, if electricity forward prices increase/decrease by 10 per cent with all other variables held constant, the possible changes to the fair value of PPAs are disclosed in the table below:

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
10 per cent increase in electricity forward prices	–	(6,255)	(9,463)	(7,269)
10 per cent decrease in electricity forward prices	–	6,255	9,463	7,269

Volume risk

100% of generation comes from the Woolooga Solar Farm that depends on weather conditions which vary significantly from year to year. The Target Group accepts that this risk will cause a degree of volatility to its earnings.

Credit risk

A large proportion of the revenue comes from two counterparties. One of these is the Australian Electricity Market Operator (AEMO) and the other one is major electricity retailer as offtaker of the PPA. As at 30 September 2023, nothing was owed to the Target Group by these counterparties (2022, 2021, 2020: Nil).

Damage to generation asset

There is potential for the Target Group to sustain significant losses through damage to its generation plant and the resulting loss of earnings. The major portion of this risk has been mitigated by taking out appropriate insurance policies with insurers of high creditworthiness.

Funding risk

Interest rate risk

All of the Target Group's borrowings are a series of floating interest rate facilities. The Target Group uses Interest Rate Swaps (IRS) to fix the interest costs of the Target Group. This stabilises the Target Group's debt servicing costs. However, for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage of a potential fall in market interest rates. Payments made or received by IRS are recognised as a part of "Gain/(loss) on derivative instruments at fair value through profit or loss" within the statement of profit or loss.

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 30 September 2023 was AUD144,260,000 (2022: AUD145,579,000; 2021: AUD241,264,000; 2020: nil).

Interest payment transactions are expected to occur at various dates between one month and quarterly from the end of the reporting period consistent with the Target Group's forecast total borrowings.

At the reporting date, if interest rate had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the period and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
(Decrease) to profit of a 100 basis point increase in interest rates	–	–	–	(1,265)
Increase to profit of a 100 basis point decrease in interest rates	–	–	–	1,265
(Decrease) to equity of a 100 basis point increase in interest rates	–	(561)	(1,817)	(1,439)
Increase to equity of a 100 basis point decrease in interest rates	–	561	1,817	1,439

The above interest rate sensitivities would have an offsetting impact on the interest paid on borrowings.

Refinancing risk

From time to time, the Target Group's debt facilities mature and need to be refinanced. There is a risk that this could occur during adverse market conditions resulting in increased interest rates or, in extreme events, a complete inability to refinance. The Treasury policy requires a spread of debt maturities to minimise the impact of this risk should it occur. This is measured by the proportion of debt maturing in various time bands.

Credit risk

The Target Group's dollar facilities are with institutions that all have a Standard & Poor's long-term credit rating of A+ or higher.

Credit risk exposure is managed using credit risk management policies which provide credit exposure limits based on the credit worthiness of counterparties. The Target Group's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Derivative counterparties are limited to organisations in the energy industry. The Target Group also utilises International Swaps and Derivative Association ("**ISDA**") agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from the amounts payable to individual counterparties.

Liquidity risk

The Target Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management requires maintaining sufficient cash, marketable securities or unutilised committed credit facilities to provide cover for reasonably conceivable adverse conditions. The Target Group operates under a Treasury policy which dictates the level of available committed facilities to be maintained. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand *AUD'000*	Less than 3 months *AUD'000*	3 to 12 months *AUD'000*	1 to 5 years *AUD'000*	> 5 years *AUD'000*	Total *AUD'000*
31 December 2020						
Borrowings	–	–	–	–	–	–
Trade and other payables *(Note 13)*	9,350	–	–	–	–	9,350
Derivatives – PPA	–	–	–	–	–	–
Derivatives – IRS	–	–	–	–	–	–
31 December 2021						
Borrowings	–	1,721	5,339	163,983	–	171,043
Trade and other payables *(Note 13)*	108	464	–	–	–	572
Derivatives – PPA	–	–	–	–	–	–
Derivatives – IRS	–	987	2,613	1,518	–	5,118
31 December 2022						
Borrowings	89,626	2,463	11,041	217,467	–	320,597
Trade and other payables *(Note 13)*	2,488	2,415	–	–	–	4,903
Derivatives – PPA	–	8,183	4,301	–	–	12,484
Derivatives – IRS	–	–	–	–	–	–
30 September 2023						
Borrowings	101,226	3,652	8,986	208,481	–	322,345
Trade and other payables *(Note 13)*	50	20,135	–	–	–	20,185
Derivatives – PPA	–	43	–	–	–	43
Derivatives – IRS	–	–	–	–	–	–

21. Related Party Disclosures

Parent Entity

The immediate parent company of the Target Group is Woolooga HoldCo 1 Limited, which holds 100% equity interest of the Target Company.

The ultimate controlling party of the Target Group is the Lightsource BP Renewable Energy Investments Limited.

Transactions with key management personnel

There are no transactions with key management personnel during the Relevant Periods and the nine months ended 30 September 2022.

Key management personnel compensation for all Relevant Periods was borne by one of its Australian sister company, Lightsource Development Services Australia Pty Ltd.

Subsidiaries

As at end of year/period, following subsidiary entities and equity interest held by the Target Company are listed as below:

	% Equity interest			
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
Name				
Woolooga Fund Pty Ltd	100	100	100	100
Woolooga Finco Pty Ltd	100	100	100	100
Lightsource Australia SPV3 Pty Ltd	100	100	100	100

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the Relevant Periods and the nine months ended 30 September 2022:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Immediate parent:					
Woolooga HoldCo 1 Limited					
– Purchases	–	–	–	–	–
– Amounts owed by related parties	–	–	–	–	–
– Amounts owed to related parties (a)	–	–	(89,396)	(83,318)	(101,226)
Other related parties:					
LS Australia Equity HoldCo 1 Pty Ltd					
– Purchases	–	–	–	–	–
– Amounts owed by related parties	–	1,913	–	5,517	223
– Amounts owed to related parties	–	–	–	–	–
Lightsource Development Services Australia Pty Ltd					
– Purchases	–	–	–	–	–
– Amounts owed by related parties	–	–	–	–	
– Amounts owed to related parties (b)	(8,030)	(93)	(51)	(41)	(35)
Lightsource Holdings 2 Limited					
– Purchases	–	–	–	–	–
– Amounts owed by related parties	–	–	–	–	–
– Amounts owed to related parties (b)	(1,320)	–	–	–	–
West Wyalong Trust					
– Purchases (c)	–	–	–	–	1,735
– Amounts owed by related parties	–	–	–	–	134
– Amounts owed to related parties	–	(15)	(15)	(15)	(15)
Lightsource Australia SPV4 Pty Ltd					
– Purchases (c)	–	–	2,422	2,422	–
– Amounts owed by related parties	–	–	–	–	–
– Amounts owed to related parties (c)	–	–	(2,422)	(2,422)	–
Total					
– Purchases	**–**	**–**	**2,422**	**2,422**	**1,735**
– Amounts owed by related parties	**–**	**1,913**	**–**	**5,517**	**358**
– Amounts owed to related parties	**(9,350)**	**(108)**	**(91,884)**	**(85,796)**	**(101,276)**

(a) Borrowings from related parties

Loans from related parties are non-interest bearing and payable on demand.

(b) Amounts owed to related parties

Amounts owed to related parties predominantly relate to costs paid on behalf of the Target Group for the solar farm project's early works.

(c) Transactions with related parties

These amounts predominantly relate to the purchases of LGCs between related parties.

(d) Terms and conditions of transactions with related parties

Outstanding balances at the end of each Relevant period other than loans receivable and loans payables discussed above are unsecured and interest free and settlement occurs in cash.

22. Information Relating to Woolooga Holdco 2 Pty Ltd (The Parent)

(a) Contingent liabilities of the Target Company

The Target Company did not have any material contingent liabilities at each Relevant Period.

(b) Capital commitments – Property, plant and equipment

The Target Company did not have any material contractual commitments at each Relevant Period.

(c) Material accounting policies

The accounting policies of the parent entity are consistent with those of the Target Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

- Dividends received from subsidiaries are recognised as other income by the parent entity.

23. Commitments

Capital commitments

The capital commitments as at 30 September 2023 are nil (2022: AUD16,786,000; 2021: AUD126,282,000; 2020: nil). The commitments in 2022 and 2021 are related to the construction of the solar farm project.

Contingencies

There were no material contingencies for the Target Group at each Relevant Period.

Guarantees

The Target Group has guarantees of AUD14,953,000 as at 30 September 2023 (2022, 2021 and 2020: AUD14,953,000). The guarantees in all Relevant Periods are predominantly related to the construction of the solar farm project.

24. Event After the Reporting Periods

No matter or circumstance has arisen since 30 September 2023 that has significantly affected, or may significantly affect the Target Group's operations, the results of those operations, or the Target Group's state of affairs in future financial years.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group and the Target Company in respect of any period subsequent to 30 September 2023 and up to the date of this report.

The following is the text of accountants' report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, EY Australia.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF LS AUSTRALIA FINCO 2 PTY LTD AND ITS CONTROLLED ENTITIES TO THE DIRECTORS OF BEIJING ENERGY INTERNATIONAL HOLDING CO., LTD.

Introduction

We report on the historical financial information of LS Australia Finco 2 Pty Ltd (the "**Target Company**") and its controlled entities (collectively, the "**Target Group**") set out on pages 215 to 270, which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2020, 2021, and 2022 and for the nine months ended 30 September 2023 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2020, 2021 and 2022, and 30 September 2023, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 215 to 270 forms an integral part of this report, which has been prepared for inclusion in the circular of Beijing Energy International Holding Co., Ltd. (the "**Company**") dated 28 March 2024 (the "**Circular**") in connection with the proposed acquisition of the equity interests in the Target Company to achieve 100% ownership by the Company ("**Proposed Acquisition**").

Directors' Responsibility for the Historical Financial Information

The directors of the Target Group are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information and for such internal control as the directors of the Target Group determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on the accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 *Accountants' Report on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountant. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2020, 2021, and 2022, and 30 September 2023 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Review of Interim Comparative Financial Information

We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended 30 September 2022 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements *2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

The Historical Financial Information is stated after making such adjustments to the Management Accounts as defined on page 215 as were considered necessary.

Ernst & Young
200 George Street
Sydney 2000 NSW
Australia

28 March 2024

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the management accounts of the Target Group for the Relevant Periods (the "**Management Accounts**").

The Historical Financial Information is presented in Australian Dollar ("**AUD**") and all values are rounded to the nearest thousand (AUD'000) except when otherwise indicated.

(A) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Nine months ended 30 September	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Revenue		–	–	–	–	–
Cost of sales		–	–	–	–	–
Gross profit		–	–	–	–	–
Administration expenses		(3)	(15)	(109)	(690)	(7)
Gain/(loss) on derivative instruments at fair value through profit or loss		–	–	(11,393)	(9,134)	14,810
Foreign exchange gains/(losses) on cash balances		–	–	(68)	–	3,282
Finance income		–	–	–	–	120
Profit/(loss) before income tax		(3)	(15)	(11,570)	(9,824)	18,205
Income tax benefit/(expense)	*4*	1	4	3,442	2,918	(13,084)
Profit/(loss) and total comprehensive income for the year/period		**(2)**	**(11)**	**(8,128)**	**(6,906)**	**5,121**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

(B) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December			As at 30 September
		2020	2021	2022	2023
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS					
Cash and cash equivalents	5	–	–	143,641	16,055
Trade and other receivables	6	–	10	15,197	6,808
Derivatives	13	–	–	270	1,805
Other assets	7	–	–	77,621	4,730
TOTAL CURRENT ASSETS		**–**	**10**	**236,729**	**29,398**
NON-CURRENT ASSETS					
Property, plant and equipment	8	–	3,482	122,895	624,303
Right-of-use assets	9	–	–	9,147	19,776
Derivatives	13	–	–	5,718	8,476
Deferred tax assets	4	1	5	3,447	–
Other assets	7	–	–	9,004	5,518
TOTAL NON-CURRENT ASSETS		**1**	**3,487**	**150,211**	**658,073**
TOTAL ASSETS		**1**	**3,497**	**386,940**	**687,471**
CURRENT LIABILITIES					
Trade and other payables	10	3	3,510	9,173	39,623
Borrowings	11	–	–	27,537	24,634
Lease liabilities	9	–	–	331	370
Derivatives	13	–	–	2,334	–
TOTAL CURRENT LIABILITIES		**3**	**3,510**	**39,375**	**64,627**

		As at 31 December			As at 30 September
		2020	2021	2022	2023
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
NON-CURRENT LIABILITIES					
Decommissioning provision	*12*	–	–	–	25,407
Borrowings	*11*	–	–	100,335	343,576
Lease liabilities	*9*	–	–	8,835	8,880
Derivatives	*13*	–	–	15,036	6,864
Deferred tax liabilities	*4*	–	–	–	9,637
TOTAL NON-CURRENT LIABILITIES		**–**	**–**	**124,206**	**394,364**
TOTAL LIABILITIES		**3**	**3,510**	**163,581**	**458,991**
NET (LIABILITIES)/ASSETS		**(2)**	**(13)**	**223,359**	**228,480**
EQUITY					
Issued capital	*15*	–	–	231,500	231,500
(Accumulated losses)/Retained earnings		(2)	(13)	(8,141)	(3,020)
TOTAL EQUITY		**(2)**	**(12)**	**223,359**	**228,480**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

(C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital *AUD'000*	(Accumulated losses)/ Retained earnings *AUD'000*	Total equity *AUD'000*
At 1 January 2020	**–**	**–**	**–**
Profit/(Loss) for the year	–	(2)	(2)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	(2)	(2)
At 31 December 2020	**–**	**(2)**	**(2)**
At 1 January 2021	**–**	**(2)**	**(2)**
Profit/(Loss) for the year	–	(11)	(11)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	(11)	(11)
At 31 December 2021	**–**	**(13)**	**(13)**
At 1 January 2022	**–**	**(13)**	**(13)**
Profit/(Loss) for the year	–	(8,128)	(8,128)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	(8,128)	(8,129)
Issuance of new shares	231,500	–	231,500
At 31 December 2022	**231,500**	**(8,141)**	**223,359**
At 1 January 2022	**–**	**(13)**	**(13)**
Profit/(Loss) for the period	–	(6,906)	(6,906)
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period	–	(6,906)	(6,906)
At 30 September 2022	**–**	**(6,919)**	**(6,919)**
At 1 January 2023	**231,500**	**(8,141)**	**223,359**
Profit/(Loss) for the period	–	5,121	5,121
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period	–	5,121	5,121
At 30 September 2023	**231,500**	**(3,020)**	**228,480**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

(D) CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December			Nine months ended 30 September	
		2020	2021	2022	2022	2023
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
OPERATING ACTIVITIES						
Profit/(loss) before income tax		**(3)**	**(15)**	**(11,570)**	**(9,824)**	**18,205**
Adjustments for						
Unrealised foreign exchange gain/ (losses)		–	–	–	–	(3,282)
Fair value gain/(losses) on financial assets at fair value through profit or loss		–	–	(5,988)	–	(4,293)
Fair value gain/(losses) on financial liabilities at fair value through profit or loss		–	–	17,381	9,134	(10,517)
Finance income		–	–	–	–	(120)
Operating profit before working capital changes		**(3)**	**(15)**	**(177)**	**(690)**	**(7)**
Changes in working capital						
Trade and other receivables		–	–	–	–	1
Trade and other payables		3	15	160	690	–
Cash generated from operations		**–**	**–**	**(17)**	**–**	**(6)**
Interest received		–	–	–	–	120
Income tax paid		–	–	–	–	-
Net cash flows (used) in / from operating activities		**–**	**–**	**(17)**	**–**	**114**
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		–	–	(200,503)	–	(361,215)
Interest paid		–	–	(14,463)	–	(5,260)
Net cash flows used in investing activities		**–**	**–**	**(214,966)**	**–**	**(366,475)**
FINANCING ACTIVITIES						
Proceeds from borrowings		–	–	14,898	–	250,824
Repayment of borrowings		–	–	–	–	(15,331)
Loan from shareholders		–	–	112,294	–	–
Proceeds from shares issued		–	–	231,500	–	–
Net cash flows from financing activities		**–**	**–**	**358,692**	**–**	**235,493**
Net increase/(decrease) in cash and cash equivalents		–	–	143,709	–	(130,868)
Net foreign exchange difference		–	–	(68)	–	3,282
Cash and cash equivalents at beginning of year/period		–	–	–	–	143,641
Cash and cash equivalents at end of year/period		**–**	**–**	**143,641**	**–**	**16,055**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

(E) STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 September
	2020	2021	2022	2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS	–	–	361,061	607,072
NON-CURRENT ASSETS	1	5	8,210	21,708
TOTAL ASSETS	**1**	**5**	**369,271**	**628,780**
CURRENT LIABILITIES	1	4	30,929	28,483
NON-CURRENT LIABILITIES	–	–	104,324	363,494
TOTAL LIABILITIES	**1**	**4**	**135,253**	**391,977**
EQUITY				
Issued capital	–	–	231,500	231,500
(Accumulated losses)/Retained earnings	–	1	2,518	5,303
TOTAL EQUITY	**–**	**1**	**234,018**	**236,803**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

1. General Information

LS Australia Finco 2 Pty Ltd (the "**Target Company**") is a for-profit company limited by shares incorporated in Australia. The immediate parent of LS Australia Finco 2 Pty Ltd is Lightsource Australia Finco Holdings Limited, a company registered in the United Kingdom, while the ultimate controlling party is Lightsource BP Renewable Energy Investments Limited, a company registered in the United Kingdom.

The registered office and principal place of business of the Target Group is CBW Level 19 181 William Street, Melbourne, VIC 3000.

The nature of the operations and principal activity of the Target Group is development of Wunghnu Solar Farm and Wellington North Solar Farm. Activities relating to the construction of these solar farms, such as early works and procurement, began at the end of 2022, and as at 30 September 2023, construction activities were still ongoing.

2. Summary of Material Accounting Policies

2.1 Basis of preparation and presentation

The Historical Financial Information set out to this report, has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All IFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The measurement bases are fully described in the accounting policies below. The Historical Financial Information is presented in Australian Dollar (AUD), rounded to the nearest thousand (AUD'000) except when otherwise indicated, which is also the functional currency of the Target Group.

Foreign Currencies

Transactions in foreign currencies are translated to the functional currency of the Target Group at exchange rates as the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured on historical cost in a foreign currency are not translated.

Going Concern

The Historical Financial Information have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 September 2023, the Target Group's consolidated total current liabilities exceeded consolidated total current assets by AUD35,229,000 (2022: net current asset of AUD197,354,000; 2021: net current liability of AUD3,500,000; 2020: net current liability of AUD3,000). Included within the net current liabilities is a loan from its Parent Entity, Lightsource Asset Holdings (Australia) Limited of AUD18,162,000 (see Note 11).

The directors of the Company had made an assessment and concluded the Target Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the date of approval of these financial statements. The directors of the Company had made this assessment after having regard to the financial support received from one of the controlling parties of the Target Group that it will provide the necessary financial support to the Target Group if the Target Group is not able to pay its debts when they are due, and also that while its shareholder loan is repayable on demand, the Parent Entity will not call for repayment of this loan for at least twelve months from the date of approval of these financial statements, or until the completion of the Proposed Transaction, whichever is earlier, if doing so would cause the Target Group not to be able to continue as a going concern. In addition, following the completion of the Proposed Transaction, the Company, or one of its controlled entities, will replace the existing shareholder loan in its entirety to facilitate the continuing ongoing operations of the Target Group. Consequently, the Historical Financial Information have been prepared on a going concern basis.

2.2 Basis of consolidation

The Historical Financial Information include the financial statements of the Target Group for each of the years ended 31 December 2020, 2021 and 2022, and for the nine months ended 30 September 2023 (the "**Relevant Periods**").

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Target Company controls an investee if, and only if, the Target Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

The results of subsidiaries are consolidated from the date on which the Target Company obtains control and continue to be consolidated until the date that such control ceases. If the Target Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Target Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 Summary of material accounting policies

(a) New and amended standards and interpretations

The Target Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective, which is not expected to have any significant impact on the Target Group's financial information.

(b) Current and non-current classification

The Target Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Target Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Revenue recognition

The Target Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Target Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Target Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Other income

Other revenue is recognised when it is received or when the right to receive payment is established.

Contract balances

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Target Group performs by transferring goods to a customer before the customer pays considerations or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of each Relevant Periods in the countries where the Target Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date during the measurement period, or recognised in profit or loss.

The Target Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidation

The Target Group and its Australian related entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is LS Australia Finco 2 Pty Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within the group" approach by reference to the carrying amounts of assets and liabilities either in the separate financial statements of each entity or at the level of tax consolidated group and the tax bases applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are initially recognised during the period to the extent that they are recoverable by the group, whether as a reduction of the current tax of other entities in the group or as a deferred tax asset of the head entity in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Target Group as an equity contribution or distribution.

Where several entities in a tax consolidated group derive tax losses/credits in the same period but the aggregate amount of the tax losses/credits are not expected to be utilised as a reduction of a current tax liability or be recognised as a deferred tax asset by the head entity, the aggregate amount expected to be utilised or recognised is apportioned on a systematic and reasonable basis between those entities for their initial tax-loss/tax-credit deferred tax asset recognition.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Goods and services tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable

- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(e) Acquisition of an entity

To assess whether an acquisition transaction is an acquisition of a business, the Target Group first apply a quantitative asset concentration test, whereby an acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the asset concentration test is met, the set of activities and assets acquired is determined not to be a business. Asset acquisitions that are not business combinations are accounted for by allocating the purchase consideration, against identifiable assets and liabilities acquired, based on their relative fair values determined on acquisition date. Transaction costs incurred in relation to the asset acquisition are capitalised to the assets acquired.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Target Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(h) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Target Group uses derivative financial instruments, such as interest rate swaps, power purchase agreements and foreign exchange forward contracts, to economically hedge its interest rate risk, electricity price risk and foreign exchange rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Target Group's derivative financial instruments are measured at fair value through profit or loss.

(i) Fair value measurement

The Target Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Target Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the Relevant Period.

(j) Financial assets

(i) Classification

The Target Group classifies its financial assets at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them.

(ii) Measurement

The Target Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of revenue from contacts with customers in Note 2.3(c).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(iii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a. Financial assets at amortised cost (debt instruments)

b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)

c. Financial assets at fair value through profit or loss

The Target Group measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Target Group's financial assets at amortised cost includes trade and other receivables, and receivables from related parties.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within revaluation (loss)/gain on derivative instruments, finance costs and interest income.

(iv) Impairment

The Target Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Target Group applies a simplified approach in calculating ECLs. Therefore, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Target Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Solar Farm Assets	35 years
Inverters	10 years

The residual value, useful live and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress

Construction in progress pertains to capitalised expenditure related to the development and construction of the solar farms. Development expenditures on an individual project are recognised as an asset when the Target Group can demonstrate:

a. The technical feasibility of completing the intangible asset so that asset will be available for use or sale;

b. Its intension to complete and its ability and intension to use or sell the asset;

c. How the asset will generate future economic benefits;

d. The availability of resources to complete the asset; and

e. The ability to measure reliably the expenditure during the development.

Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is transferred to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised into the cost of the asset. This includes any realised gains or losses from interest rate swaps for which hedge accounting is not applied. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. Costs incurred to obtain any qualifying borrowing facility is separately capitalised on the statement of financial position.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Impairment of non-financial assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimated of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Target Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Financial liabilities

(i) Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and other payables, payables to related parties and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

<u>Borrowings</u>

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

(p) Leases

(i) Definition of a lease and the Target Group as a lessee

The Target Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To apply this definition, the Target Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Target Group;
- the Target Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Target Group has the right to direct the use of the identified asset throughout the period of use. The Target Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Target Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Target Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(ii) Measurement and recognition of right-of-use assets

The Target Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right to access land	38 years

If ownership of the leased asset transfers to the Target Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.3(m) impairment of non-financial assets.

In the Historical Financial Information, the Target Group's right-of-use assets are presented separately in consolidated statement of financial position.

(iii) Measurement and recognition of leases as a lessee

At the commencement date of the lease, the Target Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Target Group and payments of penalties for terminating the lease, if the lease term reflects the Target Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Target Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. In the Historical Financial Information, the Target Group's lease liabilities are presented separately in statement of financial position.

(iv) Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(q) Decommissioning provision

The Target Group records the present value of the estimated cost of legal and constructive obligations to rehabilitate lease areas as a decommissioning provision, initially in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, dismantling operating facilities, closure of plant, and decommissioning, reclamation and revegetation of affected areas. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related construction in progress. Over time, the discounted liability is increased for the change in the present value based on a discount rate, where appropriate. Additional disturbances or changes in decommissioning costs will be recognised as additions or changes to the corresponding asset and decommissioning liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance charge in the profit or loss. The carrying amount capitalised as part of construction in progress is depreciated or amortised over the life of the asset following the transfer to the appropriate category of property, plant and equipment.

(r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Related parties

For the purposes of the Historical Financial Information, a party is considered to be related to the Target Group if:

(a) the party, is a person or a close member of that person's family and if that person,

(i) has control or joint control over the Target Group

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Target Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

(ix) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Critical Accounting Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the Historical Financial Information requires Target Group to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed below.

The key assumptions concerning the future and other key sources of estimation uncertainty at each relevant period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Target Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Target Group. Such changes are reflected in the assumptions when they occur.

(a) Fair value measurement

The Target Group is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement (See Note 2.3(i)).

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

The Target Group accounted for power purchase agreements ("**PPA**"), interest rate swaps ("**IRS**") and forward exchange contracts ("**FEC**") as derivative contracts in accordance with financial instrument requirements. PPA is revalued at the end of each report period based on the net present value of the difference between the forward market curve of the electricity price and the fixed price stated in the power purchase agreement.

The following table summarises the methods used to estimate fair value.

Instrument	**Fair value level**	**Fair value methodology**
Power purchase agreements (PPA)	3	Uses a discounted cash flow methodology which reflects differences in contract prices and long-term forecast energy pool prices (not observable in the market), estimation of electricity volumes, the discount rate, and related credit adjustments
Interest rate swaps (IRS) contracts	2	Discounts the present value of the estimated future cash flows using the applicable observable market yield curves having regard to timing of cash flows.
Foreign exchange forward contracts (FEC)	2	Discounts the present value of the estimated future cash flows using the applicable observable market yield curves having regard to timing of cash flows.

(b) Estimation of useful lives of assets

The Target Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(c) Decommissioning provision

Significant estimates and assumptions are made in determining the decommissioning provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation and biodiversity costs required.

4. Income Taxes

The major components of income tax expense for each Relevant Period and the nine months ended 30 September 2022 are:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Current tax	–	–	–	–	–
Deferred tax	(1)	(4)	(3,442)	(2,918)	13,084
Income tax expense/(benefit) reported in the statement of profit or loss	**(1)**	**(4)**	**(3,422)**	**(2,918)**	**13,084**

Reconciliation of tax expense and the accounting loss multiplied by Australia's domestic tax rate for each Relevant Period and the nine months ended 30 September 2022:

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Accounting (loss)/profit before income tax	(3)	(15)	(11,570)	(9,824)	18,205
At Australia's statutory income tax rate of 30% (2020 and 2021: 30%)	(1)	(4)	(3,471)	(2,947)	5,462
Adjustments in respect of prior year	–	–	–	–	–
Current year temporary differences not recognised[1]	–	–	–	–	7,622
Other	–	–	29	29	–
Income tax expense/(benefit) reported in the statement of profit or loss	**(1)**	**(4)**	**(3,442)**	**(2,918)**	**13,084**

1 Decommissioning provision (see Note 12) and a corresponding decommissioning asset within Construction in Progress and Leases (see Notes 8 and 9) were recorded in period ended 30 September 2023. As a result, a deferred tax liability was recognised on the decommissioning asset relating to this provision. However as it is not probable that any deferred tax asset recognised on the decommissioning provision would be recoverable based on timing of reversal of the provision, a corresponding deferred tax asset has not been recognised. This has resulted in this amount being recorded as deferred tax expense.

Deferred tax relates to the following:

	Consolidated statement of financial position			
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Fixed assets	–	–	(428)	(9,241)
Right-of-use asset	–	–	(2,745)	(2,690)
Lease liability	–	–	2,750	2,775
Decommissioning asset	–	–	–	(3,243)
Tax losses carried forward	1	5	452	3,787
Derivatives	–	–	3,418	(1,025)
Deferred tax assets/(liabilities)	**1**	**5**	**3,447**	**(9,637)**

	Consolidated statement of profit or loss				
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Fixed assets	–	–	428	–	8,813
Right-of-use asset	–	–	2,745	–	(55)
Lease liability	–	–	(2,750)	–	(25)
Decommissioning asset	–	–	–	–	3,243
Tax losses carried forward	(1)	(4)	(447)	(178)	(3,335)
Derivatives	–	–	(3,418)	(2,740)	4,443
Deferred tax (benefit)/expenses	**(1)**	**(4)**	**(3,442)**	**(2,918)**	**13,084**

	Reconciliation of deferred tax balances, net			
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
As of beginning of year/period	–	1	5	3,447
Fixed assets	–	–	(428)	(8,813)
Right-of-use asset	–	–	(2,745)	55
Lease liability	–	–	2,750	25
Decommissioning asset	–	–	–	(3,243)
Tax losses carried forward	1	4	447	3,335
Derivatives	–	–	3,418	(4,443)
As at end of year/period	**1**	**5**	**3,447**	**(9,637)**

5. Cash and Cash Equivalents

	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Cash at bank	–	–	143,641	16,055
Total	**–**	**–**	**143,641**	**16,055**

The Target Group has cash balances held in different currency denominations.

6. Trade and Other Receivables

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Amounts due from related parties *(Note 18)*	–	–	5	–
GST receivables	–	10	15,192	6,756
Other receivables	–	–	–	52
Total	**–**	**10**	**15,197**	**6,808**

Based on management's assessment and judgement, there is no credit loss impairment during the Relevant Periods.

7. Other Assets

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Current				
Prepayments	–	–	72,891	–
Capitalised borrowing costs (a)	–	–	4,730	4,730
Total	**–**	**–**	**77,621**	**4,730**
Non-Current				
Prepayments	–	–	–	–
Capitalised borrowing costs (a)	–	–	9,004	5,518
Total	**–**	**–**	**9,004**	**5,518**

(a) Capitalised borrowing costs

Borrowing cost incurred to obtain the loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

8. Property, Plant and Equipment

	Land	Construction in progress	Total
	AUD'000	*AUD'000*	*AUD'000*
Cost			
At 1 January 2020	–	–	–
Additions	–	–	–
Disposal	–	–	–
At 31 December 2020	–	–	–
Accumulated Depreciation			
At 1 January 2020	–	–	–
Depreciation	–	–	–
At 31 December 2020	–	–	–
Net Book Value	**–**	**–**	**–**
Cost			
At 1 January 2021	–	–	–
Additions	–	3,482	–
Disposal	–	–	–
At 31 December 2021	–	3,482	–
Accumulated Depreciation			
At 1 January 2021	–	–	–
Depreciation	–	–	–
At 31 December 2021	–	–	–
Net Book Value	**–**	**3,482**	**–**

	Land	Construction in progress	Total
	AUD'000	*AUD'000*	*AUD'000*
Cost			
At 1 January 2022	–	3,482	3,482
Additions	11,989	92,063	104,052
Acquisition of Wunghnu Solar Farm[2]	–	15,361	15,361
Disposals	–	–	–
At 31 December 2022	**11,989**	**110,906**	**122,895**
Accumulated Depreciation			
At 1 January 2022	–	–	–
Depreciation	–	–	–
At 31 December 2022	–	–	–
Net Book Value	**11,989**	**110,906**	**122,895**
Cost			
At 1 January 2023	11,989	110,906	122,895
Additions	–	486,811	486,811
Decommissioning asset	–	14,597	14,597
Disposals	–	–	–
At 30 September 2023	**11,989**	**612,314**	**624,303**
Accumulated Depreciation			
At 1 January 2023	–	–	–
Depreciation	–	–	–
At 30 September 2023	–	–	–
Net Book Value	**11,989**	**612,314**	**624,303**

[2] On 15 August 2022, the Target Company acquired 100% equity interests of Wunghnu Solar Farm Finco Pty Ltd (WSFF) from Wunghnu Solar Farm Holdco Pty Ltd, a related party of the Target Company. WSFF is principally engaged in the construction and operation of the Wunghnu Solar Farm. This acquisition is accounted as an asset acquisition.

9. Leases

The Target Group has lease contracts for right to access land used in its operations. Leases of right to access land generally have lease terms of 38 years, which is in line with the useful life of wind turbine. The Target Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Target Group is restricted from assigning and subleasing the leased assets and some contracts require the Target Group to maintain certain financial ratios. The leases contain decommissioning obligations at the end of the lease term, which are capitalised by increasing the carrying amount of the related construction in progress.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Right to access land	Decommissioning asset	Total
	AUD'000	*AUD'000*	*AUD'000*
Cost			
At 1 January 2020	–	–	–
Additions	–	–	–
At 31 December 2020	–	–	–
Accumulated depreciation			
At 1 January 2020	–	–	–
Depreciation	–	–	–
At 31 December 2020	–	–	–
Cost			
At 1 January 2021	–	–	–
Additions	–	–	–
At 31 December 2021	–	–	–

	Right to access land	Decommissioning asset	Total
	AUD'000	*AUD'000*	*AUD'000*
Accumulated depreciation			
At 1 January 2021	–	–	–
Depreciation	–	–	–
At 31 December 2021	–	–	–
Cost			
At 1 January 2022	–	–	–
Additions	9,147	–	9,147
At 31 December 2022	9,147	–	9,147
Accumulated depreciation			
At 1 January 2022	–	–	
Depreciation	–	–	–
At 31 December 2022	–	–	–
Cost			
At 1 January 2023	9,147	–	9,147
Additions	–	10,810	10,810
At 30 September 2023	9,147	10,810	19,957
Accumulated depreciation			
At 1 January 2023	–	–	–
Depreciation	(181)	–	(181)
At 30 September 2023	(181)	–	(181)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
At beginning of year/period	–	–	–	9,166
Additions	–	–	9,147	–
Accretion of interest	–	–	107	322
Payments	–	–	(88)	(238)
Remeasurement	–	–	–	–
At end of year/period	**–**	**–**	**9,166**	**9,250**
Current	–	–	331	370
Non-current	–	–	8,835	8,880
At end of year/period	**–**	**–**	**9,166**	**9,250**

The Target Group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The amount of expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the period ended 30 September 2023 is nil (2022, 2021, 2020: Nil).

The amount of variable lease payments which depending on revenue generation are not included in the measurement of the lease liability. The amount has been recognised in profit or loss during period ended 30 September 2023 is nil (2022, 2021, 2020: Nil).

10. Trade and Other Payables

	31 December 2020 AUD'000	31 December 2021 AUD'000	31 December 2022 AUD'000	30 September 2023 AUD'000
Current				
Trade Payables	–	–	3,817	110
Amounts due to related parties *(Note 18)*	3	3,508	5,346	162
Accrued expense	–	2	10	39,351
Total	**3**	**3,510**	**9,173**	**39,623**

The table below sets out, as at the end of reporting periods indicated, the ageing analysis, based on the date of invoices, of our trade payables:

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
1-30 days	–	–	3,817	110
Total	**–**	**–**	**3,817**	**110**

11. Borrowings

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
Shareholder loan *(Note 18)*	–	–	12,638	18,162
Loan facility	–	–	14,899	6,472
Total	**–**	**–**	**27,537**	**24,634**
Non-current				
Shareholder loan *(Note 18)*	–	–	100,335	99,656
Loan facility	–	–	–	243,920
Total	**–**	**–**	**100,335**	**343,576**

The loan facility is a syndicated financing arrangement entered into on 4 December 2022 with the Australia and New Zealand Banking Group, ING, Mizuho, Nord, Westpac banks on a term of 3 years with expiration date on 4 December 2025. The interest rate payable on the loan facility is BBSY+1.7%. During the period of construction, the loan facility requires monthly interest payments.

Borrowing cost incurred to obtain the loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

The table below sets out, as at the end of reporting periods indicated, a maturity analysis of firstly bank loans and overdrafts, and secondly of other borrowings, showing the aggregate amounts repayable:

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
On demand or within a period not exceeding one year	–	–	27,537	24,634
Within a period of more than one year but not exceeding two years	–	–	679	16,485
Within a period of more than two years but not exceeding five years	–	–	99,656	327,091
Within a period of more than five years	–	–	–	–
Total	**–**	**–**	**127,872**	**368,210**

12. Decommissioning Provision

	AUD'000
At 1 January 2020	–
Accretion of interest	–
Remeasurement	–
At 31 December 2020	**–**
At 1 January 2021	–
Accretion of interest	–
Remeasurement	–
At 31 December 2021	**–**
At 1 January 2022	–
Accretion of interest	–
Remeasurement	–
At 31 December 2022	**–**
At 1 January 2023	–
Accretion of interest	–
Initial recognition	25,407
At 30 September 2023	**25,407**

13. Derivatives

	31 December 2020 *AUD'000*	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	30 September 2023 *AUD'000*
Current assets				
Derivative – interest rate swaps	–	–	270	1,404
Derivative – power purchase agreements	–	–	–	–
Derivative – foreign exchange forward contracts	–	–	–	401
Total	**–**	**–**	**270**	**1,805**
Non-current assets				
Derivative – interest rate swaps	–	–	5,718	8,476
Derivative – power purchase agreements	–	–	–	–
Derivative – foreign exchange forward contracts	–	–	–	–
Total	**–**	**–**	**5,718**	**8,476**
Current liabilities				
Derivative – interest rate swaps	–	–	–	–
Derivative – power purchase agreements	–	–	–	–
Derivative – foreign exchange forward contracts	–	–	2,344	–
Total	**–**	**–**	**2,344**	**–**
Non-current liabilities				
Derivative – interest rate swaps	–	–	–	–
Derivative – power purchase agreements	–	–	15,036	6,864
Derivative – foreign exchange forward contracts	–	–	–	–
Total	**–**	**–**	**15,036**	**6,864**

Reconciliation of fair value measurement of derivative assets and liabilities (Level 3):

	Power purchase agreements
	AUD'000
At 1 January 2020	–
Additions	–
Remeasurement recognised in statement of profit or loss during the year	–
Termination	–
At 31 December 2020	**–**
At 1 January 2021	–
Additions	–
Remeasurement recognised in statement of profit or loss during the year	–
Termination	–
At 31 December 2021	**–**
At 1 January 2022	–
Additions	–
Remeasurement recognised in statement of profit or loss during the year	(15,036)
Termination	–
At 31 December 2022	**(15,036)**
At 1 January 2023	(15,036)
Additions	–
Remeasurement recognised in statement of profit or loss during the period	8,172
Termination	–
At 30 September 2023	**(6,864)**

Interest rate risk management

The Target Group is exposed to interest rate risk because the Target Group borrows funds at variable interest rates. The risk is managed by the Target Group by the use of interest rate swap contracts ("**IRSs**").

Under IRSs, the Target Group agrees to exchange the difference between fixed and variable rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Target Group to mitigate the interest rate risk. The fair value of IRSs at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and credit risk inherent in the contract.

Foreign exchange rate risk management

The Target Group is exposed to foreign exchange risk because the Target Group makes payments to the Engineering, Procurement and Construction (EPC) Contractor in non-AUD currencies. The risk is managed by the Target Group by the use of foreign exchange forward contracts ("**FEC**").

Under foreign exchange forward contracts, the Target Group fixes a foreign currency exchange rate for a transaction that will occur on a specified future date. Such contracts enable the Target Group to mitigate the foreign exchange rate risk. The fair value of FECs at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and credit risk inherent in the contract.

Power purchase agreements (PPAs), IRSs and FECs are recognised at fair value through profit or loss under IFRS 9.

14. Fair Value Measurement

IFRS 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Target Group:

	Level 1	Level 2	Level 3	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
31 December 2020				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–
Foreign exchange forward contracts	–	–	–	–
Financial liabilities				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–
Foreign exchange forward contracts	–	–	–	–
31 December 2021				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–
Foreign exchange forward contracts	–	–	–	–
Financial liabilities				
Power purchase agreements	–	–	–	–
Interest rate swaps	–	–	–	–
Foreign exchange forward contracts	–	–	–	–
31 December 2022				
Recurring fair value measurements				
Financial assets				
Interest rate swaps	–	5,988	–	5,988
Financial liabilities				
Power purchase agreements	–	–	15,036	15,036
Foreign exchange forward contracts	–	2,344	–	2,344
30 September 2023				
Recurring fair value measurements				
Financial assets				
Interest rate swaps	–	9,880	–	9,880
Foreign exchange forward contracts	–	401	–	401
Financial liabilities				
Power purchase agreements	–	–	6,864	6,864

There were no transfers between levels during the Relevant Periods.

The carrying amounts of trade and other receivables, and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The fair value of borrowings is not materially different to the carrying values.

The fair value of derivative investments is recognised at Level 2 fair value for interest rate swaps and foreign exchange forward contracts, and Level 3 fair value for the power purchase agreements. The Target Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. The Target Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis throughout the Relevant Periods.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

The fair values of financial assets and financial liabilities are determined based on the financial instrument. The fair value of:

- financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (as described below); and
- discount rates.

Valuation input	Source
• Interest rate forward price curve	• Published market swap rates.
• Foreign exchange forward price curve	• Published market foreign exchange rates.
• Discount rate	• Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of the Target Group for liabilities.
• Electricity forward price curve	• Market quoted prices such as ASX Futures where available, and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See Note 17 for sensitivity analysis.

15. Issued Capital

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
231,500,010 Ordinary shares issued and fully paid (2022: 231,500,010; 2021 and 2020: 10 Ordinary shares)	–	–	231,500	231,500
	–	–	231,500	231,500

Ordinary shares issued and fully paid

Movement in ordinary shares	No. of shares	AUD
At 1 January 2020	**10**	**10**
Ordinary shares issued	–	–
At 31 December 2020	**10**	**10**
Ordinary shares issued	–	–
At 31 December 2021	**10**	**10**
Ordinary shares issued	231,500,000	231,500,000
At 31 December 2022	**231,500,010**	**231,500,010**
Ordinary shares issued	–	–
At 30 September 2023	**231,500,010**	**231,500,010**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

When managing capital, the Company's objectives are to ensure sufficient funds are available to pay liabilities when they fall due and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or to adjust the capital structure, the Company has the discretion to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by net debt plus equity.

16. Dividends

There were no dividends paid, recommended or declared during any of reporting periods.

17. Financial Risk Management

Financial risk management objectives

The Target Group's activities expose it to a variety of risks: generation risk (including electricity price risk, exchange rate risk, volume risk, credit risk and damage to generation asset) and funding risk (including interest rate risk, credit risk, refinancing risk and liquidity risk). The Target Group's overall risk management programmes focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Target Group enters into agreements to manage its electricity, foreign exchange and interest rate risks. In accordance with the Target Group's risk management policies, the Target Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not quality for hedge accounting and are required to be accounted for at fair value through profit or loss.

Generation risk

Electricity price risk

Over 74% of output is contracted to electricity retailers which ensures the Target Group receives a fixed price for this portion of its generation. This risk management strategy assumes that the current electricity wholesale markets operating in Australia, including the renewable energy credit market, will continue to do so in the future.

At the reporting date, if electricity forward prices increase/decrease by 10 per cent with all other variables held constant, the possible changes to the fair value of PPAs are disclosed in the table below:

	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
10 per cent increase in electricity forward prices	–	–	(11,665)	(13,698)
10 per cent decrease in electricity forward prices	–	–	11,665	13,698

Exchange rate risk

The Target Group has contracted with an EPC contractor to build the solar farms. Some of the payments are required to be made in a foreign currency. To manage the risk of a moving foreign exchange rate, the Target Group hedges transactions over GBP5,000,000 in accordance with the Target Group's treasury policy. The total notional principal amounts of the outstanding foreign exchange forward contracts at 30 September 2023 were USD5,517,000 (2022: USD133,079,000 and EUR60,751,000; 2021: Nil; 2020: Nil).

At the reporting date, if foreign exchange rate had been 10 per cent higher/lower with all other variables held constant, post-tax profit for the period and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in FEC derivative instruments.

USD exchange rate

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
(Decrease) to profit of a 10 per cent increase in exchange rate	–	–	(15,495)	(776)
Increase to profit of a 10 per cent decrease in exchange rate	–	–	24,187	949
(Decrease) to equity of a 10 per cent increase in exchange rate	–	–	(15,495)	(776)
Increase to equity of a 10 per cent decrease in exchange rate	–	–	24,187	949

EUR exchange rate

	31 December 2020	31 December 2021	31 December 2022	30 September 2023
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
(Decrease) to profit of a 10 per cent increase in exchange rate	–	–	(8,915)	–
Increase to profit of a 10 per cent decrease in exchange rate	–	–	10,385	–
(Decrease) to equity of a 10 per cent increase in exchange rate	–	–	(8,915)	–
Increase to equity of a 10 per cent decrease in exchange rate	–	–	10,385	–

Funding risk

Interest rate risk

All of the Target Group's borrowings are a series of floating interest rate facilities. The Target Group uses Interest Rate Swaps (IRS) to fix the interest costs of the Target Group. This stabilises the Target Group's debt servicing costs. However, for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage of a potential fall in market interest rates. Payments made or received by IRS are recognised as a part of "Gain/(loss) on derivative instruments at fair value through profit or loss" within the statement of profit or loss.

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 30 September 2023 were AUD764,832,000 (2022: AUD564,436,000; 2021: Nil; 2020: Nil).

Interest payment transactions are expected to occur at various dates between one month and quarterly from the end of the reporting period consistent with the Target Group's forecast total borrowings.

At the reporting date, if interest rate had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the period and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in IRS derivative instruments.

	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
(Decrease) to profit of a 100 basis point increase in interest rates	–	–	–	–
Increase to profit of a 100 basis point decrease in interest rates	–	–	–	–
(Decrease) to equity of a 100 basis point increase in interest rates	–	–	(7)	(444)
Increase to equity of a 100 basis point decrease in interest rates	–	–	7	444

The above interest rate sensitivities would have an offsetting impact on the interest paid on borrowings.

Refinancing risk

From time to time, the Target Group's debt facilities mature and need to be refinanced. There is a risk that this could occur during adverse market conditions resulting in increased interest rates or, in extreme events, a complete inability to refinance. The Treasury policy requires a spread of debt maturities to minimise the impact of this risk should it occur. This is measured by the proportion of debt maturing in various time bands.

Credit risk

The Target Group's dollar facilities are with institutions that all have a Standard & Poor's long-term credit rating of A+ or higher.

Credit risk exposure is managed using credit risk management policies which provide credit exposure limits based on the credit worthiness of counterparties. The Target Group's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Derivative counterparties are limited to organisations in the energy industry. The Target Group also utilises International Swaps and Derivative Association ("**ISDA**") agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from the amounts payable to individual counterparties.

Liquidity risk

The Target Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management requires maintaining sufficient cash, marketable securities or unutilised committed credit facilities to provide cover for reasonably conceivable adverse conditions. The Target Group operates under a Treasury policy which dictates the level of available committed facilities to be maintained. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand *AUD'000*	Less than 3 months *AUD'000*	3 to 12 months *AUD'000*	1 to 5 years *AUD'000*	> 5 years *AUD'000*	Total *AUD'000*
31 December 2020						
Borrowings	–	–	–	–	–	–
Lease liabilities	–	–	–	–	–	–
Trade and other payables *(Note 10)*	3	–	–	–	–	3
Derivatives	–	–	–	–	–	–
31 December 2021						
Borrowings	–	–	–	–	–	–
Lease liabilities	–	–	–	–	–	–
Trade and other payables *(Note 10)*	3,508	2	–	–	–	3,510
Derivatives	–	–	–	–	–	–
31 December 2022						
Borrowings	12,638	176	15,312	119,980	–	148,106
Lease liabilities	–	59	271	1,548	20,834	22,262
Trade and other payables *(Note 10)*	5,346	3,827	–	–	–	9,173
Derivatives – PPA	–	–	–	13,425	5,090	18,515
Derivatives – FEC	–	(50)	2,395	–	–	2,344
30 September 2023						
Borrowings	12,638	3,601	28,714	368,056	–	413,009
Lease liabilities	–	93	278	1,577	20,077	22,065
Trade and other payables *(Note 10)*	162	39,461	–	–	–	39,623
Derivatives – PPA	–	–	–	3,279	9,042	12,321

18. Related Party Disclosures

Parent Entity

The immediate parent company of the Target Group is Lightsource Australia Finco Holdings Limited, which holds 100% equity interest of the Target Company.

The ultimate controlling party of the Target Group is the Lightsource BP Renewable Energy Investments Limited.

Transactions with key management personnel

There are no transactions with key management personnel during the Relevant Periods and the nine months ended 30 September 2022.

Key management personnel compensation for all Relevant Periods was borne by its Australian sister company, Lightsource Development Services Australia Pty Ltd.

Subsidiaries

As at end of year/period, following subsidiary entities and equity interest held by the Target Company are listed as below:

	% Equity interest			
	31 December 2020	**31 December 2021**	**31 December 2022**	**30 September 2023**
Name				
Wellington North Solar Farm Pty Ltd	100	100	100	100
Wunghnu Solar Farm Finco Pty Ltd	100	100	100	100
Sun Spot 3 Pty Ltd	100	100	100	100

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the Relevant Periods and the nine months ended 30 September 2022:

	Year ended 31 December			**Nine months ended 30 September**	
	2020 *AUD'000*	**2021** *AUD'000*	**2022** *AUD'000*	**2022** *AUD'000* *(Unaudited)*	**2023** *AUD'000*
Immediate parent:					
Lightsource Australia Finco Holdings Limited					
– Amounts owed by related parties	–	–	–	–	–
– Amounts owed to related parties (a)	–	–	(112,793)	–	(117,818)
Other related parties:					
Lightsource Development Services Australia Pty Ltd					
– Amounts owed by related parties	–	–	–	–	–
– Amounts owed to related parties (b)	–	(3,491)	(5,303)	(53,164)	–
Wunghnu Solar Farm HoldCo Pty Ltd	–	–	–	–	–
– Amounts owed by related parties	–	–	5	–	–
– Amounts owed to related parties	–	–	–	–	–
Other Related Parties					
– Amounts owed by related parties	–	–	–	–	–
– Amounts owed to related parties	(3)	(17)	(44)	(53)	(162)
Total amounts owed by related parties	**–**	**–**	**5**	**–**	**–**
Total amounts owed to related parties	**(3)**	**(3,508)**	**(118,320)**	**(53,217)**	**(117,980)**

(a) Borrowings from related parties

Loans from related parties are both interest bearing with a fixed repayment date, and non-interest bearing and payable on demand.

(b) Amounts owed to related parties

Amounts owed to related parties predominantly relate to costs paid on behalf of the Target Group for the solar farm project's early works.

(c) Terms and conditions of transactions with related parties

Outstanding balances at the end of each Relevant Period other than loans receivable and loans payables discussed above are unsecured and interest free and settlement occurs in cash.

19. Information Relating to LS Australia Finco 2 Pty Ltd (The Parent)

(a) Contingent liabilities of the Target Company

The Target Company did not have any material contingent liabilities at each Relevant Period.

(b) Capital commitments – Property, plant and equipment

The Target Company did not have any material contractual commitments at each Relevant Period.

(c) Material accounting policies

The accounting policies of the parent entity are consistent with those of the Target Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

20. Commitments

Capital commitments

The capital commitments as at 30 September 2023 are AUD23,972,000 (2022: AUD99,707,000; 2021: Nil, 2020: Nil). The commitments in 2023 and 2022 are related to the construction of the solar farm projects.

Contingencies

There were no material contingencies for the Target Group at each Relevant Period.

Guarantees

The Target Group has guarantees of AUD7,700,000 as at 30 September 2023 (2022: AUD5,219,000; 2021: Nil, 2020: Nil). The guarantees in 2023 and 2022 are predominantly related to the construction of the solar farm projects.

21. Event After the Reporting Periods

No matter or circumstance has arisen since 30 September 2023 that has significantly affected, or may significantly affect the Target Group's operations, the results of those operations, or the Target Group's state of affairs in future financial years.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group and the Target Company in respect of any period subsequent to 30 September 2023 and up to the date of this report.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) Introduction

The following is a summary of the unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows (the "**Unaudited Pro Forma Financial Information**") of the Enlarged Group (being the Group together with the Target Companies) as if the proposed acquisition of the Target Companies (the "**Acquisition**") had been completed on (i) 30 June 2023 in respect of the unaudited pro forma statement of financial position of the Enlarged Group; and (ii) 1 January 2022 in respect of the unaudited pro forma statement of profit or loss and other comprehensive income and the unaudited pro forma statement of cash flows of the Enlarged Group.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the actual results of financial position, operations or cash flows of the Enlarged Group that would have been attained had the proposed Acquisition been completed on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future results of financial position, operations or cash flows.

The Unaudited Pro Forma Financial Information is prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2023 as extracted from the published interim report of the Company as at 30 June 2023 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as extracted from the published annual report of the Company for the year ended 31 December 2022; (ii) the audited statement of financial position of the Target Companies as at 30 September 2023, the audited statement of profit or loss and other comprehensive income and the audited statement of cash flows of the Target Companies for the year ended 31 December 2022 as extracted from the accountants' reports set out in Appendices IIA to IID to this circular; and (iii) after giving effect to the unaudited pro forma adjustments as described in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the historical financial information of the Group as set out in (i) the published interim report of the Company for the six months ended 30 June 2023; (ii) the published annual report of the Company for the year ended 31 December 2022 and that of the Target Companies, as set out in this circular and the accountants' report on the Target Company set out in Appendices IIA to IID to this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group as at 30 June 2023	The Target Companies as at 30 September 2023	Unaudited Pro Forma Adjustments		Unaudited Pro Forma of the Enlarged Group
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
ASSETS					
Non-current assets					
Property, plant and equipment	41,332	6,617	777		48,726
Right-of-use assets	1,799	126			1,925
Intangible assets	1,166	–	–		1,166
Investments accounted for using equity method	1,475	–			1,475
Financial assets at fair value through profit or loss	–	632			632
Other receivables, deposits and prepayments	4,440	–			4,440
Pledged deposits	266	–			266
Deferred tax assets	19	–			19
Total non-current assets	50,497	7,375			58,649
Current assets					
Financial assets at fair value through profit or loss	34	92			126
Trade, bills and tariff adjustment receivables	7,716	45			7,761
Other receivables, deposits and prepayments	4,407	36			4,443
Pledged deposits	3,314	–			3,314
Restricted cash	10	–			10
Cash and cash equivalents	2,748	201			2,949
Total current assets	18,229	374			18,603
Total assets	68,726	7,749			77,252
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	1,921	1,241	(1,241)		1,921
Reserves	3,825	292	(292)	(68)	3,757
	5,746	1,533			5,678
Non-controlling interests	6,611	–	–		6,611
Total equity	12,357	1,533			12,289
LIABILITIES					
Non-current liabilities					
Convertible bonds	–	–			–
Contingent consideration payables	15	–			15
Other payables and accruals	66	471			537
Bank and other borrowings	38,366	4,050	2,310		44,726
Lease liabilities	1,064	75			1,139
Deferred income	26	–			26
Deferred tax liabilities	843	63	–		1,170
	40,380	4,923			47,613
Current liabilities					
Other payables and accruals	4,736	381	–	68	5,185
Lease liabilities	72	3			75
Convertible bonds	338	–			338
Contingent consideration payables	2	–			2
Bank and other borrowings	10,841	909			11,750
Total current liabilities	15,989	1,293			17,350
Total liabilities	56,369	6,216			64,963
Total equity and liabilities	68,726	7,749			77,252
Net assets	12,357	1,533			12,289

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2022	The Target Companies for the year ended 31 December 2022	Unaudited Pro Forma Adjustments			Unaudited Pro Forma of the Enlarged Group
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Sales of electricity	1,800	176				1,976
Tariff adjustment	2,315	–				2,315
REVENUE	4,115	176				4,291
Other income	51	72				123
Employee benefits expenses (excluding share-based payment expenses)	(351)	–				(351)
Maintenance costs	(123)	(47)				(170)
Legal and professional fees	(35)	–				(35)
Tax and surcharges	(35)	–				(35)
Other expenses	(122)	(12)				(134)
EBITDA	3,500	189				3,689
Acquisition costs arising from business combinations	(23)	–		(68)		(91)
Depreciation of property, plant and equipment	(1,244)	–				(1,244)
Depreciation of right-of-use asset	(72)	(51)				(123)
Bargain purchase gains arising from business combinations	7	–				7
Fair value (losses)/gains on financial assets at fair value through profit or loss	(1)	(50)				(51)
Fair value losses on financial liabilities at fair value through profit or loss	(22)	–				(22)
Finance income	38	2				40
Finance costs	(1,514)	(43)			(247)	1,804
Impairment charge on financial assets	(25)	–				(25)
Provision for compensation	(35)	–				(35)
Share-based payment expenses	(5)	–				(5)
Share of profits of investments accounted for using equity method	19	–				19
PROFIT/(LOSS) BEFORE INCOME TAX	623	47				355
Income tax (expenses)/credit	(151)	(61)				(212)
PROFIT FOR THE YEAR	472	(14)				143
Attributable to						
Equity holders of the Company	269	(14)		(68)	(247)	(60)
Non-controlling interests	203	–		–	–	203
	472	(14)				143
OTHER COMPREHENSIVE LOSS						
Items that may be reclassified to profit or loss						
Currency translation differences	(389)	–				(389)
Other comprehensive loss for the year, net of tax	(389)	–				(389)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	83	(14)				(246)
Attributable to						
Equity holders of the Company	(120)	(14)		(68)	(247)	(449)
Non-controlling interests	203	–		–	–	203
	83	(14)				(246)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2022	The Target Companies for the year ended 31 December 2022	Unaudited Pro Forma Adjustments			Unaudited Pro Forma of the Enlarged Group
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Profit before income tax	623	47		(68)	(247)	355
Adjustments for						
Government grant	(1)	–				(1)
Depreciation of property, plant and equipment	1,244	50				1,294
Depreciation of right-of-use asset	72	–				72
LGC certificates recognition	–	(1)				(1)
Bargain purchase gain arising from business combinations	(7)	–				(7)
Fair value losses/(gains) on financial assets at fair value through profit or loss	1	40				41
Fair value losses on financial liabilities at fair value through profit or loss	22	(4)				18
Finance income	(38)	–				(38)
Finance costs	1,514	10			247	1,771
Impairment charge on financial assets	25	–				25
Provision for compensation	35	–				35
Safety production reserve	1	–				1
Share-based payment expenses	5	–				5
Share of profits of investments accounted for using equity method	(19)	–				(19)
Operating profit before working capital changes	3,477	142				3,551
Changes in working capital						
Trade, bills and tariff adjustment receivables	16	(17)				(1)
Other receivables, contract assets, deposits and prepayments	363	(71)				292
Other payables and accruals	(787)	30		68		(679)
Cash generated from operations	3,069	84				3,153
Income tax paid	(168)	–				(168)
Net cash inflow from operating activities	2,901	84				2,985
Cash flows from investing activities						
Payment for acquisition of an associate	(59)	–				(59)
Payment for acquisition of subsidiaries, net of cash acquired	(1,153)	–				(1,153)
Settlement of financial assets at fair value through profit or loss	4	–				4
Increase in deposits for investments	(933)	–				(933)
Amounts due from investments accounted for using equity method	5	–				5
Changes in consideration payables for acquisitions of subsidiaries	(178)	–				(178)
Interest received	33	–				33
Capital expenditures	(6,419)	(2,011)				(8,430)
Net cash inflow from investing activities	(8,700)	(2,011)				(10,711)
Cash flows from financing activities						
Capital contribution by non-controlling interests	1,000	–				1,000
Principal elements of lease payments	(55)	–				(55)
Interest paid on lease liabilities	(31)	–				(31)
Interests paid on bank and other borrowings	(1,420)	(152)				(1,572)
Interests paid on convertible bonds	(13)	–				(13)
Dividend made to non-controlling interests	(179)	–				(179)
Increase in restricted cash	(5)	–				(5)
Increase in pledged deposits	(1,706)	–				(1,706)
Proceeds from bank borrowings	18,942	673				19,615
Repayment of bank borrowings	(9,190)	(98)				(9,288)
Proceeds from loans from financial institutions	4,596	–				4,596
Repayment of loans from financial institutions	(5,478)	–				(5,478)
Proceeds from other loans	–	1,136				1,136
Repayment of other loans	(364)	–				(364)
Repayment of amounts due to related entities	–	–				–
Payment for repurchase of ordinary shares	(6)	–				(6)
Proceeds from issue of new shares	–	1,097				1,097
Net cash inflow from financing activities	6,091	2,656				8,747
Net increase in cash and cash equivalents	292	729				1,021
Cash and cash equivalents at beginning of year	4,814	129				4,943
Effect of foreign exchange rate changes	131	9				140
Cash and cash equivalents at end of year	5,237	867				6,104

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Note 1 The unaudited consolidated statement of financial statement of the Group as at 30 June 2023 is extracted from the published interim report of the Company for the six months ended 30 June 2023. The audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 are extracted from the published annual report of the Company as at 31 December 2022.

Note 2 The amounts were extracted from Appendices IIA to IID to this circular.

Note 3 On 14 December 2023, the Purchasers, indirectly wholly-owned subsidiaries of the Company, entered into the Share Sale and Purchase Agreement with the Vendors, pursuant to which the Vendors have conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the Sale Shares in each of the Target Companies (the "**Agreements**"). The considerations in relation to the acquisitions of the Sale Shares in each of the Target Companies are approximately AUD127.0 million, AUD70.1 million, AUD112.9 million and AUD414.2 million, respectively (equivalent to approximately RMB595.8 million, RMB328.8 million, RMB529.7 million and RMB1,943.1 million, respectively), comprising (a) the cash consideration paid for the 100%- net asset book value of each of the Target Companies of approximately AUD88.7 million, AUD8.8 million, AUD11.7 million and AUD296.4 million, respectively (equivalent to RMB416.0 million, RMB41.3 million, RMB54.8 million and RMB1,390.4 million, respectively); and (b) the value of the Shareholder Loan Amounts of each of the Target Companies approximately AUD38.3 million, AUD61.3 million, AUD101.2 million and AUD117.8 million, respectively (equivalent to approximately RMB179.6 million, RMB287.5 million, RMB474.9 million and RMB552.7 million, respectively). The Gross Equity Value of approximately AUD813 million (equivalent to approximately RMB3,814.1 million) less stamp duty of approximately AUD86.8 million (equivalent to approximately RMB407.4 million) less additional transaction costs of approximately AUD2.0 million (equivalent to approximately RMB9.4 million) is equal to the Equity Value listed in the SPA of approximately AUD724.2 million (equivalent to approximately RMB3,397.3 million). The Equity Value listed in the SPA less the Shareholder Loan Amount of approximately AUD318.6 million (equivalent to approximately RMB1,494.7 million) are equal to the cash consideration of approximately AUD405.5 million (equivalent to approximately RMB1,902.5 million) listed in the table under paragraph (i) below. The Cash consideration less stamp duty of approximately AUD86.8 million (equivalent to approximately RMB407.4 million) is equal to the consideration of AUD492.4 million (equivalent to approximately RMB2,309.9 million). Details of the considerations and payment terms are set out in the "Letter from the Board" sections to this circular. Specifically, the considerations in relation to the acquisition of Sale Shares listed above are equal to the Equity Values listed in the SPA, and the Shareholder Loan Amount listed above are equal to the Shareholder Loan Amounts. Therefore, the cash consideration amount listed in the table below is equal to the Equity Values less the Shareholder Loan Amounts for each project. The Completion Amount will not be finalised until Completion and will be calculated as set forth in "Letter from the Board – 2. Very substantial acquisition in relation to the Acquisition of Project Holding Companies – Consideration of the Acquisition" in this circular.

The considerations in relation to the acquisition of the Sale Shares, being equal to the Equity Values, can be compared against the valuation undertaken by the Valuer and provided in the valuation summary at sections 2.3 to 2.4 in Appendix V. The valuation undertaken by the Valuer is pre any transaction costs (e.g. stamp duty).

(i) The provisional purchase price allocation arising from the acquisitions of the Sale Shares in each of the Target Companies is calculated as follows:

	RMB'million
Consideration	
Cash consideration	1,902.5
Stamp duty	407.4
	2,309.9
Less: Total identifiable assets acquired and liabilities assumed	
Carrying amounts of net assets of the Target Companies	(1,533.0)
Allocation of consideration to assets and liabilities acquired (see Note (ii) below)	(776.9)
	(2,309.9)
	–

(ii) *Allocation of consideration to assets and liabilities acquired*

The Group will treat the Acquisition as assets acquisition. In assets acquisition, the consideration is allocated to the individual assets and liabilities on the basis of their relative fair value. For the purpose of the Unaudited Pro Forma Financial Information, the Directors have determined the fair values of the identifiable assets and liabilities of the Target Companies as at 30 September 2023 with reference to the values of the Gross Equity. The allocation of consideration to assets and liabilities are expected to lift up the book value of property, plant and equipment amounting to approximately AUD37.4 million, AUD(0.3) million, AUD16.8 million, and AUD111.8 million, respectively (equivalent to approximately RMB175.4 million, RMB(1.6) million, RMB78.8 million and RMB524.3 million, respectively). The value uplift are calculated as the difference between the Gross Equity Value of AUD143.9 million, AUD79.1 million, AUD131.3 million, and AUD458.6 million for each target company and the target companies' book value of the net assets, which are AUD106.2 million, AUD78.9 million, AUD114.0 million, and AUD346.3 million, respectively. Consequently, the allocation of consideration to assets and liabilities, representing the difference between the Gross Equity Value and the book value of the assets acquired are AUD37.4 million, AUD(0.3) million, AUD16.8 million, and AUD111.8 million for each company, respectively.

Since the fair values of the identifiable assets and liabilities of each of the Target Companies at the completion date may be substantially different from the fair values used in the preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identified net assets to be recognised in connection with the Acquisition may be different from the amounts presented above.

Stamp duty has been estimated for each Project based on the stamp duty rate applicable in the Australian state in which the Project is located and information in relation to the value of the Project assets at the time applicable to each Project. The state based duty rates applied are on a sliding scale, with the top rates being 5.75%, 5.50%, and 6.50% respectively for Queensland, New South Wales, and Victoria. The value of the assets applied is based on the book value of the asset either at signing of the transaction (for projects in Queensland) or as forecast at completion of the transaction (for projects in New South Wales and Victoria assets). This results in a total stamp duty estimate of approximately AUD86.8 million (equivalent to approximately RMB407.4 million). The final amount of stamp duty payable will not be known until the revenue offices have completed their stamp duty assessments and further information regarding the value of the dutiable assets is available.

Note 4 The adjustment represents the estimated transaction costs of approximately RMB68.3 million to be paid by the Group in connection with the Acquisition.

Note 5 If the proposed acquisition of the Target Companies (the "**Acquisition**") had been completed on 1 January 2022 in respect of the unaudited pro forma statement of profit or loss and other comprehensive income of the Enlarged Group, the Company would have funded the transaction with bank loans. The adjustment represents the estimated full-year interest expenses of approximately RMB247 million at an average interest rate of 6.5% per annum on the bank loans, which equal to the total consideration of approximately RMB3,804.6 million in connection with the settlements of the considerations.

Note 6 Apart from the Acquisition, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Enlarged Group subsequent to 30 September 2023.

Note 7 For calculation purposes, the values of the consideration, assets, liabilities and fair value adjustment have been converted into RMB under the exchange rate of AUD1.00 to RMB4.691383.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

GrantThornton
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TO THE DIRECTORS OF BEIJING ENERGY INTERNATIONAL HOLDING CO., LTD.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beijing Energy International Holding Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**"), and LS Australia HoldCo1 Pty Ltd, West Wyalong HoldCo 2 Pty Ltd, Woolooga HoldCo 2 Pty Ltd and LS Australia FinCo 2 Pty Ltd (collectively the "**Target Companies**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2023, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 and related notes as set out in Part A of Appendix III to the circular dated 28 March 2024 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the proposed acquisition of the entire equity interests in each of the Target Companies (the "**Acquisition**") by the Group. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 30 June 2023 and the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Acquisition had taken place at 30 June 2023 and 1 January 2022, respectively. As part of this process, the information about the Group's financial position has been extracted by the Directors from (i) the Group's unaudited consolidated financial statements for the six months ended 30 June 2023, on which no review report has been published; and (ii) the Group's audited consolidated financial statements for the year ended 31 December 2022, on which an auditor's report has been published.

DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2023 or 1 January 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully,

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

28 March 2024

Chiu Wing Ning

Practising certificate number: P04920

Set out below is the management discussion and analysis on the Wellington South Project Group for the three years ended 31 December 2022 and nine months ended 30 September 2023 (the "**Reporting Period**") based on the financial information set out in Appendix IIA to this circular.

BUSINESS REVIEW

Wellington South Project Group is principally engaged in solar farm development, construction and operation. Wellington South Project Group holds the entire interest of the Wellington South Project. Wellington South Project is a solar farm located in New South Wales, Australia with a generation capacity up to 200MWp together with related BESS development project. In 2020 and early 2021, Wellington Solar Farm was under construction. It commenced operations in late 2021.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, Wellington South Project Group did not recognise significant revenue. For the year ended 31 December 2021, Wellington South Project Group recognised revenue of AUD12.8 million, arising from the sales of electricity and the sales of LGCs. For the year ended 31 December 2022, Wellington South Project Group recognised revenue of AUD31.3 million, arising from the sales of electricity and the sales of LGCs and representing an increase of 144% as compared to the year of 2021.

For the nine months ended 30 September 2022, Wellington South Project Group recognised revenue of AUD24.5 million, arising from the sales of electricity and the sales of LGCs. For the nine months ended 30 September 2023, Wellington South Project Group recognised revenue of AUD16.4 million, arising from the sales of electricity and the sales of LGCs and representing a decrease of 33% as compared to the nine months ended 30 September 2022.

Cost of sales

Wellington South Project Group did not recognise cost of sales for the year ended 31 December 2020. For the year ended 31 December 2021, the cost of sales of Wellington South Project Group amounted to AUD11.2 million, or 88% of the total revenue. For the year ended 31 December 2022, the cost of sales of Wellington South Project Group amounted to AUD17.4 million, or 55% of the total revenue.

For the nine months ended 30 September 2022, the cost of sales of Wellington South Project Group amounted to AUD13.9 million, or 57% of the total revenue. For the nine months ended 30 September 2023, the cost of sales of Wellington South Project Group amounted to AUD11.6 million, or 71% of the total revenue.

Cost of sales were largely attributable to (i) AEMO fees, (ii) purchased LGCs; (iii) insurance costs; and (iv) asset management fees. The movements of cost of sales are generally in line with the movements of the revenue.

Gross profit and gross profit margin

For the year ended 31 December 2020, the gross profit of Wellington South Project Group was insignificant. For the year ended 31 December 2021, the gross profit and gross profit margin of Wellington South Project Group were AUD1.6 million and 12%. For the year ended 31 December 2022, the gross profit and gross profit margin of Wellington South Project Group were AUD13.9 million and 45%.

For the nine months ended 30 September 2022, the gross profit and gross profit margin of Wellington South Project Group were AUD10.6 million and 43%. For the nine months ended 30 September 2023, the gross profit and gross profit margin of Wellington South Project Group were AUD4.8 million and 29%.

Segmental information

During the Reporting Period, Wellington South Project Group only had one reportable segment. As such, no segmental information is presented.

Property, Plant and Equipment

As at 31 December 2020, 2021 and 2022, the book amounts of property, plant and equipment of Wellington South Project Group were AUD266.7 million, AUD318.7 million and AUD307.5 million. As at 30 September 2023, the book amount of property, plant and equipment of Wellington South Project Group was AUD298.3 million.

Liquidity and financial resources

As at 30 September 2023, the current assets of Wellington South Project Group were AUD15.3 million. The current assets were mainly comprised of cash and cash equivalents of AUD3.4 million, trade and other receivables of AUD1.2 million, LGCs of AUD4.0 million, derivatives of AUD5.1 million and other assets of AUD1.5 million. In addition, Wellington South Project Group had current liabilities of AUD19.2 million, non-current assets of AUD349.6 million and non-current liabilities of AUD278.0 million. The directors of the Company had made an assessment and concluded the Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and meet its financial obligations as and when they fall due for at least the next twelve months from the date of approval of these financial statements.

As at 31 December 2022, the current assets of Wellington South Project Group were AUD52.9 million. The current assets were mainly comprised of cash and cash equivalents of AUD26.5 million, trade and other receivables of AUD6.2 million, LGCs of AUD0.8 million, derivatives of AUD3.8 million and other assets of AUD15.7 million. In addition, Wellington South Project Group had current liabilities of AUD58.4 million, non-current assets of AUD351.8 million and non-current liabilities of AUD289.4 million.

As at 31 December 2021, the current assets of Wellington South Project Group were AUD29.0 million. The current assets were mainly comprised of cash and cash equivalents of AUD20.0 million, trade and other receivables of AUD2.2 million, LGCs of AUD1.8 million, derivatives of AUD4.4 million and other assets of AUD0.7 million. In addition, Wellington South Project Group had current liabilities of AUD64.8 million, non-current assets of AUD357.7 million and non-current liabilities of AUD274.3 million.

As at 31 December 2020, the current assets of Wellington South Project Group were AUD6.4 million. The current assets were mainly comprised of cash and cash equivalents of AUD3.6 million, trade and other receivables of AUD0.4 million, derivatives of AUD1.6 million and other assets of AUD0.7 million. In addition, Wellington South Project Group had current liabilities of AUD7.8 million, non-current assets of AUD277.1 million and non-current liabilities of AUD254.3 million.

Capital structure and cash management

The cash and bank balances were held in the form of bank deposits in AUD. The management of Wellington South Project Group monitors rolling forecasts and liquidity requirements to ensure Wellington South Project Group maintains sufficient liquidity reserve to support sustainability and growth of its business.

Wellington South Project Group managed the interest rate risk via IRS. Payments made or received by IRS are recognised as a part of "Gain/(loss) on derivative instruments at fair value through profit or loss" within the statement of profit or loss.

Gearing ratio

As at 31 December 2020, 2021 and 2022, as well as 30 September 2023, the gearing ratio of Wellington South Project Group was 75.6%, 68.0%, 71.1% and 67.9%, respectively.

The above gearing ratios were defined as total liabilities less related party balances of Wellington South Project Group divided by the total assets of the Project Group as at the end for each respective period.

Funding and treasury policies

Wellington South Project Group has adopted a prudent financial management approach towards its treasury policies and has maintained a healthy liquidity position throughout the Reporting Period.

Capital commitment

Wellington South Project Group had no capital commitment as at 30 September 2023, 31 December 2022 and 31 December 2021. As at 31 December 2020, Wellington South Project Group had capital commitment of AUD33.1 million, related to the construction of its solar farm project.

Significant investment, material acquisitions and disposals

Wellington South Project Group did not have any significant investment, nor any material acquisition or other material disposal during the Reporting Period.

Prospect for new business

Wellington South Project Group did not have any plans for new investment during the Reporting Period.

Future plans for material investments or capital assets

Wellington South Project Group did not have any plans for new investment during the Reporting Period.

Pledge of assets

Wellington South Project Group did not pledge any of its assets during the Reporting Period.

Remuneration policies and employee information

Wellington South Project Group had no direct employees during the Reporting Period.

Foreign exchange exposure

The assets, liabilities and business transactions of Wellington South Project Group are denominated in AUD. Wellington South Project Group did not have any financial instrument to hedge foreign exchange risks during the Reporting Period.

Contingent liabilities

As at 31 December 2020, 2021 and 2022, as well as 30 September 2023, Wellington South Project Group did not have any contingent liabilities.

Set out below is the management discussion and analysis on the West Wyalong Project Group for the three years ended 31 December 2022 and nine months ended 30 September 2023 (the "**Reporting Period**") based on the financial information set out in Appendix IIB to this circular.

BUSINESS REVIEW

West Wyalong Project Group is principally engaged in solar farm development, construction and operation. West Wyalong Project Group holds the entire interest of the West Wyalong Project. West Wyalong Project is a solar farm located in New South Wales, Australia with a generation capacity up to 108MWp together with related BESS development project. The project commenced operations in the second quarter of 2023.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020 and 31 December 2021, West Wyalong Project Group did not recognise revenue. For the year ended 31 December 2022, West Wyalong Project Group recognised revenue of AUD0.2 million, arising from the sales of electricity.

For the nine months ended 30 September 2022, West Wyalong Project Group did not recognise revenue. For the nine months ended 30 September 2023, West Wyalong Project Group recognised revenue of AUD7.0 million, arising from the sales of electricity and the sales of LGCs.

Cost of sales

West Wyalong Project Group did not recognise cost of sales for the years ended 31 December 2020 and 31 December 2021 and cost of sales in 31 December 2022 were not significant.

For the nine months ended 30 September 2022, West Wyalong Project did not recognise cost of sales. For the nine months ended 30 September 2023, the cost of sales of West Wyalong Project Group amounted to AUD3.7 million, or 52% of the total revenue.

Costs of sales were largely attributable to (i) AEMO fees, (ii) fees paid to professional advisors, and (iii) fees related to asset management services.

Gross profit and gross profit margin

For the years ended 31 December 2020 and 31 December 2021, West Wyalong Project Group did not recognise gross profit/loss. For the year ended 31 December 2022, the gross profit/loss of West Wyalong Project Group was insignificant.

For the nine months ended 30 September 2022, West Wyalong Project Group did not recognise gross profit/loss. For the nine months ended 30 September 2023, the gross profit and gross profit margin of West Wyalong Project Group were AUD3.3 million and 48%.

Segmental information

During the Reporting Period, West Wyalong Project Group only had one reportable segment. As such, no segmental information is presented.

Property, Plant and Equipment

As at 31 December 2020, 2021 and 2022, the book amounts of property, plant and equipment of West Wyalong Project Group were AUD6,000, AUD54.7 million and AUD137.5 million. As at 30 September 2023, the book amount of property, plant and equipment of West Wyalong Project Group was AUD154.4 million.

Liquidity and financial resources

As at 30 September 2023, the current assets of West Wyalong Project Group were AUD19.9 million. The current assets were mainly comprised of cash and cash equivalents of AUD14.8 million, trade and other receivables of AUD0.6 million, LGCs of AUD0.9 million, derivatives of AUD2.3 million and other assets of AUD1.3 million. In addition, West Wyalong Project Group had current liabilities of AUD73.8 million, non-current assets of AUD206.1 million and non-current liabilities of AUD134.6 million. The directors of the Company had made an assessment and concluded the Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and meet its financial obligations as and when they fall due for at least the next twelve months from the date of approval of these financial statements.

As at 31 December 2022, the current assets of West Wyalong Project Group were AUD5.0 million. The current assets were mainly comprised of cash and cash equivalents of AUD2.6 million, trade and other receivables of AUD0.2 million, derivatives of AUD1.3 million and other assets of AUD0.9 million. In addition, West Wyalong Project Group had current liabilities of AUD44.4 million, non-current assets of AUD184.8 million and non-current liabilities of AUD131.9 million.

As at 31 December 2021, the current assets of West Wyalong Project Group were AUD8.5 million. The current assets were mainly comprised of cash and cash equivalents of AUD6.9 million, trade and other receivables of AUD1.1 million and other assets of AUD0.6 million. In addition, West Wyalong Project Group had current liabilities of AUD10.0 million, non-current assets of AUD82.8 million and non-current liabilities of AUD71.4 million.

As at 31 December 2020, the West Wyalong Project Group had no significant assets or liabilities.

Capital structure and cash management

The cash and bank balances were held in the form of bank deposits in AUD. The management of West Wyalong Project Group monitors rolling forecasts and liquidity requirements to ensure West Wyalong Project Group maintains sufficient liquidity reserve to support sustainability and growth of its business.

West Wyalong Project Group managed the interest rate risk via IRS. Payments made or received by IRS are recognised as a part of "Gain/(loss) on derivative instruments at fair value through profit or loss" within the statement of profit or loss.

Gearing ratio

As at 31 December 2021 and 2022, as well as 30 September 2023, the gearing ratio of West Wyalong Project Group was 89.1%, 92.9% and 92.2%, respectively.

The above gearing ratios were defined as total liabilities less related party balances of West Wyalong Project Group divided by the total assets of the Project Group as at the end for each respective period.

Funding and treasury policies

West Wyalong Project Group has adopted a prudent financial management approach towards its treasury policies and has maintained a healthy liquidity position throughout the Reporting Period.

Capital commitment

West Wyalong Project Group had no capital commitment as at 30 September 2023. As at 31 December 2022 and 31 December 2021, West Wyalong Project Group had capital commitment of AUD12.5 million and AUD76.4 million, respectively, related to the construction of its solar farm project. As at 31 December 2020, West Wyalong Project Group had no capital commitment.

Significant investment, material acquisitions and disposals

West Wyalong Project Group did not have any significant investment, nor any material acquisition or other material disposal during the Reporting Period.

Prospect for new business

West Wyalong Project Group did not have any plans for new investment during the Reporting Period.

Future plans for material investments or capital assets

West Wyalong Project Group did not have any plans for new investment during the Reporting Period.

Pledge of assets

West Wyalong Project Group did not pledge any of its assets during the Reporting Period.

Remuneration policies and employee information

West Wyalong Project Group had no direct employees during the Reporting Period.

Foreign exchange exposure

The assets, liabilities and business transactions of West Wyalong Project Group are denominated in AUD. West Wyalong Project Group did not have any financial instrument to hedge foreign exchange risks during the Reporting Period..

Contingent liabilities

As at 31 December 2020, 2021 and 2022, as well as 30 September 2023, West Wyalong Project Group did not have any contingent liabilities.

Set out below is the management discussion and analysis on the Woolooga Project Group for the three years ended 31 December 2022 and nine months ended 30 September 2023 (the "**Reporting Period**") based on the financial information set out in Appendix IIC to this circular.

BUSINESS REVIEW

Woolooga Project Group is principally engaged in solar farm development, construction, and operation. Woolooga Project Group holds the entire interest of the Woolooga Project. Woolooga Project is a solar farm located in Queensland, Australia with a generation capacity up to 214MWp together with related BESS development project. The project commenced operations in the third quarter of 2023.

FINANCIAL REVIEW

Revenue

For the years ended 31 December 2020 and 31 December 2021, Woolooga Project Group did not recognise revenue. For the year ended 31 December 2022, Woolooga Project Group recognised revenue of AUD5.3 million, arising from the sales of electricity and the sales of LGCs.

For the nine months ended 30 September 2022, Woolooga Project Group recognised revenue of AUD2.1 million, arising from the sales of electricity and the sales of LGCs. For the nine months ended 30 September 2023, Woolooga Project Group recognised revenue of AUD6.6 million, arising from the sales of electricity and the sales of LGCs and representing an increase of 210% as compared to the nine months ended 30 September 2022.

Cost of sales

Woolooga Project Group did not recognise cost of sales for the year ended 31 December 2020 and 31 December 2021. For the year ended 31 December 2022, the cost of sales of Woolooga Project Group amounted to AUD3.1 million, or 58% of the total revenue.

For the nine months ended 30 September 2022, the cost of sales of Woolooga Project Group amounted to AUD3.8 million, or 181% of the total revenue. For the nine months ended 30 September 2023, the cost of sales of Woolooga Project Group amounted to AUD9.0 million, or 137% of the total revenue.

Gross profit and gross profit margin

For the years ended 31 December 2020 and 31 December 2021, Woolooga Project Group did not recognise gross profit/loss. For the year ended 31 December 2022, the gross profit and gross profit margin of Woolooga Project Group were AUD2.2 million and 42%.

For the nine months ended 30 September 2022, the gross loss and gross loss margin of Woolooga Project Group were AUD1.7 million and 81%. For the nine months ended 30 September 2023, Woolooga Project Group recorded gross loss and gross loss margin of AUD2.5 million and 37%, respectively.

Segmental information

During the Reporting Period, Woolooga Project Group only had one reportable segment. As such, no segmental information is presented.

Property, Plant and Equipment

As at 31 December 2020, 2021 and 2022, the book amounts of property, plant and equipment of Woolooga Project Group were AUD8.8 million, AUD135.9 million and AUD301 million. As at 30 September 2023, the book amount of property, plant and equipment of Woolooga Project Group was AUD311.7 million.

Liquidity and financial resources

As at 30 September 2023, the current assets of Woolooga Project Group were AUD15.2 million. The current assets were mainly comprised of cash and cash equivalents of AUD4.5 million, trade and other receivables of AUD1.4 million, LGCs of AUD0.7 million, restricted cash of AUD4.1 million, derivatives of AUD3.5 million and other asset of AUD1.0 million. In addition, Woolooga Project Group had current liabilities of AUD123.3 million, non-current assets of AUD358.0 million and non-current liabilities of AUD237.1 million. The directors of the Company had made an assessment and concluded the Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and meet its financial obligations as and when they fall due for at least the next twelve months from the date of approval of these financial statements.

As at 31 December 2022, the current assets of Woolooga Project Group were AUD12.9 million. The current assets were mainly comprised of cash and cash equivalents of AUD8.6 million, trade and other receivables of AUD1.6 million, LGCs of AUD1.1 million, derivatives of AUD0.6 million and other assets of AUD1.0 million. In addition, Woolooga Project Group had current liabilities of AUD108.8 million, non-current assets of AUD341.4 million and non-current liabilities of AUD237.7 million.

As at 31 December 2021, the current assets of Woolooga Project Group were AUD7.3 million. The current assets were mainly comprised of cash and cash equivalents of AUD0.7 million and trade and other receivables of AUD4.2 million, derivatives of AUD1.4 million and other assets of AUD1.0 million. In addition, Woolooga Project Group had current liabilities of AUD7.0 million, non-current assets of AUD172.0 million and non-current liabilities of AUD156.7 million.

As at 31 December 2020, the current assets of Woolooga Project Group were AUD0.6 million, comprised entirely of trade and other receivables. In addition, Woolooga Project Group had current liabilities of AUD9.4 million, non-current assets of AUD8.8 million and nil non-current liabilities.

Capital structure and cash management

The cash and bank balances were held in the form of bank deposits in AUD. The management of Woolooga Project Group monitors rolling forecasts and liquidity requirements to ensure Woolooga Project Group maintains sufficient liquidity reserve to support sustainability and growth of its business.

Woolooga Project Group managed the interest rate risk via IRS. Payments made or received by IRS are recognised as a part of "Gain/(loss) on derivative instruments at fair value through profit or loss" within the statement of profit or loss.

Gearing ratio

As at 31 December 2021 and 2022, as well as 30 September 2023, the gearing ratio of Woolooga Project Group was 91.3%, 71.9% and 69.4%, respectively.

The above gearing ratios were defined as total liabilities less related party balances of Woolooga Project Group divided by the total assets of the Project Group as at the end for each respective period.

Funding and treasury policies

Woolooga Project Group has adopted a prudent financial management approach towards its treasury policies and has maintained a healthy liquidity position throughout the Reporting Period.

Capital commitment

Woolooga Project Group had no capital commitment as at 30 September 2023. As at 31 December 2022 and 31 December 2021, Woolooga Project Group had capital commitment of AUD16.8 million and AUD126.3 million, respectively, related to the construction of its solar farm project. As at 31 December 2020, Woolooga Project Group had no capital commitment.

Significant investment, material acquisitions and disposals

Woolooga Project Group did not have any significant investment, nor any material acquisition or other material disposal during the Reporting Period.

Prospect for new business

Woolooga Project Group did not have any plans for new investment during the Reporting Period.

Future plans for material investments or capital assets

Woolooga Project Group did not have any plans for new investment during the Reporting Period.

Pledge of assets

Woolooga Project Group did not pledge any of its assets during the Reporting Period.

Remuneration policies and employee information

Woolooga Project Group had no direct employees during the Reporting Period.

Foreign exchange exposure

The assets, liabilities and business transactions of Woolooga Project Group are denominated in AUD. Woolooga Project Group did not have any financial instrument to hedge foreign exchange risks during the Reporting Period.

Contingent liabilities

As at 31 December 2020, 2021 and 2022, as well as 30 September 2023, Woolooga Project Group did not have any contingent liabilities.

Set out below is the management discussion and analysis on the Wellington North & Wunghnu Project Group for the three years ended 31 December 2022 and nine months ended 30 September 2023 (the "**Reporting Period**") based on the financial information set out in Appendix IID to this circular.

BUSINESS REVIEW

Wellington North & Wunghnu Project Group is principally engaged in solar farm development, construction and operation. Wellington North & Wunghnu Project Group holds the entire interest of the Wellington North & Wunghnu Project. Wellington North is an under construction solar farm located in New South Wales, Australia with a generation capacity up to 425MWp together with related BESS development project and is expected to be operational in the third quarter of 2024. Wunghnu is an under construction solar farm located in Victoria, Australia with a generation capacity up to 90MWp together with related BESS development project and is expected to be operational in the second quarter of 2024.

FINANCIAL REVIEW

Revenue

Wellington North and Wunghnu are not operational and had not recognised any revenue for the Reporting Period.

Cost of sales

Wellington North and Wunghnu are not operational and had not recognised any cost of sales for the Reporting Period.

Gross profit and gross profit margin

Wellington North and Wunghnu are not operational and had not recognised any gross profit for the Reporting Period.

Segmental information

During the Reporting Period Wellington North and Wunghnu Project Group only had one reportable segment. As such, no segmental information is presented.

Property, Plant and Equipment

As at 31 December 2020, 2021 and 2022, the book amounts of property, plant and equipment of Wellington North & Wunghnu Project Group were nil, AUD3.5 million and AUD122.9 million, respectively. As at 30 September 2023, the book amount of property, plant and equipment of Wellington North & Wunghnu Project Group was AUD624.3 million.

Liquidity and financial resources

As at 30 September 2023, the current assets of Wellington North & Wunghnu Project Group were AUD29.4 million. The current assets were mainly comprised of cash and cash equivalents of AUD16.1 million, trade and other receivables of AUD6.8 million, derivatives of AUD1.8 million and other assets of AUD4.7 million. In addition, Wellington North & Wunghnu Project Group had current liabilities of AUD64.6 million, non-current assets of AUD658.1 million and non-current liabilities of AUD394.4 million. The directors of the Company had made an assessment and concluded the Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and meet its financial obligations as and when they fall due for at least the next twelve months from the date of approval of these financial statements.

As at 31 December 2022, the current assets of Wellington North & Wunghnu Project Group were AUD236.7 million. The current assets were mainly comprised of cash and cash equivalents of AUD143.6 million, trade and other receivables of AUD15.2 million, derivatives of AUD0.3 million and other assets of AUD77.6 million. In addition, Wellington North & Wunghnu Project Group had current liabilities of AUD39.4 million, non-current assets of AUD150.2 million and non-current liabilities of AUD124.2 million.

As at 31 December 2021, the current assets of Wellington North & Wunghnu Project Group were AUD10,000. The current assets were solely comprised of trade and other receivable. In addition, Wellington North & Wunghnu Project Group had current liabilities of AUD3.5 million, non-current assets of AUD3.5 million and nil non-current liabilities.

As at 31 December 2020, the current assets of Wellington North & Wunghnu Project Group were nil. In addition, The Wellington North & Wunghnu Project Group had current liabilities of AUD3,000 and non-current assets of AUD1,000. Wellington North & Wunghnu Project Group had no non-current liabilities as at 31 December 2020.

Capital structure and cash management

The cash and bank balances were held in the form of bank deposits in AUD. The management of Wellington North & Wunghnu Project Group monitors rolling forecasts and liquidity requirements to ensure Wellington North & Wunghnu Project Group maintains sufficient liquidity reserve to support sustainability and growth of its business.

Wellington North & Wunghnu Project Group managed the interest rate risk via IRS. Payments made or received by IRS are recognised as a part of "Gain/(loss) on derivative instruments at fair value through profit or loss" within the statement of profit or loss.

Wellington North & Wunghnu Project Group also manage the risk of a moving foreign exchange rate incurred for EPC contractor payment via FEC derivative instruments.

Gearing ratio

As at 31 December 2022 and 30 September 2023, the gearing ratio of Wellington North & Wunghnu Project Group was 11.7% and 49.6%, respectively.

The above gearing ratios were defined as total liabilities less related party balances of Wellington North and Wunghnu Project Group divided by the total assets of the Project Group as at the end for each respective period.

Funding and treasury policies

Wellington North & Wunghnu Project Group has adopted a prudent financial management approach towards its treasury policies and has maintained a healthy liquidity position throughout the Reporting Period.

Capital commitment

As at 30 September 2023 and 31 December 2022, Wellington North & Wunghnu Project Group had capital commitment of AUD24.0 million and AUD99.7 million, respectively, related to the construction of its solar farm project. As at 31 December 2021 and 31 December 2020, Wellington North & Wunghnu Project Group had no capital commitment.

Significant investment, material acquisitions and disposals

Wellington North & Wunghnu Project Group did not have any significant investment, nor any material acquisition or other material disposal during the Reporting Period.

Prospect for new business

Wellington North & Wunghnu Project Group did not have any plans for new investment during the Reporting Period.

Future plans for material investments or capital assets

Wellington North & Wunghnu Project Group did not have any plans for new investment during the Reporting Period.

Pledge of assets

Wellington North & Wunghnu Project Group did not pledge any of its assets during the Reporting Period.

Remuneration policies and employee information

Wellington North & Wunghnu Project Group had no direct employees during the Reporting Period.

Contingent liabilities

As at 31 December 2020, 2021 and 2022, as well as 30 September 2023, Wellington North & Wunghnu Project Group did not have any contingent liabilities.

FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("**RSM Corporate Australia Pty Ltd**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; BEIA will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and/or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead in Section 1 of this report.

CONTENTS

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22 March 2024

The Board of Directors
Beijing Energy International (Australia) Holding Pty Ltd
Suite 3, Level 21, 1 York Street,
Sydney NSW 2000 Australia

Dear Directors

VALUATION OF THE FIVE PROJECT SOLAR FARM PORTFOLIO HELD BY LIGHTSOURCE BP

1. INTRODUCTION

1.1. As announced to the Hong Kong Exchange ("**HKEX**") on 14 December 2023, Beijing Energy International Holding Co., Ltd. ("**BJEI**" or the "**Holdco**"), through its Australian wholly-owned subsidiaries, including Beijing Energy International (Australia) Holding Pty Ltd ("**BEIA**") (together, the "**Buyer**"), entered into a Share Sale and Purchase Agreement to acquire 100% of the share capital of a number of entities that, collectively, own a five project solar farm portfolio held by Lightsource BP (together the "**Seller**"), consisting of:

- Three operating solar farms with development stage Battery Energy Storage Systems ("**BESS**") projects, including:
  - Wellington South solar farm in New South Wales ("**Wellington South**" or "**WELS**");

THE POWER OF BEING UNDERSTOOD
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   – Woolooga solar farm in Queensland ("**Woolooga**" or "**WOOL**");

   – West Wyalong solar farm in New South Wales ("**West Wyalong**" or "**WEST**"); and

- Two under construction solar farms with development stage BESS projects, including:

   – Wellington North solar farm in New South Wales ("**Wellington North**" or "**WELN**"); and

   – Wunghnu solar farm in Victoria ("**Wunghnu**" or "**WUNG**"),

(collectively referred to as "**the Solar Projects**").

1.2. The Solar Projects are part of a wider group of entities, as illustrated in the corporate structure set out in Appendix E. The transaction comprises the acquisition of a 100% equity interest in the following legal entities (the "**Transaction**"):

- LS Australia HoldCo1 Pty Ltd, holding company of WELS;
- Woolooga HoldCo2 Pty Ltd, holding company of WOOL;
- West Wyalong HoldCo2 Pty Ltd, holding company of WEST; and
- LS Australia FinCo 2 Pty Ltd, holding company of WELN and WUNG (together referred to as "**WNWU**").

1.3. The Transaction constitutes a 'very substantial transaction' as defined in Chapter 14 – Notifiable Transactions of Hong Kong Exchange Listing Rules ("**Chapter 14 – HKEX**"). Accordingly, the directors of BJEI have requested RSM Corporate Australia Pty Ltd ("**RSM**") to prepare a valuation report ("**Report**") assessing the Market Value of the Solar Projects as at 30 September 2023 ("**Valuation Date**") for disclosure in the circular to the shareholders of BJEI in accordance with Chapter 14 – HKEX.

2. SUMMARY

2.1 We have utilised the following forecast models provided to us by BEIA management ("**Management**") on 15 November 2023 in performing our valuation:

- Financial forecast model of the five solar farm projects ("**SF Forecast Model**"); and
- Financial forecast model of the five BESS projects ("**BESS Forecast Model**").

2.2 We have adopted the discounted cash flow ("**DCF**") approach as our primary valuation methodology, and the market approach (specifically EV/MW multiples) as our secondary 'cross-check' valuation methodology.

2.3 We have assessed the Market Value of the Solar Projects as at the Valuation Date to be in the range of A$786.3m and A$897.1m, with a midpoint of A$841.7m. The Gross Equity Value of A$813 million falls within the indicative valuation range as set out in the table below.

Market Value of the Solar Projects

A$'mil	**Low**	**Mid**	**High**
Wellington South	134.4	142.6	150.9
Woolooga	128.5	140.4	152.2
West Wyalong	83.4	88.5	93.6
Wellington North & Wunghnu	440.0	470.2	500.5
Total Equity value	**786.3**	**841.7**	**897.1**

RSM Analysis

Note 1: Our DCF has been based on the available free cash flows to equity ("**FCFE**") by applying an appropriate cost of equity.

Note 2: Mid point valuation is the average of low and high valuations.

2.4 The Market Value of the Solar Projects presented in the table above have been calculated as the aggregate of the Market Value of each Solar Project's solar farm project and BESS project, as set out in the tables below:

Solar farms – DCF valuation summary

A$'mil	Low	Mid	High
Wellington South	133.1	139.3	145.5
Woolooga	124.2	132.2	140.1
West Wyalong	81.8	85.3	88.8
Wellington North & Wunghnu	436.8	462.2	487.6
Total Equity Value (Solar Farms)	**776.1**	**819.0**	**861.9**

RSM Analysis

BESS projects – DCF valuation summary

A$'mil	Low	Mid	High
Wellington South (BESS)	1.2	3.3	5.4
Woolooga (BESS)	4.3	8.2	12.2
West Wyalong (BESS)	1.6	3.2	4.8
Wellington North (BESS)	0.9	3.9	7.0
Wunghnu (BESS)	2.3	4.1	5.9
Total Equity Value (BESS)	**10.3**	**22.7**	**35.2**

RSM Analysis

3. DISCLAIMER

3.1 This Report has been prepared for the purpose described in Section 1 of this Report and set out in our Engagement Letter. This Report is to be used solely for this purpose and should not be used for any other purpose.

3.2 In accordance with our normal practice, we hereby expressly disclaim liability to any persons other than those to whom this Report is specifically addressed. The information contained in this Report may not be used or relied upon by any other party, in any manner whatsoever, without the prior written consent of RSM.

3.3 Any party who chooses to rely in any way on the contents of this Report, does so at their own risk. Neither the whole of this Report, nor any part thereof or any reference thereto may be published in any document, statement or in any communication in any form or context with any other third parties without the prior written consent of RSM.

3.4 Our valuation opinion is based on economic, market and other conditions prevailing at the Valuation Date. Such conditions can change significantly over relatively short periods of time. Accordingly, this Report and our opinion may become quickly outdated and require revision should such conditions change after the issue of our Report.

3.5 RSM reserves the right to revise any valuation, or other opinion, in the light of material information existing at the Valuation Date that subsequently becomes known to RSM.

3.6 The fee for our valuation services is not contingent on the result of the valuation conclusions included within this report.

4. SCOPE OF WORK

4.1 This Report has been prepared as a Valuation Engagement in accordance with APES 225 – Valuation Services ("**APES 225**").

4.2 This valuation has been undertaken by Andrew Clifford and Nadine Marke, both Directors, Corporate Finance, RSM, acting independently. Andrew and Nadine have extensive experience in providing valuations of businesses and equity.

4.3 This report has been prepared on a going concern premise of value based on Market Value, as defined in Appendix C of this Report.

4.4 Unless otherwise noted, all amounts in this report are expressed in Australian dollars.

4.5 The statements and opinions in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In forming our valuation opinions and preparing this Report, we have relied upon information supplied by Management. A summary of the sources of information used in preparing the valuation is provided in Appendix B.

4.6 We have not independently verified the correctness of, existence or value of any item which is in, or should be in, such information. We do not have any reason to believe that any material facts have been withheld from us, nor do we warrant that our investigation has revealed all of the matters which an audit or more extensive examination might disclose.

4.7 For the above reasons, we do not warrant the accuracy or reliability of either the information supplied to us or the conclusions drawn therefrom.

4.8 In relation to the Forward-Looking Information referred to in this Report, we do not express an opinion as to whether actual results of the Solar Projects will approximate the forecasts prepared by Management. It is not possible to confirm whether those forecasts will be achieved, as it must be understood that all such forecasts depend on certain future events that are not capable of independent substantiation.

4.9 Users of the Report should correctly interpret and use the valuation conclusion, which is not equivalent to the realisable value of the Solar Projects and should not be considered as a guarantee for the realisable value of the Solar Projects.

Reliance on the work of experts

4.10 The SF Forecast Model and BESS Forecast Model used in performing our valuations includes assumption on the forecast merchant electricity prices of each of the project, which is based on the bespoke market projections report issued by Aurora Energy ("**Aurora**") ("**Aurora Report**"); and

4.11 The SF Forecast Model and BESS Forecast Model used in performing our valuation includes assumptions on the useful life of the project, which is based on the technical due diligence report issued by Rina Tech Renewables Australia Pty Ltd ("**RINA**") ("**RINA Technical DD Report**") and the technical due diligence report issued by BEIA's Technical Advisor ("**BEIA's Advisor Technical DD Report**").

5. VALUATION APPROACH

5.1 This Report provides our assessment of the estimated Market Value of the equity of the Solar Projects as at the Valuation Date. The valuation has been prepared as a Valuation engagement as defined by APES 225.

5.2 In considering the estimated Market Value of an ordinary share, we have considered each of the following generally accepted valuation methods:

- Income approach (DCF);
- Market approach; and
- Asset-based approach.

Income approach (DCF)

5.3 The Discounted Cash Flows (DCF) technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period. This method of valuation is appropriate to businesses and projects with finite lives, where cost and revenue estimates can be applied with reasonable certainty.

Market approach

5.4 This methodology involves capitalising the business's earnings using an appropriate capitalisation/earnings multiple which reflects the business's underlying risk profile and growth prospects.

5.5 This technique is appropriate when earnings of the business are regular, maintainable and sufficient to justify a value exceeding the value of the underlying assets.

5.6 A valuation based on the capitalisation of maintainable earnings requires the determination of four key features:

- maintainable earnings;
- an appropriate capitalisation rate;
- the current level of net debt; and
- the value of any surplus assets & liabilities.

5.7 When assessing maintainable earnings, consideration should be given as to whether adjustments are required to "**normalise**" those earnings, i.e. to exclude abnormal expenses/income from reported earnings.

5.8 The normalisation adjustments are generally to:

- Replace any non-arm's length expenses with equivalent expenses at market rate;
- Exclude items which are not related to the operations of the business;
- Exclude non-recurring items;
- Ensure that accounting policies are consistently applied; and
- Ensure that all relevant business income and expenses are included.

5.9 There are many earnings multiples commonly used such as the PE multiple, EBIT multiple, EBITDA multiple and operating cash flow multiple.

5.10 In selecting an appropriate multiple, a valuer should take into account the capital structure, capital intensity and taxation rates of the business. High gearing levels (high interest payments) or high capital intensity (large depreciation charges) and to a lesser extent differing taxation rates (different tax jurisdictions) have the propensity to cause distortions when comparing earnings across companies which may affect valuation. In theory, the value of a business is independent of its capital structure.

5.11 The earnings multiple must also reflect at least, the business risk, the business's future growth prospects and the time value of money.

5.12 Alternative to commonly used valuation multiple mentioned above, rules of thumb (or industry-specific multiples) could also be used in estimating the Market Value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the Market Value of a company than other commonly used valuation multiples because they may not account for company specific risks and factors.

Asset-based approach

5.13 An asset-based valuation is often used as a secondary valuation methodology when valuing trading operations on a going concern basis and assists in establishing the quantum of goodwill implicit in earnings-based valuations. However, it can also be used as the primary valuation methodology in certain circumstances.

5.14 An asset-based valuation is often dependent on obtaining independent valuations for certain assets, for example the market value of land, buildings and fixed assets is often different to the book value.

5.15 Asset based methods are appropriate when a significant proportion of a company's assets are liquid, for asset holding companies or for a company that is not profitable.

5.16 Asset based methods include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net assets on a going concern basis.

5.17 The value achievable in an orderly realisation of asset is estimated by determining the net realisable value of the assets or business segments on the basis of an assumed orderly realisation. This value includes a discount to allow for the time value of money and for reasonable costs of undertaking the realisation exercise. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their market value.

5.18 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter timeframe.

5.19 The net assets on a going concern method estimates the market value of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs.

Selection of valuation approach

5.20 In selecting an approach and methodology to value the Solar Projects, we have considered the following:

5.21 The income approach (DCF) is the most appropriate valuation methodology given the availability of long-term detailed forecasts. We have been provided with the following:

- SF Forecast Model containing forecast financial information for the period from the Valuation Date to 31 December 2064 for the solar farms; and

- the BESS Forecast Model containing forecast financial information the period from the Valuation Date to 31 December 2050 for the BESS projects (together the "**Solar Projects Forecast Model**"),

  both of which have been prepared by BEIA and its advisors using forecast assumptions sourced from the Aurora Report, RINA Technical DD Report and BEIA's Advisor Technical DD Report.

5.22 The DCF is commonly used in valuing long term infrastructure assets with varying operating, capital and funding cash flows;

5.23 The market approach is also considered appropriate as data of comparable transactions involving targets of a similar nature to the solar farms are readily available;

5.24 An asset-based approach is only appropriate when a company is not profitable, a significant proportion of the company's assets is liquid, or for asset holding companies;

5.25 Based on the above, we have assessed the Market Value of the Solar Projects using the DCF as our primary method. We have applied the market approach, specifically EV/MW multiples as our secondary 'cross-check' valuation methodology for the solar farms. No secondary methodology has been applied in valuing the BESS projects due to a lack of observable trading and transaction multiples; and

5.26 In applying the DCF, we have adopted the free cash flows to equity ("**FCFE**") to assess the valuation of the Solar Projects. FCFE is the common approach adopted in valuing infrastructure assets given the varying capital structure over the life of the assets as projects are initially highly geared to fund construction, and as investors in infrastructure assets seek to maximise distributions over time through leverage.

5.27 Given the different stages of development of the solar farms and BESS projects, and the availability of separate forecast financial information, we have assessed the Market Value of the solar farms projects and BESS projects separately for each Solar Project using the DCF methodology. The Market Value of each Solar Project has been presented as an aggregate of these Market Values.

6. OVERVIEW OF WELLINGTON SOUTH SOLAR FARM

Background

6.1 Located 260km north – west of Sydney in New South Wales ("**NSW**"), Australia, the Wellington South Solar Farm is an operational site with a capacity of 200 MWp (solar) and 170 MWac (BESS under development). We have summarised in the table below the key details of the Wellington South solar farm (excl. BESS).

Wellington South

Property	**Detail**
Location	NSW
Capacity	Solar: 200 MWp/170 MWac
Status	Operational – PAC in Q3CY22
Asset Life	40 years
O&M	O&M during 2 year DLP: Sterling and Wilson O&M post-DLP: Lightsource bp/3rd Party Contractor Term: Up to life of asset (post-DLP), including option terms Availability Guarantee: 99%
Connectivity	TransGrid – 132kV Wellington Substation

Financial information of Wellington South

6.2 The information in this section provides a summary of the financial information of Wellington South for the calendar years ended 31 December 2021 ("**CY21**"), 31 December 2022 ("**CY22**"), along with the nine-month period ended 30 September 2023 ("**YTD-Sep-23**"), as per the audited historical financial information.

Financial performance

6.3 In the table below, we set out a summary of the historical financial performance of WELS for the calendar years ended 31 December 2021 ("**CY21**"), 31 December 2022 ("**CY22**") and the nine-month period ended 30 September 2023 ("**YTD-Sep-23**") as per audited historical financial information.

Historical financial performance

A$'000	Ref	CY21	CY22	YTD-Sep-23
Total revenue	*Par: 6.4*	**12,814**	**31,311**	**16,407**
Cost of sales[1]		(6,978)	(6,743)	(3,682)
Gross Profit	*Par: 6.5*	**5,836**	**24,568**	**12,725**
Gross profit margin %	*Par: 6.5*	*46%*	*78%*	*78%*
Expenses				
Administration expenses	*Par: 6.6*	(1,370)	(1,380)	(1,219)
Total expenses		**(1,370)**	**(1,380)**	**(1,219)**
Other income	*Par 6.7*	–	15,000	–
EBITDA		**4,466**	**38,188**	**11,506**
EBITDA margin %	*Par 6.8*	*35%*	*122%*	*70%*
Finance costs		(3,254)	(9,418)	(10,341)
Finance income		–	329	279
Gain/loss on derivative instruments at fair value through profit or loss	*Par: 6.9*	41,403	(5,678)	22,014
Depreciation, amortisation and impairments		(4,260)	(10,621)	(7,959)
EBT		**38,355**	**12,800**	**15,499**
Tax expense		(12,014)	(3,596)	(4,603)
NPAT		**26,341**	**9,204**	**10,896**

Source: Audited Historical Financial Information

Note 1: Cost of sales has been adjusted to exclude depreciation, amortisation and impairments.

6.4 Total revenue increased from A$13m in CY21 to A$31.3m in CY22 largely due to the ramp up in electricity generation while the YTD-Sep23 revenue is largely impacted by timing of contracted revenue.

6.5 Gross profit increased from A$5.8m in CY21 to A$24.6m in CY22 primarily due to the uplift in revenue discussed above. Gross margin has remained relatively stable in YTD-Sep23 at 78%.

6.6 Administration expenses have remained relatively stable at $1.4m in CY21 and CY22.

6.7 Other income relates to one-off compensation for delays in achieving stage completion under the engineering, procurement and construction contract.

6.8 EBITDA margin (excluding one-off other income) decreased from 74% in CY22 to 70% in YTD-Sep-23 due to the timing of the contracted revenue.

6.9 Gain/loss on derivative instruments relates to the movement in fair valuation of financial instruments such as interest rate swaps, power purchase agreements and foreign exchange forward contracts.

Financial position

6.10 We set out in the table below a summary of the historical financial position of Wellington South as at 30 September 2023.

Historical Financial Position

A$'000	Ref	30-Sep-23
Current assets		
Cash and cash equivalents		3,429
Trade and other receivables	*Par. 6.11*	1,245
Large-scale generation certificates	*Par. 6.12*	4,013
Derivatives	*Par. 6.15*	5,071
Other current assets	*Par. 6.13*	1,512
Total current assets		**15,270**
Non current assets		
Property, plant and equipment	*Par. 6.14*	298,308
Derivatives	*Par. 6.15*	51,286
Other non current assets	*Par. 6.16*	55
Total non current assets		**349,649**
Total assets		**364,919**

A$'000	Ref	30-Sep-23
Current liabilities		
Trade and other payables	*Par. 6.17*	11,598
Borrowings	*Par. 6.18*	7,564
Total current liabilities		**19,162**
Non current liabilities		
Decommissioning provision	*Par. 6.19*	29,796
Borrowings	*Par. 6.18*	220,372
Deferred tax liabilities		27,841
Total non current liabilities		**278,009**
Total liabilities		**297,171**
Net assets		**67,748**

Source: Audited Historical Financial Information

6.11 Trade and other receivables include trade receivables of A$92k, accrued income of A$1.1m and other receivables of A$30k.

6.12 Large-scale generation certificates of A$4.0m relate to the accrued balance of government grants received on the generation of renewable, recognised at fair value at initial recognition and written down to its net realisable value with the write-down being recorded in statement of profit or loss.

6.13 Other current assets consist of prepayments of A$855k and current capitalised borrowing costs of A$657k.

6.14 PPE represents the carrying value of the plant & machinery and inverter of A$288.9m and land of A$9.4m.

6.15 Derivative assets relate to derivative financial instruments used to manage exposure to various price and interest rate risks. Derivative financial instruments are recognised at fair value. At 30 September 2023, derivative financial assets comprised PPA derivatives of A$21.9m and interest rate swap derivatives of A$34.4m. The derivative instruments are reflected in the SF Forecast Model which formed the basis of our valuation of WELS.

6.16 Other non current assets relate to capitalised borrowing costs which are non current.

6.17 Trade and other payables as at 30 September 2023 are composed of trade payables, accrued expenses and other payables. GST payables, and related party payables.

6.18 Current borrowings relate to current portion of loan facilities. Non-current borrowings relate to shareholder loan of A$38.3m and a non-current portion of loan facilities with balance A$182.1m.

6.19 Relates to decommissioning provision and the related monthly interest adjustments.

Forecast financial performance

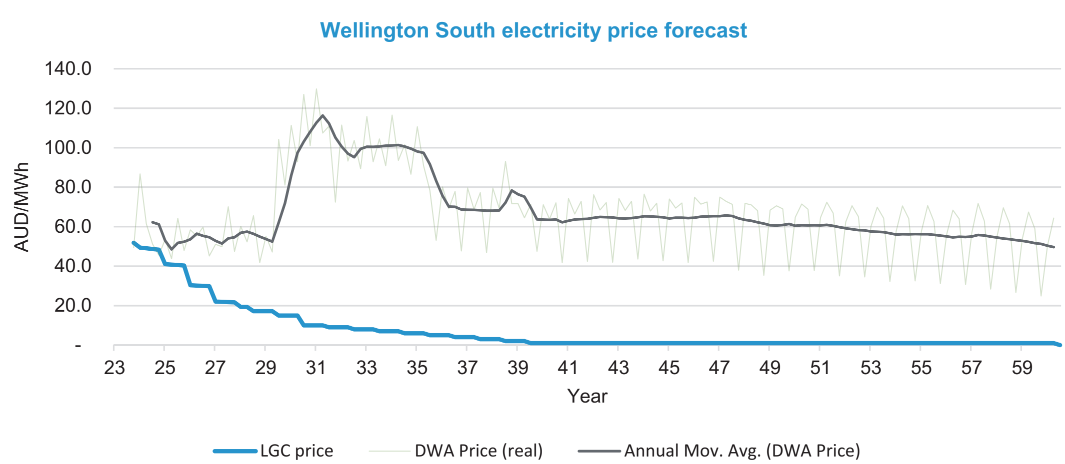
6.20 The SF Forecast Model includes the forecast financial performance of WELS ("**WELS Forecast**"). We have considered the following key assumptions made by BEIA in preparing the WELS Forecast.

Power Purchase Agreement ("PPA")

6.21 The WELS Forecast includes the contracted revenue under PPAs with 2 customers that covers approximately 52.9% of the generation capacity (bundled) of WELS. The PPA with customer 1 will be transferred to WELN from October 2023 while the PPA with customer 2 commenced in April 2021 and has a 15 year tenor, expiring in April 2036.

Merchant electricity price

6.22 The WELS Forecast includes the merchant electricity price forecast by Aurora. We set out in the chart below the electricity price forecast by Aurora (in real 2022 values).



Large-scale Generator Certificate ("LGC")

6.23 Forecast revenue of WELS also include the sale of contracted LGCs. Merchant LGCs relating to the sale of uncontracted LGCs is based on the future real 2022 spot price multiplied by an index escalation (nominal LGC price). The WELS Forecasts assume an indexation increase (based on annual CPI) of 5.1% in 2023, 3.1% in 2024 and a long-term indexation of 2.5% p.a. thereafter until June 2060 p.a., and assumes that the LGC scheme (which will come to an end in 2030) will be replaced by an alternative renewable energy certificate.

Energy Generation

6.24 RINA was engaged by the Seller to prepare the energy assessment of WELS, while BEIA engaged a second technical advisor to perform a review and assess the reasonability of RINA's assumptions. The WELS Forecast assumes a net energy yield range of 299 to 421 GWh per annum post availability and degradation (with the range being the difference between year 1 and year 40 of operations) for WELS based on the review findings of the second technical advisor.

Marginal Loss Factor and Economic Curtailment

6.25 The marginal loss factors and economic curtailment assumptions are based on the forecast assumptions assessed by Aurora[1] taking into account the current grid limit around WELS and the level of investment on grid in the long-term.

Cost of borrowing

6.26 Cost of debt of 5.7% to 5.8% has been assumed over the forecast period.

Inflation/CPI

6.27 The WELS Forecast assumes a short-term inflation rate of 3.0% to 6.0% from September 2023 to December 2024, and a long-term inflation rate of 2.5% from FY25 onwards. Based on recent RBA inflation forecasts[2], CPI of 4.75% is expected in 2023, reducing to around 3.0% by mid-2025.

[1] *Project Ludy Market and Grid analysis report prepared by Aurora*

[2] *RBA Statement on Monetary Policy September 2023*

7. VALUATION OF WELLINGTON SOUTH

The DCF approach

7.1 We have utilised the DCF methodology, specifically the free cash flow to equity method, in valuing WELS, as detailed in Appendix J. The following process was adopted:

- Performed an analysis of the historical financial performance and position of WELS, as set out in the previous sections of this report;
- Using the WELS Forecast, constructed a FCFE forecast for use in our DCF methodology using the following formula in each year of the forecast period:

  FCFE = EBITDA(1 – Tax) + Depr*(Tax) – Capex – WCInv – Int*(1 – Tax) + Net borrowing + FC*

  Where:

  o *EBITDA* is the earnings before interest tax depreciation and amortisation;

  o *Depr* is the depreciation and amortisation;

  o *Capex* is the capital expenditure;

  o *WCInv* is the change in net working capital;

  o *Int* is the interest expenses;

  o *Tax* is the corporate tax rate;

  o *FC* is the franking credits;

- Incorporated the estimated decommissioning costs of the project at the end of the forecast period;
- Determined an appropriate discount rate;

- Calculate the present value of the levered free cash flows and residual value using the selected discount rate calculated using the following formula; and

$$Equity\,Value = \sum_{t=0}^{T} \frac{FCFE_t}{(1+r)^t} + \frac{Residual\,Value}{(1+r)^T}$$

  Where:

  - o FCFE is free cash flows to equity as estimated above;
  - o T is the forecast period (which is finite lifetime); and
  - o r is the discount rate.

- Concluded on the equity value of WELS.

Cash flow projections

Forecasts

7.2 The WELS Forecast assumes an estimated project life of c.40 years ending in FY63. BEIA's Technical Advisor noted that a 40-year life could be achieved with appropriate provisions for operating and replacement costs and through an appropriate assessment of the energy yield, which has been incorporated in the WELS Forecast. Accordingly, we have considered cash flows up to September 2063 and have not considered any operations post design life.

Revenue

7.3 The revenue forecast of WELS has been based on the PPA contracts, merchant electricity pricing, LGC, energy generation capacity, economic and technical curtailment, MLF and DLF as discussed previously. Because the net energy yield is expected to be relatively stable over the forecast period, the forecast revenue growth is largely driven by movements in the forecast merchant electricity price. Please refer to Section 6 above for details of these assumptions.

EBITDA

7.4 Forecast operating expenses of WELS comprises mainly O&M expenses, grid costs, lease expenses, AEMO deducted expenses, asset management costs, insurance expenses and other expenses. The majority of expenses are contracted with annual escalation factors at around the long-term inflation rate. Please refer to Section 6 above for analysis of WELS's expenses.

7.5 The forecast EBITDA margin of WELS varies between 32% to 83% over the forecast period. Because a large part of the cost structure is fixed by contracts, movements in the EBITDA margin are driven mainly by movements in the forecast merchant electricity price. Please refer to Section 6 above for details of the forecast merchant electricity price.

Interest expenses

7.6 The forecast interest expense was estimated based on a cost of borrowing of 5.7% to 5.8% and an annual repayment schedule ending 30 June 2057. Please see Section 6 for the details on the cost of borrowing.

Tax rate and Franking credits

7.7 Australia corporate tax rate of 30% was applied in estimating the forecast cash flows.

7.8 We have considered the value of franking credits generated by WELS, which are derived from taxation on income derived in Australia. As franking credits can only be utilised by Australia tax residents, their benefits depend on investors' individual circumstances.

7.9 The franking credits are reflected in the forecast cash flows at a utilisation rate of 80%. No adjustment has been made to the tax rate or discount rate.

Capital expenditure ("Capex")

7.10 Following the successful commissioning of WELS, future capex investment is limited to repairs and maintenance. Future maintenance works have been expensed in the forecasts under operations and maintenance ("**O&M**"). BEIA has forecasted O&M to increase 2.5% annually over the forecast period. Refer to the financial performance summary in Section 6 for further details of the O&M expenses.

Movement in net working capital

7.11 Management has assumed days sales outstanding of 30 days and days payable outstanding of 30 days in forecasting the net working capital requirement. We have relied on management's net working capital forecast in estimating FCFE.

Decommissioning costs

7.12 The decommissioning costs relate to the potential restoration costs of the project site at the conclusion of its project. Management has estimated a decommissioning cost of A$19.4m at the end of the forecast period based on the technical due diligence by BEIA's Technical Advisor. We understand that management has considered the potential residual/scrap value of WELS at the end of the project life to be minimal. Hence, we have not included the residual value in our calculation of the enterprise value on the premise that the residual value is already considered in the calculated equity value.

Applicable discount rate

7.13 The applicable discount rate is the likely rate of return an investor in WELS would require. The applicable discount rate assessed for the purpose of valuing WELS has been based on cost of equity estimated using the Capital Asset Pricing Model ("**CAPM**").

7.14 The methodology adopted in calculating the discount rate is contained in Appendix F. Based on this methodology, we have assessed a discount rate in the range of 7.8% and 8.6% as at the Valuation Date.

Net working capital and net debt adjustment

7.15 We have included the net working capital and net debt adjustment negotiated between the Buyer and the Seller for WELS in our assessment of the Market Value of WELS. Refer to section 16 for further information on the Net working capital and net debt adjustment.

Market Value of Wellington South as at 30 September 2023 under the DCF methodology

7.16 We set out in the table below our assessment of the equity value of WELS as at the Valuation Date. Please refer to Appendix J for our detailed FCFE calculation underpinning our assessment of the equity value of WELS and Section 16 for details of the additional net working capital and net debt adjustment.

DCF Valuation of Wellington South

A$'mil	Low	Mid	High
Discount rate applied	7.8%	8.2%	8.6%
Equity Value from FCFE (before NWC & Net Debt adjustments)	**128.8**	**135.0**	**141.1**
NWC & Net Debt adjustments	4.3	4.3	4.3
Equity Value	**133.1**	**139.3**	**145.5**

Source: RSM analysis

Note – Mid-point valuation is the average of low and high valuations.

Market Approach Cross-Check

7.17 We have utilised the market methodology as our secondary 'cross-check' valuation methodology in determining the value of WELS. Specifically, we have had regard to the EV/MW multiple implied by our primary valuation methodology above compared to observed EV/MW multiples of transactions involving comparable targets.

7.18 In calculating the EV for the cross-check methodology, we have added back the net debt items including tax liabilities and borrowings. We have not considered cash as an adjustment to net debt on the basis this has been included in the net working capital and net debt adjustments. Refer to Section 16 and Appendix I for further information.

7.19 We have set out in the table below the multiples implied based on our DCF valuation.

Valuation Cross-check

A$'mil	Low	Mid	High
Equity Value	128.8	135.0	141.1
(+) Net debt	186.2	186.2	186.2
(+) Non-operating liabilities	–	–	–
Total Enterprise Value	**315.0**	**321.2**	**327.3**
Installed capacity	200.0	200.0	200.0
Implied EV/MW multiple	**1.6x**	**1.6x**	**1.6x**

Selection of valuation multiples

7.20 In our assessment of an appropriate range of comparable multiples, we have considered the observed EV/MW multiples of transactions involving international targets (including Australian targets) with a project size of between 10MW and 635MW. The observed EV/MW multiples of transaction involving targets comparable to WELS (excluding outliers) range from 1.0x to 2.1x, with mean and median multiples of 1.5x.

7.21 Having regard to the above and applying our experience and professional judgement, we consider the implied EV/MW multiples to be reasonable.

8. OVERVIEW OF WOOLOOGA

Background

8.1 With a capacity of 214 MWp (solar) and 176 MWac (BESS which is under development), the Woolooga Solar Farm is located in lower Wonga in Queensland, Australia. We have summarised in the table below the key details of the Woolooga solar farm (excl. BESS).

Woolooga

Property	**Detail**
Location	QLD
Capacity	Solar: 214.3 MWp/176 MWac
Status	Operational – PAC in Q3CY23
Asset Life	40 years
O&M	O&M during 2 year DLP: PCL Constructors Pacific Rim Pty Ltd O&M post-DLP: Lightsource bp/3rd Party Contractor Term: Up to life of asset (post-DLP), including option terms Availability Guarantee: 99%
Connectivity	Powerlink – 275/132kV Woolooga Substation

Financial information of Woolooga

8.2 The information in the following section provides a summary of the financial information of Woolooga for the calendar years ended CY21, CY22 and the nine months ended YTD-Sep-23, as per the audited historical financial information.

Financial performance

8.3 In the table below, we set out a summary of the historical financial performance of Woolooga for CY21, CY22 and the YTD-Sep-23 as per the audited historical financial information.

Historical financial performance

A$'000	Ref	CY21	CY22	YTD-Sep-23
Total revenue	*Par: 8.4*	**–**	**5,275**	**6,578**
Cost of sales		–	(3,066)	(2,392)
Gross Profit		**–**	**2,209**	**4,186**
Gross profit margin %	*Par: 8.5*	–	*42%*	*64%*
Expenses				
Administration expenses	*Par: 8.6*	(3,633)	(81)	(3,995)
Total expenses		**(3,633)**	**(81)**	**(3,995)**
EBITDA		**(3,633)**	**2,128**	**191**
EBITDA margin %	*Par: 8.7*	–	*40%*	*3%*
Finance costs		–	(448)	(9,640)
Finance income		–	117	141
Gain/loss on derivative instruments at fair value through profit or loss		29,641	(3,439)	22,759
Depreciation, amortisation and impairments		–	–	(6,639)
EBT		**26,008**	**(1,642)**	**6,812**
Tax expense		(10,447)	(6,168)	(1,776)
NPAT		**15,561**	**(7,810)**	**5,036**

Source: Audited Historical Financial information

8.4 Revenue increased from A$5.3m in CY22 to A$6.6m in YTD-Sep-23 primarily due to the increased electricity generated as WOOL commenced early electricity generation in May 2022.

8.5 Gross profit increased from A$2.2m in CY22 to A$4.2m in YTD-Sep-23.

8.6 Administration expenses increased from A$81k in CY22 to A$4m in YTD-Sep23 primarily due to an additional one off PPE adjustment of A$4m.

8.7 EBITDA margin decreased from 40% in CY22 to 3% in YTD-Sep-23.

Financial position

8.8 We set out in the table below a summary of the historical financial position of Woolooga as at 30 September 2023.

Historical Financial Position

A$'000	**Ref**	**30-Sep-23**
Current assets		
Cash and cash equivalents	*Par. 8.9*	4,472
Restricted cash	*Par. 8.9*	4,071
Trade and other receivables	*Par. 8.10*	1,412
Large-scale generation certificates	*Par. 8.11*	746
Derivatives	*Par. 8.12*	3,490
Other current assets	*Par. 8.13*	1,009
Total current assets		**15,200**
Non current assets		
Property, plant and equipment	*Par. 8.14*	311,708
Derivatives	*Par. 8.12*	44,654
Other non-current assets	*Par. 8.13*	1,652
Total non current assets		**358,014**
Total assets		**373,214**
Current liabilities		
Trade and other payables	*Par. 8.15*	20,185
Borrowings	*Par. 8.16*	103,117
Total current liabilities		**123,302**

A$'000	Ref	30-Sep-23
Non current liabilities		
Decommissioning provision	*Par. 8.17*	30,129
Borrowings	*Par. 8.16*	188,607
Deferred tax liabilities		18,391
Total non current liabilities		**237,127**
Total liabilities		**360,429**
Net assets		**12,785**

Source: Audited Historical Financial Information

8.9 Cash and cash equivalents total A$4.5m, and restricted cash total A$4.1m.

8.10 Trade and other receivables include accrued income, other receivables and related party receivables.

8.11 Large-scale generation certificates of A$746k relate to the accrued balance of government grants received on the generation of renewable, recognised at fair value at initial recognition and written down to its net realisable value with the write-down being recorded in statement of profit or loss.

8.12 Derivative assets relate to derivative financial instruments used to manage exposure to various price and interest rate risks. Derivative financial instruments are recognised at fair value. At 30 September 2023, derivative financial assets comprised PPA derivatives of A$13.8m and interest rate swap derivatives of A$34.3m. The derivative instruments are reflected in the SF Forecast Model which formed the basis of our valuation of WOOL.

8.13 Other current and non current assets include current and non current portion of capitalised borrowing costs.

8.14 PPE represents the carrying value of the plant & machinery and inverter of A$298.9m and land of A$12.8m.

8.15 Trade and other payables as at 30 September 2023 is composed of accrued expenses, other payables, and related party payables.

8.16 Current borrowings relate to loan facilities of A$1.9m and a shareholder loan of A$101.2m. Non-current borrowings relate to a non-current loan facility with balance A$188.6m.

8.17 Relate to decommissioning provision and the related monthly interest adjustments.

Forecast financial performance

8.18 The Solar Projects Forecast Model includes the forecast financial performance of WOOL ("**WOOL Forecast**"). We have considered the following key assumptions made by BEIA in preparing the WOOL Forecast.

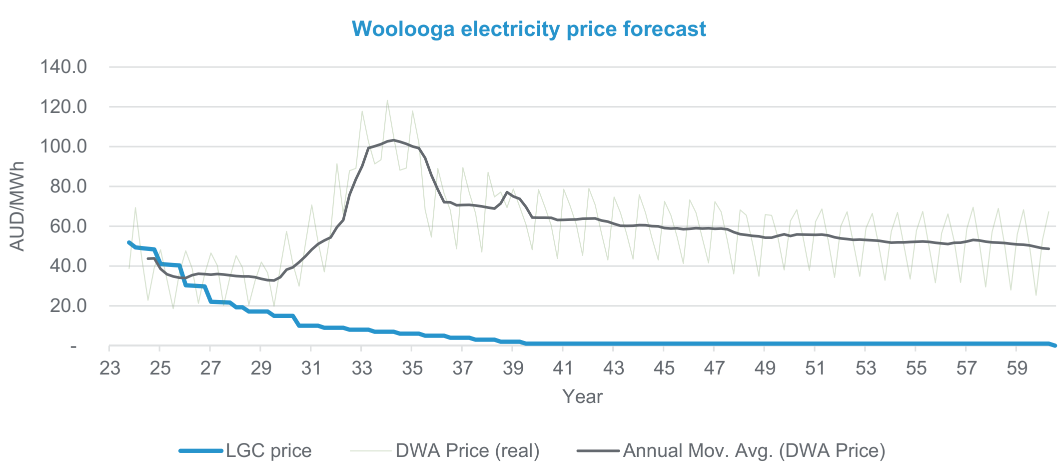
PPA

8.19 The WOOL Forecast includes the contracted revenue under a PPA which covers 66.5% of WOOL's generation capacity. The agreement commenced in July 2022 and is valid for 10 years, expiring in June 2032.

8.20 The revenue forecasts of WOOL reflect this PPA for the periods FY24 to FY32, with the uncontracted capacity being sold at merchant prices.

Merchant electricity price

8.21 The WOOL Forecast includes the merchant electricity price forecast by Aurora, as set out in the chart below (in real 2022 values).



Large-scale Generator Certificate ("LGC")

8.22 Forecast revenue of WOOL also include the sale of contracted LGCs. Merchant LGCs relating to the sale of uncontracted LGCs is based on the future real 2022 spot price multiplied by an index escalation (nominal LGC price). The WOOL Forecasts assume an indexation increase (based on annual CPI) of 5.1% in 2023, 3.1% in 2024 and a long-term indexation of 2.5% p.a. thereafter until June 2060 p.a.,and assumes that the LGC scheme (which will come to an end in 2030) will be replaced by an alternative renewable energy certificate.

Energy Generation

8.23 We noted that RINA was engaged by the Seller in preparing the Energy Assessment of WOOL while BEIA's Technical Advisor performed a review and reasonability of this assumption. The financial projection by BEIA has utilised a net energy yield range of 306 to 429 GWh per annum post availability and degradation (with the range being the difference between year 1 and year 40 of operations) for WOOL based on the review performed by BEIA's Technical Advisor.

Marginal Loss Factor and Economic Curtailment

8.24 The marginal loss factors and economic curtailments are based on the forecast assumptions assessed by Aurora[3] taking into account the current grid limit around WOOL and the level of investment on grid in the long-term.

Cost of borrowing

8.25 Cost of debt of 5.8% to 6.2% has been assumed over the forecast period.

Inflation/CPI

8.26 The WOOL Forecast assumes a short-term inflation rate assumption of 3.0% to 6.0% from September 2023 to December 2024, and a long-term inflation rate of 2.5% from FY25 onwards. Based on recent RBA inflation forecasts[4], CPI of 4.75% is expected in 2023, reducing to around 3.0% by mid-2025.

9. VALUATION OF WOOLOOGA

The DCF approach

9.1 We have utilised the DCF methodology, specifically the free cash flow to equity method, in valuing WOOL, as detailed in Appendix J, adopting the same approach as detailed in section 7.1.

Cash flow projections

Forecasts

9.2 The financial model is based on an estimated life of c.40 years ending in FY64. BEIA's Technical Advisor noted that a 40-year life could be achieved with appropriate provisions for operating and replacement costs and through an appropriate assessment

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3 *Project Ludy Market and Grid analysis report prepared by Aurora*

4 *RBA Statement on Monetary Policy September 2023*

of the energy yield, which has been incorporated in the WOOL Forecast. Accordingly, we have considered cash flows up to June 2064 and have not considered any operations post design life.

Revenue

9.3 The revenue forecast of WOOL has been based on the PPA contracts, merchant electricity pricing, LGC, energy generation capacity, economic and technical curtailment, MLF and DLF as discussed previously. Because the net energy yield is expected to be relatively stable over the forecast period, the forecast revenue growth is largely driven by movements in the forecast merchant electricity price. Please refer to Section 8 above for details of these assumptions.

EBITDA

9.4 Forecast operating expenses of WOOL comprises mainly O&M expenses, grid costs, lease expenses, AEMO deducted expenses, asset management costs, insurance expenses and other expenses. The majority of expenses are contracted with annual escalation factors in line with long term inflation rates. Please refer to Section 8 above for analysis of WOOL's expenses.

9.5 The forecast EBITDA margin of WOOL varies between 60% to 90% over the forecast period. Because a large part of the cost structure is fixed by contracts, movements in the EBITDA margin are driven mainly by movements in the forecast merchant electricity price. Please refer to Section 8 above for details of the forecast merchant electricity price.

Interest expenses

9.6 The forecast interest expense was estimated based on a cost of borrowing of 5.8% to 6.2% and an annual repayment schedule ending 30 September 2057. Please see Section 8 for a discussion on the cost of borrowing.

Decommissioning costs

9.7 The decommissioning costs relate to the potential restoration costs of the project site at the conclusion of its project. Management has estimated a decommissioning cost of A$21.3m at the end of the forecast period based on the technical due diligence performed by BEIA's Technical Advisor. We understand that management has considered the potential residual/scrap value of WOOL at the end of the project life to be minimal. Hence, we have not included the residual value in our calculation of the enterprise value on the premise that the residual value is already considered in the calculated equity value.

Other assumptions

9.8 We have utilised similar assumption for the tax rate, franking credits, capex and movements in net working capital as outlined in sections 7.7 to 7.12.

Applicable discount rate

9.9 The methodology adopted in calculating the discount rate is contained in Appendix F. Based on this methodology, we have assessed a discount rate in the range of 7.8% and 8.6% as at the Valuation Date.

Net working capital and net debt adjustment

9.10 We have included the net working capital and net debt adjustment negotiated between the Buyer and the Seller for WOOL in our assessment of the Market Value of WOOL. Refer to section 16 for further information on the Net working capital and net debt adjustment.

Market Value of Woolooga as at 30 September 2023 under the DCF methodology

9.11 We set out in the table below our assessment of the equity value of WOOL as at the Valuation Date. Please refer to Appendix J for our detailed FCFE calculation underpinning our assessment of the equity value of WOOL and Section 16 for details of the additional net working capital and net debt adjustment.

DCF Valuation of Woolooga

A$'mil	**Low**	**Mid**	**High**
Discount rate applied	7.8%	8.2%	8.6%
Equity Value from FCFE (before NWC & Net Debt adjustments)	**121.6**	**129.5**	**137.4**
NWC & Net Debt Adjustments	2.7	2.7	2.7
Equity Value	**124.2**	**132.2**	**140.1**

Source: RSM analysis

Note – Mid-point valuation is the average of low and high valuations.

Market Approach Cross-Check

9.12 We have utilised the market methodology as our secondary 'cross-check' valuation methodology in determining the value of WOOL. Specifically, we have had regard to the EV/MW multiple implied by our primary valuation methodology above compared to observed EV/MW multiples of transactions involving comparable targets.

9.13 In calculating the EV for the cross-check methodology, we have added back the net debt items including tax liabilities and borrowings. We have not considered cash as an adjustment to net debt on the basis this has been included in the net working capital and net debt adjustments. Refer to Section 16 and Appendix I for further information.

9.14 We have set out in the table below the multiples implied based on our DCF valuation.

Valuation Cross-check

A$'mil	Low	Mid	High
Equity Value	121.6	129.5	137.4
(+) Net debt	182.0	182.0	182.0
(+) Non-operating liabilities	–	–	–
Total Enterprise Value	**303.5**	**311.4**	**319.3**
Installed capacity	214.3	214.3	214.3
Implied EV/MW multiple	**1.4x**	**1.5x**	**1.5x**

Source: RSM analysis

Selection of valuation multiples

9.15 In our assessment of an appropriate range of comparable multiples, we have considered the observed EV/MW multiples of transactions involving international targets (including Australian targets) with a project size of between 10MW and 635MW. The observed EV/MW multiples of transaction involving targets comparable to WOOL (excluding outliers) range from 1.0x to 2.1x, with mean and median multiples of 1.5x.

9.16 Having regard to the above and applying our experience and professional judgement, we consider the implied EV/MW multiples to be reasonable.

10. OVERVIEW OF WEST WYALONG

Background

10.1. Located in Wyalong NSW, Australia, the West Wyalong Solar Farm is an operational site with a capacity of 108 MWp (solar) and 90 MWac (BESS which is under development).

West Wyalong

Property	Detail
Location	NSW
Capacity	Solar: 107.6 MWp/90 MWac
Status	Operational – PAC in Q3CY23
Asset Life	38 years
O&M	O&M during 2 year DLP: PCL Constructors Pacific Rim Pty Ltd O&M post-DLP: Lightsource bp/3rd Party Contractor Term: Up to life of asset (post-DLP), including option terms Availability Guarantee: 99%
Connectivity	Essential Energy – 132kV T-connection

Financial information of West Wyalong

10.2 The information in the following section provides a summary of the financial information of WEST for CY21, CY22 and the YTD-Sep-23 as per the audited historical financial information.

Financial performance

10.3 In the table below, we set out a summary of the historical financial performance of WEST for CY21, CY22 and YTD-Sep-23.

Historical financial performance

A$'000	Ref	CY21	CY22	YTD-Sep-23
Total revenue	*Par: 10.4*	**–**	**208**	**6,969**
Cost of sales[1]		–	(15)	(1,043)
Gross Profit	*Par: 10.5*	**–**	**193**	**5,926**
Gross profit margin %		–	*93%*	*85%*
Expenses				
Administration expenses		(21)	(50)	(340)
Total expenses		**(21)**	**(50)**	**(340)**
EBITDA		**(21)**	**143**	**5,586**
EBITDA margin %	*Par: 10.6*	–	*69%*	*80%*
Finance costs		0	(116)	(4,368)
Finance income		0	68	156
Gain/loss on derivative instruments at fair value through profit or loss		15,117	10,082	7,587
Depreciation, amortisation and impairments		–	–	(2,608)
EBT		**15,096**	**10,177**	**6,353**
Tax expense		(5,267)	(6,469)	(2,290)
NPAT		**9,829**	**3,708**	**4,063**

Source: Audited Historical Financial Information

Note 1: Cost of sales has been adjusted to exclude depreciation, amortisation and impairments

10.4 Revenue increased from A$0.2m in CY22 to A$7.0m in YTD-Sep-23 primarily due to WEST commencing electricity generation in October 2022.

10.5 Gross profit increased from A$193k in CY22 to A$5.9m in YTD-Sep23, in line with the revenue growth.

10.6 EBITDA margin increased from 69% in CY22 to 80% in YTD-Sep-23 primarily due to the increase in revenue discussed above and the operating cost which are largely fixed.

Financial position

10.7 We set out in the table below a summary of the historical financial position of WEST as at 30 September 2023.

Historical Financial Position

A$'000	Ref	30-Sep-23
Current assets		
Cash and cash equivalents		14,848
Trade and other receivables	*Par. 10.8*	589
Large-scale generation certificates	*Par. 10.9*	921
Derivatives	*Par. 10.11*	2,290
Other current assets	*Par. 10.12*	1,260
Total current assets		**19,908**
Non current assets		
Property, plant and equipment	*Par. 10.10*	154,373
Derivatives	*Par. 10.11*	30,218
Right-of-use assets		21,452
Other non-current assets	*Par. 10.13*	71
Total non current assets		**206,114**
Total assets		**226,022**
Current liabilities		
Trade and other payables	*Par. 10.14*	9,687
Borrowings	*Par. 10.15*	63,897
Lease liabilities		199
Total current liabilities		**73,783**

A$'000	Ref	30-Sep-23
Non current liabilities		
Decommissioning provision	*Par. 10.16*	15,127
Borrowings	*Par. 10.15*	98,298
Lease liabilities		7,190
Deferred tax liabilities		14,025
Total non current liabilities		**134,640**
Total liabilities		**208,423**
Net assets		**17,599**

Source: Audited Historical Financial Information

10.8 Trade and other receivables include trade receivables, accrued income and related party receivables.

10.9 Large-scale generation certificates of A$921k relate to the accrued balance of government grants received on the generation of renewable, recognised at fair value at initial recognition and written down to its net realisable value with the write-down being recorded in statement of profit or loss.

10.10 PPE represents the carrying value of the plant & machinery of A$154.4m.

10.11 Derivative assets relate to derivative financial instruments used to manage exposure to various price and interest rate risks. Derivative financial instruments are recognised at fair value. At 30 September 2023, derivative financial assets comprised PPA derivatives of A$14.6m and interest rate swap derivatives of A$17.9m. The derivative instruments are reflected in the SF Forecast Model which formed the basis of our valuation of WEST.

10.12 Other current assets include current portion of capitalised borrowing costs of A$855k, prepayments of A$379k and operational recharges of $26k.

10.13 Other non current assets relate to the non current portion of the capitalised borrowing costs.

10.14 Trade and other payables as at 30 September 2023 is composed of trade payables, accrued expenses, GST payable and related party payable.

10.15 Current borrowings relate to loan facilities of A$2.6m, a shareholder loan of A$61.3m. Non-current borrowings relate to a non-current loan facility with balance A$98.3m.

10.16 Relates to decommissioning provision and the related monthly interest adjustments.

Forecast financial performance

10.17 The SF Forecast Model includes the forecast financial performance of WEST ("**WEST Forecast**"). We have considered the following key assumptions made by BEIA in preparing the WEST Forecast.

PPAs

10.18 The WEST Forecast includes the contracted revenue under two PPAs with the following:

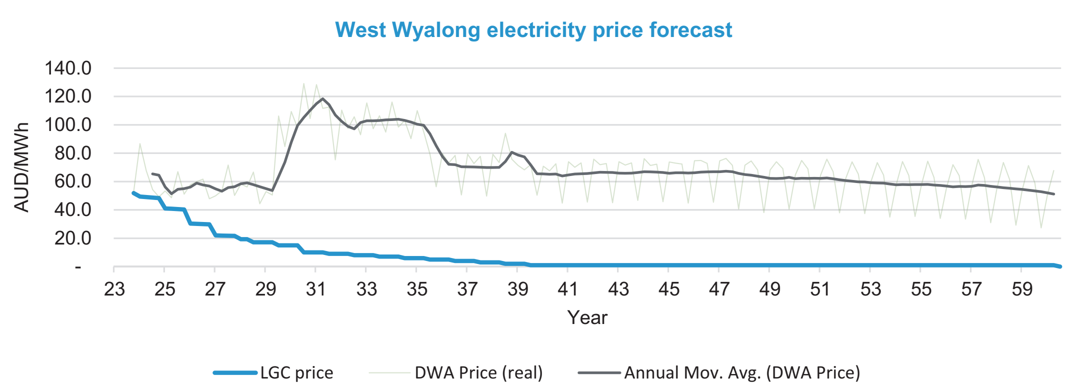
- Customer 3: the PPA with Customer 3 is a 15 year contract (covering 66.5% of its generation capacity) which commenced in April 2023 and is set to expire in April 2038; and

- Customer 4: the PPA with Customer 4 is a 10 year agreement and is set to expire in December 2032.

10.19 The revenue forecasts of WEST reflect these PPAs for the periods FY24 to FY38 with the uncontracted capacity being sold at merchant prices. Beyond this period, the revenue forecasts are exclusively based on the sale of electricity at merchant prices.

Merchant electricity price

10.20 The forecast merchant electricity price has been provided by Aurora, as set out in the chart below (in real 2022 values).



Large-scale Generator Certificate ("LGC")

10.21 Forecast revenue of WEST also include the sale of contracted LGCs. Merchant LGCs relating to the sale of uncontracted LGCs is based on the future real 2022 spot price multiplied by an index escalation (nominal LGC price). The WEST Forecasts assume an indexation increase (based on annual CPI) of 5.1% in 2023, 3.1% in 2024 and a long-term indexation of 2.5% p.a. thereafter until June 2060 p.a., and assumes that the LGC scheme (which will come to an end in 2030) will be replaced by an alternative renewable energy certificate.

Energy Generation

10.22 The WEST Forecast has utilized a net energy yield range of 168 to 235 GWh per post availability and degradation (with the range being the difference between year 1 and year 40 of operations) for WEST based on the review performed by BEIA's Technical Advisor.

Marginal Loss Factor and Economic Curtailment

10.23 The marginal loss factors and economic curtailments are based on the forecast assumptions assessed by Aurora[5] taking into account the current grid limit around WEST and the level of investment on grid in the long-term.

Cost of borrowing

10.24 Cost of debt of 5.8% to 6.2% has been assumed over the forecast period.

Inflation/CPI

10.25 The WEST Forecast assumes a short-term inflation rate assumption of 3.0% to 6.0% from September 2023 to December 2024, and a long-term inflation rate of 2.5% from FY25 onwards. Based on recent RBA inflation forecasts[6], CPI of 4.75% is expected in 2023, reducing to around 3.0% by mid-2025.

11. VALUATION OF WEST WYALONG

The DCF approach

11.1 We have utilised the DCF methodology, specifically the free cash flow to equity method, in valuing WEST, as detailed in Appendix J, adopting the same approach as detailed in Section 7.1.

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5 *Project Ludy Market and Grid analysis report prepared by Aurora*

6 *RBA Statement on Monetary Policy September 2023*

Cash flow projections

Forecasts

11.2 The WEST Forecast is based on an estimated life of c.38 years ending in FY61. BEIA's Technical Advisor noted that a 38-year life could be achieved with appropriate provisions for operating and replacement costs and through an appropriate assessment of the energy yield, which has been incorporated in the WEST Forecast. Accordingly, we have considered cash flows up to 2061 and have not considered any operations post design life.

Revenue

11.3 The revenue forecast of WEST has been based on the PPA contracts, merchant electricity pricing, LGC, energy generation capacity, economic and technical curtailment, MLF and DLF as discussed previously. Because the net energy yield is expected to be relatively stable over the forecast period, the forecast revenue growth is largely driven by movements in the forecast merchant electricity price. Please refer to Section 10 above for details of these assumptions.

EBITDA

11.4 Forecast operating expenses of WEST comprises mainly of O&M expenses, grid costs, lease expenses, AEMO deducted expenses, asset management costs, insurance expenses and other expenses. The majority of expenses are contracted with annual escalation factors in line with the long term inflation rate. Please refer to Section 10 above for analysis of WEST's expenses.

11.5 The forecast EBITDA margin of WEST varies between 53% to 83% over the forecast period. Because a large part of the cost structure is fixed by contracts, movements in the EBITDA margin are driven mainly by movements in the forecast merchant electricity price. Please refer to Section 10 above for details of the forecast merchant electricity price.

Interest expenses

11.6 The forecast interest expense was estimated based on a cost of borrowing of 5.8% to 6.2% and an annual repayment schedule ending 30 September 2057. Please see Section 10 for a discussion on the cost of borrowing.

Decommissioning costs

11.7 Management has estimated a decommissioning cost of A$9.9m at the end of the forecast period based on the technical due diligence by BEIA's Technical Advisor. We understand that management has considered the potential residual/scrap value of WEST at the end of the project life to be minimal. Hence, we have not included the residual value in our calculation of the enterprise value on the premise that the residual value is already considered in the calculated equity value.

Other assumptions

11.8 We have utilised similar assumption for tax rate, franking credits, IFRS 16, capex and movements in net working capital as outlined in sections 7.7 to 7.12.

Applicable discount rate

11.9 The methodology adopted in calculating the discount rate is contained in Appendix F. Based on this methodology, we have assessed a discount rate in the range of 7.8% and 8.6% as at the Valuation Date.

Net working capital and net debt adjustments

11.10 We have included the net working capital and net debt adjustments negotiated between BEIA and the Seller for WEST in our assessment of the Market Value of WEST. Refer to section 16 for further information on the Net working capital and net debt adjustments.

Market Value of West Wyalong as at 30 September 2023 under the DCF methodology

11.11 We set out in the table below our assessment of the equity value of WEST as at the Valuation Date. Please refer to Appendix J for our detailed FCFE calculation underpinning our assessment of the equity value of WEST and Section 16 for details of the additional net working capital and net debt adjustments.

DCF Valuation of West Wyalong

A$'mil	**Low**	**Mid**	**High**
Discount rate applied	7.8%	8.2%	8.6%
Equity Value from FCFE (before NWC & Net Debt adjustments)	**63.4**	**66.9**	**70.3**
NWC & Net Debt Adjustments	18.4	18.4	18.4
Equity Value	**81.8**	**85.3**	**88.8**

Source: RSM analysis

Note – Mid-point valuation is the average of low and high valuations.

Market Approach Cross-Check

11.12 We have utilised the market methodology as our secondary 'cross-check' valuation methodology in determining the value of WEST. Specifically, we have had regard to the EV/MW multiple implied by our primary valuation methodology above compared to observed EV/MW multiples of transactions involving comparable targets.

11.13 In calculating the EV for the cross-check methodology, we have added back the net debt items including tax liabilities and borrowings. We have not considered cash as an adjustment to net debt on the basis this has been included in the net working capital and net debt adjustments. Refer to Section 16 and Appendix I for further information.

11.14 We have set out in the table below the multiples implied based on our DCF valuation.

Valuation Cross-check

A$'mil	Low	Mid	High
Equity Value	63.4	66.9	70.3
(+) Net debt	86.1	86.1	86.1
(+) Non-operating liabilities	–	–	–
Total Enterprise Value	**149.5**	**152.9**	**156.4**
Installed capacity	107.6	107.6	107.6
Implied EV/MW multiple	**1.4x**	**1.4x**	**1.5x**

Source: RSM analysis

Selection of valuation multiples

11.15 In our assessment of an appropriate range of comparable multiples, we have considered the observed EV/MW multiples of transactions involving international targets (including Australian targets) with a project size of between 10MW and 635MW. The observed EV/MW multiples of transaction involving targets comparable to WEST (excluding outliers) range from 1.0x to 2.1x, with mean and median multiples of 1.5x.

11.16 Having regard to the above and applying our experience and professional judgement, we consider the implied EV/MW multiples to be reasonable.

12. OVERVIEW OF WNWU (WELLINGTON NORTH AND WUNGHNU)

Background

12.1 With a total solar capacity of up to 425MWp (under construction) and a battery capacity of 330MWac (which is under development), the Wellington North Solar Farm is located approximately seven kilometres northeast of Wellington in NSW, Australia.

Wellington North

Property	**Detail**
Location	NSW
Capacity	Solar: 425 MWp/330 MWac
Status	Under Construction – PC in Q3CY24
Asset Life	40 years
O&M	O&M during 2 year DLP: GRS O&M post-DLP: Lightsource bp/3rd Party Contractor Term: Up to life of asset (post-DLP), including option terms Availability Guarantee: 99%
Connectivity	TransGrid – 330kV transmission line Wellington Substation

12.2 The Wunghnu Solar Farm is located approximately five kilometres outside of Wunghnu in Victoria ("**VIC**") Australia and has a total solar capacity of 90MWp (under construction) and a battery capacity of 75MWac (which is under development).

Wunghnu

Location	**VIC**
Capacity	Solar: 90 MWp/75 MWac
Status	Under Construction – PC in Q3CY24
Asset Life	40 years
O&M	O&M during 2-year DLP: GRS O&M post-DLP: Lightsource bp/3rd Party Contractor Term: Up to life of asset (post-DLP), including option terms Availability Guarantee: 99%
Connectivity	Powercor – Shepparton to Numerkah sub-transmission circuit through a 66kV bus at the 66/33kV Wunghnu substation

12.3 WELN and WUNG are currently under construction with target completion dates of September 2024 for both projects.

Financial information of Wellington North and Wunghnu

12.4 The information in the following section provides a summary of the financial information of WNWU for the calendar year ended CY21, CY22 and YTD-Sep-23 as per the audited historical financial information. The audited historical financial information has been presented aggregated for WELN and WUNG on the basis that the Solar Farms are owned by the same entity (LS Australia FinCo 2 Pty Ltd). Refer to Appendix E for details of the corporate structure.

Financial performance

12.5 In the table below, we set out a summary of the historical financial performance of WNWU for CY21, CY22 and YTD-Sep-23.

Historical financial performance

A$'000	Ref	CY21	CY22	YTD-Sep-23
Total revenue	*Par: 12.6*	**–**	**–**	**–**
Cost of sales		–	–	–
Gross Profit		**–**	**–**	**–**
Gross profit margin %		–	–	–
Expenses				
Administration expenses		(15)	(109)	(7)
Total expenses		**(15)**	**(109)**	**(7)**
EBITDA		**(15)**	**(109)**	**(7)**
EBITDA margin %		–	–	–

A$'000	Ref	CY21	CY22	YTD-Sep-23
Finance costs		–	–	–
Finance income		–	–	120
Gain/loss on derivative instruments at fair value through profit or loss		–	(11,393)	14,810
Foreign exchange gains/ (losses) on cash balances		–	(68)	3,282
EBT		**(15)**	**(11,570)**	**18,205**
Tax expense		4	3,442	(13,084)
NPAT		**(11)**	**(8,128)**	**5,121**

Source: Audited Historical Financial Information

12.6 WELN and WUNG have not commenced electricity generation, and therefore has no historical reported revenue.

Financial position of Wellington North and Wunghnu

12.7 We set out in the table below a summary of the historical financial position of WNWU as at 30 September 2023 extracted from the audited historical financial information.

Historical Financial Position

A$'000	Ref	30-Sep-23
Current assets		
Cash and cash equivalents		16,055
Trade and other receivables	*Par. 12.8*	6,808
Derivatives	*Par. 12.10*	1,805
Other current assets	*Par. 12.11*	4,730
Total current assets		**29,398**
Non current assets		
Property, plant and equipment	*Par. 12.9*	624,303
Derivatives	*Par. 12.10*	8,476
Right-of-use assets		19,776
Other non current assets	*Par. 12.11*	5,518
Total non current assets		**658,073**
Total assets		**687,471**

A$'000	Ref	30-Sep-23
Current liabilities		
Trade and other payables	*Par. 12.12*	39,623
Borrowings	*Par. 12.13*	24,634
Lease liabilities		370
Total current liabilities		**64,627**
Non current liabilities		
Decommissioning provision	*Par. 12.14*	25,407
Borrowings	*Par. 12.13*	343,576
Derivatives	*Par. 12.15*	6,864
Lease liabilities		8,880
Deferred tax liabilities		9,637
Total non current liabilities		**394,364**
Total liabilities		**458,991**
Net assets		**228,480**

Source: Audited Historical Financial Information

12.8 Trade and other receivables include GST receivables and other receivables of A$6.8m.

12.9 PPE represents the carrying value of the plant & machinery and land.

12.10 Derivative assets relate to derivative financial instruments used to manage exposure to various price, interest rate and foreign exchange risks. Derivative financial instruments are recognised at fair value. At 30 September 2023, derivative financial assets comprised interest rate swap derivatives of A$9.9m and foreign exchange derivatives of A$400k. The derivative instruments are reflected in the SF Forecast Model which formed the basis of our valuation of WNWU.

12.11 Other current and non-current assets include current and non-current portion of capitalised borrowing costs.

12.12 Trade and other payables as at 30 September 2023 is composed of trade payables, accrued expenses and related party payables.

12.13 Current borrowings relate to loan facilities of A$6.5m and a shareholder loan of A$18.2m. Non-current borrowings relate to a non-current loan facility with balance A$243.9m, shareholder loan of A$99.7m.

12.14 Relates to decommissioning provision and the related monthly interest adjustments.

12.15 Derivative liabilities relate to PPA derivative liabilities.

Forecast financial performance of Wellington North

12.16 The SF Forecast Model includes the forecast financial performance of WELN ("**WELN Forecast**"). We have considered the following key assumptions made by BEIA in preparing the WELN Forecast.

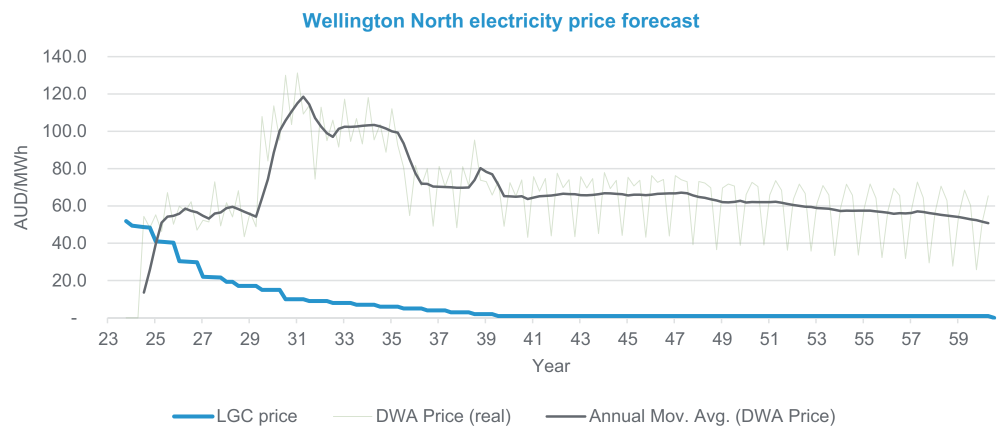
12.17 As at the Valuation Date, WELN has secured the following PPAs to sell its generated electricity:

- Customer 5 – a 10-year contract (covering 24.5% of WELN's generation capacity), commencing in April 2024 and expiring in March 2034;
- Customer 6 – a 14.25-year contract (covering 5.2% of WELN's generation capacity) commencing in October 2024 and expiring in December 2038;
- Customer 7 – a 10-year contract (covering 27.6% of WELN's generation capacity) commencing in October 2024 and expiring in September 2034;
- Customer 8 – a 10-year contract (covering 7.4% of WELN's generation capacity) commencing in October 2024 and expiring in September 2034; and
- Off taker retailer PPA with a 10-year contract (covering 9.7% of WELN's generation capacity) commencing in October 2024 and expiring in September 2034.

12.18 The revenue forecasts of WELN reflect this PPA for the periods FY24 to FY32, with the uncontracted capacity being sold at merchant prices.

Merchant electricity price

12.19 The forecast merchant electricity price has been provided by Aurora as set out in the chart below (in real 2022 values).



Large-scale Generator Certificate ("LGC")

12.20 Forecast revenue of WELN also include the sale of contracted LGCs. Merchant LGCs relating to the sale of uncontracted LGCs is based on the future real 2022 spot price multiplied by an index escalation (nominal LGC price). The WELN Forecasts assume an indexation increase (based on annual CPI) of 5.1% in 2023, 3.1% in 2024 and a long-term indexation of 2.5% p.a. thereafter until June 2060 p.a., and assumes that the LGC scheme (which will come to an end in 2030) will be replaced by an alternative renewable energy certificate.

Energy Generation

12.21 The WELN Forecast has utilised a net energy yield range of 672 to 908 GWh per annum post availability and degradation (with the range being the difference between year 1 and year 40 of operations) for WELN based on the review performed by BEIA's Technical Advisor.

Marginal Loss Factor and Economic Curtailment

12.22 The marginal loss factors and economic curtailments are based on the forecast assumptions assessed by Aurora[7] taking into account the current grid limit around WELN and the level of investment on grid in the long-term.

[7] *Project Ludy Market and Grid analysis report prepared by Aurora*

Cost of borrowing

12.23 Cost of debt of 5.6% to 5.8% has been assumed over the forecast period.

Inflation/CPI

12.24 The WELN Forecast assumes a short-term inflation rate of 3.0% to 6.0% from September 2023 to December 2024, and a long-term inflation rate of 2.5% from FY25 onwards. Based on recent RBA inflation forecasts[8], CPI of 4.75% is expected in 2023, reducing to around 3.0% by mid-2025.

Forecast financial performance of Wunghnu

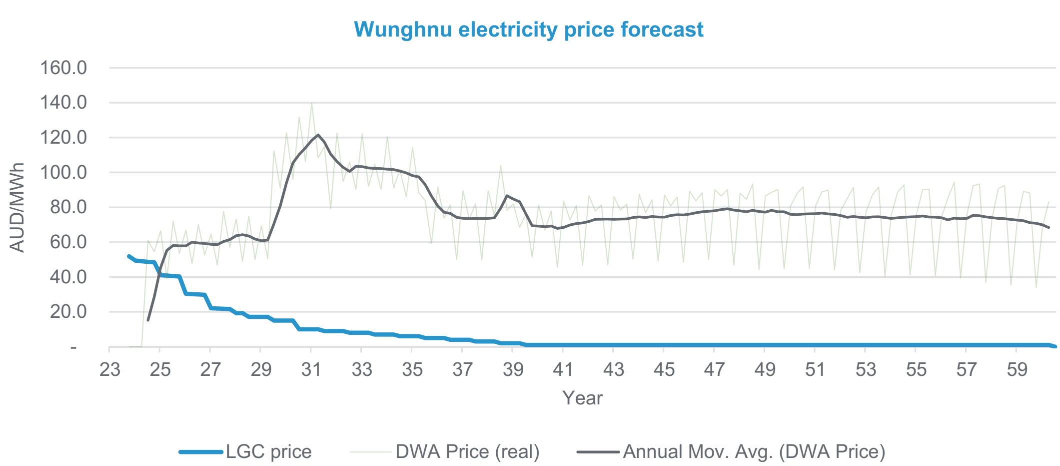
12.25 The SF Forecast Model includes the forecast financial performance of WUNG ("**WUNG Forecast**"). We have considered the following key assumptions made by BEIA in preparing the WUNG Forecast.

PPAs

12.26 As at the Valuation Date, WUNG has no secured contracts for its generation capacity. The revenue forecasts of WUNG are exclusively based on the sale of electricity at merchant prices and the ATUoS revenue.

Merchant electricity price

12.27 The forecast merchant electricity price has been provided by Aurora asset out in the chart below (in real 2022 values).



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Large-scale Generator Certificate ("LGC")

12.28 Forecast revenue of WUNG also include the sale of contracted LGCs. Merchant LGCs relating to the sale of uncontracted LGCs is based on the future real 2022 spot price multiplied by an index escalation (nominal LGC price). The WUNG Forecasts assume an indexation increase (based on annual CPI) of 5.1% in 2023, 3.1% in 2024 and a long-term indexation of 2.5% p.a. thereafter until June 2060 p.a., and assumes that the LGC scheme (which will come to an end in 2030) will be replaced by an alternative renewable energy certificate.

Avoided Transmission Use of System ("ATUoS") revenue

12.29 Lightsource BP has a generator deed with Powercor (a distribution network service provider). Under the terms of this contract, Powercor is obligated to pass through avoided charges to Lightsource BP, which pursuant to the National Electricity rules, represents charges that Powercor would have been required to pay to a transmission network service provider had Lightsource BP not been a customer of Powercor. Management has projected ATUoS revenue will be derived over the forecast period based on this contract.

Energy Generation

12.30 The WUNG Forecasts has utilised a net energy yield range of 138 to 191 GWh per annum post availability and degradation (with the range being the difference between year 1 and year 40 of operations) for WUNG based on the review performed by BEIA's Technical Advisor.

Marginal Loss Factor and Economic Curtailment

12.31 The marginal loss factors and economic curtailments were forecast by Aurora[9] taking into account the current grid limit around WUNG and the level of investment on grid in the long-term.

Cost of borrowing

12.32 The WUNG Forecasts has assumed the same debt profile as WELN on the basis that WELN and WUNG will be acquired/bundled together.

[9] *Project Ludy Market and Grid analysis report prepared by Aurora*

Inflation/CPI

12.33 The WUNG Forecast assumes a short-term inflation rate assumption of 3.0% to 6.0% from September 2023 to December 2024, and a long-term inflation rate of 2.5% from FY25 onwards. Based on recent RBA inflation forecasts[10], CPI of 4.75% is expected in 2023, reducing to around 3.0% by mid-2025.

13. VALUATION OF WELLINGTON NORTH AND WUNGHNU

The DCF approach

13.1 In line with the Transaction structure, we have valued Wellington North and Wunghnu Solar Farms together in aggregate.

13.2 We have utilised the DCF methodology, specifically the free cash flows to equity method, in valuing WNWU, as detailed in Appendix J, adopting the same approach as detailed in section 7.1.

Cash flow projections

Forecasts

13.3 The financial model is based on an estimated life of c.40 years ending in FY64. BEIA's Technical Advisor noted that a 40-year life could be achieved with appropriate provisions for operating and replacement costs and through an appropriate assessment of the energy yield, which has been incorporated in the WNWU Forecasts. Accordingly, we have considered cash flows up to 2064 and have not considered any operations post design life.

Revenue

13.4 The revenue forecast of WNWU has been based on the PPA contracts, merchant electricity pricing, LGC, energy generation capacity, economic and technical curtailment, MLF and DLF as discussed previously. Because the net energy yield is expected to be relatively stable over the forecast period, the forecast revenue growth is largely driven by movements in the forecast merchant electricity price. Please refer to Section 12 above for details of these assumptions.

EBITDA

13.5 Forecast operating expenses of WNWU comprises mainly O&M expenses, grid costs, lease expenses, AEMO deducted expenses, asset management costs, insurance expenses and other expenses. Majority of the expenses are contracted with annual escalation factors in line with the long term inflation rate. Please refer to Section 12 above for analysis of WNWU's expenses.

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13.6 The forecast EBITDA margin of WNWU varies between 32% to 90% over the forecast period. Because a large part of the cost structure is fixed by contracts, movements in the EBITDA margin are driven mainly by movements in the forecast merchant electricity price. Please refer to Section 12 above for details of the forecast merchant electricity price.

Interest expenses

13.7 The forecast interest expense was estimated based on a cost of borrowing of 5.6% to 5.8% and an annual repayment schedule ending 30 June 2059. Please see Section 12 for a discussion on the cost of borrowing.

Decommissioning costs

13.8 Management has estimated a decommissioning cost of A$52.4m at the end of the forecast period. We understand that management has considered the potential residual/scrap value of WNWU at the end of the project life to be minimal. Hence, we have not included the residual value in our calculation of the enterprise value on the premise that the residual value is already considered in the calculated equity value.

Other assumptions

13.9 We have utilised similar assumption for tax rate, franking credits, IFRS 16, capex and movements in net working capital as outlined in sections 7.7 to 7.12.

Applicable discount rate

13.10 The methodology adopted in calculating the discount rate is contained in Appendix F. Based on this methodology, we have assessed a discount rate in the range of 7.8% and 8.6% as at the Valuation Date.

Net working capital and net debt adjustment

13.11 We have included the net working capital and net debt adjustment negotiated between the Buyer and the Seller for WNWU in our assessment of the Market Value of WNWU. Refer to section 16 for further information on the Net working capital and net debt adjustment.

Market Value of Wellington North and Wunghnu as at 30 September 2023 under the DCF methodology

13.12 We set out in the table below our assessment of the equity value of WNWU as at the Valuation Date. Please refer to Appendix J for our detailed FCFE calculation underpinning our assessment of the equity value from FCFE of WNWU and Section 16 for details of the additional net working capital and net debt adjustment.

DCF Valuation of Wellington North and Wunghnu

A$'mil	Low	Mid	High
Discount rate applied	7.8%	8.2%	8.6%
Equity Value from FCFE (before NWC & Net Debt adjustments)	**436.8**	**462.2**	**487.6**
NWC & Net Debt Adjustments	0.0	0.0	0.0
Equity Value	**436.8**	**462.2**	**487.6**

Source: RSM analysis

Note – Mid-point valuation is the average of low and high valuations.

Market Approach Cross-Check

13.13 We have utilised the market methodology as our secondary 'cross-check' valuation methodology in determining the value of WNWU. Specifically, we have had regard to the EV/MW multiple implied by our primary valuation methodology above compared to observed EV/MW multiples of transactions involving comparable targets.

13.14 In calculating the EV for the cross-check methodology, we have added back the net debt (including tax liabilities and borrowings) and deducted cash as applicable. Refer to Section 16 and Appendix I for further information.

13.15 We have set out in the table below the multiples implied based on our DCF valuation.

Valuation Cross-check

A$'mil	Low	Mid	High
Equity Value	436.8	462.2	487.6
(+) Net debt	234.3	234.3	234.3
(+) Non-operating liabilities	–	–	–
Total Enterprise Value	**671.2**	**696.6**	**721.9**
Installed capacity	515.0	515.0	515.0
Implied EV/MW multiple	**1.3x**	**1.4x**	**1.4x**

Source: RSM analysis

Selection of valuation multiples

13.16 In our assessment of an appropriate range of comparable multiples, we have considered the observed EV/MW multiples of transactions involving international targets (including Australian targets) with a project size of between 10MW and 635MW. The observed EV/MW multiples of transaction involving targets comparable to WNWU (excluding outliers) range from 1.0x to 2.1x, with mean and median multiples of 1.5x.

13.17 Having regard to the above and applying our experience and professional judgement, we consider the implied EV/MW multiples to be reasonable.

14. OVERVIEW OF BESS PROJECTS

Background

Included in the Transaction are under development BESS projects which are co-located to the solar farms. An overview of the BESS projects is summarised in the table below:

Overview of the BESS Projects

Project	Wellington South	Woolooga	West Wyalong	Wellington North	Wunghnu
Initial stage capacity	170 MW/ 340 MWh Estimated space available for additional 160 MWh	176 MW/ 352 MWh Estimated space available for additional 1,048 MWh	90 MW/ 180 MWh Estimated space available for additional 720 MWh	330 MW/ 660 MWh Estimated space available for additional 2,400 MWh	75 MW/ 150 MWh Estimated space available for additional 600 MWh
Development approval	Modification of DA ongoing with the existing DA allowing for 25 MW/100MW	DA Obtained and includes allowance for future BESS	DA Obtained and includes allowance for future BESS	Modification of DA ongoing	DA Obtained and includes allowance for future BESS
Land availability	Yes	Yes	Yes	Yes	Yes
Grid	Preparation complete for 5.3.9 process modification of existing solar farm connection	Preparation complete for 5.3.9 process modification of existing solar farm connection	Preparation complete for 5.3.9 process modification of existing solar farm connection	Preparation complete for 5.3.9 process modification of existing solar farm connection	Preparation complete for 5.3.9 process modification of existing solar farm connection
Lifetime	25 years plus options for repowering and life extension	25 years plus options for repowering and life extension	25 years plus options for repowering and life extension	25 years plus options for repowering and life extension	25 years plus options for repowering and life extension
Colocation	Onsite AC Coupled	Onsite AC Coupled	Onsite AC Coupled	Onsite AC Coupled	Onsite AC Coupled

Source: Information Memorandum

14.1 The technical due diligence report prepared by BEIA's Technical Advisor considers the challenges of integrating BESS at an existing solar farm. BEIA's Technical Advisor views the BESS development for all sites to be at a very early stage of development, with all sites currently undergoing pre-feasibility and/or feasibility procedures, and with all development, pre-construction and construction processes yet to commence, with the exception of development planning applications.

14.2 For the purpose of our Valuation, all sites have been assessed as AC coupled.

14.3 BEIA's Technical Advisor identified several risks/challenges for each of the BESS projects, the most significant of which are summarised below:

- The BESS projects being novel projects in Australia and currently at very early stage;
- The addition of an AC-coupled hybrid BESS would trigger a 5.3.9 Process, as per the National Electricity Rules ("**NER**"), due to an alteration in equipment, requiring complete grid modelling work of the solar farm (stand-alone), BESS (stand-alone) and the combination of BESS and solar farm, resulting in the Generator Performance Standards ("**GPS**") being renegotiated under the Rules at the time (WELS only);
- While a Thermal Impact Assessment of the solar farm will have been previously completed for the Solar Farm only, the results due to the addition of a BESS are unknown. This work determines the maximum import and export (MW) capacities for different scenarios, which could result in imports being constrained, and would in turn need to be reflected in the financial model; and
- Wellington South and North BESS projects not yet having obtained development approvals for the planned capacity.

14.4 Based on the findings of BEIA's Advisor Technical DD Report, we consider the BESS projects to be at a very early stage of development with a high degree of forecasting risk attached to the forecasts cash flows of the BESS projects.

15. VALUATION OF THE BESS PROJECTS

The DCF approach

15.1 Given the early stage of development of the BESS projects, the high level of assessed forecasting risks and the availability of forecast models which are independent of the Solar Projects Forecast Model ("**BESS Forecast Models**"), we have valued the BESS projects separately. In line with the Transaction structure, we have added the value range of each BESS project to the value range of each of the solar farms in order to conclude on an aggregate value for each of the Solar Projects.

15.2 Similar to the solar farms, we have utilised the DCF methodology, specifically the free cash flows to equity method, in valuing the BESS projects, as detailed in Appendix J, adopting the same approach as detailed in section 7.1.

Cash flow projections

Forecasts

15.3 The BESS Forecast Models are based on an estimated asset life of c.25 years.

Revenue

15.4 The revenue forecast of the BESS projects assumes 100% of revenue being contracted for the first seven years of operation under PPAs which are yet to be entered, shifting to a 100% merchant model thereafter.

EBITDA

15.5 Forecast operating expenses of the BESS projects comprises mainly O&M expenses, insurance, asset management costs, annual extended warranty costs and other expenses. The expenses are largely contracted with annual escalation factors at around the long term inflation rate.

15.6 The forecast EBITDA margin of BESS projects vary between 85% to 94% over the forecast period. Because a large part of the cost structure is fixed by contracts, movements in the EBITDA margin are driven mainly by the shift from contracted PPA revenue to merchant revenue models after seven years, and movements in the forecast merchant electricity price.

Interest expenses

15.7 The forecast interest expense was estimated based on a cost of borrowing of fixed swap rate of 4.15% and an annual repayment schedule over 15 years.

Other assumptions

15.8 Due to the early stage of development of the BESS projects, the BESS Forecast Models do not include cash flows pertaining to distributions (and hence franking credit utilisation) or investment in net working capital.

15.9 The BESS Forecast Models assume a corporate tax rate of 30%.

Risk adjusted cash flows

15.10 Given the high level of forecasting risk associated with the BESS Forecast Models, we have assigned a range of probability factors to the cash flows. Our assessment of the range of weighted probabilities of completion for each of the BESS projects is set out in the table below.

Range of weighted probability of completion

Project	Low	Mid	High
Woolooga (BESS)	25.0%	37.5%	50.0%
West Wyalong (BESS)	25.0%	37.5%	50.0%
Wellington South (BESS)	25.0%	37.5%	50.0%
Wellington North (BESS)	25.0%	37.5%	50.0%
Wunghnu (BESS)	25.0%	37.5%	50.0%

RSM analysis

15.11 We have applied the above probability ranges to the forecast cash flows included in the BESS Forecast Models in performing our DCF valuation.

15.12 The above probability factors have been estimated based on the findings of the BEIA's Advisor Technical DD Report by assigning a risk weighting to each phase of the development process, and then calculating a weighted probability of successful completion based on each BESS projects stage of development as well as taking cognisance of other technical risks/issues identified by BEIA's Technical Advisor. The probability factors have been based on our professional judgement and discussions with BJEI. Our assessment of the weighted risk of completion is set out in the table below.

Probability factors

	Phase of development					
Project	**Land**	**Planning**	**Technical feasibility**	**Grid**	**Offtake**	**Construction**
Weighting	**15%**	**20%**	**30%**	**15%**	**15%**	**5%**
Woolooga (BESS)	100%	75%	25%	0%	0%	0%
West Wyalong (BESS)	100%	50%	25%	0%	0%	0%
Wellington South (BESS)	100%	50%	25%	0%	0%	0%
Wellington North (BESS)	100%	25%	25%	0%	0%	0%
Wunghnu (BESS)	100%	50%	25%	0%	0%	0%

RSM analysis

15.13 Our calculation of the weighted probability of completion is set out in the table below:

Weighted probability of completion

	Phase of development						Weighted probability of completion
Project	**Land**	**Planning**	**Technical feasibility**	**Grid**	**Offtake**	**Con-struction**	
Weighting	**15%**	**20%**	**30%**	**15%**	**15%**	**5%**	
Woolooga (BESS)	15%	15%	8%	0%	0%	0%	**38%**
West Wyalong (BESS)	15%	10%	8%	0%	0%	0%	**33%**
Wellington South (BESS)	15%	10%	8%	0%	0%	0%	**33%**
Wellington North (BESS)	15%	5%	8%	0%	0%	0%	**28%**
Wunghnu (BESS)	15%	10%	8%	0%	0%	0%	**33%**

RSM analysis

15.14 We have used the above estimates of the weighted probability of completion in estimating an appropriate probability range as set out in section 15.10 above.

Applicable discount rate

15.15 The methodology adopted in calculating the discount rate is contained in Appendix F. Based on this methodology, we have assessed a discount rate in the range of 7.8% and 8.6% as at the Valuation Date.

15.16 Because the cash flows used in the DCF have been risk adjusted (as discussed above), we have not applied any additional risk factors to the calculated discount rate in order to avoid the double counting of the assessed level of forecasting risk.

Market Value of the BESS projects as at 30 September 2023 under the DCF methodology

15.17 We set out in the table below our assessment of the equity value of the BESS projects as at the Valuation Date. Please refer to Appendix K for our detailed FCFE calculation of the BESS projects.

DCF valuation summary (BESS)

A$'mil	**Low**	**Mid**	**High**
Wellington South (BESS)	1.2	3.3	5.4
Woolooga (BESS)	4.3	8.2	12.2
West Wyalong (BESS)	1.6	3.2	4.8
Wellington North (BESS)	0.9	3.9	7.0
Wunghnu (BESS)	2.3	4.1	5.9
Total Equity Value (BESS)	**10.3**	**22.7**	**35.2**

Source: RSM analysis

Note – Mid-point valuation is the average of low and high valuations.

16. NET WORKING CAPITAL AND NET DEBT ADJUSTMENTS

Locked box adjustments

16.1 In negotiating the Transaction, the Buyer and the Seller have agreed on adopting a 'locked box' approach in setting the purchase price. The locked box approach was suggested by the Seller in seeking expressions of interest from potential buyers under the Seller's sale process. A locked box approach involves the buyer and seller in a transaction agreeing on a fixed purchase price based on the target's financial statements, in particular the statement of financial position, at an agreed point in time in the past. The locked box approach therefore avoids post-completion adjustments to the purchase price for movements in the net working capital and the net debt of the target.

16.2 The locked box adjustments agreed between the Buyer and the Seller are discussed below. The locked box adjustments relate to items of net working capital and net debt of the Solar Projects which post-completion movements have not been incorporated in the SF Forecast Model which has been used in negotiating the purchase price. Whilst these adjustments have been agreed between the Buyer and Seller based on the account balances as at 30 June 2023, we have rolled forward these adjustments to the Valuation Date for the purpose of our valuation ("**NWC and Net Debt Adjustments**").

16.3 We have incorporated the NWC and Net Debt Adjustments in our assessment of the Market Value of the Solar Projects, on the premise that any hypothetical buyer of the Solar Projects will have utilised similar forecasts and would have been subject to the same NWC and Net Debt Adjustments. We also consider this approach prudent in applying the concept of Market Value as described above.

16.4 We set out in the table below the NWC and Net Debt Adjustments and explanations of each of the adjustments:

Summary of NWC and Net Debt Adjustments

				A$'mil		
Notes	**Description**	**WELS**	**WOOL**	**WEST**	**WNWU**	**Total**
(a)	Plus/(Minus) Net Debt adjustment	3.4	8.5	14.8	–	**26.8**
(b)	Plus/(Minus) NWC adjustment	2.5	(5.8)	3.6	0.0	**0.4**
(c)	Plus/(Minus) LGC model adjustment	(1.6)	(0.5)	–	–	**(2.1)**
(d)	Plus/(Minus) Woolooga net revenue	–	0.5	–	–	**0.5**
	Total Adjustment	**4.3**	**2.7**	**18.4**	**0.0**	**25.5**

Source: Management

Notes:

a) Net Debt[11] items at the Valuation Date not included in the Binding Bid Unadjusted Equity Value[11] (as calculated using the Seller's Model[11]) or otherwise separately adjusted in the Completion Amount[11] as detailed in the tables below.

b) Working Capital[11] items at the Valuation Date not included in the Seller's Model[11] or otherwise separately adjusted in the Completion Amount[11] as detailed in the tables below.

c) Adjustments required to the amounts included in the Seller's Model[11] relating to LGCs[11].

d) A fixed adjustment of A$0.45m for pre PAC[11] net revenue has been included in the Equity Value[11] calculation for Woolooga, equivalent to the Net Revenue[11] adjustment included in the 'construction wrap' in the SPA[11].

[11] *As defined in the SPA*

WELS NWC & Net Debt Adjustments

$'mil	NWC & Net Debt[1]	Modelled NWC/ Net Debt[2]	Modelled Construction capex[3]	Shareholder Loan Amount[4]	Capex Related WC excluded[5]	NWC/Net Debt Adjustment[6]
Cash and cash equivalents	3.4	–	–	–	–	3.4
Borrowings	(189.6)	(189.6)	–	–	–	–
Related party payables	(48.3)	–	–	(48.3)	–	–
Total net debt	**(234.5)**	**(179.1)**	**–**	**(48.3)**	**–**	**3.4**
Trade and other receivables	0.1	–	n/a	n/a	–	0.1
Accrued income	2.7	–	n/a	n/a	–	2.7
Prepayments	0.8	–	n/a	n/a	–	0.8
Trade and other payables	(0.2)	–	n/a	n/a	–	(0.2)
Accrued payables	(0.6)	–	n/a	n/a	–	(0.6)
Total working capital	**2.5**	**–**	**–**	**–**	**–**	**2.5**

Source: Management

WOOL NWC & Net Debt Adjustments

$'mil	NWC & Net Debt[1]	Modelled NWC/ Net Debt[2]	Modelled Construction capex[3]	Shareholder Loan Amount[4]	Capex Related WC excluded[5]	NWC/Net Debt Adjustment[6]
Cash and cash equivalents	8.5	–	–	–	–	8.5
Borrowings	(190.5)	(190.5)	–	–	–	–
Related party balances	(99.3)	–	–	(99.3)	–	–
Capex related balances	–	–	–	–	–	–
Total net debt	**(281.3)**	**(190.5)**	**–**	**(99.3)**	**–**	**8.5**
Trade and other receivables	(0.0)	–	n/a	n/a	–	(0.0)
Accrued income	1.5	–	n/a	n/a	–	1.5
Prepayments	0.0	–	n/a	n/a	–	0.0
Trade and other payables	(4.2)	–	n/a	n/a	–	(4.2)
Accrued payables	(17.6)	–	n/a	n/a	(14.6)	(3.0)
Total working capital	**(20.4)**	**–**	**–**	**–**	**(14.6)**	**(5.8)**

Source: Management

WEST NWC & Net Debt Adjustments

$'mil	NWC & Net Debt[1]	Modelled NWC/ Net Debt[2]	Modelled Construction capex[3]	Shareholder Loan Amount[4]	Capex Related WC excluded[5]	NWC/Net Debt Adjustment[6]
Cash and cash equivalents	14.8	–	–	–	–	14.8
Borrowings	(100.9)	(100.9)	–	–	–	–
Related party balances	(61.2)	–	–	(61.2)	–	–
Capex related balances	(0.0)	–	(0.0)	–	–	–
Total net debt	**(147.3)**	**(100.9)**	**(0.0)**	**(61.2)**	**–**	**14.8**
Trade and other receivables	0.0	–	n/a	n/a	–	0.0
Accrued income	3.7	–	n/a	n/a	–	3.7
Prepayments	0.4	–	n/a	n/a	–	0.4
Trade and other payables	(0.3)	–	n/a	n/a	–	(0.3)
Accrued payables	(9.4)	–	n/a	n/a	(9.2)	(0.2)
Total working capital	**(5.6)**	**–**	**–**	**–**	**(9.2)**	**3.6**

Source: Management

WNWU NWC & Net Debt Adjustments

$'mil	NWC & Net Debt[1]	Modelled NWC/ Net Debt[2]	Modelled Construction capex[3]	Shareholder Loan Amount[4]	Capex Related WC excluded[5]	NWC/Net Debt Adjustment[6]
Cash and cash equivalents	16.1	16.0	–	–	–	–
Trade & other payables	(0.1)	(0.1)	–	–	–	–
Borrowings	(250.4)	(250.4)	–	–	–	–
Related party balances	(117.8)	–	–	(117.8)	–	–
Capex related balances	6.4	–	6.4	–	–	–
Total net debt	**(345.8)**	**(234.4)**	**6.4**	**(117.8)**	**–**	**–**
Trade and other receivables	–	–	n/a	n/a	–	–
Accrued income	–	–	n/a	n/a	–	–
Accrued payables	(39.4)	–	n/a	n/a	(39.4)	(0.0)
Total working capital	**(39.4)**	**–**	**–**	**–**	**(39.4)**	**(0.0)**

Source: Management

Notes:

1) The Buyer and the Seller have agreed to allocate these accounts (as detailed in Appendix I) items into net debt and working capital.

2) Net working capital and net debt items that have been modelled into the SF Forecast Model and therefore included in the Binding Bid Unadjusted Equity Value.

3) Accrued construction capex not modelled into the SF Forecast Model on the basis the construction capex spend post Valuation Date will be deducted separately from the Completion Amount and this adjustment will be on an actual basis rather than accrual.

4) Shareholder loan have been agreed (between the Buyer and the Seller) to be deducted separately from the Completion Amount.

5) Capex related working capital that have been excluded on the basis these are not working capital related.

6) Net working capital and net debt items that have not been included in the SF Forecast Model.

17. VALUATION ASSUMPTIONS

General assumptions

17.1 The valuation reflects the equity in the legal entities being sold by Lightsource BP. We have not incorporated factors specific to the deal structure of the Transaction.

17.2 Open market assumption: Both parties of the Transaction are assumed to be in equal position for the assets to be traded or proposed to be traded in the market, where opportunities and time are available for both to access adequate market information, in order to make rational judgements on the functions, uses and transaction prices of the assets.

17.3 Going concern assumption: the appraised entities are assumed to fully comply with all relevant laws and regulations and will operate sustainably in the useful life of machinery and equipment.

Special assumptions

17.4 This valuation regards the specific valuation purpose listed in this Report as its premises of basic assumptions.

17.5 This valuation assumes the valued assets are in continuous use according to the present use and its mode, size, frequency and environment of use, without taking into account the respective optimal use of each asset.

17.6 It is assumed that, on top of the existing management mode and management level, there will be no material adverse impacts on the Solar Farms arising from other force majeure and unforeseeable factors.

17.7 The relevant basic information and financial information provided by BEIA are true, accurate and complete;

17.8 The valuation is only based on the financial information provided by BEIA, without taking into account the possible contingent assets and contingent liabilities outside of the list provided by BEIA.

17.9 The financial report and transaction data of the comparable companies which we rely on are true and reliable.

17.10 This valuation assumes the Solar Projects would obtain a net cashflow evenly during a forecast period.

Valuation limitations

17.11 This valuation conclusion estimates the Market Value of valuation target on the basis of the valuation purpose and under the assumption of open market, without considering the impact on the value caused by the potentially increased or decreased price resulted from the special transaction method, or the impact on the changes of the macroeconomic environment and the natural force and other force majeure.

17.12 The valuation date adopted by the valuation report has been stated hereinabove, and our estimate of the value is based on the purchasing power of the currency of the place where the Solar Farms are located as at the Valuation Date.

17.13 The valuation conclusion of this report is based on the aforesaid assumptions and limitations. When events that are inconsistent with the aforesaid assumptions and limitations occur, this valuation conclusion will generally be invalid.

18. VALUATION CONCLUSION

18.1 Based on the valuation methodology adopted and the analysis and discussion in this report, we have assessed the Market Value of the equity of the Solar Projects as at the 30 September 2023 to be in the range of A$786.3m and A$897.1m, with a midpoint of A$841.7m.

Equity value summary

A$'mil	**Low**	**Mid**	**High**
Wellington South Equity value	133.1	139.3	145.5
Wellington South (BESS) Equity value	1.2	3.3	5.4
Wellington South Total Equity value	**134.4**	**142.6**	**150.9**
Woolooga Equity value	124.2	132.2	140.1
Woolooga (BESS) Equity value	4.3	8.2	12.2
Woolooga Total Equity value	**128.5**	**140.4**	**152.2**
West Wyalong Equity value	81.8	85.3	88.8
West Wyalong (BESS) Equity value	1.6	3.2	4.8
West Wyalong Total Equity value	**83.4**	**88.5**	**93.6**

A$'mil	Low	Mid	High
Wellington North & Wunghnu	436.8	462.2	487.6
Wellington North & Wunghnu (BESS) Equity value	3.2	8.0	12.8
Wellington North and Wunghnu Total Equity value	**440.0**	**470.2**	**500.5**
Total Equity value	**786.3**	**841.7**	**897.1**

RSM Analysis

Note 1: Our DCF has been based on the available free cash flows to equity ("**FCFE**") by applying an appropriate cost of equity.

Note 2: Mid point valuation is the average of low and high valuations.

Yours faithfully

Andrew Clifford
Director

Nadine Marke
Director

APPENDIX A – DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Andrew Clifford and Nadine Marke are directors of RSM Corporate Australia Pty Ltd. Andrew Clifford and Nadine Marke are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for disclosure of the Transaction in the circular to the shareholders of BJEI in accordance with Chapter 14 – HKEX. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of BEIA, and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Andrew Clifford, Nadine Marke nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fixed fee based on time occupied at normal professional rates for the preparation of this report.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Circular to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd has been involved in the preparation of the Circular. Accordingly, we take no responsibility for the content of Circular.

APPENDIX B – SOURCES OF INFORMATION

In preparing this report, we have relied upon the following principal sources of information:

- Financial projections of the Solar Projects for FY23 to FY64;
- Audited historical financial information for the years ended 31 December 2021, 31 December 2022, and the nine month period ended 30 September 2023;
- Lock Box Memo as at 30 June 2023;
- Market and Grid Analysis report prepared by Aurora Energy Research;
- Technical Due Diligence for the Solar Projects prepared by BEIA's Technical Advisor;
- Reserve Bank of Australia website;
- Data providers including IBISWorld, S&P Capital IQ & Merger Market; and
- Discussions with Management.

APPENDIX C – GLOSSARY OF TERMS

Term or Abbreviation	Definition
A$	Australian Dollar
AASB 16	AASB 16 Leases
AEMO	Australian Energy Market Operator
AFCA	Australian Financial Complaints Authority
APES 225	APES 225 Valuation Services
APESB	Accounting Professional & Ethical Standards Board
ATUoS	Avoided Transmission Use of System
Aurora	Aurora Energy Research (Market Due Diligence Adviser to BEIA)
Aurora Report	Project Ludy Market and Grid analysis report prepared by Aurora
BEIA	Beijing Energy International (Australia) Holding Pty Ltd
BESS	Battery Energy Storage Systems
BEIA'S Advisor Technical DD Report	Technical due diligence report issued by BEIA's Technical Advisor
BESS Forecast Model	Financial forecast model of the five BESS projects
BJEI / HoldCo	Beijing Energy International Holding Co., Ltd.
Capex	Capital expenditure
CAPM	Capital Asset Pricing Model
Chapter 14 – HKEX	Chapter 14 – Notifiable Transactions of Hong Kong Exchange Listing Rules
CY21	Calendar year ended 31 December 2021
CY22	Calendar year ended 31 December 2022
DCF	Discounted cash flow methodology
DA	Development approval

Term or Abbreviation	Definition
DWA	Dispatch Weighted Average
FCFE	Free cash flow to equity
FSG	Financial Services Guide
FY	Financial Year
GPS	Generator Performance Standards
Historical Period	Period from 1 January 2021 to 30 September 2023
HKEX	Hong Kong Stock Exchange
LGC	Large-scale Generator Certificate
Management	BEIA Management
Mil	Million
MLF	Marginal loss factor
Model	Forecast model provided to us by BEIA management and their advisers on 9 November 2023
MW	Megawatt
MWac	Megawatt alternating current
MWp	Megawatt peak
Net debt / ND	The amount of debt of a business after deducting cash from total interest-bearing liabilities
NER	National Electricity Rules
Normalise	Adjustments made to earnings to exclude abnormal expenses or income
NSW	New South Wales

Term or Abbreviation	Definition
NWC and Net Debt Adjustment	Adjustment for net working capital and net debt balances as at the Valuation Date under the locked box mechanism to account for movements in balances not modelled in the SF Forecast Model.
O&M	Operating and maintenance
p.a.	Per annum
PAC	Provisional Acceptance Certificate
Powerco	Powerco Pty Ltd
PPA	Power purchase agreement
PPE	Property, plant, and equipment
QLD	Queensland
Report	Valuation report assessing the Market Value of the Solar Projects as at 30 September 2023
RINA	RINA Tech Renewables Australia Pty Ltd (Seller's Technical Adviser)
RINA Technical DD Report	Technical due diligence report issued by RINA Tech Renewables Australia Pty Ltd
RSM	RSM Corporate Australia Pty Ltd
Seller	Lightsource BP Group
SF Forecast Model	Financial forecast model of the five solar farm projects supplied by BEIA Management
SPA	Share Sale and Purchase Agreement between the Seller and the Buyer
Transaction	Acquisition of a five-project solar farm portfolio held by Lightsource BP
Valuation Date	30 September 2023
VIC	Victoria

Term or Abbreviation	Definition
Wellington North / WELN	Wellington North Solar Farm
WELN Forecast	The forecast financial performance of WELN
Wellington South / WELS	Wellington South Solar Farm
WELS Forecast	The forecast financial performance of WELS
West Wyalong / WEST	West Wyalong Solar Farm
WEST Forecast	The forecast financial performance of WEST
WNWU / Under Construction Solar Farms	Wellington North and Wunghnu Solar Farms
Woolooga / WOOL	Woolooga Solar Farm
WOOL Forecast	The forecast financial performance of WOOL
Wunghnu / WUNG	Wunghnu Solar Farm
WUNG Forecast	The forecast financial performance of WUNG
YTD-Sep-23	Nine-month period ended 30 September 2023

APPENDIX D – INDUSTRY OVERVIEW

Industry Reports

The following industry information has been extracted from the following IBISWorld report:

- Solar Electricity Generation in Australia – August 2023

Overview

The 'Solar Electricity Generation in Australia' report includes firms that supply electricity to the wholesale market using large-scale photovoltaic generation systems, or solar thermal systems. Photovoltaic systems with a generation capacity of less than five megawatts are excluded from the industry. In addition to the electricity retailers, the primary users are manufacturers, commercial and service sectors, households, and mining firms, who are primarily motivated by reducing their energy costs.

Industry's performance over last five years (2018 – 2023)

Between 2018 and 2023, industry revenue increased to \$1.5 billion, with an annual growth rate of 58.9%. The industry also experienced a slight increase in its profit margins, which reached by 23.4%.

The industry has propelled forward in pursuit of addressing vocal consumer and shareholder support for cleaner energy, encouraging businesses to adopt net-zero targets and secure Power Purchase Agreements with solar generators. Without the advancements in solar photovoltaic technologies, solar would not have been commercially viable, and with a relatively untapped utility-scale market, public sector support and an overwhelming intake of private capital, the industry is poised to continue to capitalise and deliver a brighter alternative to emissions-intensive fossil fuels.

In recent years, the industry has benefitted from the following:

- increase in wholesale electricity prices primarily driven by the Russia-Ukraine conflict in early 2022, leading to shortage and subsequent inflated prices for essential material inputs such as coal and gas;

- the government requirement in relation to Renewable Energy Target of 82% by 2030, mandating electricity retailers to purchase a minimum portion of their total electricity from renewable sources. The Renewable Power Percentage stood at approximately 19.0% as of 2023; and

- solar firm's lack of reliance on material inputs and a change in consumer inclinations towards more affordable alternative energy options, positioned the industry to benefit from the provision of solar electricity.

Geographic breakdown

Solar generators ideally require sunlight rich locations and to be situated away from end users, to ensure steady and adequate output and spacious areas to set up large photovoltaic panels and any supporting infrastructure. As such, approximately 74.2% of solar generators are evenly distributed across NSW and QLD, benefiting from access to reliable, uniform, and naturally abundant sunlight, and vast open land near densely populated areas. The remaining states in Australia make up approximately 25.8%, largely situated in SA and WA, which is reflective of the noticeably less populated areas. A closer proximity to end users can make transportation of high-voltage currents easier, however, the availability of efficient transmission infrastructure permits generation facilities to be set up far from end users.

Competitive environment

Industry concentration is relatively high, with approximately 41.4% of the market made up by six firms. The market share of the four largest firms begun to decline in 2018, however, shortly rebounded and continued its upward trajectory leading into 2023, making up 35.3% of the market. Potential entrants are exposed to high barriers to entry, namely a strict regulatory environment, low levels of differentiation and substantial capital investment for set up and maintenance. The threat of substitutes remains a threat despite fossil fuel electricity generation anticipated to fall out over the long term, as alternative and more established renewable sources such as hydro and wind exist. However, rapid investment and the demand for diverse energy generation portfolios by energy firms are improving solar power's position in the electricity mix.

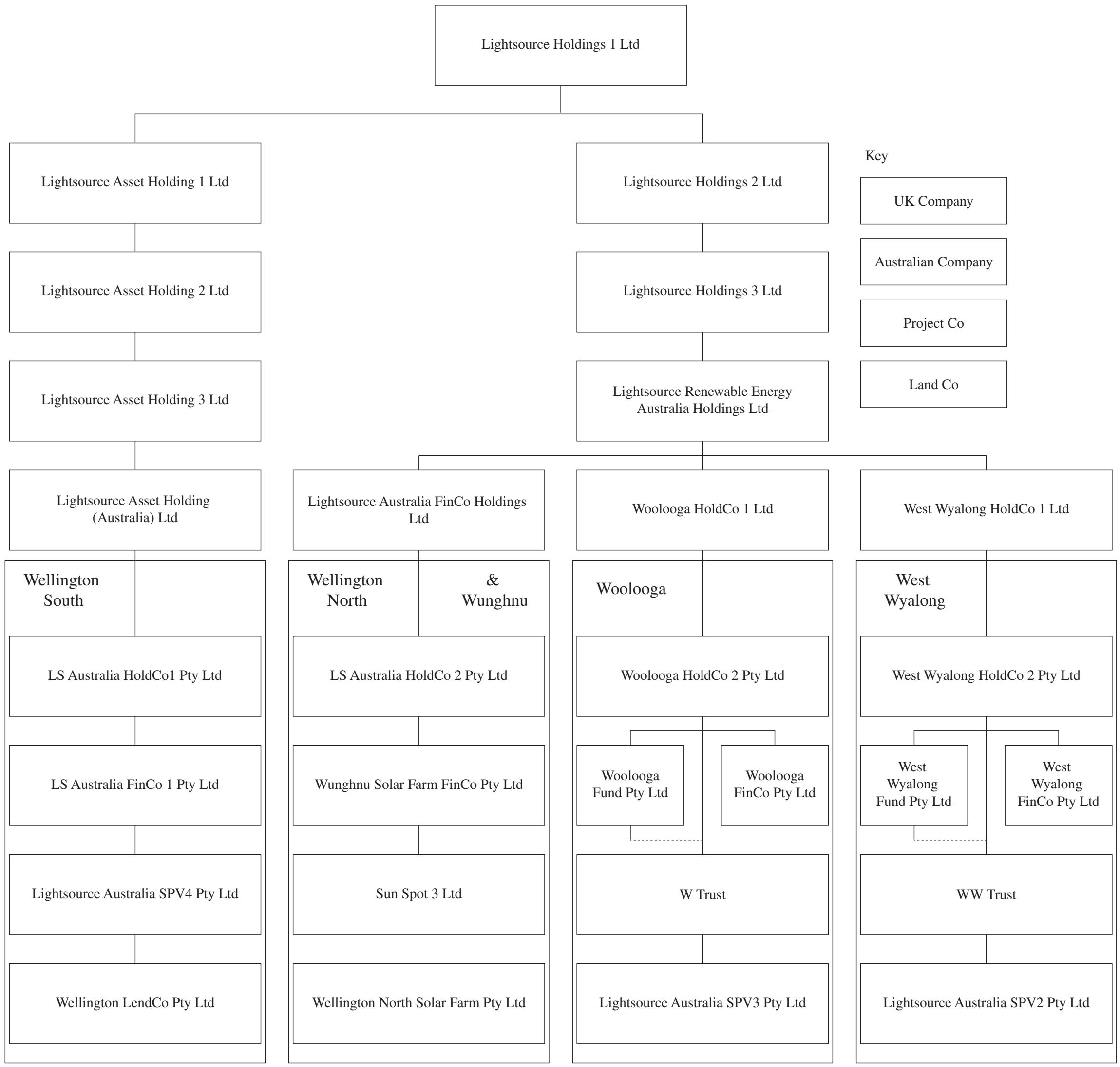
Outlook over the next five years (2023 – 2028)

As Australia continues to move away from fossil fuels in response to consumer and shareholder support for decarbonisation, businesses and industrial firms remain compelled to embrace net-zero targets and turn to solar generators for the unforeseeable future. However, despite a boom in household solar, large-scale generation still has room to grow.

Solar generators face headwinds as energy markets adjust to a cleaner future. As more renewable capacity becomes available and outstrips demand and coal-fired generators cease operations, wholesale prices are anticipated to naturally stabilise. The explosion of renewable investment is outpacing already met targets, which will translate to lower prices per megawatt hour of renewable electricity generated. The next key challenge the industry is facing for large-scale renewable generation is energy storage, which is expected to balance variable sources and support peak periods with relative ease.

Further, this is expected to result in an uplift in the projected revenue at annualized growth rate of 3.6% over the next five years to $1.8 billion in 2028.

APPENDIX E – CORPORATE STRUCTURE



APPENDIX F – DISCOUNT RATE CALCULATION

Required rate of return on equity capital

Cost of Equity

	Low	High
Risk free rate	4.50%	4.50%
Beta	0.60	0.75
Market risk premium	5.5%	5.5%
Asset specific risk factor	0.0%	0.0%
Re	7.8%	8.6%

The Capital Asset Pricing Model ("CAPM") is used to estimate the cost of equity, being the required rate of return or cost of equity of a business.

The CAPM determines the cost of equity by the following formula:

$$Re = Rf + \beta(Rm - Rf) + \alpha$$

The components of the formula are as follows:

Re = Required return on equity;
Rf = Risk free rate of return;
Rm = the expected return from a market portfolio;
β = Beta, a measure of the systematic risk of a stock; and
α = specific company risk premium.

Risk Free Rate (Rf)

The risk-free rate of return compensates investors for the time value of money.

The government bond rate is widely used and is an accepted benchmark for the risk-free return. We have applied risk-free rate based on the yield of Australian Government bonds using a 10-year zero coupon rate as at the Valuation Date.

Market risk premium (Rm)

This represents the additional risk in holding the market portfolio of investments. The term (Rm–Rf) represents the additional return required, above the risk-free rate, to hold the market portfolio of investments. (Rm–Rf) is known as the Equity Market Risk Premium.

There are a number of studies around the Equity Market Risk Premium with, generally, most estimates falling within a range of 4% to 8%.

Using our professional judgement, RSM has assessed the Equity Market Risk Premium (Rm–Rf) for the Solar Projects to be 5.5%.

This is consistent with the standard premium applied by most valuation practitioners when assessing the market risk premium as at the Valuation Date.

Beta (β)

The beta coefficient measures the systematic risk of a company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market.

A beta greater than 1 represents higher than market risk and a beta below 1 represents lower than market risk.

In assessing an appropriate beta for the Solar Projects, we have observed the 5 years monthly betas of comparable companies calculated from historical share price movements regressed against local indices. The equity betas have then been adjusted to remove the effect of company specific debt levels, resulting in an unlevered beta. We have utilised the 5-year historical average gearing ratio of each comparable company in unlevering its beta. The unlevered betas are then relevered based on the optimal gearing of the Solar Projects, which we have estimated based on the average gearing of the life of the projects in the SF Forecast Model. Based on our assessment, we have utilised a debt to equity ("D/E") range of 60% to 75% in relevering the betas, as set out in the table below.

Beta assessment

Company	**Country**	**R^2**	**Levered Beta**	**Unlevered Beta**	**Relevered $Beta_1$**	**Relevered $Beta_2$**
				(60% D/E)	(75% D/E)	
Renewable energy						
NextEra Energy Partners, LP	United States	21%	0.88	0.39	0.56	0.60
Clearway Energy, Inc.	United States	28%	0.78	0.31	0.44	0.47
ReNew Energy Global Plc[1]	United Kingdom	18%	0.78	0.01	0.02	0.02
Neoen S.A.	Norway	10%	0.59	0.42	0.60	0.65
Scatec ASA	France	23%	1.29	0.65	0.92	0.99
Tion Renewables AG[3]	Germany	8%	(0.56)	(0.49)	(0.70)	(0.75)
Meridian Energy Limited[3]	New Zealand	48%	1.35	1.24	1.77	1.90
Voltalia SA[2]	France	6%	0.50	0.45	0.64	0.69
Boralex Inc.[2]	Canada	4%	0.34	0.21	0.29	0.31
Alerion Clean Power S.p.A.[2]	Italy	4%	0.55	0.28	0.39	0.42
clearvise AG[2]	Germany	2%	0.26	0.13	0.18	0.20
ABO Wind AG[1]	Germany	14%	0.80	0.66	0.93	1.00
Energiekontor AG	Germany	21%	0.91	0.70	0.99	1.07

Company	Country	R^2	Levered Beta	Unlevered Beta	Relevered $Beta_1$ (60% D/E)	Relevered $Beta_2$ (75% D/E)
Solar energy						
Encavis AG	Germany	10%	0.56	0.36	0.51	0.54
Solaria Energía y Medio Ambiente, S.A.	Spain	13%	0.75	0.59	0.84	0.90
GCL New Energy Holdings Limited	Hong Kong	39%	2.55	0.43	0.61	0.66
7C Solarparken AG	Germany	19%	0.46	0.27	0.38	0.41
Genex Power Limited	Australia	11%	1.16	0.51	0.72	0.78
Edisun Power Europe AG	Switzerland	13%	0.73	0.28	0.40	0.43
Kong Sun Holdings Limited[2]	China	0%	(0.12)	(0.03)	(0.04)	(0.04)
Selected Comps	**Low**		**0.46**	**0.27**	**0.38**	**0.41**
	High		**2.55**	**0.70**	**0.99**	**1.07**
	Mean		**0.97**	**0.45**	**0.63**	**0.68**
	Median		**0.78**	**0.42**	**0.60**	**0.65**
Renewable energy	**Low**		**0.59**	**0.31**	**0.44**	**0.47**
	High		**1.29**	**0.70**	**0.99**	**1.07**
	Mean		**0.89**	**0.50**	**0.70**	**0.76**
	Median		**0.88**	**0.42**	**0.60**	**0.65**
Solar energy	**Low**		**0.46**	**0.27**	**0.38**	**0.41**
	High		**2.55**	**0.59**	**0.84**	**0.90**
	Mean		**1.04**	**0.41**	**0.58**	**0.62**
	Median		**0.74**	**0.39**	**0.56**	**0.60**

Source: Capital IQ and RSM analysis

1: Excluded as outlier due to insufficient data points

2: Excluded as outlier due to low R2

3: Excluded as an outlier due to significant high data point and negative data point

We note the following in relation to the observed comparable betas:

- Using a D/E ratio of 60% in relevering the betas, the relevered betas of the comparable companies range between 0.38 to 0.99, with a median and mean of 0.63 and 0.60 respectively.

- Using a D/E ratio of 75% in relevering the betas, the relevered betas of the comparable companies range between 0.41 to 1.07, with a median and mean of 0.68 and 0.65 respectively.

- We note the relevered beta of the observed Australian comparable – Genex Power Limited, ranges between 0.72 and 0.78.

- The median relevered beta of the observed renewable energy companies (being companies with a diversified portfolio of renewable energy assets), ranges between 0.70 and 0.76.

- The median relevered beta of the observed solar energy companies (being companies which predominantly hold solar assets) ranges between 0.58 and 0.62.

Based on the above analysis, we have adopted a range of 0.60 to 0.75 in calculating the cost of equity.

Asset specific risk factor

The asset specific risk factor relates to risks unique to the relevant project which are not reflected in the Beta. Using our professional judgement, we note the following in relation to the specific risk factor:

- Projects under construction: We have not applied any specific company risk for the projects which are under construction (Wunghnu and Wellington North) due to the provisions contained within Schedule 6 of the SPA, which provides for protection (both from potential revenue loss and escalation in construction costs) of the buyer in relation to any delays in achieving the completion dates for these projects; and

- BESS projects: Because the cash flows used in the DCF have been risk adjusted, we have not applied any additional risk factors to the calculated discount rate in order to avoid the double counting of the assessed level of forecasting risk.

APPENDIX G – COMPARABLE TRANSACTION MULTIPLES

Comparable transactions' multiples

Date	Target Company	Country	Implied Enterprise Value $m	MW	Implied EV/MW	Selected
25/10/2023	Arcadia Generación Solar S.p.A.	Chile	868.3	416.0	2.1x	Y
3/10/2023	150MW Belinchón solar PV plant in Cuenca	Spain	288.8	150.0	1.9x	Y
9/07/2023	Two photovoltaic assets in Albacete of Helios Energy Investments	Spain	191.8	96.4	2.0x	Y
21/06/2023	Two operating solar projects of Solar Alliance Energy Inc. in New York	United States	2.1	687.0	0.0x	N
9/06/2023	Solizer Deutschland GmbH	Germany	148.3	700.0	0.2x	N
28/04/2023	Power Station (Five utility-scale ground-mounted solar farm projects with total capacity of 636.5 MW) (50.97% Stake)	China	502.9	636.5	1.6x	Y
24/04/2023	Three W Solar	United States	11.6	110.0	0.1x	N
9/03/2023	60 MW Sault Ste. Marie solar portfolio in Northwestern Ontario	Canada	241.3	60.0	4.0x	N
13/02/2023	Assets of WIRSOL Energy	Australia	NA	166.8	0.0x	N
2/02/2023	Northam Solar Farm	Australia	11.3	10.0	1.1x	Y
30/09/2022	Australian O&M assets of First Solar, Inc.	Australia	9.3	500.0	0.0x	N
4/01/2022	Longreach Solar Farm and Oakey 1 Solar Farm	Australia	28.4	47.0	1.2x	Y
4/01/2022	Two Operating Solar Photovoltaic Sites	Australia	28.4	17.0	3.3x	N
8/12/2021	10.9MW Solar Photovoltaic Site in Queensland	Australia	10.9	10.9	1.0x	Y
20/12/2019	Zonepark Rilland B.V.	Netherlands	16.8	11.8	1.4x	Y
31/07/2019	Suntop Solar Farm	Australia	20.7	286.0	0.3x	N
	Min		**2.1**	**10.0**	**0.0x**	
	Max		**868.3**	**700.0**	**4.0x**	
	Average		**158.7**	**244.1**	**1.3x**	
	Median		**28.4**	**130.0**	**1.2x**	
Selected	**Min**		**10.9**	**10.0**	**1.0x**	
	Max		**868.3**	**636.5**	**2.1x**	
	Mean		**239.9**	**172.3**	**1.5x**	
	Median		**110.1**	**71.7**	**1.5x**	

Date	Target Company	Country	Implied Enterprise Value $m	MW	Implied EV/MW	Selected
> 100 MW	Min		288.8	150.0	1.6x	
	Max		868.3	636.5	2.1x	
	Mean		553.3	400.8	1.9x	
	Median		502.9	416.0	1.9x	
< 100 MW	Min		10.9	10.0	1.0x	
	Max		191.8	96.4	2.0x	
	Mean		51.8	35.2	1.3x	
	Median		16.8	11.8	1.2x	
Australian	Min		10.9	10.0	1.0x	
	Max		28.4	47.0	1.2x	
	Mean		16.9	22.6	1.1x	
	Median		11.3	10.9	1.1x	

Source: Capital IQ, Mergermarket

Note: Outliers are marked as "N" in column "Selected"

APPENDIX H – COMPARABLE TRANSACTIONS DESCRIPTION

Target	Target business description
Arcadia Generación Solar S.p.A.	Arcadia Generación Solar S.p.A. owns and operates photovoltaic (PV) plants. The company is based in Chile. Arcadia Generación Solar S.p.A. operates as a subsidiary of Enel Chile S.A.
150MW Belinchón solar PV plant in Cuenca	150MW Belinchón solar PV plant in Cuenca comprises a solar PV plant. The asset is located in Spain.
Two photovoltaic assets in Albacete of Helios Energy Investments	As of July 9, 2023, Two photovoltaic assets in Albacete of Helios Energy Investments was acquired by Eni S.p.A. Two photovoltaic assets in Albacete of Helios Energy Investments comprises photovoltaic assets with 96.4 Megawatts/peak (MWp) of installed capacity, located in Albacete. The asset is located in Spain.
Two operating solar projects of Solar Alliance Energy Inc. in New York	Two operating solar projects of Solar Alliance Energy Inc. in New York comprises solar projects. The asset is located in USA.
Solizer Deutschland GmbH	Solizer Deutschland GmbH engages in the production of electricity from solar power plants. The company was founded in 2015 and is based in Hamburg, Germany. As of July 20, 2023, Solizer Deutschland GmbH operates as a subsidiary of Vattenfall AB.
Power Station (Five utility-scale ground-mounted solar farm projects with total capacity of 636.5 MW) (50.97% Stake)	Five utility-scale ground-mounted solar farm projects with total capacity of 636.5 MW.
Three W Solar	As of April 24, 2023, Three W Solar was acquired by Mitsui & Co., Ltd. Three W Solar comprises a solar photovoltaic project. The asset is located in the United States.
60 MW Sault Ste. Marie solar portfolio in Northwestern Ontario	As of March 9, 2023, 60 MW Sault Ste. Marie solar portfolio in Northwestern Ontario was acquired by Innergex Renewable Energy Inc. 60 MW Sault Ste. Marie solar portfolio in Northwestern Ontario comprises portfolio of three operating solar facilities located in Ontario. The asset is located in Canada.

Target	Target business description
Assets of WIRSOL Energy	As of February 13, 2023, Assets of WIRSOL Energy were acquired by Gentari Renewables Australia (Solar) Pty Ltd.
Northam Solar Farm	As of February 2, 2023, Northam Solar Farm was acquired by Infinite Blue Energy Pty. Ltd. Northam Solar Farm comprises solar farm. The asset is located in Australia.
Australian O&M assets of First Solar, Inc.	As of September 30, 2022, Australian O&M assets of First Solar, Inc. was acquired by NovaSource Power Services. Australian O&M assets of First Solar, Inc. comprises solar operations and maintenance services. The asset is located in Australia.
Longreach Solar Farm and Oakey 1 Solar Farm	Longreach Solar Farm, Oakey 1 Solar Farm, and Oakey 2 Solar Farm comprises solar farms. The asset is located in Australia.
Two Operating Solar Photovoltaic Sites	Two Operating Solar Photovoltaic Sites comprises solar photovoltaic sites. The assets are located in Australia.
10.9MW Solar Photovoltaic Site in Queensland	10.9MW Solar Photovoltaic Site in Queensland comprises a solar photovoltaic site. The asset is located in Australia.
Zonepark Rilland B.V.	Zonepark Rilland B.V. operates a solar power plant. The company is based in the Netherlands. As of December 20, 2019, Zonepark Rilland B.V. operates as a subsidiary of Alternus Energy Inc.
Suntop Solar Farm	Suntop Solar Farm comprises a 286MW solar farm in the central west of New South Wales. The asset is located in Australia.

Source: Capital IQ, Mergermarket

APPENDIX I – NET WORKING CAPITAL AND NET DEBT ACCOUNTS

The balances as at 30 September 2023 have been adjusted for items discussed in this Appendix to determine the respective NWC and Net Debt Adjustment Accounts.

WELS NWC and Net Debt Adjustment Accounts

A$'mil	*Notes*	**30-Sep-23***	**Adjustments**	**30-Sep-23 NWC & Net Debt Adjusted**
Current assets				
Cash and cash equivalents		3.4	–	3.4
Trade and other receivables	*1*	1.2	1.6	2.8
Large-scale generation certificates	*2*	4.0	(4.0)	–
Derivatives		5.1	–	5.1
Other current assets		0.8	–	0.8
Total current assets		**14.5**	**(2.4)**	**12.1**
Non current assets				
Property, plant and equipment		298.3	–	298.3
Derivatives		51.3	–	51.3
Other non current assets		0.1	–	0.1
Total non current assets		**349.6**	**–**	**349.6**
Total assets		**364.2**	**(2.4)**	**361.8**

A$'mil	*Notes*	30-Sep-23*	Adjustments	30-Sep-23 NWC & Net Debt Adjusted
Current liabilities				
Trade and other payables	*3,4*	1.0	0.1	1.1
Borrowings		7.6	–	7.6
Tax liabilities		0.0	–	0.0
Total current liabilities		**8.5**	**0.1**	**8.7**
Non current liabilities				
Decommissioning provision		29.8	–	29.8
Borrowings	*4*	230.3	0.1	230.4
Deferred tax liabilities		27.7	–	27.7
Total non current liabilities		**287.8**	**0.1**	**287.9**
Total liabilities		**296.3**	**0.2**	**296.5**
Net assets		**67.8**	**(2.6)**	**65.2**

Source: NWC and Net debt Adjustment Accounts

* *We note the methodology and basis of calculating the NWC and Net Debt Adjustments differs from the International Financial Reporting Standards. Accordingly, certain accounts may not reconcile to the audited statements of financial position presented in the Report.*

1. Recognition of the actual contracted sales price amounting to $1.6m for all LGCs generated before 30 September 2023;

2. Adjustment made to reverse the notional balance included in inventory for all LGCs generated before 30 September 2023;

3. Recognition of $0.2m for the additional LGCs which were purchased from West Wyalong in July 2023 in order to deliver the committed LGCs under supply contracts and reclassification of accrued shareholder loan interest of A$0.1m to borrowings; and

4. Reclassification of reclassification of accrued shareholder loan interest of A$0.1m from working capital accruals to borrowings.

WOOL NWC and Net Debt Adjustment Accounts

A$'mil	Notes	30-Sep-23*	Adjustments	30-Sep-23 NWC & Net Debt Adjusted
Current assets				
Cash and cash equivalents		4.5	–	4.5
Restricted cash		4.1	–	4.1
Trade and other receivables	*1*	0.4	1.1	1.5
Large-scale generation certificates	*2*	0.7	(0.7)	–
Derivatives		3.5	–	3.5
Other current assets		1.0	–	1.0
Total current assets		**14.2**	**0.3**	**14.5**
Non current assets				
Property, plant and equipment		311.7	–	311.7
Derivatives		44.7	–	44.7
Other non current assets		1.7	–	1.7
Total non current assets		**358.1**	**–**	**358.1**
Total assets		**372.3**	**0.3**	**372.6**
Current liabilities				
Trade and other payables	*3,4*	22.1	(0.3)	21.9
Borrowings		100.8	0.4	101.2
Total current liabilities		**122.9**	**0.2**	**123.1**
Decommissioning provision		30.1	–	30.1
Borrowings	*4*	188.6	–	188.6
Deferred tax liabilities		18.4	–	18.4
Total non current liabilities		**237.1**	**–**	**237.1**
Total liabilities		**360.0**	**–**	**360.0**
Net assets		**12.3**	**0.2**	**12.5**

Source: NWC and Net debt Adjustment Accounts

* *We note the methodology and basis of calculating the NWC and Net Debt Adjustments differs from the International Financial Reporting Standards. Accordingly, certain accounts may not reconcile to the audited financial statements of financial position presented in the Report.*

1. Recognition of the actual contracted sales price amounting to A$1.1m for all LGCs generated before 30 September 2023;

2. Adjustment made to reverse the notional balance included in inventory for all LGCs generated before 30 September 2023;

3. Relates to the recognition of A$0.1m for the additional LGCs which were purchased from West Wyalong in July 2023 in order to deliver the committed LGCs under a supply contract along with reclassification of interest on shareholder loan of A$0.4m from working capital accruals to borrowings; and

4. Reclassification of interest on shareholder loan of A$0.4m from working capital accruals to borrowings.

WEST NWC and Net Debt Adjustment Accounts

A$'mil	*Notes*	30-Sep-23*	Adjustments	30-Sep-23 NWC & Net Debt Adjustments
Current assets				
Cash and cash equivalents		14.8	–	14.8
Trade and other receivables	*1*	0.6	3.1	3.7
Large-scale generation certificates	*2*	0.9	(0.9)	–
Derivatives		2.3	–	2.3
Other current assets		1.3	–	1.3
Total current assets		**19.9**	**2.2**	**22.1**
Non current assets				
Property, plant and equipment		168.8	–	168.8
Derivatives		30.2	–	30.2
Right-of-use assets		7.0	–	7.0
Other non current assets		0.1	–	0.1
Total non current assets		**206.1**	**–**	**206.1**
Total assets		**226.0**	**2.2**	**228.2**
Current liabilities				
Capex related balances	*3*	–	0.0	0.0
Trade and other payables	*4*	11.2	(1.5)	9.7
Borrowings		62.4	1.5	63.9
Lease liabilities		0.2	–	0.2
Total current liabilities		**73.7**	**0.0**	**73.8**
Non current liabilities				
Decommissioning provision		15.1	–	15.1
Borrowings	*4*	98.3	–	98.3
Lease liabilities		7.2	–	7.2
Deferred tax liabilities		14.0	–	14.0
Total non current liabilities		**134.6**	**–**	**134.6**
Total liabilities		**208.4**	**0.0**	**208.4**
Net assets		**17.6**	**2.2**	**19.8**

Source: NWC and Net debt Adjustment Accounts

* *We note the methodology and basis of calculating the NWC and Net Debt Adjustments differs from the International Financial Reporting Standards. Accordingly, certain accounts may not reconcile to the audited statements of financial position presented in the Report.*

1. Recognition of the actual contracted sales price amounting to A$3.1m for all LGCs generated before 30 September 2023;

2. Adjustment made to reverse the notional balance included in inventory for all LGCs generated before 30 September 2023;

3. Construction capex of A$27k incurred post the locked box date and the corresponding accruals; and

4. Reclassification of interest on shareholder loan of A$1.5m from working capital accruals to borrowings

WNWU NWC and Net Debt Adjustment Accounts

A$'mil	*Notes*	**30-Sep-23***	**Adjustments**	**30-Sep-23 NWC & Net Debt Adjustments**
Current assets				
Cash and cash equivalents		16.1	–	16.1
Trade and other receivables	*1*	6.8	(6.8)	–
Derivatives		1.8	–	1.8
Other current assets		4.7	–	4.7
Total current assets		**29.4**	**(6.8)**	**22.6**
Non current assets				
Property, plant and equipment		624.3	–	624.3
Derivatives		8.5	–	8.5
Right-of-use assets		19.8	–	19.8
Other non current assets		5.5	–	5.5
Total non current assets		**658.1**	**–**	**658.1**
Total assets		**687.5**	**(6.8)**	**680.7**
Current liabilities				
Capex related balances	*2*	–	(6.4)	(6.4)
Trade and other payables	*3*	44.9	(5.6)	39.4
Borrowings		12.0	–	12.0
Lease liabilities		0.4	–	0.4
Total current liabilities		**57.3**	**(12.0)**	**45.3**
Non current liabilities				
Decommissioning provision		25.4	–	25.4
Borrowings	*2,3*	350.8	5.4	356.2
Derivatives		6.9	–	6.9
Lease liabilities		8.9	–	8.9
Deferred tax liabilities		9.6	–	9.6
Total non current liabilities		**401.6**	**5.4**	**407.0**
Total liabilities		**458.9**	**(6.6)**	**452.3**
Net assets		**228.6**	**(0.2)**	**228.4**

Source: NWC and Net debt Adjustment Accounts

* *We note the methodology and basis of calculating the NWC and Net Debt Adjustments differs from the International Financial Reporting Standards. Accordingly, certain accounts may not reconcile to the audited statements of financial position presented in the Report.*

1. Capex related working capital items of A$6.8m (largely GST receivable) were reclassified to capex accruals (borrowings) on the basis the Project is under construction.

2. Adjustments for trade and other payables relate to the net effect of the following:

   2.1 Capex related working capital items of A$6.8m (largely GST receivable) were reclassified to capex accruals (borrowings) on the basis the Project is under construction along with and out of period items adjustment of (A$352k); and

   2.2 Reclassification of interest on shareholder loan of A$5.4m from accruals into borrowings;

3. Reclassification of accrued interest on shareholder loan of A$5.4m from working capital accruals into borrowings and removal of $132k intercompany eliminations.

APPENDIX J – DISCOUNTED CASH FLOW OF THE SOLAR PROJECTS

Wellington South

A$'mil		PE2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Total revenue		24.4	25.6	26.8	24.1	24.9	23.3	32.5	38.1	33.9	35.5	35.8	35.1	28.4	34.7
Operating expenditure		(5.2)	(6.2)	(5.8)	(6.0)	(6.1)	(6.4)	(6.5)	(6.7)	(6.8)	(7.0)	(7.2)	(7.5)	(7.8)	(8.4)
Revenue %		*-21%*	*-24%*	*-22%*	*-25%*	*-25%*	*-27%*	*-20%*	*-17%*	*-20%*	*-20%*	*-20%*	*-21%*	*-28%*	*-24%*
EBITDA		**19.2**	**19.4**	**21.0**	**18.2**	**18.8**	**16.9**	**26.0**	**31.4**	**27.1**	**28.5**	**28.6**	**27.6**	**20.6**	**26.2**
EBITDA margin %		*79%*	*76%*	*78%*	*75%*	*75%*	*73%*	*80%*	*83%*	*80%*	*80%*	*80%*	*79%*	*72%*	*76%*
Depreciation		(2.1)	(8.5)	(8.7)	(8.7)	(8.7)	(7.9)	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)	(7.6)
EBIT		**17.1**	**10.8**	**12.3**	**9.5**	**10.1**	**9.1**	**18.4**	**23.8**	**19.5**	**20.9**	**21.0**	**20.0**	**13.0**	**18.7**
Less: Taxes		–	–	–	–	–	–	–	–	–	(3.7)	(4.5)	(4.5)	(2.7)	(4.5)
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		0.1	0.1	(0.1)	0.2	(0.0)	0.1	(0.5)	(0.3)	0.2	(0.0)	0.0	0.1	0.0	(0.0)
Add back: Depreciation		2.1	8.5	8.7	8.7	8.7	7.9	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Unlevered free cash flow		**19.3**	**19.5**	**20.9**	**18.3**	**18.7**	**17.0**	**25.5**	**31.1**	**27.3**	**24.8**	**24.2**	**23.1**	**18.0**	**21.7**
Less: Interest expenses		(3.3)	(6.4)	(6.2)	(5.9)	(5.7)	(5.5)	(5.7)	(5.7)	(5.4)	(5.2)	(5.1)	(4.9)	(4.8)	(4.8)
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Add: Net borrowing		(3.2)	(7.7)	(7.1)	(6.4)	(6.3)	(5.9)	(9.1)	(13.1)	(12.3)	(10.3)	(10.2)	(8.1)	(5.2)	(2.8)
Levered free cash flow (pre-Franking Credits)		**12.9**	**5.5**	**7.7**	**6.1**	**6.8**	**5.8**	**11.0**	**12.7**	**9.8**	**9.5**	**9.2**	**10.4**	**8.1**	**14.2**
Add: Franking Credit	80.0%	–	–	–	–	–	–	–	–	–	1.9	2.5	3.0	1.9	3.4

A$'mil		PE2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Levered free cash flow		**12.9**	**5.5**	**7.7**	**6.1**	**6.8**	**5.8**	**11.0**	**12.7**	**9.8**	**11.4**	**11.7**	**13.4**	**10.0**	**17.6**
Residual value															
Discount periods (mid-point discounting)		0.4	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	11.3	12.3	13.3
Discount factor	7.8%	0.97	0.91	0.84	0.78	0.73	0.67	0.63	0.58	0.54	0.50	0.46	0.43	0.40	0.37
Present value		12.5	5.0	6.5	4.8	5.0	3.9	6.9	7.3	5.3	5.7	5.4	5.7	4.0	6.5
High NPV	**141.1**														
Residual value															
Discount periods (mid-point discounting)		0.4	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	11.3	12.3	13.3
Discount factor	8.6%	0.97	0.90	0.83	0.76	0.70	0.65	0.60	0.55	0.51	0.47	0.43	0.39	0.36	0.33
Present value		12.5	5.0	6.4	4.7	4.8	3.7	6.6	7.0	5.0	5.3	5.0	5.3	3.6	5.9
Low NPV	**128.8**														

Source: Management forecasts, RSM Analysis

Wellington South (continued)

A$'mil		**FY2038**	**FY2039**	**FY2040**	**FY2041**	**FY2042**	**FY2043**	**FY2044**	**FY2045**	**FY2046**	**FY2047**	**FY2048**	**FY2049**	**FY2050**	**FY2051**
Total revenue		34.5	38.1	32.0	32.0	33.1	33.2	34.4	34.5	35.4	36.3	35.2	34.2	34.6	35.2
Operating expenditure		(9.3)	(9.6)	(9.2)	(9.0)	(9.2)	(9.4)	(9.6)	(9.9)	(10.3)	(10.7)	(11.2)	(11.9)	(12.5)	(13.2)
Revenue %		*-27%*	*-25%*	*-29%*	*-28%*	*-28%*	*-28%*	*-28%*	*-29%*	*-29%*	*-29%*	*-32%*	*-35%*	*-36%*	*-38%*
EBITDA		**25.3**	**28.6**	**22.8**	**23.0**	**23.9**	**23.8**	**24.8**	**24.6**	**25.1**	**25.6**	**24.0**	**22.3**	**22.1**	**22.0**
EBITDA margin %		*73%*	*75%*	*71%*	*72%*	*72%*	*72%*	*72%*	*71%*	*71%*	*71%*	*68%*	*65%*	*64%*	*62%*
Depreciation		(7.6)	(7.6)	(7.6)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)
EBIT		**17.7**	**21.0**	**15.2**	**15.5**	**16.4**	**16.3**	**17.3**	**17.1**	**17.6**	**18.1**	**16.4**	**14.8**	**14.6**	**14.5**
Less: Taxes		(4.4)	(5.7)	(4.2)	(4.4)	(4.8)	(5.0)	(5.6)	(5.6)	(5.9)	(6.2)	(5.9)	(5.6)	(5.7)	(5.8)
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		0.1	0.1	0.0	(0.1)	(0.1)	0.0	(0.0)	(0.0)	(0.1)	(0.0)	0.1	0.0	0.0	0.0
Add back: Depreciation		7.6	7.6	7.6	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Unlevered free cash flow		**20.9**	**23.0**	**18.7**	**18.5**	**19.0**	**18.9**	**19.3**	**18.9**	**19.1**	**19.4**	**18.2**	**16.7**	**16.4**	**16.3**
Less: Interest expenses		(4.8)	(4.6)	(4.3)	(4.1)	(4.0)	(3.8)	(3.3)	(2.9)	(2.7)	(2.5)	(2.3)	(1.9)	(1.7)	(1.5)
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Add: Net borrowing		(2.9)	(4.0)	(2.5)	(2.5)	(2.9)	(3.1)	(3.7)	(4.0)	(4.2)	(4.5)	(4.5)	(4.2)	(4.4)	(4.4)
Levered free cash flow (pre-Franking Credits)		**13.4**	**14.6**	**12.0**	**12.1**	**12.3**	**12.1**	**12.4**	**12.2**	**12.4**	**12.5**	**11.6**	**10.7**	**10.5**	**10.5**
Add: Franking Credit	80.0%	3.2	4.0	2.7	2.7	2.9	3.0	3.1	3.1	3.2	3.3	3.2	2.8	2.9	2.9
Levered free cash flow		**16.6**	**18.7**	**14.7**	**14.8**	**15.2**	**15.1**	**15.5**	**15.3**	**15.5**	**15.8**	**14.7**	**13.5**	**13.4**	**13.3**

A$'mil		FY2038	FY2039	FY2040	FY2041	FY2042	FY2043	FY2044	FY2045	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051
Residual value															
Discount periods (mid-point discounting)		14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3	27.3
Discount factor	7.8%	0.34	0.32	0.30	0.27	0.25	0.24	0.22	0.20	0.19	0.17	0.16	0.15	0.14	0.13
Present value		5.7	5.9	4.3	4.0	3.9	3.6	3.4	3.1	2.9	2.8	2.4	2.0	1.9	1.7
High NPV	**141.1**														
Residual value															
Discount periods (mid-point discounting)		14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3	27.3
Discount factor	8.6%	0.31	0.28	0.26	0.24	0.22	0.20	0.19	0.17	0.16	0.15	0.13	0.12	0.11	0.10
Present value		5.1	5.3	3.8	3.5	3.4	3.1	2.9	2.6	2.5	2.3	2.0	1.7	1.5	1.4
Low NPV	**128.8**														

Source: Management forecasts, RSM Analysis

Wellington South (continued)

A$'mil		**FY2052**	**FY2053**	**FY2054**	**FY2055**	**FY2056**	**FY2057**	**FY2058**	**FY2059**	**FY2060**	**FY2061**	**FY2062**	**FY2063**	**FY2064**	**PE2065**
Total revenue		34.2	33.9	33.1	33.6	32.9	33.9	32.7	31.7	30.0	31.8	31.9	13.1	–	–
Operating expenditure		(14.1)	(15.0)	(15.7)	(16.1)	(16.4)	(16.9)	(17.5)	(18.2)	(19.0)	(19.8)	(20.7)	(8.9)	–	–
Revenue %		**-41%**	**-44%**	**-47%**	**-48%**	**-50%**	**-50%**	**-54%**	**-57%**	**-63%**	**-62%**	**-65%**	**-68%**	**–**	**–**
EBITDA		**20.1**	**18.8**	**17.5**	**17.6**	**16.5**	**16.9**	**15.2**	**13.6**	**11.0**	**12.0**	**11.1**	**4.2**	**–**	**–**
EBITDA margin %		*59%*	*56%*	*53%*	*52%*	*50%*	*50%*	*46%*	*43%*	*37%*	*38%*	*35%*	*32%*	–	–
Depreciation		(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(1.9)	–
EBIT		**12.6**	**11.3**	**10.0**	**10.1**	**9.0**	**9.5**	**7.7**	**6.1**	**3.5**	**4.6**	**3.7**	**(3.3)**	**(1.9)**	**–**
Less: Taxes		(5.3)	(5.0)	(4.7)	(4.8)	(4.5)	(4.8)	(4.3)	(3.9)	(3.1)	(3.4)	(3.2)	(1.0)	–	–
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		0.1	0.1	0.0	(0.0)	0.1	(0.1)	0.1	0.1	0.2	(0.0)	0.1	0.2	–	–
Add back: Depreciation		7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	1.9	–
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	(19.4)	–	–
Unlevered free cash flow		**15.0**	**13.9**	**12.8**	**12.8**	**12.0**	**12.1**	**11.0**	**9.8**	**8.1**	**8.5**	**8.0**	**(16.0)**	**–**	**–**
Less: Interest expenses		(1.3)	(1.1)	(0.9)	(0.7)	(0.5)	(0.4)	(0.2)	–	–	–	–	–	–	–
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	–	–
Add: Net borrowing		(4.3)	(4.0)	(3.8)	(3.9)	(3.9)	(4.0)	(1.9)	–	–	–	–	–	–	–
Levered free cash flow (pre-Franking Credits)		**9.5**	**8.9**	**8.2**	**8.2**	**7.7**	**7.8**	**9.0**	**9.9**	**8.1**	**8.6**	**8.1**	**(16.0)**	**–**	**–**
Add: Franking Credit	80.0%	2.6	2.4	2.1	2.1	2.0	2.0	1.8	1.5	1.0	1.1	0.9	0.0	–	–
Levered free cash flow		**12.1**	**11.2**	**10.3**	**10.3**	**9.7**	**9.9**	**10.8**	**11.4**	**9.1**	**9.7**	**9.0**	**(16.0)**	**–**	**–**

A$'mil		FY2052	FY2053	FY2054	FY2055	FY2056	FY2057	FY2058	FY2059	FY2060	FY2061	FY2062	FY2063	FY2064	PE2065
Residual value															
Discount periods (mid-point discounting)		34.2	33.9	33.1	33.6	32.9	33.9	32.7	31.7	30.0	31.8	31.9	13.1	–	–
Discount factor	7.8%	(14.1)	(15.0)	(15.7)	(16.1)	(16.4)	(16.9)	(17.5)	(18.2)	(19.0)	(19.8)	(20.7)	(8.9)	–	–
Present value		-41%	-44%	-47%	-48%	-50%	-50%	-54%	-57%	-63%	-62%	-65%	-68%	–	–
High NPV	**141.1**	**20.1**	**18.8**	**17.5**	**17.6**	**16.5**	**16.9**	**15.2**	**13.6**	**11.0**	**12.0**	**11.1**	**4.2**	**–**	**–**
Residual value		59%	56%	53%	52%	50%	50%	46%	43%	37%	38%	35%	32%	–	–
Discount periods (mid-point discounting)		(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(1.9)	–
Discount factor	8.6%	12.6	11.3	10.0	10.1	9.0	9.5	7.7	6.1	3.5	4.6	3.7	(3.3)	(1.9)	–
Present value		(5.3)	(5.0)	(4.7)	(4.8)	(4.5)	(4.8)	(4.3)	(3.9)	(3.1)	(3.4)	(3.2)	(1.0)	–	–
Low NPV	**128.8**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Source: Management forecasts, RSM Analysis

Woolooga

A$'mil		PE2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Total revenue		14.2	15.1	16.5	16.9	17.0	17.7	19.2	21.1	26.2	56.2	58.2	56.6	41.0	40.3
Operating expenditure		(4.2)	(5.5)	(5.1)	(5.1)	(5.2)	(5.4)	(5.5)	(5.6)	(5.8)	(5.9)	(6.1)	(6.3)	(6.5)	(6.9)
Revenue %		*-30%*	*-37%*	*-31%*	*-30%*	*-31%*	*-30%*	*-29%*	*-27%*	*-22%*	*-11%*	*-10%*	*-11%*	*-16%*	*-17%*
EBITDA		**10.0**	**9.6**	**11.5**	**11.8**	**11.7**	**12.3**	**13.7**	**15.4**	**20.4**	**50.3**	**52.1**	**50.3**	**34.5**	**33.5**
EBITDA margin %		*70%*	*63%*	*69%*	*70%*	*69%*	*70%*	*71%*	*73%*	*78%*	*89%*	*90%*	*89%*	*84%*	*83%*
Depreciation		(2.0)	(8.1)	(8.1)	(8.2)	(8.3)	(8.3)	(7.2)	(7.2)	(7.2)	(7.2)	(7.2)	(7.2)	(7.2)	(7.1)
EBIT		**7.9**	**1.5**	**3.4**	**3.6**	**3.4**	**4.0**	**6.5**	**8.3**	**13.2**	**43.1**	**44.9**	**43.1**	**27.3**	**26.3**
Less: Taxes		–	–	–	–	–	–	–	–	–	–	–	–	(1.3)	(6.5)
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		(0.5)	0.1	(0.2)	(0.0)	0.0	(0.1)	(0.1)	(0.2)	(0.3)	(2.1)	(0.1)	0.1	1.0	(0.0)
Add back: Depreciation		2.0	8.1	8.1	8.2	8.3	8.3	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.1
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Unlevered free cash flow		**9.5**	**9.7**	**11.2**	**11.8**	**11.7**	**12.2**	**13.6**	**15.2**	**20.2**	**48.1**	**52.0**	**50.4**	**34.1**	**27.0**
Less: Interest expenses		(9.0)	(8.8)	(8.6)	(8.2)	(8.3)	(8.5)	(8.6)	(8.7)	(8.8)	(8.5)	(7.6)	(6.6)	(5.7)	(5.2)
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.5	0.5	0.3	0.3
Add: Net borrowing		(1.9)	(1.8)	(2.3)	(0.4)	(0.4)	(0.5)	(0.9)	(1.5)	(4.4)	(15.4)	(18.2)	(18.4)	(11.9)	(5.4)
Levered free cash flow (pre-Franking Credits)		**(1.3)**	**(0.9)**	**0.4**	**3.2**	**3.1**	**3.3**	**4.1**	**5.1**	**7.1**	**24.7**	**26.7**	**25.8**	**16.8**	**16.7**
Add: Franking Credit	80.0%	–	–	–	–	–	–	–	–	–	–	–	–	1.1	5.1

A$'mil		PE2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Levered free cash flow		**(1.3)**	**(0.9)**	**0.4**	**3.2**	**3.1**	**3.3**	**4.1**	**5.1**	**7.1**	**24.7**	**26.7**	**25.8**	**17.9**	**21.8**
Residual value															
Discount periods (mid-point discounting)		0.4	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	11.3	12.3	13.3
Discount factor	7.8%	0.97	0.91	0.84	0.78	0.73	0.67	0.63	0.58	0.54	0.50	0.46	0.43	0.40	0.37
Present value		(1.3)	(0.8)	0.3	2.5	2.3	2.3	2.6	2.9	3.8	12.3	12.4	11.1	7.1	8.0
High NPV	**137.4**														
Residual value															
Discount periods (mid-point discounting)		0.4	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	11.3	12.3	13.3
Discount factor	8.6%	0.97	0.90	0.83	0.76	0.70	0.65	0.60	0.55	0.51	0.47	0.43	0.39	0.36	0.33
Present value		(1.3)	(0.8)	0.3	2.4	2.2	2.2	2.5	2.8	3.6	11.5	11.4	10.2	6.5	7.3
Low NPV	**121.6**														

Source: Management forecasts, RSM Analysis

Woolooga (continued)

A$'mil		**FY2038**	**FY2039**	**FY2040**	**FY2041**	**FY2042**	**FY2043**	**FY2044**	**FY2045**	**FY2046**	**FY2047**	**FY2048**	**FY2049**	**FY2050**	**FY2051**
Total revenue		39.6	43.0	37.4	37.2	38.2	36.3	37.0	36.7	37.3	37.9	36.0	35.7	37.0	37.6
Operating expenditure		(7.4)	(7.6)	(7.5)	(7.5)	(7.6)	(7.8)	(7.9)	(8.2)	(8.4)	(8.7)	(9.0)	(9.4)	(9.8)	(10.2)
Revenue %		*-19%*	*-18%*	*-20%*	*-20%*	*-20%*	*-21%*	*-21%*	*-22%*	*-23%*	*-23%*	*-25%*	*-26%*	*-26%*	*-27%*
EBITDA		**32.2**	**35.4**	**29.9**	**29.7**	**30.6**	**28.6**	**29.1**	**28.6**	**28.9**	**29.2**	**27.0**	**26.3**	**27.2**	**27.4**
EBITDA margin %		*81%*	*82%*	*80%*	*80%*	*80%*	*79%*	*79%*	*78%*	*77%*	*77%*	*75%*	*74%*	*74%*	*73%*
Depreciation		(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)
EBIT		**25.1**	**28.3**	**22.8**	**22.6**	**23.5**	**21.5**	**22.0**	**21.5**	**21.8**	**22.1**	**19.9**	**19.3**	**20.2**	**20.3**
Less: Taxes		(6.0)	(7.1)	(5.6)	(5.8)	(6.2)	(5.8)	(6.3)	(6.3)	(6.6)	(6.8)	(6.3)	(6.4)	(6.8)	(6.9)
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		0.1	0.2	(0.0)	(0.1)	(0.1)	0.1	0.0	(0.0)	(0.1)	(0.0)	0.1	(0.1)	(0.1)	(0.0)
Add back: Depreciation		7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Unlevered free cash flow		**26.3**	**28.5**	**24.3**	**23.9**	**24.3**	**22.9**	**22.8**	**22.2**	**22.2**	**22.3**	**20.8**	**19.9**	**20.3**	**20.4**
Less: Interest expenses		(6.1)	(6.4)	(6.2)	(6.0)	(5.8)	(5.5)	(4.6)	(4.3)	(4.1)	(3.9)	(3.6)	(3.1)	(2.8)	(2.6)
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Add: Net borrowing		(4.1)	(4.8)	(3.3)	(3.4)	(3.9)	(3.5)	(4.6)	(4.7)	(5.0)	(5.3)	(5.0)	(5.2)	(5.7)	(6.1)
Levered free cash flow (pre-Franking Credits)		**16.3**	**17.5**	**15.0**	**14.7**	**14.9**	**14.1**	**13.7**	**13.3**	**13.3**	**13.3**	**12.4**	**11.8**	**11.9**	**11.9**
Add: Franking Credit	80.0%	4.6	5.3	4.0	4.1	4.3	3.9	4.2	4.1	4.1	4.1	3.7	3.5	3.8	3.8

A$'mil		FY2038	FY2039	FY2040	FY2041	FY2042	FY2043	FY2044	FY2045	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051
Levered free cash flow		**21.0**	**22.8**	**19.1**	**18.8**	**19.2**	**17.9**	**17.9**	**17.4**	**17.4**	**17.4**	**16.0**	**15.3**	**15.7**	**15.7**
Residual value															
Discount periods (mid-point discounting)		14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3	27.3
Discount factor	7.8%	0.34	0.32	0.30	0.27	0.25	0.24	0.22	0.20	0.19	0.17	0.16	0.15	0.14	0.13
Present value		7.2	7.3	5.6	5.1	4.9	4.2	3.9	3.5	3.3	3.0	2.6	2.3	2.2	2.0
High NPV	**137.4**														
Residual value															
Discount periods (mid-point discounting)		14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3	27.3
Discount factor	8.6%	0.31	0.28	0.26	0.24	0.22	0.20	0.19	0.17	0.16	0.15	0.13	0.12	0.11	0.10
Present value		6.4	6.5	5.0	4.5	4.2	3.6	3.4	3.0	2.8	2.5	2.2	1.9	1.8	1.6
Low NPV	**121.6**														

Source: Management forecasts, RSM Analysis

Woolooga (continued)

A$'mil		**FY2052**	**FY2053**	**FY2054**	**FY2055**	**FY2056**	**FY2057**	**FY2058**	**FY2059**	**FY2060**	**FY2061**	**FY2062**	**FY2063**	**FY2064**	**PE2065**
Total revenue		36.6	36.7	36.3	37.2	36.7	38.8	37.9	37.4	35.9	37.3	37.5	37.4	6.1	–
Operating expenditure		(10.7)	(11.2)	(11.6)	(11.8)	(12.1)	(12.4)	(12.7)	(13.1)	(13.5)	(14.0)	(14.5)	(15.0)	(2.4)	–
Revenue %		*-29%*	*-31%*	*-32%*	*-32%*	*-33%*	*-32%*	*-34%*	*-35%*	*-38%*	*-38%*	*-39%*	*-40%*	*-39%*	–
EBITDA		**25.9**	**25.4**	**24.7**	**25.3**	**24.7**	**26.4**	**25.1**	**24.3**	**22.3**	**23.3**	**23.0**	**22.4**	**3.7**	**–**
EBITDA margin %		*71%*	*69%*	*68%*	*68%*	*67%*	*68%*	*66%*	*65%*	*62%*	*62%*	*61%*	*60%*	*61%*	–
Depreciation		(7.1)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	–
EBIT		**18.8**	**18.4**	**17.7**	**18.3**	**17.6**	**19.4**	**18.1**	**17.3**	**15.3**	**16.2**	**16.0**	**15.5**	**(3.3)**	**–**
Less: Taxes		(6.6)	(6.6)	(6.5)	(6.8)	(6.8)	(7.4)	(7.2)	(7.1)	(6.5)	(6.8)	(6.7)	(6.6)	–	–
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		0.1	(0.0)	(0.0)	(0.1)	0.0	(0.2)	0.0	0.0	0.1	0.0	(0.0)	0.0	2.6	–
Add back: Depreciation		7.1	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	–
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	(21.3)	–
Unlevered free cash flow		**19.3**	**18.8**	**18.2**	**18.4**	**18.0**	**18.8**	**18.0**	**17.3**	**16.0**	**16.5**	**16.3**	**15.9**	**(15.0)**	**–**
Less: Interest expenses		(2.3)	(2.0)	(1.7)	(1.4)	(1.1)	(0.8)	(0.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	–
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	–
Add: Net borrowing		(5.9)	(6.1)	(6.1)	(6.6)	(6.7)	(7.5)	(7.5)	–	–	–	–	–	–	–
Levered free cash flow (pre-Franking Credits)		**11.3**	**10.9**	**10.5**	**10.6**	**10.3**	**10.6**	**10.2**	**17.4**	**16.0**	**16.6**	**16.3**	**16.0**	**(15.0)**	**–**
Add: Franking Credit	80.0%	3.5	3.4	3.2	3.3	3.2	3.5	3.2	3.0	2.7	2.8	2.8	2.7	–	–

A$'mil		FY2052	FY2053	FY2054	FY2055	FY2056	FY2057	FY2058	FY2059	FY2060	FY2061	FY2062	FY2063	FY2064	PE2065
Levered free cash flow		**14.8**	**14.3**	**13.7**	**13.9**	**13.5**	**14.1**	**13.4**	**20.3**	**18.8**	**19.4**	**19.1**	**18.7**	**(15.0)**	**–**
Residual value															
Discount periods (mid-point discounting)		28.3	29.3	30.3	31.3	32.3	33.3	34.3	35.3	36.3	37.3	38.3	39.3	40.3	40.9
Discount factor	7.8%	0.12	0.11	0.10	0.10	0.09	0.08	0.08	0.07	0.07	0.06	0.06	0.05	0.05	0.05
Present value		1.8	1.6	1.4	1.3	1.2	1.2	1.0	1.4	1.2	1.2	1.1	1.0	(0.7)	0.0
High NPV	**137.4**														
Residual value															
Discount periods (mid-point discounting)		28.3	29.3	30.3	31.3	32.3	33.3	34.3	35.3	36.3	37.3	38.3	39.3	40.3	40.9
Discount factor	8.6%	0.10	0.09	0.08	0.08	0.07	0.06	0.06	0.05	0.05	0.05	0.04	0.04	0.04	0.03
Present value		1.4	1.3	1.1	1.1	0.9	0.9	0.8	1.1	0.9	0.9	0.8	0.7	(0.5)	0.0
Low NPV	**121.6**														

Source: Management forecasts, RSM Analysis

West Wyalong

A$'mil		PE2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Total revenue		11.2	12.2	12.0	11.7	11.9	11.4	15.2	17.7	15.7	16.3	16.4	16.1	13.7	13.5
Operating expenditure		(2.3)	(3.2)	(2.6)	(2.7)	(2.8)	(2.9)	(2.9)	(3.0)	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)	(3.8)
Revenue %		*-21%*	*-26%*	*-22%*	*-23%*	*-23%*	*-25%*	*-19%*	*-17%*	*-20%*	*-19%*	*-20%*	*-21%*	*-26%*	*-28%*
EBITDA		**8.9**	**9.0**	**9.4**	**9.0**	**9.1**	**8.5**	**12.3**	**14.6**	**12.6**	**13.2**	**13.2**	**12.8**	**10.1**	**9.7**
EBITDA margin %		*79%*	*74%*	*78%*	*77%*	*77%*	*75%*	*81%*	*83%*	*80%*	*81%*	*80%*	*79%*	*74%*	*72%*
Depreciation		(1.0)	(3.9)	(3.9)	(3.9)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
EBIT		**7.9**	**5.1**	**5.5**	**5.1**	**5.1**	**4.5**	**8.3**	**10.7**	**8.6**	**9.2**	**9.2**	**8.8**	**6.2**	**5.7**
Less: Taxes		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		0.3	0.2	(0.1)	0.0	0.0	0.0	(0.2)	(0.1)	0.1	0.0	0.0	0.0	0.1	0.0
Add back: Depreciation		1.0	3.9	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Unlevered free cash flow		**9.1**	**9.2**	**9.3**	**9.1**	**9.1**	**8.5**	**12.1**	**14.5**	**12.7**	**13.2**	**13.2**	**12.8**	**10.3**	**9.7**
Less: Interest expenses		(4.6)	(4.5)	(4.5)	(4.2)	(4.2)	(4.2)	(4.1)	(4.0)	(3.7)	(3.5)	(3.3)	(3.0)	(2.8)	(2.7)
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Add: Net borrowing		(1.0)	(1.0)	(1.2)	(1.8)	(1.8)	(1.6)	(3.6)	(5.2)	(4.4)	(5.0)	(5.1)	(5.2)	(4.0)	(2.7)
Levered free cash flow (pre-Franking Credits)		**3.6**	**3.7**	**3.7**	**3.1**	**3.1**	**2.9**	**4.5**	**5.4**	**4.6**	**4.8**	**4.9**	**4.7**	**3.5**	**4.4**
Add: Franking Credit	80.0%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Levered free cash flow		**3.6**	**3.7**	**3.7**	**3.1**	**3.1**	**2.9**	**4.5**	**5.4**	**4.6**	**4.8**	**4.9**	**4.7**	**3.5**	**4.4**

A$'mil		PE2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Residual value															
Discount periods (mid-point discounting)		0.4	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	11.3	12.3	13.3
Discount factor	7.8%	0.97	0.91	0.84	0.78	0.73	0.67	0.63	0.58	0.54	0.50	0.46	0.43	0.40	0.37
Present value		3.5	3.4	3.1	2.5	2.3	1.9	2.8	3.2	2.5	2.4	2.2	2.0	1.4	1.6
High NPV	**70.3**														
Residual value															
Discount periods (mid-point discounting)		0.4	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	11.3	12.3	13.3
Discount factor	8.6%	0.97	0.90	0.83	0.76	0.70	0.65	0.60	0.55	0.51	0.47	0.43	0.39	0.36	0.33
Present value		3.5	3.4	3.1	2.4	2.2	1.9	2.7	3.0	2.3	2.3	2.1	1.8	1.3	1.5
Low NPV	**63.4**														

Source: Management forecasts, RSM Analysis

West Wyalong (continued)

A$'mil		FY2038	FY2039	FY2040	FY2041	FY2042	FY2043	FY2044	FY2045	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051
Total revenue		14.6	22.6	19.0	19.0	19.6	19.7	20.4	20.5	21.0	21.5	20.8	20.3	20.5	20.9
Operating expenditure		(4.2)	(4.3)	(4.1)	(4.1)	(4.1)	(4.2)	(4.3)	(4.5)	(4.6)	(4.8)	(5.0)	(5.3)	(5.6)	(5.9)
Revenue %		*-29%*	*-19%*	*-22%*	*-21%*	*-21%*	*-21%*	*-21%*	*-22%*	*-22%*	*-22%*	*-24%*	*-26%*	*-27%*	*-28%*
EBITDA		**10.5**	**18.3**	**14.9**	**15.0**	**15.5**	**15.5**	**16.1**	**16.0**	**16.3**	**16.7**	**15.8**	**14.9**	**14.9**	**14.9**
EBITDA margin %		*71%*	*81%*	*78%*	*79%*	*79%*	*79%*	*79%*	*78%*	*78%*	*78%*	*76%*	*74%*	*73%*	*72%*
Depreciation		(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)
EBIT		**6.5**	**14.3**	**10.9**	**11.0**	**11.5**	**11.5**	**12.2**	**12.1**	**12.4**	**12.8**	**11.9**	**11.0**	**11.0**	**11.1**
Less: Taxes		–	(2.1)	(2.6)	(2.7)	(3.0)	(3.1)	(3.5)	(3.5)	(3.7)	(3.9)	(3.7)	(3.7)	(3.7)	(3.8)
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		(0.3)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.1	0.0	(0.0)	(0.0)
Add back: Depreciation		3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Unlevered free cash flow		**10.1**	**16.2**	**12.3**	**12.2**	**12.5**	**12.4**	**12.6**	**12.5**	**12.6**	**12.8**	**12.1**	**11.3**	**11.1**	**11.1**
Less: Interest expenses		(3.1)	(3.3)	(3.2)	(3.1)	(3.0)	(2.9)	(2.4)	(2.3)	(2.2)	(2.0)	(1.9)	(1.6)	(1.4)	(1.3)
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Add: Net borrowing		(2.0)	(2.3)	(1.4)	(1.5)	(1.7)	(1.9)	(2.5)	(2.6)	(2.9)	(3.1)	(3.0)	(3.0)	(3.2)	(3.3)
Levered free cash flow (pre-Franking Credits)		**5.1**	**10.7**	**7.8**	**7.7**	**7.8**	**7.7**	**7.8**	**7.6**	**7.7**	**7.7**	**7.3**	**6.7**	**6.6**	**6.6**
Add: Franking Credit	80.0%	–	1.6	1.9	1.9	2.1	2.1	2.4	2.4	2.5	2.6	2.4	2.3	2.3	2.3
Levered free cash flow		**5.1**	**12.2**	**9.7**	**9.6**	**9.9**	**9.8**	**10.1**	**10.0**	**10.1**	**10.3**	**9.8**	**9.0**	**8.9**	**8.8**

A$'mil		FY2038	FY2039	FY2040	FY2041	FY2042	FY2043	FY2044	FY2045	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051
Residual value															
Discount periods (mid-point discounting)		14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3	27.3
Discount factor	7.8%	0.34	0.32	0.30	0.27	0.25	0.24	0.22	0.20	0.19	0.17	0.16	0.15	0.14	0.13
Present value		1.7	3.9	2.9	2.6	2.5	2.3	2.2	2.0	1.9	1.8	1.6	1.3	1.2	1.1
High NPV	**70.3**														
Residual value															
Discount periods (mid-point discounting)		14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3	27.3
Discount factor	8.6%	0.31	0.28	0.26	0.24	0.22	0.20	0.19	0.17	0.16	0.15	0.13	0.12	0.11	0.10
Present value		1.6	3.5	2.5	2.3	2.2	2.0	1.9	1.7	1.6	1.5	1.3	1.1	1.0	0.9
Low NPV	**63.4**														

Source: Management forecasts, RSM Analysis

West Wyalong (continued)

A$'mil		**FY2052**	**FY2053**	**FY2054**	**FY2055**	**FY2056**	**FY2057**	**FY2058**	**FY2059**	**FY2060**	**FY2061**	**FY2062**	**FY2063**	**FY2064**	**PE2065**
Total revenue		20.3	20.2	19.8	20.1	19.6	20.2	19.5	19.0	17.9	18.2	–	–	–	–
Operating expenditure		(6.3)	(6.8)	(7.0)	(7.2)	(7.4)	(7.6)	(7.8)	(8.1)	(8.5)	(6.9)	–	–	–	–
Revenue %		*-31%*	*-33%*	*-36%*	*-36%*	*-38%*	*-37%*	*-40%*	*-43%*	*-47%*	*-38%*	–	–	–	–
EBITDA		**14.0**	**13.4**	**12.7**	**12.8**	**12.3**	**12.6**	**11.7**	**10.8**	**9.4**	**11.2**	**–**	**–**	**–**	**–**
EBITDA margin %		*69%*	*67%*	*64%*	*64%*	*62%*	*63%*	*60%*	*57%*	*53%*	*62%*	–	–	–	–
Depreciation		(3.9)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(2.9)	–	–	–
EBIT		**10.1**	**9.6**	**8.9**	**9.0**	**8.4**	**8.8**	**7.9**	**7.0**	**5.6**	**7.4**	**(2.9)**	**–**	**–**	**–**
Less: Taxes		(3.6)	(3.5)	(3.4)	(3.5)	(3.4)	(3.5)	(3.3)	(3.1)	(2.7)	(2.6)	–	–	–	–
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		0.1	0.0	0.0	(0.0)	0.1	(0.1)	0.1	0.1	0.1	0.4	–	–	–	–
Add back: Depreciation		3.9	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	2.9	–	–	–
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	(9.9)	–	–	–	–
Unlevered free cash flow		**10.5**	**9.9**	**9.4**	**9.4**	**9.0**	**9.1**	**8.4**	**7.8**	**6.8**	**(0.9)**	**–**	**–**	**–**	**–**
Less: Interest expenses		(1.1)	(1.0)	(0.8)	(0.7)	(0.5)	(0.4)	(0.2)	(0.0)	(0.0)	(0.0)	–	–	–	–
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	–	–	–	–
Add: Net borrowing		(3.2)	(3.2)	(3.1)	(3.3)	(3.3)	(3.5)	(3.4)	–	–	–	–	–	–	–
Levered free cash flow (pre-Franking Credits)		**6.2**	**5.9**	**5.5**	**5.5**	**5.2**	**5.2**	**4.9**	**7.8**	**6.9**	**(0.8)**	**–**	**–**	**–**	**–**
Add: Franking Credit	80.0%	2.1	2.0	1.9	1.9	1.8	1.8	1.7	1.3	1.1	1.7	–	–	–	–
Levered free cash flow		**8.3**	**7.9**	**7.4**	**7.4**	**7.0**	**7.0**	**6.6**	**9.1**	**8.0**	**0.9**	**–**	**–**	**–**	**–**

A$'mil		FY2052	FY2053	FY2054	FY2055	FY2056	FY2057	FY2058	FY2059	FY2060	FY2061	FY2062	FY2063	FY2064	PE2065
Residual value															
Discount periods (mid-point discounting)		28.3	29.3	30.3	31.3	32.3	33.3	34.3	35.3	36.3	37.3	38.3	39.3	40.3	40.9
Discount factor	7.8%	0.12	0.11	0.10	0.10	0.09	0.08	0.08	0.07	0.07	0.06	0.06	0.05	0.05	0.05
Present value		1.0	0.9	0.8	0.7	0.6	0.6	0.5	0.6	0.5	0.1	0.0	0.0	0.0	0.0
High NPV	**70.3**														
Residual value															
Discount periods (mid-point discounting)		28.3	29.3	30.3	31.3	32.3	33.3	34.3	35.3	36.3	37.3	38.3	39.3	40.3	40.9
Discount factor	8.6%	0.10	0.09	0.08	0.08	0.07	0.06	0.06	0.05	0.05	0.05	0.04	0.04	0.04	0.03
Present value		0.8	0.7	0.6	0.6	0.5	0.4	0.4	0.5	0.4	0.0	0.0	0.0	0.0	0.0
Low NPV	**63.4**														

Source: Management forecasts, RSM Analysis

Wellington North and Wunghnu

A$'mil		**PE2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035**	**FY2036**	**FY2037**
Total revenue		–	59.2	74.4	67.6	70.0	65.7	93.5	108.6	97.2	101.2	105.4	133.0	99.9	97.4
Operating expenditure		–	(7.8)	(12.0)	(10.7)	(10.6)	(11.0)	(11.4)	(11.7)	(11.9)	(12.2)	(12.5)	(12.9)	(13.5)	(14.2)
Revenue %		–	*-13%*	*-16%*	*-16%*	*-15%*	*-17%*	*-12%*	*-11%*	*-12%*	*-12%*	*-12%*	*-10%*	*-14%*	*-15%*
EBITDA		**–**	**51.4**	**62.3**	**56.9**	**59.5**	**54.7**	**82.1**	**96.9**	**85.3**	**89.0**	**92.8**	**120.1**	**86.4**	**83.2**
EBITDA margin %		–	*87%*	*84%*	*84%*	*85%*	*83%*	*88%*	*89%*	*88%*	*88%*	*88%*	*90%*	*86%*	*85%*
Depreciation		–	–	(72.7)	(67.6)	(61.2)	(55.5)	(50.3)	(44.3)	(40.0)	(36.2)	(32.8)	(29.7)	(26.9)	(24.3)
EBIT		**–**	**51.4**	**(10.4)**	**(10.7)**	**(1.8)**	**(0.8)**	**31.8**	**52.6**	**45.3**	**52.7**	**60.0**	**90.4**	**59.5**	**58.9**
Less: Taxes		–	–	–	–	–	–	–	–	–	–	–	(22.5)	(13.8)	(13.7)
Less: Capex		(197.4)	(65.5)	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		–	(2.7)	(0.3)	0.2	(0.1)	0.2	(1.5)	(0.9)	0.4	(0.0)	(1.1)	(1.0)	1.8	0.1
Add back: Depreciation		–	–	72.7	67.6	61.2	55.5	50.3	44.3	40.0	36.2	32.8	29.7	26.9	24.3
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Unlevered free cash flow		**(197.4)**	**(16.8)**	**62.0**	**57.1**	**59.3**	**54.9**	**80.6**	**96.1**	**85.7**	**88.9**	**91.8**	**96.6**	**74.4**	**69.5**
Less: Interest expenses		–	(21.2)	(26.9)	(26.1)	(25.9)	(25.6)	(25.5)	(24.5)	(23.1)	(21.5)	(19.8)	(18.0)	(16.1)	(15.5)
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		–	0.3	0.4	0.4	0.5	0.4	0.7	0.8	0.8	0.8	0.8	1.0	0.7	0.7
Add: Net borrowing		197.4	49.0	(18.7)	(7.2)	(8.7)	(6.8)	(19.3)	(28.3)	(25.1)	(28.3)	(30.4)	(28.2)	(13.0)	(7.1)
Levered free cash flow (pre-Franking Credits)		**–**	**11.3**	**16.7**	**24.3**	**25.2**	**22.9**	**36.4**	**44.1**	**38.4**	**40.0**	**42.4**	**51.5**	**46.1**	**47.6**
Add: Franking Credit	80.0%	–	–	–	–	–	–	–	–	–	–	–	17.6	11.4	11.0
Levered free cash flow		**–**	**11.3**	**16.7**	**24.3**	**25.2**	**22.9**	**36.4**	**44.1**	**38.4**	**40.0**	**42.4**	**69.1**	**57.4**	**58.6**

A$'mil		PE2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Residual value															
Discount periods (mid-point discounting)		0.4	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	11.3	12.3	13.3
Discount factor	7.8%	0.97	0.91	0.84	0.78	0.73	0.67	0.63	0.58	0.54	0.50	0.46	0.43	0.40	0.37
Present value		0.0	10.3	14.1	19.0	18.3	15.4	22.8	25.6	20.7	20.0	19.6	29.7	22.9	21.6
High NPV	**487.6**														
Residual value															
Discount periods (mid-point discounting)		0.4	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	11.3	12.3	13.3
Discount factor	8.6%	0.97	0.90	0.83	0.76	0.70	0.65	0.60	0.55	0.51	0.47	0.43	0.39	0.36	0.33
Present value		0.0	10.2	13.9	18.5	17.7	14.8	21.7	24.2	19.4	18.6	18.1	27.3	20.8	19.6
Low NPV	**436.8**														

Source: Management forecasts, RSM Analysis

Wellington North and Wunghnu (continued)

A$'mil		**FY2038**	**FY2039**	**FY2040**	**FY2041**	**FY2042**	**FY2043**	**FY2044**	**FY2045**	**FY2046**	**FY2047**	**FY2048**	**FY2049**	**FY2050**	**FY2051**
Total revenue		97.5	108.8	92.7	93.2	96.6	97.3	101.2	101.9	104.7	107.8	105.4	103.5	104.1	106.3
Operating expenditure		(15.5)	(17.6)	(18.2)	(17.1)	(16.6)	(16.8)	(17.2)	(17.7)	(18.5)	(19.3)	(20.2)	(21.6)	(23.3)	(24.8)
Revenue %		*-16%*	*-16%*	*-20%*	*-18%*	*-17%*	*-17%*	*-17%*	*-17%*	*-18%*	*-18%*	*-19%*	*-21%*	*-22%*	*-23%*
EBITDA		**81.9**	**91.2**	**74.5**	**76.1**	**80.0**	**80.5**	**84.0**	**84.2**	**86.2**	**88.5**	**85.2**	**81.8**	**80.8**	**81.5**
EBITDA margin %		*84%*	*84%*	*80%*	*82%*	*83%*	*83%*	*83%*	*83%*	*82%*	*82%*	*81%*	*79%*	*78%*	*77%*
Depreciation		(22.0)	(19.9)	(18.1)	(16.4)	(14.9)	(13.5)	(12.3)	(11.2)	(10.2)	(9.2)	(8.4)	(7.6)	(7.0)	(6.2)
EBIT		**60.0**	**71.2**	**56.4**	**59.7**	**65.1**	**67.0**	**71.7**	**73.0**	**76.1**	**79.3**	**76.8**	**74.2**	**73.8**	**75.3**
Less: Taxes		(14.1)	(17.8)	(13.4)	(14.5)	(16.2)	(16.9)	(18.8)	(19.4)	(20.4)	(21.6)	(21.0)	(20.5)	(20.6)	(21.2)
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		0.1	0.5	(0.1)	(0.4)	(0.3)	(0.1)	(0.1)	(0.2)	(0.3)	(0.2)	0.1	0.0	(0.1)	(0.1)
Add back: Depreciation		22.0	19.9	18.1	16.4	14.9	13.5	12.3	11.2	10.2	9.2	8.4	7.6	7.0	6.2
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Unlevered free cash flow		**67.9**	**73.8**	**61.0**	**61.2**	**63.5**	**63.6**	**65.0**	**64.6**	**65.5**	**66.8**	**64.3**	**61.4**	**60.2**	**60.2**
Less: Interest expenses		(15.2)	(13.9)	(13.4)	(13.1)	(12.8)	(12.3)	(10.2)	(9.7)	(9.2)	(8.6)	(8.0)	(6.8)	(6.2)	(5.6)
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Add: Net borrowing		(6.9)	(9.5)	(5.5)	(5.9)	(7.0)	(7.4)	(9.9)	(10.4)	(11.2)	(12.1)	(12.0)	(12.2)	(12.4)	(13.0)
Levered free cash flow (pre-Franking Credits)		**46.5**	**51.2**	**42.6**	**42.8**	**44.4**	**44.4**	**45.4**	**45.1**	**45.7**	**46.6**	**44.9**	**42.8**	**42.0**	**42.0**
Add: Franking Credit	80.0%	11.3	14.0	10.1	10.6	11.6	11.8	13.2	13.3	14.0	14.6	13.8	13.1	13.1	13.2
Levered free cash flow		**57.8**	**65.2**	**52.7**	**53.4**	**56.0**	**56.3**	**58.5**	**58.4**	**59.7**	**61.2**	**58.7**	**55.9**	**55.0**	**55.2**

A$'mil		FY2038	FY2039	FY2040	FY2041	FY2042	FY2043	FY2044	FY2045	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051
Residual value															
Discount periods (mid-point discounting)		14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3	27.3
Discount factor	7.8%	0.34	0.32	0.30	0.27	0.25	0.24	0.22	0.20	0.19	0.17	0.16	0.15	0.14	0.13
Present value		19.8	20.7	15.6	14.6	14.2	13.3	12.8	11.8	11.2	10.7	9.5	8.4	7.7	7.1
High NPV	**487.6**														
Residual value															
Discount periods (mid-point discounting)		14.3	15.3	16.3	17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3	27.3
Discount factor	8.6%	0.31	0.28	0.26	0.24	0.22	0.20	0.19	0.17	0.16	0.15	0.13	0.12	0.11	0.10
Present value		17.8	18.5	13.7	12.8	12.4	11.4	11.0	10.1	9.5	8.9	7.9	6.9	6.3	5.8
Low NPV	**436.8**														

Source: Management forecasts, RSM Analysis

Wellington North and Wunghnu (continued)

A$'mil		**FY2052**	**FY2053**	**FY2054**	**FY2055**	**FY2056**	**FY2057**	**FY2058**	**FY2059**	**FY2060**	**FY2061**	**FY2062**	**FY2063**	**FY2064**	**PE2065**
Total revenue		104.2	104.0	102.4	104.3	102.5	105.9	103.3	100.9	95.8	101.7	101.9	101.7	101.8	23.3
Operating expenditure		(26.6)	(28.7)	(30.9)	(32.3)	(33.0)	(33.6)	(34.5)	(35.6)	(36.9)	(38.4)	(40.2)	(42.1)	(43.6)	(15.7)
Revenue %		*-26%*	*-28%*	*-30%*	*-31%*	*-32%*	*-32%*	*-33%*	*-35%*	*-38%*	*-38%*	*-39%*	*-41%*	*-43%*	*-68%*
EBITDA		**77.6**	**75.3**	**71.6**	**71.9**	**69.5**	**72.2**	**68.8**	**65.3**	**59.0**	**63.2**	**61.7**	**59.6**	**58.3**	**7.6**
EBITDA margin %		*74%*	*72%*	*70%*	*69%*	*68%*	*68%*	*67%*	*65%*	*62%*	*62%*	*61%*	*59%*	*57%*	*32%*
Depreciation		(5.5)	(5.1)	(4.6)	(4.2)	(3.8)	(3.4)	(3.1)	(2.9)	(2.6)	(12.2)	(1.6)	(1.4)	(1.3)	(0.3)
EBIT		**72.0**	**70.2**	**67.0**	**67.7**	**65.7**	**68.8**	**65.6**	**62.4**	**56.3**	**51.0**	**60.2**	**58.2**	**57.0**	**7.2**
Less: Taxes		(20.3)	(20.0)	(19.1)	(19.5)	(19.1)	(20.2)	(19.5)	(18.7)	(14.0)	(18.5)	(18.2)	(17.5)	(17.2)	–
Less: Capex		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC		0.2	0.1	0.0	(0.1)	0.2	(0.4)	0.2	0.3	0.4	(0.3)	0.1	0.2	0.1	5.1
Add back: Depreciation		5.5	5.1	4.6	4.2	3.8	3.4	3.1	2.9	2.6	12.2	1.6	1.4	1.3	0.3
Less: Decommissioning cost		–	–	–	–	–	–	–	–	–	–	–	–	–	(52.4)
Unlevered free cash flow		**57.5**	**55.4**	**52.4**	**52.3**	**50.6**	**51.6**	**49.5**	**46.9**	**45.4**	**44.4**	**43.6**	**42.2**	**41.1**	**(39.7)**
Less: Interest expenses		(5.0)	(4.4)	(3.8)	(3.2)	(2.6)	(2.0)	(1.3)	(0.7)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Add: Interest tax shield		–	–	–	–	–	–	–	–	–	–	–	–	–	–
Add: Interest income		0.4	0.4	0.4	0.4	0.3	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.0
Add: Net borrowing		(12.8)	(12.7)	(12.4)	(13.0)	(13.0)	(14.0)	(14.0)	(13.8)	–	–	–	–	–	–
Levered free cash flow (pre-Franking Credits)		**40.1**	**38.6**	**36.6**	**36.4**	**35.3**	**36.0**	**34.5**	**32.7**	**45.6**	**44.6**	**43.9**	**42.4**	**41.3**	**(39.7)**
Add: Franking Credit	80.0%	12.4	11.9	11.1	11.1	10.6	11.1	10.4	9.7	7.1	7.6	7.5	7.2	6.9	–
Levered free cash flow		**52.5**	**50.6**	**47.7**	**47.6**	**45.9**	**47.1**	**44.9**	**42.4**	**52.7**	**52.2**	**51.3**	**49.6**	**48.2**	**(39.7)**

A$'mil		FY2052	FY2053	FY2054	FY2055	FY2056	FY2057	FY2058	FY2059	FY2060	FY2061	FY2062	FY2063	FY2064	PE2065
Residual value															
Discount periods (mid-point discounting)		28.3	29.3	30.3	31.3	32.3	33.3	34.3	35.3	36.3	37.3	38.3	39.3	40.3	40.9
Discount factor	7.8%	0.12	0.11	0.10	0.10	0.09	0.08	0.08	0.07	0.07	0.06	0.06	0.05	0.05	0.05
Present value		6.3	5.6	4.9	4.5	4.1	3.9	3.4	3.0	3.5	3.2	2.9	2.6	2.3	(1.8)
High NPV	**487.6**														
Residual value															
Discount periods (mid-point discounting)		28.3	29.3	30.3	31.3	32.3	33.3	34.3	35.3	36.3	37.3	38.3	39.3	40.3	40.9
Discount factor	8.6%	0.10	0.09	0.08	0.08	0.07	0.06	0.06	0.05	0.05	0.05	0.04	0.04	0.04	0.03
Present value		5.1	4.5	3.9	3.6	3.2	3.0	2.6	2.3	2.6	2.4	2.2	1.9	1.7	(1.3)
Low NPV	**436.8**														

Source: Management forecasts, RSM Analysis

APPENDIX K – DISCOUNTED CASH FLOW OF THE BESS

Wellington South

A$'mil	**YTG2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**
Total revenue	–	–	–	39.0	40.0	41.0	42.0	43.1	44.1	45.2	18.8	19.3
Operating expenditure	–	–	–	(3.4)	(3.5)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)
Revenue %	–	–	–	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-22%*	*-22%*
EBITDA	**–**	**–**	**–**	**35.6**	**36.5**	**37.4**	**38.3**	**39.3**	**40.3**	**41.3**	**14.7**	**15.1**
EBITDA margin %	–	–	–	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*78%*	*78%*
Other income/(expenses)	–	–	–	–	–	–	*(0.6)*	–	–	–	–	*(0.2)*
Depreciation	–	–	–	(25.0)	(22.5)	(20.2)	(18.2)	(16.4)	(14.7)	(13.3)	(11.9)	(10.7)
Operating cash flow before tax less depreciation	**–**	**–**	**–**	**10.6**	**14.0**	**17.2**	**19.6**	**22.9**	**25.5**	**28.0**	**2.8**	**4.2**
Less: Taxes	–	–	–	(0.7)	(1.9)	(2.9)	(3.8)	(5.1)	(6.2)	(7.2)	–	(0.5)
Less: Capex	–	(83.1)	(166.4)	–	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	–	–	–	25.0	22.5	20.2	18.2	16.4	14.7	13.3	11.9	10.7
Unlevered free cash flow	**–**	**(83.1)**	**(166.4)**	**34.9**	**34.6**	**34.5**	**33.9**	**34.2**	**34.1**	**34.1**	**14.7**	**14.4**
Less: Interest	–	–	–	(8.2)	(7.8)	(7.4)	(6.8)	(6.0)	(5.0)	(4.0)	(2.8)	(2.6)
Add: Net borrowing	–	83.1	60.7	(11.1)	(11.9)	(12.8)	(14.2)	(15.3)	(16.8)	(18.4)	(2.3)	(3.1)
Levered free cash flow (pre-Franking Credits)	**–**	**–**	**(105.7)**	**15.6**	**14.8**	**14.2**	**12.9**	**12.9**	**12.3**	**11.7**	**9.6**	**8.7**
Add: Franking Credit												
Levered free cash flow	**–**	**–**	**(105.7)**	**15.6**	**14.8**	**14.2**	**12.9**	**12.9**	**12.3**	**11.7**	**9.6**	**8.7**

A$'mil		YTG2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032	CY2033	CY2034
Levered free cash flow (probability adjusted – High)		**–**	**–**	**(47.6)**	**7.0**	**6.7**	**6.4**	**5.8**	**5.8**	**5.5**	**5.3**	**4.3**	**3.9**
Levered free cash flow (probability adjusted – Low)		**–**	**–**	**(21.1)**	**3.1**	**3.0**	**2.8**	**2.6**	**2.6**	**2.5**	**2.3**	**1.9**	**1.7**
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	7.8%	1.0	0.9	0.9	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.4
Present value		–	–	(41.7)	5.7	5.0	4.5	3.8	3.5	3.1	2.7	2.1	1.8
High NPV	**5.4**												
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	8.6%	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4
Present value		–	–	(18.3)	2.5	2.2	1.9	1.6	1.5	1.3	1.1	0.9	0.7
Low NPV	**1.2**												

Source: Management forecasts, RSM Analysis

Wellington South (continued)

A$'mil	CY2035	CY2036	CY2037	CY2038	CY2039	CY2040	CY2041	CY2042	CY2043	CY2044	CY2045	CY2046
Total revenue	18.9	22.0	21.5	20.5	22.7	22.8	24.7	25.4	25.9	26.7	28.0	–
Operating expenditure	(4.3)	(4.4)	(4.5)	(4.6)	(4.7)	(4.8)	(5.0)	(5.1)	(5.2)	(5.3)	(5.5)	–
Revenue %	*-23%*	*-20%*	*-21%*	*-22%*	*-21%*	*-21%*	*-20%*	*-20%*	*-20%*	*-20%*	*-20%*	–
EBITDA	**14.6**	**17.6**	**17.0**	**15.9**	**18.0**	**18.0**	**19.7**	**20.3**	**20.7**	**21.3**	**22.5**	**–**
EBITDA margin %	*77%*	*80%*	*79%*	*78%*	*79%*	*79%*	*80%*	*80%*	*80%*	*80%*	*80%*	–
Other income/(expenses)	–	–	–	–	*(0.1)*	–	–	–	–	–	–	–
Depreciation	(9.7)	(8.7)	(7.8)	(7.0)	(6.3)	(5.7)	(5.1)	(4.6)	(4.2)	(3.7)	(33.7)	–
Operating cash flow before tax less depreciation	**5.0**	**8.9**	**9.1**	**8.9**	**11.5**	**12.3**	**14.6**	**15.7**	**16.6**	**17.6**	**(11.2)**	**–**
Less: Taxes	(0.8)	(2.0)	(2.2)	(2.3)	(3.2)	(3.6)	(4.4)	(4.7)	(5.0)	(5.3)	–	–
Less: Capex	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	9.7	8.7	7.8	7.0	6.3	5.7	5.1	4.6	4.2	3.7	33.7	–
Unlevered free cash flow	**13.8**	**15.6**	**14.8**	**13.6**	**14.7**	**14.5**	**15.4**	**15.6**	**15.8**	**16.0**	**22.5**	**–**
Less: Interest	(2.4)	(2.1)	(1.8)	(1.2)	(0.9)	(0.5)	–	–	–	–	–	–
Add: Net borrowing	(3.3)	(6.2)	(6.3)	(6.1)	(7.9)	(8.0)	–	–	–	–	–	–
Levered free cash flow (pre-Franking Credits)	**8.2**	**7.2**	**6.7**	**6.3**	**5.9**	**6.0**	**15.4**	**15.6**	**15.8**	**16.0**	**22.5**	**–**
Add: Franking Credit												
Levered free cash flow	**8.2**	**7.2**	**6.7**	**6.3**	**5.9**	**6.0**	**15.4**	**15.6**	**15.8**	**16.0**	**22.5**	**–**
Levered free cash flow (probability adjusted – High)	**3.7**	**3.2**	**3.0**	**2.8**	**2.7**	**2.7**	**6.9**	**7.0**	**7.1**	**7.2**	**10.1**	**–**

A$'mil		CY2035	CY2036	CY2037	CY2038	CY2039	CY2040	CY2041	CY2042	CY2043	CY2044	CY2045	CY2046
Levered free cash flow (probability adjusted – Low)		**1.6**	**1.4**	**1.3**	**1.3**	**1.2**	**1.2**	**3.1**	**3.1**	**3.2**	**3.2**	**4.5**	**–**
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	7.8%	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Present value		1.5	1.2	1.1	0.9	0.8	0.8	1.8	1.7	1.6	1.5	2.0	–
High NPV	**5.4**												
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	8.6%	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Present value		0.6	0.5	0.4	0.4	0.3	0.3	0.7	0.7	0.6	0.6	0.7	–
Low NPV	**1.2**												

Source: Management forecasts, RSM Analysis

Woolooga

A$'mil	YTG2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032	CY2033	CY2034
Total revenue	–	–	–	40.4	41.4	42.4	43.5	44.6	45.7	46.8	22.1	24.0
Operating expenditure	–	–	–	(3.5)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)	(4.3)
Revenue %	–	–	–	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-19%*	*-18%*
EBITDA	**–**	**–**	**–**	**36.9**	**37.8**	**38.7**	**39.7**	**40.7**	**41.7**	**42.8**	**17.9**	**19.7**
EBITDA margin %	–	–	–	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*81%*	*82%*
Other income/(expenses)	–	–	–	–	–	–	*(0.6)*	–	–	–	–	*(0.3)*
Depreciation	–	–	–	(25.8)	(23.2)	(20.9)	(18.8)	(16.9)	(15.3)	(13.7)	(12.4)	(11.1)
Operating cash flow before tax less depreciation	**–**	**–**	**–**	**11.1**	**14.6**	**17.8**	**20.3**	**23.8**	**26.5**	**29.0**	**5.5**	**8.3**
Less: Taxes	–	–	–	(0.8)	(1.9)	(3.0)	(3.9)	(5.2)	(6.3)	(7.3)	(0.6)	(1.5)
Less: Capex	–	(86.0)	(172.2)	–	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	–	–	–	25.8	23.2	20.9	18.8	16.9	15.3	13.7	12.4	11.1
Unlevered free cash flow	**–**	**(86.0)**	**(172.2)**	**36.1**	**35.9**	**35.7**	**35.2**	**35.5**	**35.5**	**35.5**	**17.3**	**17.9**
Less: Interest	–	–	–	(8.5)	(8.2)	(7.8)	(7.2)	(6.5)	(5.6)	(4.7)	(3.5)	(3.3)
Add: Net borrowing	–	86.0	62.8	(10.3)	(11.1)	(12.0)	(13.3)	(14.3)	(15.7)	(17.2)	(3.3)	(4.9)
Levered free cash flow (pre-Franking Credits)	**–**	**–**	**(109.4)**	**17.3**	**16.6**	**16.0**	**14.7**	**14.8**	**14.2**	**13.6**	**10.4**	**9.8**
Add: Franking Credit												
Levered free cash flow	**–**	**–**	**(109.4)**	**17.3**	**16.6**	**16.0**	**14.7**	**14.8**	**14.2**	**13.6**	**10.4**	**9.8**
Levered free cash flow (probability adjusted – High)	**–**	**–**	**(54.7)**	**8.6**	**8.3**	**8.0**	**7.4**	**7.4**	**7.1**	**6.8**	**5.2**	**4.9**

A$'mil		YTG2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032	CY2033	CY2034
Levered free cash flow (probability adjusted – Low)		**–**	**–**	**(27.4)**	**4.3**	**4.1**	**4.0**	**3.7**	**3.7**	**3.5**	**3.4**	**2.6**	**2.4**
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	7.8%	1.0	0.9	0.9	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.4
Present value		–	–	(48.0)	7.0	6.3	5.6	4.8	4.4	4.0	3.5	2.5	2.2
High NPV	**12.2**												
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	8.6%	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4
Present value		–	–	(23.7)	3.4	3.0	2.7	2.3	2.1	1.9	1.6	1.2	1.0
Low NPV	**4.3**												

Source: Management forecasts, RSM Analysis

Woolooga (continued)

A$'mil	CY2035	CY2036	CY2037	CY2038	CY2039	CY2040	CY2041	CY2042	CY2043	CY2044	CY2045	CY2046
Total revenue	22.9	27.1	26.7	27.0	25.3	26.4	26.8	29.1	31.6	33.7	30.7	–
Operating expenditure	(4.4)	(4.5)	(4.6)	(4.7)	(4.8)	(4.9)	(5.1)	(5.2)	(5.3)	(5.5)	(5.6)	–
Revenue %	*-19%*	*-17%*	*-17%*	*-17%*	*-19%*	*-19%*	*-19%*	*-18%*	*-17%*	*-16%*	*-18%*	–
EBITDA	**18.6**	**22.6**	**22.1**	**22.3**	**20.5**	**21.4**	**21.7**	**23.9**	**26.3**	**28.3**	**25.1**	**–**
EBITDA margin %	*81%*	*83%*	*83%*	*83%*	*81%*	*81%*	*81%*	*82%*	*83%*	*84%*	*82%*	–
Other income/(expenses)	–	–	–	–	*(0.1)*	–	–	–	–	–	–	–
Depreciation	(10.0)	(9.0)	(8.1)	(7.3)	(6.6)	(5.9)	(5.3)	(4.8)	(4.3)	(3.9)	(34.9)	–
Operating cash flow before tax less depreciation	**8.6**	**13.6**	**14.0**	**15.0**	**13.8**	**15.5**	**16.4**	**19.1**	**22.0**	**24.4**	**(9.8)**	**–**
Less: Taxes	(1.7)	(3.3)	(3.5)	(4.1)	(3.8)	(4.5)	(4.9)	(5.7)	(6.6)	(7.3)	–	–
Less: Capex	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	10.0	9.0	8.1	7.3	6.6	5.9	5.3	4.8	4.3	3.9	34.9	–
Unlevered free cash flow	**16.9**	**19.3**	**18.5**	**18.3**	**16.5**	**16.9**	**16.8**	**18.2**	**19.7**	**21.0**	**25.1**	**–**
Less: Interest	(2.9)	(2.6)	(2.1)	(1.5)	(1.0)	(0.5)	–	–	–	–	–	–
Add: Net borrowing	(4.6)	(7.7)	(8.0)	(9.1)	(8.4)	(9.0)	–	–	–	–	–	–
Levered free cash flow (pre-Franking Credits)	**9.3**	**9.0**	**8.4**	**7.7**	**7.2**	**7.4**	**16.8**	**18.2**	**19.7**	**21.0**	**25.1**	**–**
Add: Franking Credit												
Levered free cash flow	**9.3**	**9.0**	**8.4**	**7.7**	**7.2**	**7.4**	**16.8**	**18.2**	**19.7**	**21.0**	**25.1**	**–**
Levered free cash flow (probability adjusted – High)	**4.7**	**4.5**	**4.2**	**3.8**	**3.6**	**3.7**	**8.4**	**9.1**	**9.9**	**10.5**	**12.5**	**–**

A$'mil		CY2035	CY2036	CY2037	CY2038	CY2039	CY2040	CY2041	CY2042	CY2043	CY2044	CY2045	CY2046
Levered free cash flow (probability adjusted – Low)		**2.3**	**2.2**	**2.1**	**1.9**	**1.8**	**1.8**	**4.2**	**4.5**	**4.9**	**5.2**	**6.3**	**–**
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	7.8%	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Present value		1.9	1.7	1.5	1.3	1.1	1.0	2.2	2.2	2.2	2.2	2.4	–
High NPV	**12.2**												
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	8.6%	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Present value		0.9	0.8	0.7	0.6	0.5	0.5	1.0	1.0	1.0	0.9	1.0	–
Low NPV	**4.3**												

Source: Management forecasts, RSM Analysis

West Wyalong

A$'mil	YTG2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032	CY2033	CY2034
Total revenue	–	–	–	10.4	21.2	21.7	22.2	22.8	23.4	23.9	12.2	12.0
Operating expenditure	–	–	–	(0.9)	(1.8)	(1.9)	(1.9)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)
Revenue %	–	–	–	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-17%*	*-18%*
EBITDA	**–**	**–**	**–**	**9.5**	**19.3**	**19.8**	**20.3**	**20.8**	**21.3**	**21.9**	**10.1**	**9.8**
EBITDA margin %	–	–	–	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*83%*	*82%*
Other income/(expenses)	–	–	–	–	–	–	–	*(0.3)*	–	–	–	–
Depreciation	–	–	–	(4.4)	(12.8)	(11.5)	(10.4)	(9.3)	(8.4)	(7.6)	(6.8)	(6.1)
Operating cash flow before tax less depreciation	**–**	**–**	**–**	**5.1**	**6.5**	**8.3**	**9.9**	**11.2**	**12.9**	**14.3**	**3.2**	**3.7**
Less: Taxes	–	–	–	(1.5)	(0.7)	(1.3)	(1.9)	(2.3)	(3.0)	(3.6)	(0.5)	(0.7)
Less: Capex	–	–	(88.0)	(44.5)	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	–	–	–	4.4	12.8	11.5	10.4	9.3	8.4	7.6	6.8	6.1
Unlevered free cash flow	**–**	**–**	**(88.0)**	**(36.5)**	**18.7**	**18.6**	**18.5**	**18.2**	**18.3**	**18.3**	**9.6**	**9.2**
Less: Interest	–	–	–	(0.1)	(4.3)	(4.1)	(3.8)	(3.4)	(2.9)	(2.3)	(1.7)	(1.4)
Add: Net borrowing	–	–	76.3	(3.0)	(6.3)	(6.8)	(7.4)	(8.1)	(8.9)	(9.8)	(3.8)	(1.6)
Levered free cash flow (pre-Franking Credits)	**–**	**–**	**(11.7)**	**(39.6)**	**8.0**	**7.6**	**7.3**	**6.7**	**6.6**	**6.2**	**4.0**	**6.1**
Add: Franking Credit												
Levered free cash flow	**–**	**–**	**(11.7)**	**(39.6)**	**8.0**	**7.6**	**7.3**	**6.7**	**6.6**	**6.2**	**4.0**	**6.1**
Levered free cash flow (probability adjusted – High)	**–**	**–**	**(5.9)**	**(19.8)**	**4.0**	**3.8**	**3.6**	**3.4**	**3.3**	**3.1**	**2.0**	**3.1**

A$'mil		YTG2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032	CY2033	CY2034
Levered free cash flow (probability adjusted – Low)		**–**	**–**	**(2.9)**	**(9.9)**	**2.0**	**1.9**	**1.8**	**1.7**	**1.6**	**1.6**	**1.0**	**1.5**
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	7.8%	1.0	0.9	0.9	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.4
Present value		–	–	(5.1)	(16.1)	3.0	2.7	2.4	2.0	1.8	1.6	1.0	1.4
High NPV	**4.8**												
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	8.6%	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4
Present value		–	–	(2.5)	(7.9)	1.5	1.3	1.1	1.0	0.9	0.8	0.5	0.6
Low NPV	**1.6**												

Source: Management forecasts, RSM Analysis

West Wyalong (continued)

A$'mil	**CY2035**	**CY2036**	**CY2037**	**CY2038**	**CY2039**	**CY2040**	**CY2041**	**CY2042**	**CY2043**	**CY2044**	**CY2045**	**CY2046**
Total revenue	10.9	13.1	12.7	11.8	13.0	13.0	14.5	14.7	15.2	14.9	16.1	3.6
Operating expenditure	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)	(2.5)	(2.6)	(2.6)	(2.7)	(2.8)	(2.9)	(1.4)
Revenue %	*-20%*	*-17%*	*-18%*	*-20%*	*-19%*	*-19%*	*-18%*	*-18%*	*-18%*	*-19%*	*-18%*	*-40%*
EBITDA	**8.6**	**10.8**	**10.3**	**9.4**	**10.5**	**10.5**	**11.9**	**12.0**	**12.5**	**12.1**	**13.3**	**2.2**
EBITDA margin %	*80%*	*83%*	*82%*	*80%*	*81%*	*81%*	*82%*	*82%*	*82%*	*81%*	*82%*	*60%*
Other income/(expenses)	*(0.1)*	–	–	–	–	*(0.0)*	–	–	–	–	–	–
Depreciation	(5.5)	(5.0)	(4.5)	(4.0)	(3.6)	(3.3)	(2.9)	(2.6)	(2.4)	(2.1)	(1.9)	(17.3)
Operating cash flow before tax less depreciation	**3.0**	**5.9**	**5.9**	**5.4**	**6.9**	**7.2**	**8.9**	**9.4**	**10.1**	**9.9**	**11.4**	**(15.1)**
Less: Taxes	(0.5)	(1.4)	(1.5)	(1.4)	(1.9)	(2.1)	(2.7)	(2.8)	(3.0)	(3.0)	(3.4)	–
Less: Capex	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	5.5	5.0	4.5	4.0	3.6	3.3	2.9	2.6	2.4	2.1	1.9	17.3
Unlevered free cash flow	**8.0**	**9.4**	**8.9**	**8.0**	**8.6**	**8.4**	**9.2**	**9.2**	**9.5**	**9.1**	**9.9**	**2.2**
Less: Interest	(1.3)	(1.2)	(1.0)	(0.7)	(0.6)	(0.4)	(0.1)	–	–	–	–	–
Add: Net borrowing	(1.1)	(3.0)	(3.1)	(2.9)	(3.9)	(3.8)	(2.6)	–	–	–	–	–
Levered free cash flow (pre-Franking Credits)	**5.7**	**5.2**	**4.8**	**4.3**	**4.1**	**4.2**	**6.5**	**9.2**	**9.5**	**9.1**	**9.9**	**2.2**
Add: Franking Credit												
Levered free cash flow	**5.7**	**5.2**	**4.8**	**4.3**	**4.1**	**4.2**	**6.5**	**9.2**	**9.5**	**9.1**	**9.9**	**2.2**
Levered free cash flow (probability adjusted – High)	**2.8**	**2.6**	**2.4**	**2.2**	**2.1**	**2.1**	**3.3**	**4.6**	**4.7**	**4.5**	**4.9**	**1.1**

A$'mil		CY2035	CY2036	CY2037	CY2038	CY2039	CY2040	CY2041	CY2042	CY2043	CY2044	CY2045	CY2046
Levered free cash flow (probability adjusted – Low)		**1.4**	**1.3**	**1.2**	**1.1**	**1.0**	**1.1**	**1.6**	**2.3**	**2.4**	**2.3**	**2.5**	**0.5**
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	7.8%	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Present value		1.2	1.0	0.8	0.7	0.6	0.6	0.9	1.1	1.1	1.0	1.0	0.2
High NPV	**4.8**												
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	8.6%	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Present value		0.5	0.5	0.4	0.3	0.3	0.3	0.4	0.5	0.5	0.4	0.4	0.1
Low NPV	**1.6**												

Source: Management forecasts, RSM Analysis

Wellington North

A$'mil	**YTG2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**
Total revenue	–	–	–	75.7	77.6	79.5	81.5	83.6	85.7	87.8	32.7	33.8
Operating expenditure	–	–	–	(6.6)	(6.8)	(7.0)	(7.1)	(7.3)	(7.5)	(7.7)	(7.9)	(8.1)
Revenue %	–	–	–	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-24%*	*-24%*
EBITDA	**–**	**–**	**–**	**69.1**	**70.8**	**72.6**	**74.4**	**76.3**	**78.2**	**80.1**	**24.8**	**25.7**
EBITDA margin %	–	–	–	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*76%*	*76%*
Other income/(expenses)	–	–	–	–	–	–	*(1.1)*	–	–	–	–	*(0.4)*
Depreciation	–	–	–	(48.3)	(43.5)	(39.1)	(35.2)	(31.7)	(28.5)	(25.7)	(23.1)	(20.8)
Operating cash flow before tax less depreciation	**–**	**–**	**–**	**20.8**	**27.4**	**33.5**	**38.1**	**44.6**	**49.7**	**54.5**	**1.8**	**4.5**
Less: Taxes	–	–	–	(1.5)	(3.7)	(5.7)	(7.5)	(9.9)	(11.9)	(14.0)	–	–
Less: Capex	–	(160.8)	(322.0)	–	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	–	–	–	48.3	43.5	39.1	35.2	31.7	28.5	25.7	23.1	20.8
Unlevered free cash flow	**–**	**(160.8)**	**(322.0)**	**67.6**	**67.2**	**66.9**	**65.8**	**66.4**	**66.2**	**66.2**	**24.8**	**25.3**
Less: Interest	–	–	–	(15.9)	(15.2)	(14.4)	(13.2)	(11.7)	(9.9)	(7.9)	(5.6)	(5.2)
Add: Net borrowing	–	160.8	117.4	(21.0)	(22.7)	(24.4)	(27.0)	(29.0)	(31.9)	(34.9)	(5.4)	(6.5)
Levered free cash flow (pre-Franking Credits)	**–**	**–**	**(204.5)**	**30.7**	**29.3**	**28.1**	**25.7**	**25.7**	**24.5**	**23.4**	**13.9**	**13.6**
Add: Franking Credit												
Levered free cash flow	**–**	**–**	**(204.5)**	**30.7**	**29.3**	**28.1**	**25.7**	**25.7**	**24.5**	**23.4**	**13.9**	**13.6**
Levered free cash flow (probability adjusted – High)	**–**	**–**	**(102.3)**	**15.3**	**14.7**	**14.0**	**12.8**	**12.8**	**12.2**	**11.7**	**6.9**	**6.8**

A$'mil		YTG2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032	CY2033	CY2034
Levered free cash flow (probability adjusted – Low)		**–**	**–**	**(51.1)**	**7.7**	**7.3**	**7.0**	**6.4**	**6.4**	**6.1**	**5.8**	**3.5**	**3.4**
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	7.8%	1.0	0.9	0.9	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.4
Present value		–	–	(89.6)	12.5	11.1	9.8	8.3	7.7	6.8	6.1	3.3	3.0
High NPV	**7.0**												
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	8.6%	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4
Present value		–	–	(44.2)	6.1	5.4	4.7	4.0	3.7	3.2	2.8	1.5	1.4
Low NPV	**0.9**												

Source: Management forecasts, RSM Analysis

Wellington North (continued)

A$'mil	**CY2035**	**CY2036**	**CY2037**	**CY2038**	**CY2039**	**CY2040**	**CY2041**	**CY2042**	**CY2043**	**CY2044**	**CY2045**	**CY2046**
Total revenue	33.5	39.7	39.1	38.6	39.8	40.7	44.4	47.2	48.3	48.5	50.9	–
Operating expenditure	(8.3)	(8.5)	(8.7)	(8.9)	(9.1)	(9.4)	(9.6)	(9.8)	(10.1)	(10.3)	(10.6)	–
Revenue %	*-25%*	*-21%*	*-22%*	*-23%*	*-23%*	*-23%*	*-22%*	*-21%*	*-21%*	*-21%*	*-21%*	–
EBITDA	**25.3**	**31.2**	**30.4**	**29.7**	**30.7**	**31.4**	**34.9**	**37.4**	**38.2**	**38.2**	**40.3**	**–**
EBITDA margin %	*75%*	*79%*	*78%*	*77%*	*77%*	*77%*	*78%*	*79%*	*79%*	*79%*	*79%*	–
Other income/(expenses)	*(1.9)*	*(2.7)*	–	–	*(0.2)*	–	–	–	–	–	–	–
Depreciation	(18.7)	(16.8)	(15.2)	(13.6)	(12.3)	(11.0)	(9.9)	(8.9)	(8.1)	(7.2)	(65.2)	–
Operating cash flow before tax less depreciation	**4.7**	**11.7**	**15.3**	**16.0**	**18.2**	**20.3**	**24.9**	**28.5**	**30.2**	**30.9**	**(24.9)**	**–**
Less: Taxes	–	(2.2)	(3.5)	(4.1)	(5.0)	(5.8)	(7.5)	(8.5)	(9.1)	(9.3)	–	–
Less: Capex	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	18.7	16.8	15.2	13.6	12.3	11.0	9.9	8.9	8.1	7.2	65.2	–
Unlevered free cash flow	**23.4**	**26.3**	**26.9**	**25.6**	**25.6**	**25.5**	**27.4**	**28.9**	**29.2**	**28.9**	**40.3**	**–**
Less: Interest	(4.7)	(4.2)	(3.5)	(2.4)	(1.7)	(0.9)	–	–	–	–	–	–
Add: Net borrowing	(7.2)	(12.0)	(12.9)	(13.4)	(14.7)	(15.3)	–	–	–	–	–	–
Levered free cash flow (pre-Franking Credits)	**11.5**	**10.1**	**10.5**	**9.7**	**9.2**	**9.4**	**27.4**	**28.9**	**29.2**	**28.9**	**40.3**	**–**
Add: Franking Credit												
Levered free cash flow	**11.5**	**10.1**	**10.5**	**9.7**	**9.2**	**9.4**	**27.4**	**28.9**	**29.2**	**28.9**	**40.3**	**–**
Levered free cash flow (probability adjusted – High)	**5.8**	**5.0**	**5.2**	**4.9**	**4.6**	**4.7**	**13.7**	**14.4**	**14.6**	**14.4**	**20.2**	**–**

A$'mil		CY2035	CY2036	CY2037	CY2038	CY2039	CY2040	CY2041	CY2042	CY2043	CY2044	CY2045	CY2046
Levered free cash flow (probability adjusted – Low)		**2.9**	**2.5**	**2.6**	**2.4**	**2.3**	**2.3**	**6.8**	**7.2**	**7.3**	**7.2**	**10.1**	**–**
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	7.8%	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Present value		2.4	1.9	1.9	1.6	1.4	1.3	3.6	3.5	3.3	3.0	3.9	–
High NPV	**7.0**												
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	8.6%	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Present value		1.1	0.9	0.8	0.7	0.6	0.6	1.6	1.5	1.4	1.3	1.7	–
Low NPV	**1.9**												

Source: Management forecasts, RSM Analysis

Wunghnu

A$'mil	**YTG2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**
Total revenue	–	–	–	8.7	17.6	18.1	18.5	19.0	19.5	20.0	10.1	10.0
Operating expenditure	–	–	–	(0.8)	(1.6)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)
Revenue %	–	–	–	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-18%*	*-19%*
EBITDA	**–**	**–**	**–**	**7.9**	**16.1**	**16.5**	**16.9**	**17.3**	**17.7**	**18.2**	**8.3**	**8.1**
EBITDA margin %	–	–	–	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*91%*	*82%*	*81%*
Other income/(expenses)	–	–	–	–	–	–	–	*(0.2)*	–	–	–	–
Depreciation	–	–	–	(3.7)	(10.7)	(9.6)	(8.7)	(7.8)	(7.0)	(6.3)	(5.7)	(5.1)
Operating cash flow before tax less depreciation	**–**	**–**	**–**	**4.2**	**5.4**	**6.8**	**8.2**	**9.3**	**10.7**	**11.9**	**2.6**	**3.0**
Less: Taxes	–	–	–	(1.2)	(0.5)	(1.0)	(1.5)	(1.9)	(2.5)	(2.9)	(0.3)	(0.5)
Less: Capex	–	–	(73.5)	(37.2)	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	–	–	–	3.7	10.7	9.6	8.7	7.8	7.0	6.3	5.7	5.1
Unlevered free cash flow	**–**	**–**	**(73.5)**	**(30.5)**	**15.5**	**15.5**	**15.4**	**15.1**	**15.3**	**15.2**	**8.0**	**7.6**
Less: Interest	–	–	–	(0.1)	(3.6)	(3.5)	(3.2)	(2.9)	(2.5)	(2.0)	(1.5)	(1.3)
Add: Net borrowing	–	–	63.7	(2.4)	(5.0)	(5.4)	(5.9)	(6.4)	(7.1)	(7.7)	(2.9)	(1.2)
Levered free cash flow (pre-Franking Credits)	**–**	**–**	**(9.8)**	**(33.0)**	**6.9**	**6.6**	**6.3**	**5.8**	**5.7**	**5.5**	**3.5**	**5.1**
Add: Franking Credit												
Levered free cash flow	**–**	**–**	**(9.8)**	**(33.0)**	**6.9**	**6.6**	**6.3**	**5.8**	**5.7**	**5.5**	**3.5**	**5.1**
Levered free cash flow (probability adjusted – High)	**–**	**–**	**(5.4)**	**(18.1)**	**3.8**	**3.6**	**3.5**	**3.2**	**3.1**	**3.0**	**1.9**	**2.8**

A$'mil		YTG2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032	CY2033	CY2034
Levered free cash flow (probability adjusted – Low)		**–**	**–**	**(2.9)**	**(9.9)**	**2.1**	**2.0**	**1.9**	**1.8**	**1.7**	**1.6**	**1.1**	**1.5**
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	7.8%	1.0	0.9	0.9	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.4
Present value		–	–	(4.7)	(14.7)	2.9	2.5	2.2	1.9	1.8	1.6	0.9	1.2
High NPV	**5.9**												
Residual value													
Discount periods (mid-point discounting)		0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8
Discount factor	8.6%	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4
Present value		–	–	(2.5)	(7.9)	1.5	1.3	1.2	1.0	0.9	0.8	0.5	0.6
Low NPV	**2.3**												

Source: Management forecasts, RSM Analysis

Wunghnu (continued)

A$'mil	**CY2035**	**CY2036**	**CY2037**	**CY2038**	**CY2039**	**CY2040**	**CY2041**	**CY2042**	**CY2043**	**CY2044**	**CY2045**	**CY2046**
Total revenue	9.7	11.3	10.8	10.7	11.1	12.0	12.4	15.5	15.8	15.3	15.6	4.3
Operating expenditure	(1.9)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)	(2.3)	(2.3)	(2.4)	(2.4)	(1.2)
Revenue %	*-20%*	*-17%*	*-19%*	*-19%*	*-19%*	*-18%*	*-18%*	*-15%*	*-15%*	*-16%*	*-16%*	*-29%*
EBITDA	**7.8**	**9.3**	**8.8**	**8.6**	**9.0**	**9.9**	**10.2**	**13.2**	**13.5**	**13.0**	**13.1**	**3.1**
EBITDA margin %	*80%*	*83%*	*81%*	*81%*	*81%*	*82%*	*82%*	*85%*	*85%*	*84%*	*84%*	*71%*
Other income/(expenses)	*(0.1)*	–	–	–	–	*(0.0)*	–	–	–	–	–	–
Depreciation	(4.6)	(4.1)	(3.7)	(3.4)	(3.0)	(2.7)	(2.4)	(2.2)	(2.0)	(1.8)	(1.6)	(14.5)
Operating cash flow before tax less depreciation	**3.1**	**5.2**	**5.1**	**5.2**	**6.0**	**7.1**	**7.7**	**11.0**	**11.5**	**11.2**	**11.5**	**(11.4)**
Less: Taxes	(0.6)	(1.2)	(1.2)	(1.4)	(1.6)	(2.0)	(2.3)	(3.3)	(3.4)	(3.4)	(3.5)	–
Less: Capex	–	–	–	–	–	–	–	–	–	–	–	–
Add: Movement in NWC	–	–	–	–	–	–	–	–	–	–	–	–
Add back: Depreciation	4.6	4.1	3.7	3.4	3.0	2.7	2.4	2.2	2.0	1.8	1.6	14.5
Unlevered free cash flow	**7.1**	**8.1**	**7.6**	**7.2**	**7.4**	**7.8**	**7.9**	**9.9**	**10.0**	**9.6**	**9.7**	**3.1**
Less: Interest	(1.2)	(1.1)	(1.0)	(0.7)	(0.6)	(0.4)	(0.1)	–	–	–	–	–
Add: Net borrowing	(1.2)	(2.6)	(2.8)	(3.0)	(3.5)	(4.1)	(2.4)	–	–	–	–	–
Levered free cash flow (pre-Franking Credits)	**4.7**	**4.3**	**3.8**	**3.5**	**3.3**	**3.3**	**5.4**	**9.9**	**10.0**	**9.6**	**9.7**	**3.1**
Add: Franking Credit												
Levered free cash flow	**4.7**	**4.3**	**3.8**	**3.5**	**3.3**	**3.3**	**5.4**	**9.9**	**10.0**	**9.6**	**9.7**	**3.1**
Levered free cash flow (probability adjusted – High)	**2.6**	**2.4**	**2.1**	**1.9**	**1.8**	**1.8**	**3.0**	**5.5**	**5.5**	**5.3**	**5.3**	**1.7**

A$'mil		CY2035	CY2036	CY2037	CY2038	CY2039	CY2040	CY2041	CY2042	CY2043	CY2044	CY2045	CY2046
Levered free cash flow (probability adjusted – Low)		**1.4**	**1.3**	**1.2**	**1.0**	**1.0**	**1.0**	**1.6**	**3.0**	**3.0**	**2.9**	**2.9**	**0.9**
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	7.8%	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Present value		1.1	0.9	0.8	0.6	0.6	0.5	0.8	1.3	1.2	1.1	1.0	0.3
High NPV	**5.9**												
Residual value													
Discount periods (mid-point discounting)		11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.8	21.8	22.8
Discount factor	8.6%	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Present value		0.5	0.4	0.4	0.3	0.3	0.3	0.4	0.6	0.6	0.5	0.5	0.1
Low NPV	**2.3**												

Source: Management forecasts, RSM Analysis

The following is the text of a report from Grant Thornton Hong Kong Limited, the reporting accountants of the Company, for the purpose of inclusion in this circular.

The Board of Directors
Beijing Energy International Holding Co., Ltd.
Unit 1012, 10th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

28 March 2024

Dear Sirs

REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE EQUITY INTERESTS IN LS AUSTRALIA HOLDCO1 PTY LTD, WEST WYALONG HOLDCO 2 PTY LTD, WOOLOOGA HOLDCO 2 PTY LTD, LS AUSTRALIA FINCO 2 PTY LTD

To the board of directors of Beijing Energy International Holding Co., Ltd. (the "Company")

We have examined the calculations of the discounted future estimated cash flows on which the valuation dated 22 March 2024 prepared by RSM Corporate Australia Pty Ltd in respect of the entire equity interest in LS Australia HoldCo1 Pty Ltd, West Wyalong HoldCo 2 Pty Ltd, Woolooga HoldCo 2 Pty Ltd, LS Australia FinCo 2 Pty Ltd (collectively the "**Target Companies**") as at 30 September 2023 is based (the "**Valuations**"). The Valuations based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and reference to the Valuations was included in a circular issued by the Company in connection with acquisition of the Target Companies (the "**Circular**").

Directors' Responsibilities

The directors of the Company are responsible for the reasonableness and validity of the assumptions as set out in the Circular (the "**Assumptions**"), based on which the discounted future estimated cash flows and the Valuations are prepared.

Professional Ethics and Quality Management

We have complied with the ethical requirements in "Code of Ethics for Professional Accountants" issued by HKICPA. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuations is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. The discounted future estimated cash flows does not involve the adoption of accounting policies. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the Assumptions.

Our work does not constitute any valuation of the equity interests in the Target Companies. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuations and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects in accordance with the Assumptions.

Grant Thornton Hong Kong Limited
Certified Public Accountants

Hong Kong

28 March 2024

The Stock Exchange of Hong Kong Limited
12th Floor,
Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

Dear Sirs or Madams,

VERY SUBSTANTIAL ACQUISITION – ACQUISITION OF THE ISSUED SHARE CAPITAL IN EACH OF THE PROJECT HOLDING COMPANIES

We refer to the circular of the Company (the "**Circular**"). Unless the context otherwise requires, terms defined in the Circular shall have the same meanings in this letter when used herein.

We refer to the Valuation Report dated 22 March 2024 prepared by RSM Corporate Australia Pty Ltd (the "**Valuer**") in relation to valuations of Wellington South Project, West Wyalong Project, Woolooga Project, Wellington North Project and Wunghnu Project using the discounted cash flow method of the income approach (the "**Valuations**"). The Valuations are regarded as a profit forecast under Rule 14.61 of the Listing Rules (the "**Forecast**").

We hereby confirm that we have discussed with the Valuer about different aspects and reviewed information and documents in relation to the basis and assumptions based upon which the discounted cash flows in the Valuations has been prepared, and reviewed the Valuations prepared by the Valuer for which the Valuer is responsible for. We have also reviewed the calculations for the discounted cash flow in the Valuation Report issued by the Valuer. We have also considered the report from Grant Thornton Hong Kong Limited, the auditor of the Company, the reporting accountants of the Company, as set out in Appendix VI to the Circular regarding the calculations of the discounted cash flows in the Valuations upon which the Forecast has been made.

On the basis of the foregoing, in accordance with the requirements under Rule 14.60A(3) of the Listing Rules, we confirm that the Forecast has been made after due and careful enquiry by us.

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors and chief executives of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Shares and Underlying Shares

Name of Director(s) or the chief executive(s) of the Company	Capacity/Nature of interest	Number of Shares/ underlying Share held	Total number of Shares/ underlying Shares held	Approximately percentage of the issued Shares(1)
Mr. Zhang Ping	Beneficial owner	7,000,000 24,000,000(2)	31,000,000	0.14%
Mr. Liu Guoxi	Beneficial owner	13,000,000(2)	13,000,000	0.06%
Mr. Zhu Jun	Beneficial owner	1,200,000 28,050,000(2)	29,250,000	0.13%

Notes:

1. These percentages are calculated based on 22,333,644,432 listed Shares in issue as at the Latest Practicable Date.

2. These are the Shares underlying the share options were granted by the Company on 16 June 2022 under the share option scheme adopted by the Company on 15 June 2022.

(b) Long positions in share options

Grantees	Date of grant	Exercise price *(HK$/Share)*	Number of outstanding share options	Capacity/ Nature of interest	Exercise period[1]
Mr. Zhang Ping	16 June 2022	0.240	24,000,000	Beneficial owner	from 16 June 2024 to 15 June 2027
Mr. Liu Guoxi	16 June 2022	0.240	13,000,000	Beneficial owner	from 16 June 2024 to 15 June 2027
Mr. Zhu Jun	16 June 2022	0.240	28,050,000	Beneficial owner	from 16 June 2024 to 15 June 2027

Note:

1. Conditional upon the achievement or attainment of certain performance targets of the Company and the respective grantee, all share options granted shall vest in three tranches within a period of 3 years in proportions of 34%, 33% and 33%, i.e. 34% of the share options granted shall vest on 2nd anniversary of the grant, another 33% shall vest on the 3rd anniversary of the grant, and the remaining 33% shall vest on the 4th anniversary of the grant. In this table, "exercise period" of share options begins with the 2nd anniversary of the grant date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Mr. Lu Zhenwei, an executive Director, is a director and the chairman of the board of directors of China Merchants New Energy Group Limited, which is a non-wholly-owned subsidiary of China Merchants Group Limited, the Company's substantial Shareholder, and the director of New Energy Exchange Limited, which is a party acting in concert with China Merchants New Energy Group Limited. Mr. Su Yongjian, a non-executive Director, is the head of energy investment department of BEH, the indirect controlling Shareholder. Mr. Lu Xiaoyu, a non-executive Director, is a member of the party committee and a deputy general manager of Qingdao Chengtou New Energy Group Co., Ltd.*（青島城投新能源集團有限公司）, which is a subsidiary of the substantial Shareholder, Qingdao City Construction Investment (Group) Co., Ltd.*（青島城市建設投資(集團)有限責任公司）.

3. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company, any member of the Group or any member of the Project Groups was engaged in any litigation or claim of material importance to the Company, the Group or the Project Groups and there is no significant litigation or claim of material importance to the Company, the Group or the Project Groups known to the Directors pending by the Company, any member of the Group or any member of the Project Groups.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTOR'S INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Enlarged Group and no Director was interested in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group since 31 December 2022 (being the date of which the latest published audited financial statements of the Group were made up).

6. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their close associates had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

7. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position or business trend of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the date of this circular and up to and including the Latest Practicable Date of this circular and are or may be material:

(a) the conditional equity transfer agreements dated 29 December 2023 entered into among BEIED, Beijing Energy (Shenzhen) Energy Investment Co., Ltd.*(京能(深圳)能源投資有限責任公司), Shenzhen Ping An Phase I Infrastructure Industry Fund Partnership (Limited Partnership)*(深圳市平安一期基礎設施產業基金合夥企業(有限合夥)) and each of the Wulate Houqi Yuanhai New Energy Co., Ltd.*(烏拉特後旗源海新能源有限責任公司), Youyu County Sineng Wind Energy Co., Ltd.*(右玉縣斯能風電有限公司), Changji Yijing Photovoltaics Technology Co., Ltd.*(昌吉億晶光伏科技有限公司), Mulei County Tongchuan Fengguang New Energy Co., Ltd.*(木壘縣通川風光新能源有限公司) and Xinjiang Xinyou New Energy Power Co., Ltd.*(新疆信友新能源發電有限公司)(collectively as the Target Companies) in relation to the disposals of the entire equity interest in each of the Target Companies;

(b) the conditional equity transfer agreement dated 29 December 2023 entered into among BEIED, Beijing Energy (Shenzhen) Energy Investment Co., Ltd.*(京能(深圳)能源投資有限責任公司), Shenzhen Ping An Phase I Infrastructure Industry Fund Partnership (Limited Partnership)*(深圳市平安一期基礎設施產業基金合夥企業(有限合夥)), Haidong Ledu District Rongzhi New Energy Development Co., Ltd. *(海東市樂都區融智新能源開發有限公司) and Qinghai Sixun New Energy Co., Ltd.*(青海思迅新能源有限公司) in relation to the disposal of the entire equity interest in Haidong Ledu District Rongzhi New Energy Development Co., Ltd. *(海東市樂都區融智新能源開發有限公司);

(c) the equity transfer agreement dated 20 December 2023 entered into among BEI Energy Development (Beijing) Co., Ltd.*(京能國際能源發展(北京)有限公司), ABC Financial Asset Investment Co., Ltd.*(農銀金融資產投資有限公司), Beijing Energy International Investment Limited*(北京能源國際投資有限公司), Silk Road New Energy (Changzhou) Co., Ltd.*(絲綢之路新能源(常州)有限公司) and BEJN International Holding Co., Ltd.*(北京京能國際控股有限公司) in relation to the acquisition of 42.01% of the issued share capital of BEI Energy Development (Beijing) Co., Ltd;

(d) the sale and purchase agreement dated 14 December 2023 entered into among Wollar Solar Holding Pty Ltd, WSH Ludy Holding Pty Ltd, Beijing Energy International (Australia) Holding Pty Ltd and BJEI Ludy Holding Pty Ltd (collectively as the buyers), the Company (as the buyer guarantor), Lightsource Asset Holdings (Australia) Limited, West Wyalong HoldCo 1 Limited, Woolooga HoldCo 1 Limited and Lightsource Australia FinCo Holdings Limited (collectively as the sellers) and Lightsource Holdings 1 Limited (as the seller guarantor) in relation to the acquisition of the entire issued share capital in each of the LS Australia HoldCo 1 Pty Ltd, West Wyalong HoldCo 2 Pty Ltd, Woolooga HoldCo 2 Pty Ltd and LS Australia FinCo 2 Pty Ltd;

(e) the notice of exercise of call options executed by MNS Wind Finance Pty Ltd ("**MNSWF**") and issued to the Goldwind International Moorabool Limited ("**Vendor (North)**") on 29 June 2023 and the sale and purchase agreement to be entered into between MNSWF and Vendor (North) in relation to the exercise of call options in respect of the acquisition of 26% of the issued share capital in Moorabool Wind Farm (Holding) Pty Ltd ("**Target Company (North)**");

(f) the notice of exercise of call options executed by MNSWF and issued to the Goldwind International Moorabool South Limited ("**Vendor (South)**") on 29 June 2023 and the sale and purchase agreement to be entered into between MNSWF and Vendor (South) in relation to the exercise of call options in respect of the acquisition of 26% of the issued share capital in Moorabool South Wind Farm (Holding) Pty Ltd ("**Target Company (South)**");

(g) the trust contract dated 10 March 2023 entered into between BEI Energy Development (Beijing) Co., Ltd.*(京能國際能源發展(北京)有限公司)("**BEIED**") and China Industrial International Trust Limited*(興業國際信託有限公司)("**China Industrial International Trust**"), in relation to the formation of the trust and the transfer of the underlying assets, for the purpose of the issuance of the asset-backed commercial papers by China Industrial International Trust;

(h) the trust contract dated 28 December 2022 entered into between BEIED and China Industrial International Trust, in relation to the disposal of the underlying assets by BEIED to China Industrial International Trust;

(i) the call option deeds dated 20 December 2022 granted by each of Vendor (North) and Vendor (South) to MNSWF, under which Vendor (North) and Vendor (South), irrevocably grant to MNSWF (or any other person nominated by MNSWF) an option to purchase, and require Vendor (North) and Vendor (South) to sell to MNSWF, 26% of the issued share capital in each of Target Company (North) and Target Company (South); and

(j) the sale and purchase agreements dated 20 December 2022 entered into between MNSWF as the purchaser and each of Vendor (North) and Vendor (South) as vendors, in relation to the acquisition of 25% of the issued share capital in each of Target Company (North) and Target Company (South).

9. EXPERTS AND CONSENTS

The following is the qualifications of the experts who have given their opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Ernst & Young	Independent Reporting Accountants Recognised Public Interest Entity Auditor
RSM Corporate Australia Pty Ltd	Independent Valuer
Grant Thornton Hong Kong Limited	Certified Public Accountants Registered Public Interest Entity Auditor

The above mentioned experts are independent third parties of the Company and its connected persons and are collectively referred to as the “Experts” hereinafter.

Each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, each of the Experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Experts did not have any direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

The accountants' reports from EY Australia on the financial information of LS Australia HoldCo1 Pty Ltd, West Wyalong HoldCo 2 Pty Ltd, Woolooga HoldCo 2 Pty Ltd and LS Australia FinCo 2 Pty Ltd as set out in Appendix IIA, Appendix IIB, Appendix IIC and Appendix IID is given as at the date of this circular for incorporation herein.

The report from Grant Thornton Hong Kong Limited on the unaudited pro forma statement of assets and liabilities of the Enlarged Group as set out in Appendix III is given as at the date of this circular for incorporation herein.

The Valuation Report from the Valuer is set out in Appendix V of this circular and is given as at the date of this circular for incorporation herein.

The letter from Grant Thornton Hong Kong Limited in relation to the Valuation Report is set out in Appendix VI of this circular and is given as at the date of this circular for incorporation herein.

10. GENERAL

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda; and the principal place of business in Hong Kong is situated at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(b) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Ms. Zhang Xiao, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the website of the HKEXnews (http://www.hkexnews.hk) and on the website of the Company (http://www.bjei.com) for a period of 14 days from the date of this circular (both days inclusive):

(a) the SPA;

(b) the accountant's reports on the financial information of LS Australia HoldCo1 Pty Ltd, West Wyalong HoldCo 2 Pty Ltd, Woolooga HoldCo 2 Pty Ltd and LS Australia FinCo 2 Pty Ltd, the text of which is set out in Appendix IIA, Appendix IIB, Appendix IIC and Appendix IID of this circular;

(c) the unaudited pro forma financial information of the Enlarged Group and the report of Grant Thornton Hong Kong Limited thereon, the text of which is set out in Appendix III of this circular;

(d) the Valuation Report from the Valuer, the summarised text of which is set out in Appendix V of this circular;

(e) the letter from Grant Thornton Hong Kong Limited in relation to the Valuation Report, the text of which is set out in Appendix VI of this circular;

(f) the letter from the Board in relation to the profit forecast, the text of which is set out in Appendix VI of this circular; and

(g) the consent letters from the Experts referred to in the paragraph headed "9. Experts and Consents" in this appendix.

北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the special general meeting (the "**SGM**") of Beijing Energy International Holding Co., Ltd. (the "**Company**") will be held at 11:00 a.m. on Friday, 19 April 2024 at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolution:

ORDINARY RESOLUTION

"**THAT**:

1. (a) the SPA (as defined in the circular of the Company dated 28 March 2024 (the "**Circular**")), a copy of which is marked "A" and initialled by the Chairman of the SGM for the purpose of identification, the terms and the transactions contemplated thereunder as set out in the Circular be and are hereby approved and confirmed; and

   (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as such director considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the SPA, and the transactions contemplated thereunder."

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

Hong Kong, 28 March 2024

Notes:

1. For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Tuesday, 16 April 2024 to Friday, 19 April 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 April 2024.

2. A member entitled to attend and vote at the SGM is entitled to appoint one or, if he holds two or more shares, more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

3. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.

4. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the SGM or any adjournment thereof.

5. In the case of joint holders of shares, any one of such holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Votes on the ordinary resolution set out herein and is to be passed at the SGM will be taken by way of poll.

7. If Tropical Cyclone Warning Signal No.8 or above, black rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong after 8:00 a.m. on the date of the SGM, the SGM will be postponed. The Company will post an announcement on the website of the Company at http://www.bjei.com and on the website of the HKEXnews at http://www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.

8. As at the date hereof, the Board comprises:

Executive Directors:
Mr. Zhang Ping *(Chairman)*
Mr. Lu Zhenwei

Non-executive Directors:
Mr. Liu Guoxi
Mr. Su Yongjian
Mr. Li Hao
Mr. Lu Xiaoyu

Independent Non-executive Directors:
Ms. Jin Xinbin
Ms. Li Hongwei
Mr. Zhu Jianbiao