



AQUILA EUROPEAN RENEWABLES PLC

INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2023



The Rock, Norway

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Tesla, Norway

Diversified Portfolio

Read more on pages 12 to 14

Why Invest?

Read more on page 4

Market Overview

Read more on pages 24 to 28



**For more information
please visit our website**

www.aquila-european-renewables.com



INVESTMENT OBJECTIVE

Aquila European Renewables plc (“AER”, the “Company”) seeks to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of renewable energy infrastructure investments.



Direct Asset Exposure to
Wind Energy, Solar PV &
Hydropower

[Read more on pages 5 and 6](#)



European
Focused
(Ex-UK)

[Read more on page 7](#)



Contracted
Revenues

[Read more on page 15](#)



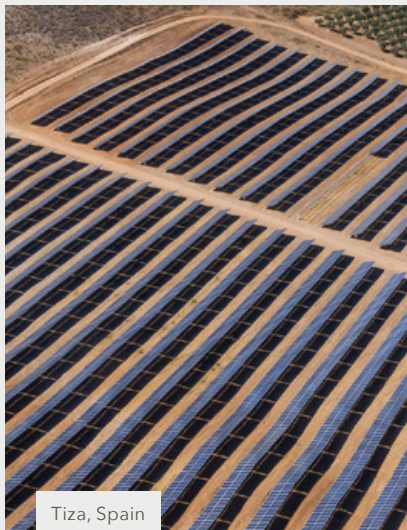
Wind Energy



Tesla, Norway



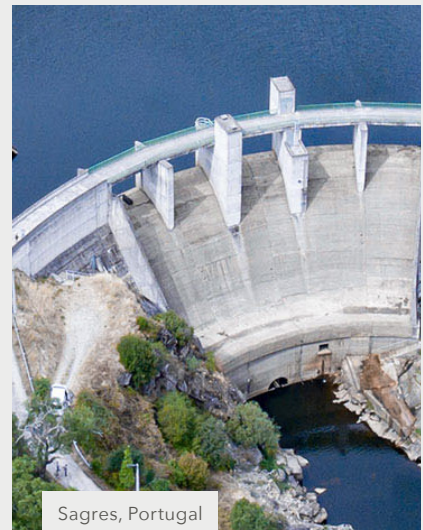
Solar PV



Tiza, Spain



Hydropower



Sagres, Portugal

HIGHLIGHTS

Financial Information

as at 30 June 2023

Net assets
(EUR million)

403.3

2022: 451.7

NAV per Ordinary
Share (cents)¹

104.1

2022: 110.6

Total NAV return per
Ordinary Share^{1,2}

(3.5%)

1H22: 5.3%

Dividends per Ordinary
Share (cents)³

2.8

1H22: 2.6

Dividend
cover^{1,4}

1.2x

1H22: 1.4x

Ongoing
charges^{1,5}

1.0%

1H22: 1.1%

Ordinary Share
price (cents)

89.5

2022: 92.3

Total Shareholder
return^{1,6}

(0.1%)

1H22: 2.0%

Ordinary Share price
discount to NAV¹

(14.0%)

2022: (16.6%)

1. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on pages 49 and 50. All references to cents are in euros, unless stated otherwise.
2. Calculation based on NAV per Ordinary Share in euros, includes dividends and assumes no reinvestment of dividends.
3. Dividends paid/payable and declared relating to the period.
4. Calculation based on the operational result at special purpose vehicle ("SPV") level. Refer to page 18 for further details.
5. Calculation based on average NAV over the period and regular recurring annual operating costs of the Company.
6. Calculation based on Ordinary Share price in euros, includes dividends.



Ourique, Portugal

Highlights

Dividend cover of 1.2x (1.7x before debt amortisation). Robust dividend cover of 1.5x expected over the next five years¹.

Unchanged 2023 target dividend guidance of 5.51 cents (5.0% increase on 2022)².

EUR 30.7 million of capital returned to Shareholders in the form of dividends and share buybacks during the first half of 2023.

Active portfolio management delivered 3.2 cents per Ordinary Share in valuation uplift following completion of asset life extensions across 56.6%³ of the portfolio.

Completion of 50.0 MW in construction projects, resulting in a fully operational portfolio.

EUR 4.9 million of project level debt repaid from operating cash flow, resulting in modest gearing of 32.7%⁴ of Gross Asset Value ("GAV").

In April 2023, the Company extended the maturity date of the Revolving Credit Facility ("RCF") by twelve months to April 2025.

Members of the Board of Directors and Investment Adviser acquired AER Ordinary Shares.

Attractive dividend yield of 6.6%⁵.

In June 2023, 81.0% of the Company's shares in circulation voted in favour of continuation at the Annual General Meeting ("AGM").

Subsequent Event
Extension of the share buyback programme in July 2023. The Company has acquired further shares equating to EUR 5.1 million at an average share price of 85.0 cents⁶.

Subsequent Event
On 1 September 2023, Myrtle Dawes was appointed as an additional Board Member of the Company. Myrtle has over 30 years of experience in the energy sector.

1. Dividend cover presented is net of project debt repayments, excludes the impact of any future share buybacks and assumes the 2023 target dividend is paid in 2023 to 2027. No re-investment of surplus cash flow or interest received is assumed. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns.
2. Subject to the portfolio performing in line with expectations. These are targets only and not forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the company's expected or actual results or returns.
3. Based on capacity (AER share).
4. Includes senior debt secured at project level (EUR 126.3 million) and RCF at HoldCo level (EUR 69.3 million excl. guarantees).
5. Share price as at 19 September 2023. Assuming a full year dividend of 5.51 cents per share.
6. As at 19 September 2023.



WHY INVEST?

The Company seeks to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of renewable energy infrastructure investments.

Market Opportunity

- Participation in Europe's green energy transition
- Highly experienced Investment Adviser:
 - Managing a 19.7 GW¹ European clean energy portfolio
 - EUR 14.0 billion¹ development and construction pipeline
- 2030 Aquila Capital target of avoiding 1.5 billion tonnes of CO₂ during its lifetime²

AER Positioning

- European focused (excl. UK), diversified by geography and technology
- Strong dividend cover supported by contracted revenue and a diversified operating portfolio
- Modest gearing level (32.7%) provides flexibility³

Returns

- Portfolio levered discount rate of 7.7%⁴
- Trading at an 18.7% discount to NAV⁵
- Disciplined capital allocation: EUR 20.0 million returned in share buybacks during 1H23

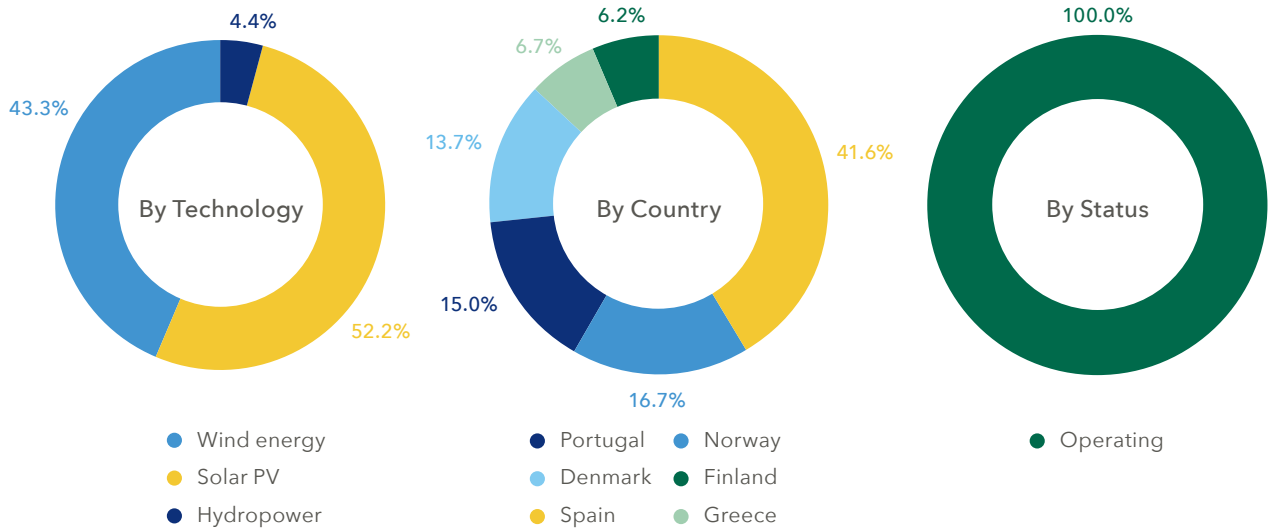
1. Data as at 30 June 2023, including historical divestments.
2. According to the "GHG Accounting for Grid Connected Renewable Energy Projects" of the "International Financial Institutions Technical Working Group on Greenhouse Gas Accounting", the feed-in of electricity produced by renewable energies leads to a theoretical avoidance of CO₂ emissions from fossil fuels (Disclaimer CO₂ Lifetime Avoidance Clock | Aquila Capital (aquila-capital.de)).
3. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on pages 49 and 50. All references to cents are in euros, unless stated otherwise.
4. Assumes drawn RCF debt of EUR 69.3 million with an average long-term all-in cost of debt of 4.79%.
5. Based on the share price as at 19 September 2023 (83.5 cents) and the NAV per Ordinary Share as at 30 June 2023 (102.7 cents), adjusted for dividends in respect of Q2 2023 paid on 8 September 2023 and buybacks.



Sagres, Portugal

AT A GLANCE

Portfolio Breakdown¹



Diversified Technologies

 <p>Wind energy 213.7 MW</p> <p>Four countries</p>  <p>The Rock, Norway</p>	 <p>Solar PV 230.7 MWp</p> <p>Two countries</p>  <p>Tiza, Spain</p>	 <p>Hydropower 19.4 MW</p> <p>One country</p>  <p>Sagres, Portugal</p>
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1. Totals may not add up to 100.0% due to rounding differences.

AT A GLANCE CONTINUED

As a result of the diversification of energy generation technologies, the seasonal production patterns of these asset types complement each other, providing a balanced cash flow profile, while the geographic diversification serves to reduce exposure to any one single energy market.



Wind energy | 213.7 MW

TESLA

150.0 MW

Ownership: 25.9%

HOLMEN II

18.0 MW

Ownership: 100.0%

OLHAVA

34.6 MW

Ownership: 100.0%

SVINDBAEK

32.0 MW

Ownership: 99.9%

THE ROCK

400.0 MW

Ownership: 13.7%

DESFINA

40.0 MW

Ownership: 89.0%¹



Solar PV | 230.7 MWp

BENFICA III

19.7 MWp

Ownership: 100.0%

ALBENIZ

50.0 MWp

Ownership: 100.0%

OURIQUE

62.1 MWp

Ownership: 50.0%

GRECO

100.0 MWp

Ownership: 100.0%

TIZA

30.0 MWp

Ownership: 100.0%



Hydropower | 19.4 MW

SAGRES


107.6 MW

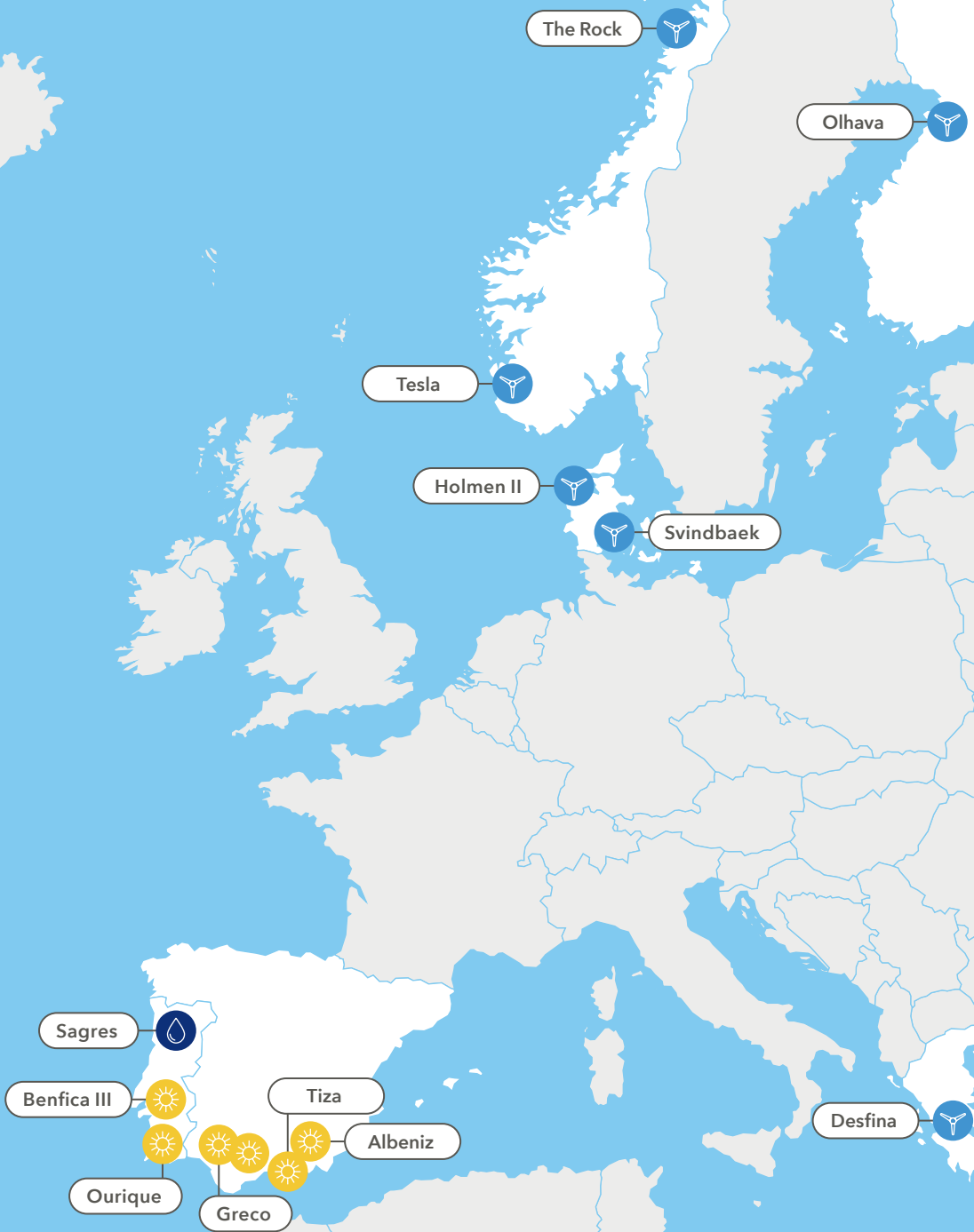
Ownership: 18.0%

1. Voting interest. Economic interest: 92.6%.

 Wind energy

 Solar PV

 Hydropower



CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I am pleased to present the 2023 Interim Report of Aquila European Renewables plc.

Ian Nolan | Chairman

Introduction

In my last statement to you in April, I was pleased to report that the Company had reached its initial goal and now had an efficiently invested balance sheet with a diversified and resilient portfolio offering strong cash flow cover for a progressive dividend. I also commented in that report on the large and sustained discount to NAV at which the Company's shares had been trading, which was the rationale for our EUR 20.0 million share buyback programme announced in February.

Since that date, inflation has become a larger and more deeply embedded problem for the UK economy, resulting in a consensus that UK interest rates will need to remain 'higher for longer'. This deteriorating macro-economic backdrop has contributed to further significant weakness in the Company's share price, a problem that is widely reflected across our peer group of renewable energy investment trusts, and indeed across the investment trust sector more generally.

The Board recognises and accepts this current signal from the market - returns at what were previously our target level are not, for the moment, sufficiently attractive for investors to wish to entrust us with incremental capital. We continue to believe that the Company's portfolio has been well constructed and that the individual assets are sound and will deliver a reliable and attractive future annual flow of income. Inflation in the European Union has been steadily decreasing from its peak in October 2022. It is already significantly lower than in the UK and expected to fall further by 2025, as supply bottlenecks ease and food and commodity prices normalise. It is also worth noting that interest rates in Europe are generally lower than in the UK, further differentiating the Company from its UK counterparts. Nevertheless, as our investor base is skewed to the UK, we anticipate that the effects of inflation and interest rates on our share price will continue to be viewed by the market largely through a UK lens.

In the period, the Company has completed a significant transformation of its portfolio, both in terms of growth in operating capacity, as well as achieving a more balanced mix between wind and solar PV technologies. The result is a more efficient balance sheet and a diversified operating portfolio, which offers strong cash flow to support a progressive dividend that remains well covered despite recent downward revisions in power prices. The Company also maintains a modest gearing level, currently at 32.7%. Given that backdrop, combined with the sustained share price discount to NAV, the Board has reacted decisively by announcing a variety of initiatives to ensure the value of the underlying portfolio is fully reflected in the share price.

Key Initiatives

Given this context, and following the completion of the inaugural EUR 20.0 million share buyback programme, the Board decided to continue with a further allocation of capital to the buyback programme. This is a sign of our confidence in the underlying value of the existing portfolio and recognises that buying back at a discount offers a better return on capital than is currently achievable on new assets. It also aims to provide additional short-term liquidity to investors. Under the initial share buyback programme, a total of 20.8 million Ordinary Shares were repurchased at an average price of 95.9 cents per Ordinary Share, representing a discount of 7.9% to the Q2 2023 NAV. As at the date of publication of this report, the Company has acquired a further EUR 5.1 million¹ in shares at an average price of 85.0 cents per Ordinary Share.

Share buybacks remain a tactical, rather than a strategic response to the valuation issues. When consensus around the macro-economic outlook changes and UK inflation has peaked, we anticipate a strong rebound in sector share prices. However, as the timing of any such reversal is unknown, the Board continues to pursue a variety of other initiatives whilst continuing to carefully observe the inflationary outlook.

1. As at 19 September 2023.

We have made good progress with these initiatives, including the rollout of asset life extensions following the completion of due diligence across part of the Company's solar PV and wind energy assets (representing 56.6% of the portfolio's capacity). This has increased the NAV by 3.2 cents per Ordinary Share during the reporting period. The Company and its advisers will evaluate further asset life extensions across the remainder of the portfolio, subject to due diligence.

The Company's advisers continue to explore debt financing opportunities to take advantage of its modest gearing levels in order to build a larger-scale portfolio. They are also considering a secondary listing on a European stock exchange to improve the Company's marketability in Europe. An application has been submitted to admit the Company's shares to trading on Euronext. A further announcement will be made shortly.

Continuation Vote

At the Annual General Meeting ("AGM") held in June 2023, the continuation resolution put forward to Shareholders was duly passed. Aquila Capital, which holds approximately 2.3% of the issued share capital of the Company, abstained from voting, reflecting their views on good corporate governance. It was noted, however, that certain other Shareholders voted against the resolution. The Board continues to welcome Shareholder feedback and has previously announced that Shareholders will have an additional opportunity to vote on the continuation of the Company. This is expected to be in September 2024.

Dividends and NAV

The Board announced a 5.0% increase to the dividend in February 2023 and is targeting 5.51 cents per Ordinary Share for 2023¹, subject to the portfolio performing in line with expectations. To date in 2023, the Company has paid or declared dividends of 2.8 cents per Ordinary Share. When combined with the EUR 20.0 million share buyback, the Company has returned EUR 30.7 million to Shareholders during the first half of 2023. Since the IPO in June 2019, the Company has returned EUR 86.9 million² to Shareholders in the form of dividends and share buybacks.

The Company's NAV per Ordinary Share was 104.1 cents as at 30 June 2023, resulting in a total NAV return per Ordinary Share of -3.5%, including dividends during the period. Movement in the NAV was primarily driven by a decrease in power price curves across the majority of the portfolio, which was driven by lower commodity prices (notably gas and coal). AER's annualised total NAV return per Ordinary Share (including dividends paid) from IPO to 30 June 2023 has been 5.4%³.

1H23 Performance

During the reporting period, total revenue was 17.6% below budget as a consequence of declining short-term electricity spot market prices across most of the portfolio's markets, reflecting the fall in commodity prices, lower demand from milder-than-expected temperatures in Europe and elevated filling levels of gas storage reservoirs.

1. These are targets only and not forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the company's expected or actual results or returns.
2. As at 19 September 2023.
3. Based on an opening NAV per share of EUR 0.98.

The portfolio's production was 10.3% below budget, principally as a result of below average wind speeds in the Nordics and considerably lower precipitation than normal in Portugal for our hydropower asset, Sagres, despite high technical availability across the portfolio. In light of the latest downward revision in near-term seasonal power price forecasts provided by independent third-party consultants, the Company is expecting a dividend cover of 1.2x for 2023, compared to 1.8x as announced in February 2023, whilst guidance on dividend cover over the next five years was adjusted to 1.5x on average (2023 to 2027).

Director Appointment

I am pleased to welcome Myrtle Dawes as our newest non-executive Director, who joined the Board of Directors on 1 September 2023 as a member of the Remuneration and Nomination Committee and the Audit and Risk Committee. Myrtle, a chartered chemical engineer, has over 30 years' experience in the energy sector, both in the UK and overseas, covering leadership roles in engineering, project management, technology and digital transformation. Currently, she is CEO of the Net Zero Technology Centre and non-executive Director at FirstGroup plc and the Centre for Process Innovation. In 2017, Myrtle featured in Breaking the Glass Ceiling and was selected as one of '100 Women to Watch' in the Cranfield FTSE Board Report 2017. In 2021, she was recognised by TE:100 as one of the 'Women of the Energy Transition'. Her appointment was the result of an extensive process led by the Nomination Committee and supported by a third-party search firm.

Outlook

Despite the current market, the Board remains optimistic on the long-term outlook for the listed renewable energy sector, bolstered by the ever-more urgent need to decarbonise the world's energy supply. We expect this to continue to ensure a favourable regulatory backdrop.

It remains the Board's ambition to build a larger-scale portfolio to further enhance the investment proposition for our current and future Shareholders. Our share price clearly needs to regain a premium to our NAV to enable us to re-embark on our growth strategy. We hope that the Company's continued operational performance, combined with our various initiatives and a more propitious macro-economic environment, can return us to a growth path.

In the meantime, the Board and its advisers will evaluate a number of different initiatives to help address the issues facing us and secure recognition in the share price of the real underlying value of the portfolio. We are committed to pursuing broader options if that value fails to be reflected in the share price. We will keep Shareholders updated on any key developments.

Ian Nolan Chairman

26 September 2023

INVESTMENT ADVISER'S REPORT

Leader in Investment and Asset Management in European Renewables

What's in this Section

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Contracted Revenue Position	15
Financial Performance	16
Market Commentary and Outlook	24



Overall CO₂eq emissions avoided¹

2.2 million tonnes



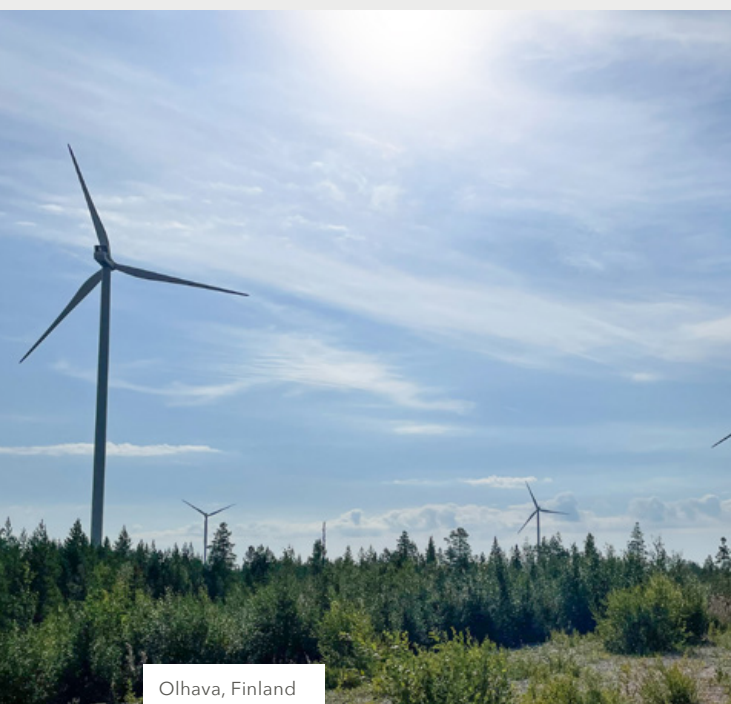
Green energy produced¹

7.4 TWh



Households supplied¹

2.0 million



Olhava, Finland

Investment Adviser Background

Aquila Capital Investmentgesellschaft mbH (Aquila Capital) is one of the leading investment and industrial development companies, managing over EUR 14.7 billion on behalf of institutional investors worldwide and running one of the largest clean energy portfolios in Europe. Over the past two decades, Aquila Capital and its subsidiaries have committed themselves to supporting the green energy transition and creating a more sustainable world. As at 30 June 2023, the Investment Adviser manages wind energy, solar PV, hydropower energy and battery storage assets with a capacity of approximately 19.7 GW². Additionally, it has projects in sustainable real estate and green logistics, either completed or under development. Aquila Capital also invests in energy efficiency, carbon forestry and data centres.

The Investment Adviser's dedicated expert investment teams comprise over 700 employees worldwide. Moreover, the strategic partnership entered in 2019 with Japan's Daiwa Energy & Infrastructure draws on its sector networks and experience to screen, develop, finance, manage and operate investments along the entire value chain. As this business model requires local management teams, Aquila Capital is represented across 17 investment offices. The Investment Adviser currently has a significant pipeline of over 14.0 GW² of development and construction assets in the EMEA region, primarily in solar PV located in Southern Europe. This represents an attractive source of growth opportunities for AER.

Aquila Capital's in-house Markets Management Group ("MMG"), a team of experts dedicated to sourcing and structuring Power Purchase Agreements ("PPA"), market analysis, trading, origination, FX, interest rates and other hedging products, has facilitated the Company's proactive approach to hedging and risk management. Since its inception, the team has structured, negotiated, and put in place more than 40 PPAs and has created an extensive network of offtakers, being recognised as one of the most important players in the European landscape. The ultimate aim is to secure stable revenues whilst always ensuring the best possible risk adjusted return. MMG also supports the rest of the teams within Aquila by providing market insights, analysis, research and regulatory knowledge. It also undertakes regular reporting on market evolution and events and ad-hoc research to identify emerging market trends.

The Company's Alternative Investment Fund Manager ("AIFM"), FundRock Management Company (Guernsey) Limited (previously known as International Fund Management Limited), has appointed Aquila Capital as its Investment Adviser in respect of the Company. Aquila Capital's key responsibilities are to originate, analyse and assess suitable renewable energy infrastructure investments and advise the AIFM accordingly, as well as to provide Asset Management services.

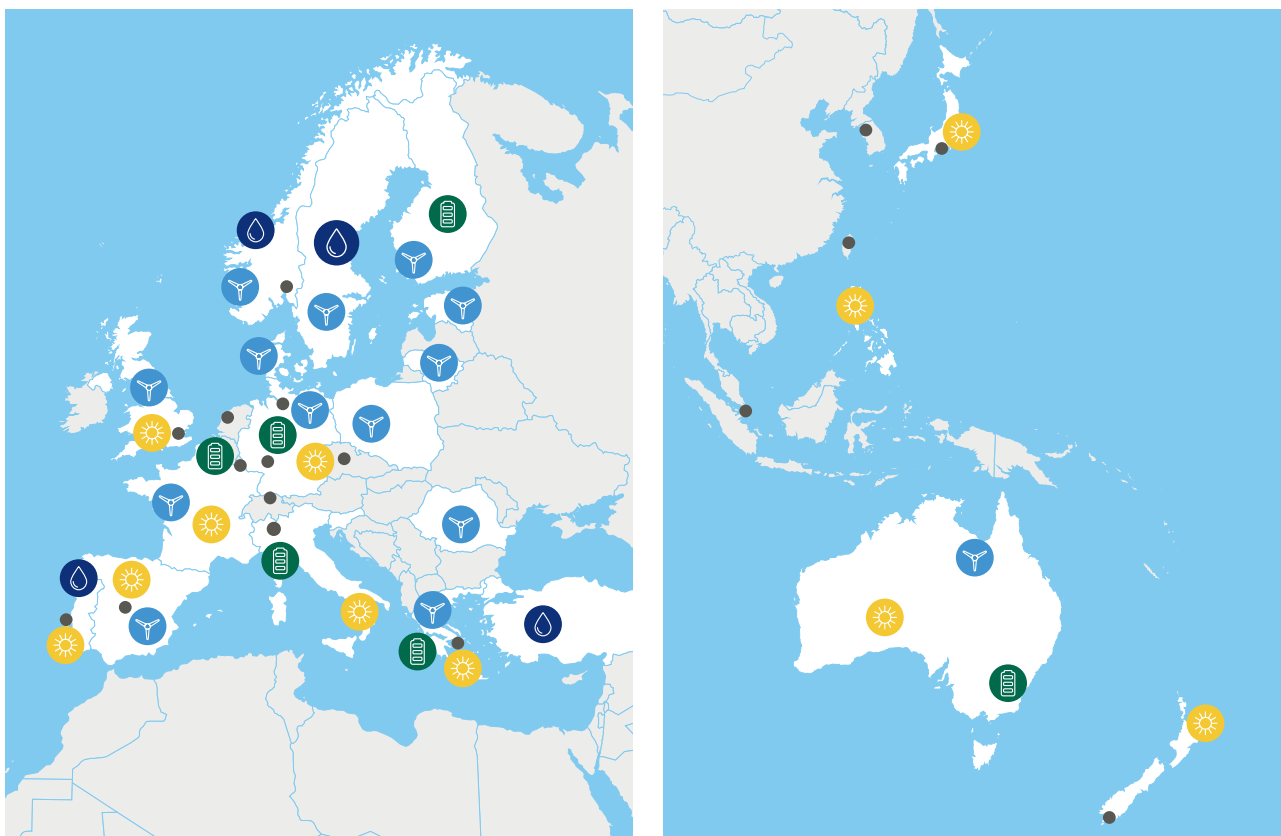
1. Data as at 31 December 2022, sourced from the Aquila Capital annual Sustainability Report.






2. Data as at 30 June 2023, including historical divestments.



The Rock, Norway

Current Renewables Portfolio of Aquila Capital¹: Portfolio Capacity²



				
Wind energy	Solar PV	Hydropower	Energy storage systems	17 Offices
4,581 MW 995 WTGs	12,221 MW 344 PV parks	999 MW 286 plants	1,860 MW 26 projects	

1. Map is shown for illustrative purposes only, as at 30 June 2023. Exact locations of offices and assets might deviate. Points indicate one or more asset and are not indicative of size.
 2. Data as at 30 June 2023, including historical divestments.

INVESTMENT ADVISER'S REPORT CONTINUED

Investment Portfolio

Project	Country	Capacity ¹	Status	COD ²	Asset Life from COD ²	Equipment Manufacturer	Energy Offtaker ³	Offtaker	Ownership in Asset	Leverage ⁴	Acquisition Date
Wind Energy											
Tesla	Norway	150.0 MW	Operational	2013, 2018	25y	Nordex	PPA	Statkraft	25.9% ⁶	20.4%	Jul-19
Holmen II	Denmark	18.0 MW	Operational	2018	25y	Vestas	FiP	Energie.dk	100.0%	33.8%	Jul-19
Olhava	Finland	34.6 MW	Operational	2013-2015	27.5y	Vestas	FiT	Finnish Energy	100.0%	36.6%	Sep-19
Svindbaek	Denmark	32.0 MW	Operational	2018	29y	Siemens	FiP	Energie.dk	99.9%	17.2%	Dec-19 & Mar-20
The Rock	Norway	400.0 MW	Operational	2022	30y	Nordex	PPA	Alcoa	13.7% ⁶	48.8%	Jun-20
Desfina	Greece	40.0 MW	Operational	2020	25y	Enercon	FiP	DAPEEP	89.0% ⁷	49.7% ⁸	Dec-20
Solar PV											
Benfica III	Portugal	19.7 MW	Operational	2017, 2020	40y	AstroNova	PPA	Axpo	100.0%	0.0%	Oct-20
Albeniz	Spain	50.0 MW	Operational	2022	40y	Canadian Solar	PPA	Statkraft	100.0%	0.0%	Dec-20
Ourique	Portugal	62.1 MW	Operational	2019	40y	Suntec	CfD	ENI	50.0% ⁶	0.0%	Jun-21
Greco	Spain	100.0 MW	Operational	2023	40y	Jinko	PPA	Statkraft	100.0%	0.0%	Mar-22
Tiza	Spain	30.0 MW	Operational	2022	40y	Canadian Solar	PPA	Axpo	100.0%	0.0%	Jun-22
Hydropower											
Sagres	Portugal	107.6 MW	Operational	1951-2006	n/a ⁵	Various	FiT	EDP/Renta	18.0% ⁶	22.9%	Jul-19
Total (AER Share)		463.8 MW									

1. Installed capacity at 100.0% ownership.
2. COD = Commissioning date.
3. PPA = Power Purchase Agreement, FiT = Feed-in tariff. FiP = Feed-in premium, CfD = Contract for Difference. Further information on the contracted revenue position can be found on page 15.
4. Leverage level calculated as a percent of debt plus fair value as at 30 June 2023.
5. 21 individual assets. Approximately ten years remaining asset life when calculated using net full load years.
6. Majority of remaining shares are held by entities managed and/or advised by Aquila Capital.
7. Represents voting interest. Economic interest is 92.6%.
8. Calculation based on voting interest.



Ongoing Value Creation

154.8 MW¹ of construction projects completed



The Rock

Country:	Norway
Date Acquired:	June 2020
Status:	Operational
Capacity:	400.0 MW
Interest:	13.7%

In March 2023, a takeover under the Engineering, Procurement and Construction (“EPC”) management agreement was achieved, representing the final milestone for completion of the project. The asset has been in production since November 2022 and provides Alcoa’s aluminium smelter in Mosjøen with renewable energy under a 14-year PPA. Alcoa’s aluminium smelter is a key contributor to employment and growth in Mosjøen.

As indicated in the 2022 Annual Report, in accordance with the EPC takeover, Eolus will remain responsible for the upcoming appraisal case with the Sami district and remains liable for any negative financial implications. The case was expected to be heard before the Helgeland District Court on 30 May 2023, however, the District Court rescheduled the case as no mitigation measures have been agreed to date. It is likely that a new hearing will be scheduled for 27 May 2024. The project company expects the parties will find good and workable solutions and AER Shareholders will be updated in due course.

The project company, the developer and the turbine supplier continue to be involved in an arbitration process to settle outstanding claims related to construction delays and extensions of time under the turbine supply agreement. The project company does not expect the arbitration case to negatively affect its financial position.



The Rock, Norway



Jaén and Guillena

Country:	Spain
Date Acquired:	March 2022
Status:	Operational
Capacity:	100.0 MWp
Interest:	100.0%

A key milestone has been the commissioning of Guillena, the second solar PV asset of the Greco portfolio, in April 2023. The first asset, Jaén, has been operational since November 2022. Both assets received their Provisional Acceptance Certificate (“PAC”) in 2023, representing the final milestone for completion.

Both Jaén and Guillena benefit from PPAs signed during favourable market conditions in 2022. The contracts commenced in April 2023 and August 2023, respectively.



Jaén, Spain

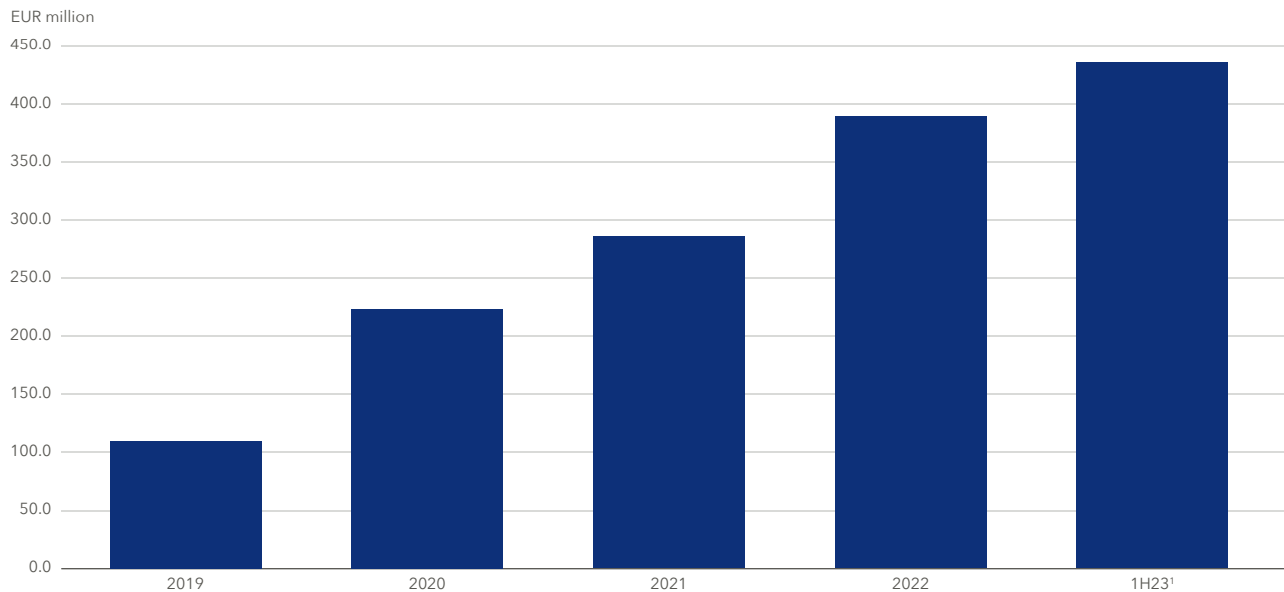
In conjunction with Albeniz, completion of both The Rock and the Greco portfolio has resulted in a valuation uplift of 8.8% (EUR 17.1 million, 4.4 cents per Ordinary Share)² versus cost as at 30 June 2023. Following the completion of these projects, the Company has no further construction projects within its portfolio, however retains the option to invest up to 30% of its Gross Asset Value in development or construction projects, enabling additional value creation over time.

1. AER share.
2. Q2 2023 net asset value minus acquisition costs, capital expenditure, plus distributions paid up to 30 June 2023.

INVESTMENT ADVISER'S REPORT CONTINUED

Investment Portfolio continued

Capital Deployment Profile Since IPO



As at 30 June 2023, the Company's remaining outstanding commitment is a EUR 1.3 million milestone payment associated with the Guillena project (one of two assets within the Greco portfolio). This payment was made upon receipt of the Provisional Acceptance Certificate ("PAC") in September 2023, after the reporting period, and was funded out of operating cash flows from the Greco portfolio.

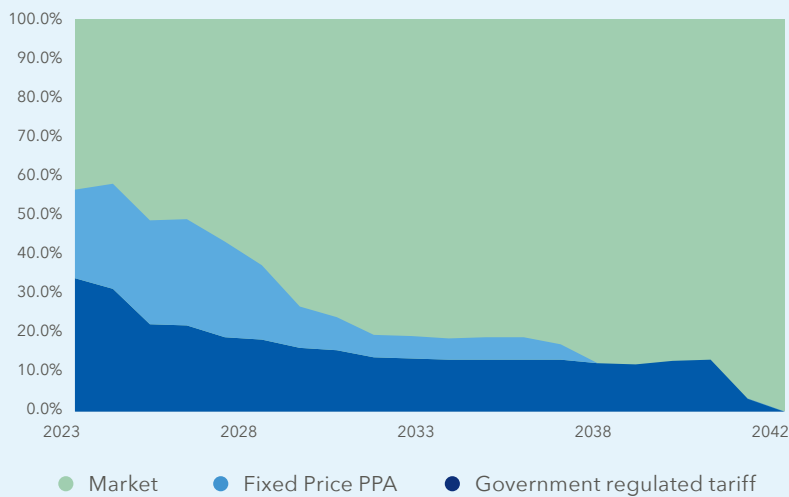
The Company aims to build a larger-scale portfolio to further enhance its investment proposition and contribute to the green energy transition. The Company, together with its Investment Adviser, continues to monitor an attractive pipeline of investment opportunities, underpinned by the Investment Adviser's substantial development and construction pipeline throughout Europe (over 14.0 GW).

1. Excludes remaining open commitment of EUR 1.3 million related to Guillena, which was subsequently paid in September 2023.

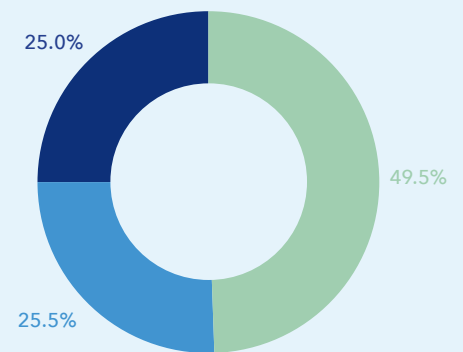


Contracted Revenue Position

Revenue Mix - Existing Contracts



Present Value of Revenues (Five Years)¹



Contracted revenue net present value²

EUR 239.1m



Contracted revenue over the next five years¹

50.5%



Contracted revenue (aggregate over asset life)³

EUR 346.4m



Weighted average contracted revenue life⁴

10.5 years

The Company is diversified across six countries and six different price zones in Norway (NO2 and NO4 regions), Iberia (Spain and Portugal), Finland, Denmark and Greece, allowing it to benefit from a diversified portfolio of offtake structures, including subsidy schemes as well as PPAs from a wide variety of counterparties.

Contracted revenues expected over the next five years, on a present value basis, have decreased to 50.5% (31 December 2022: 51.9%) as a result of the upcoming expiry of existing tariffs and PPAs across the portfolio, including Olhava, Albeniz and Ourique, which expire from end of 2024 to 2027. The Company and its Investment Adviser intend to replace these expiring contracts with new PPAs over time, subject to prevailing market conditions.

Following an active period in 2022, no new PPAs were entered into by the Investment Adviser and its in-house MMG division over the reporting period. However, the Company will continue to focus on maintaining a sufficient degree of contracted revenues to mitigate its exposure to power price volatility. The Company's contracted revenue position also provides flexibility to capitalise on periods of higher power prices.

The portfolio has good visibility of future cash flows, with a weighted average contracted revenue life of approximately 10.5 years (31 December 2022: 7.4 years). The Company contracts its revenues with investment grade counterparties, consisting of government entities, utilities and corporate entities. In case the investment grade status is lost, credit enhancement tools such as bonds, bank guarantees or letters of credit are put in place.

1. Forecast asset revenue from 1 July 2023 to 30 June 2028, which is discounted by the weighted average portfolio discount rate as at 30 June 2023.
2. Net Present Value of contracted revenue over entire asset life as at 30 June 2023, discounted by the weighted average portfolio discount rate.
3. Aggregate contracted revenue over entire asset life (not discounted).
4. New weighting methodology based on hedged production.

INVESTMENT ADVISER'S REPORT CONTINUED

Financial Performance

Performance¹

Electricity Production (GWh)

Technology	Region	1H23	1H22	Variance (%)	Variance 1H23 Against P50 Budget
Wind energy	Denmark, Finland, Norway, Greece	260.5	216.0	20.6%	(15.1%)
Solar PV	Portugal, Spain	195.1	70.2	177.8%	(0.8%)
Hydropower	Portugal	33.2	17.2	93.4%	(19.6%)
Total		488.8	303.4	61.1%	(10.3%)

Load Factors

Technology	1H23	1H22
Wind energy	27.0%	32.3%
Solar PV	21.4%	13.7%
Hydropower	39.5%	21.4%
Total	27.0%	24.6%

Technical Availability²

Technology	1H23	1H22
Wind energy	94.0%	96.8%
Solar PV	99.7%	99.6%
Hydropower	98.8%	99.1%
Total	96.7%	97.4%

Revenues³ (EUR million)

Technology	1H23	1H22	Variance (%)
Wind energy	16.9	18.8	(10.1%)
Solar PV	11.1	4.7	138.4%
Hydropower	3.5	2.7	30.0%
Total	31.5	26.1	20.5%

The Company's portfolio increased production by 61.1% during the first half of 2023 compared to the same period in 2022, with electricity produced amounting to 488.8 GWh (1H22: 303.4 GWh), primarily due to added production from The Rock (400.0 MW) and Jaén (50.0 MWp) becoming operational in November 2022. It also benefited from the latest construction project Guillena (50.0 MWp), which became operational in April 2023. These additional assets contributed 135.7 GWh of production to the portfolio in the period and represent approximately 27.8% of total production in the first half of the year.

For the first six months of 2023, revenue was 17.6% below budget due to falling electricity spot market prices across the portfolio's markets. This reflected the decline in commodity prices, milder-than-expected temperatures in Europe and elevated filling levels of gas storage reservoirs. Prices in the Nordics were also impacted due to increased interconnection links to Germany and the United Kingdom, placing further downward pressure on prices in the region.

1. 1H23 data includes Guillena from April 2023. Desfina data based on economic share (92.6%). 1H22 data includes Tiza from March 2022, Albeniz from June 2022. Desfina data based on voting share (89.0%).

2. Average technical availability based on weighted installed capacity (AER share).

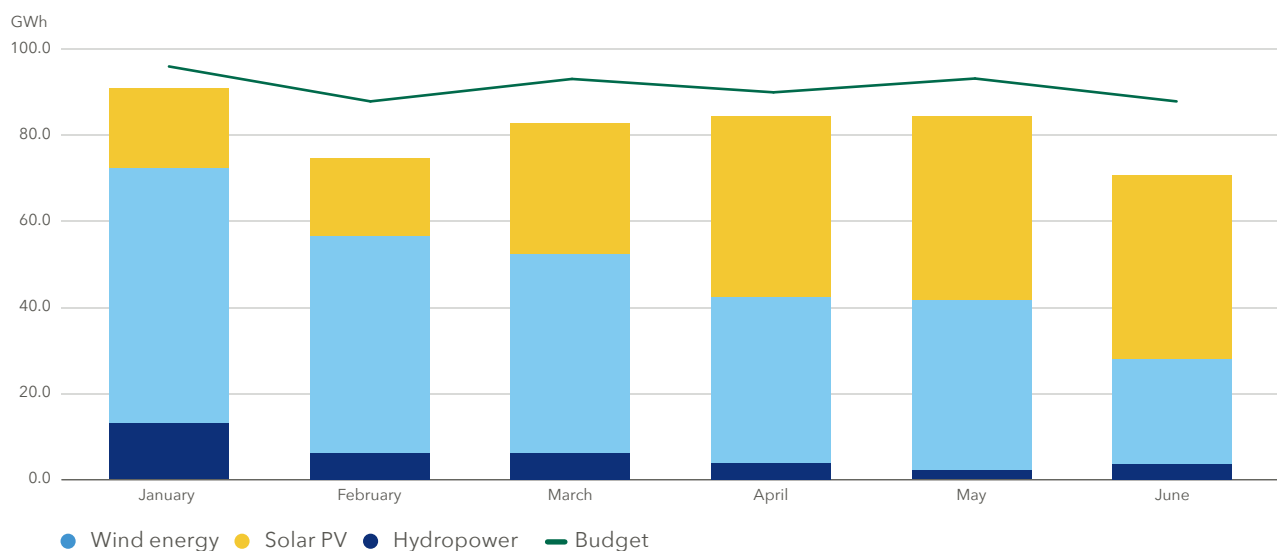
3. Includes merchant revenue, contracted revenue and other revenue (e.g. Guarantees of Origin, Electricity Certificates).

Production performance during the reporting period was 10.3% below budget, driven by below average wind speeds in the Nordics, and considerably lower precipitation than normal in Portugal for the hydropower asset, Sagres. The solar PV portfolio performed in line with budget over the first half of the year, whilst performance at the Company's newest solar PV investment Greco, has been promising with production outperforming budget in 1H23.

Portfolio technical availability fell marginally from 97.4%¹ to 96.7%, primarily due to The Rock suffering from defective gearboxes and a malfunctioning anti-icing system, which impacted availability in the first quarter of 2023. Availability and production improved significantly in the second quarter of 2023 due to the subsequent summer season and the progressive replacement of the gearboxes, whereas the anti-icing system is expected to be repaired before the onset of this year's winter season.

The Company's Spanish solar PV portfolio, and in particular Jaén, was impacted by curtailments at the request of the transmission agent and operator ("TSO") during the month of June, which had a minor impact on revenue during the quarter. Curtailments have been requested by the TSO because of oversaturation of the grid from elevated solar PV production in the summer months. The Company and its advisers have assessed the impact to be of approximately 2.3 GWh of curtailed production for Jaén, equivalent to around EUR 160.0 thousand for the month of June. The number of curtailed hours during the reporting period for the rest of the Company's Spanish solar PV portfolio was negligible. The Investment Adviser is in the process of introducing compliance software across its Spanish solar PV portfolio to mitigate the impact of curtailments. The software was successfully installed in late September 2023.

1H23 Monthly Production Performance vs. Budget (AER Share)



As shown in the bar chart above, the addition of solar PV assets to the portfolio has significantly improved the stability of production across the portfolio month-to-month and has subsequently reduced the portfolio's reliance on wind production. This is consistent with the investment philosophy of the Company, which is seeking to diversify across different technologies and provide a balanced portfolio mix between wind energy and solar PV.

A research project, partially funded by the Investment Adviser and the German Ministry for Economic Affairs and Climate Action ("BMWK"), is collecting data from the Company's Portuguese solar PV asset Benfica III. The Investment Adviser's research partner, a German company called 'SunSniffer', has developed sensors for photovoltaic modules which can be inserted into the module strings, and a research institute called 'Forschungszentrum Jülich' has developed machine learning tools for data analysis and failure detection, allowing for an in-depth analysis of any underperforming modules. Currently, the Investment Adviser, as per the industry standard, monitors and operates at the string level. However, the underperformance of one module can impact its entire string, and a technician cannot identify which module in particular is affected without checking every module of the affected string. The research project is currently analysing the health status of the solar PV park in order to determine where to incorporate the new sensors, which would improve asset technical availability and consequently, production.



1. As at 30 June 2022.

INVESTMENT ADVISER'S REPORT CONTINUED

Financial Performance continued

Dividend cover (unaudited)

EUR million ¹	1H23	1H22	Variance (%)
Asset income	31.5	26.1	20.7%
Asset operating costs	(7.9)	(6.1)	28.5%
Interest and tax	(2.5)	(1.8)	41.8%
Asset underlying earnings	21.1	18.2	16.0%
Asset debt amortisation	(4.9)	(4.0)	21.7%
Company and HoldCo ² expenses ³ , other ⁴	(2.2)	0.7	(408.2%)
RCF interest and fees	(1.2)	(0.2)	588.5%
Total underlying earnings	12.8	14.7	(12.7%)
Dividends paid	10.7	10.4	2.5%
Dividend cover after debt amortisation (x)	1.2x	1.4x	(0.2%)
Dividend cover before debt amortisation (x)	1.7x	1.8x	nmf ⁵

The table above calculates dividend cover based on the underlying earnings of its investment portfolio, sourced from the profit & loss ("P&L") statements from each of the Company's investments, with the exception of debt amortisation which is sourced from the cash flow statement. Each of the Company's investments are held through special purpose vehicles ("SPV"). The SPV, Company and HoldCo financial statements are unaudited.

Total underlying asset earnings are calculated by aggregating the P&L of the Company's SPVs (adjusted for AER's share), less any repayments of project level debt at the SPV level (adjusted for AER's share), less fund level costs at the Company and HoldCo level.

1. Non-euro currencies converted to EUR as at 30 June 2023. Desfina contribution reflects AERs economic interest rather than voting interest (92.6%).
2. Tesseract Holdings Limited.
3. Expenses reflect recurring ordinary costs and expenses at AER and THL level. Legal fees, investment expenses and amortised one-off cost of the Revolving Credit Facility ("RCF") is not included. Expenses are reduced by interest income on cash at banks.
4. 1H22 figure includes income accrued by AER in relation to shareholder loans provided to construction assets.
5. nmf = not meaningful.



Tesla, Norway

Cash Dividend Cover (unaudited)

EUR million ¹	1H23	1H22	Variance (%)
Company			
Net cash flow from operating activities	11.2	20.2	(44.4%)
Investment advisory fee funded by share issuance	–	1.3	n/a
HoldCo			
Net cash flow from operating activities	(0.4)	(17.6)	(97.7%)
Adjustments			
Shareholder loan and equity repayments ²	2.4	8.1	(70.4%)
RCF interest and fees	(1.2)	(0.2)	588.5%
Acquisition of accrued interest from Shareholder loan ³	–	1.5	n/a
Asset cash flow used for investment activities ⁴	0.3	–	n/a
Other ⁵	(0.3)	–	n/a
Adjusted net cash flow	12.1	13.3	(9.5%)
Dividends paid	(10.7)	10.4	2.5%
Cash dividend cover (x)	1.1x	1.3x	nmf ⁶

The table above provides an alternative dividend cover calculation based on actual cash distributions received by the Company and HoldCo from the investment portfolio or SPVs. Cash distributions are paid in the form of dividends or Shareholder loan payments (interest or principal).

Adjusted net cash flow is calculated by consolidating net cash flow from operating activities at the Company and HoldCo, subject to certain adjustments (as shown in the table above), the most notable being distributions from the Company's assets in the form of Shareholder loan repayments from the Company's assets to the HoldCo.

1. Non-euro currencies converted to EUR as at 30 June 2023. Desfina contribution reflects AERs economic interest rather than voting interest (92.6%).
2. Distributions from operating activities in the form of Shareholder loan and equity repayments (Olhava EUR 2.2m, Tiza EUR 0.2m).
3. Accrued Shareholder loan interest purchased at the Tiza acquisition in 1H22.
4. Part of Guillena PAC payment made by the operating company.
5. Capitalisation of Shareholder loan interest.
6. nmf = not meaningful.



INVESTMENT ADVISER'S REPORT CONTINUED

Financial Performance continued

Gearing¹

EUR million	As at 30 June 2023	As at 31 December 2022	Variance (%)
NAV	403.3	451.7	(10.7%)
Debt ²	195.6	155.2	26.1%
GAV	598.9	606.9	(1.3%)
Debt (% of GAV) ³	32.7	25.6	7.1 bps
Project debt weighted average maturity (years)	14.2	14.6	(0.4)
Project debt weighted average interest rate (%) ⁴	2.6	2.5	0.1 bps
RCF interest rate (%) ⁵	5.2	3.5	1.6 bps

The portfolio has modest gearing of 32.7% of GAV as at 30 June 2023 (31 December 2022: 25.6%)⁶.

The Company's prospectus allows it to operate with a maximum gearing level of 50.0% of GAV⁷. The Company's asset level debt is largely fully amortising with fixed interest rates. Approximately EUR 4.9 million of asset level debt (AER share) was repaid from operating cash flow in the first six months of 2023.

As at 30 June 2023, the RCF was drawn to EUR 75.0 million (31 December 2022: EUR 34.9 million), including bank guarantees, with an undrawn limit of EUR 25.0 million. The RCF has been primarily used to fund the Company's commitments related to the Greco project (EUR 69.3 million in total), whilst the bank guarantees (EUR 5.7 million) have been primarily issued in relation to dismantling bonds and PPA guarantees required for the Company's operating assets in Spain. The RCF is a floating rate facility that expires in April 2025, in light of the Company having exercised a twelve-month extension option in 2023.

Debt Summary as at 30 June 2023¹

Project	AER Share	Drawn Debt (EUR million)	Currency	Bullet Amortising	Maturity	Hedged Proportion	Type
Tesla	25.9%	8.6	EUR	Partly amortising	Mar-29	100.0%	Bank Debt
Sagres	18.0%	6.1	EUR	Fully amortising	Jun-33	70.0%	Bank Debt
Olhava	100.0%	16.8	EUR	Fully amortising	Dec-30/ Sep-31	100.0%	Bank Debt
Holmen II	100.0%	13.6	DKK	Fully amortising	Dec-37	93.2%	Bank Debt
Svindbaek	99.9%	7.8	DKK	Fully amortising	Dec-37	100.0%	Bank Debt
The Rock: USPP	13.7%	31.5	EUR	Fully amortising	Sep-45	100.0%	Debt Capital Markets
The Rock: Green Bond	13.7%	11.0	EUR	Bullet	Sep-26	100.0%	Debt Capital Markets
Desfina	89.0%	31.0	EUR	Fully amortising	Dec-39	100.0%	Bank Debt
Subtotal		126.3				97.8%	
RCF	100.0%	69.3	EUR	Bullet	Apr-25	0.0%	Bank Debt
Total		195.6				63.1%	

- Foreign currency values converted to EUR as at 30 June 2023. Data represents AER's share of debt. AER share of Desfina's debt based on voting interest.
- Debt corresponds to senior debt secured at project level and RCF at HoldCo level.
- This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on pages 49 and 50. All references to cents are in euros, unless stated otherwise.
- Weighted average all in interest rate for EUR denominated debt (excl. RCF). DKK denominated debt has an average weighted interest rate of 2.8% (31 December 2022: 2.8%).
- Consists of 1M EURIBOR plus a margin of 1.85%.
- Excludes bank guarantees of EUR 5.7 million (31 December 2022: EUR 10.9 million).
- The Company may take on long-term structural debt provided that, at the time of entering into such debt, it does not exceed 50% of the prevailing Gross Asset Value. Any short-term debt, such as a Revolving Credit Facility, will be subject to a separate gearing limit so as not to exceed 25% of the Gross Asset Value at the time of entering into such debt.

Valuation

Fair Value (unaudited, EUR million)

The table below shows the fair values of the investments held by Tesseract Holdings Limited ("HoldCo"), the Company's wholly owned subsidiary, as well as the reconciliation to the respective item on the Company's balance sheet.

EUR million	As at 30 June 2023	As at 31 December 2022	Variance (%)
Tesla	33.5	35.5	(5.7%)
Sagres	20.7	23.0	(10.0%)
Holmen II	26.6	39.5	(32.8%)
Olhava	29.2	27.2	7.3%
Svindbaek	37.4	46.9	(20.2%)
The Rock	44.6	41.7	7.0%
Benfica III	16.2	17.1	(5.3%)
Albeniz	51.2	55.1	(7.0%)
Desfina	31.4	28.5	10.2%
Ourique	33.5	36.4	(8.0%)
Greco	109.8	66.5	65.0%
Tiza	33.5	34.1	(1.8%)
Fair value of investments (HoldCo)¹	467.5	451.5	3.5%
Cash and other current assets of HoldCo	3.0	6.4	(52.9%)
Revolving credit facility drawn by HoldCo	(69.3)	(24.0)	189.0%
Elimination of intercompany loans	(0.4)	(5.3)	(92.2%)
Investments at fair value through profit or loss	400.7	428.6	(6.5%)



Desfina, Greece

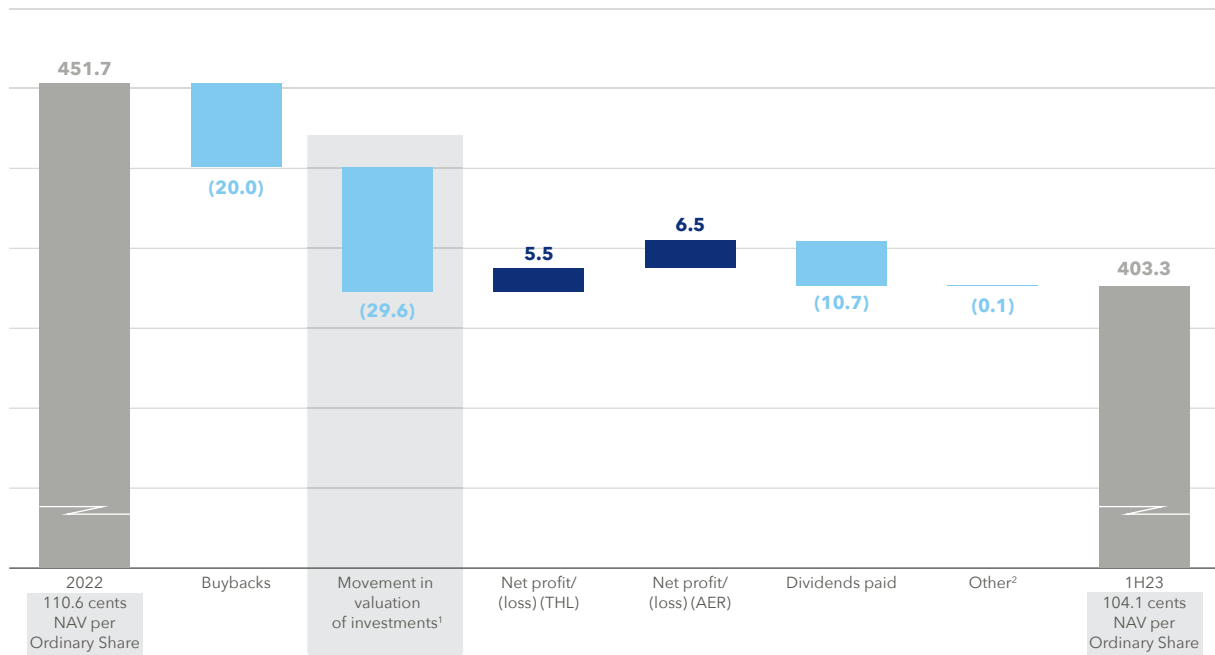
1. 1H23 includes new investments in Greco (EUR 45.3 million) and 'other' (EUR 0.3 million). 2022 data includes capital contributions related to construction assets (Albeniz: EUR 6.3 million), new investments (Greco and Tiza, combined: EUR 94.3 million), capital injection (Sagres: EUR 2.2 million) and 'other' (EUR 0.3 million).

INVESTMENT ADVISER'S REPORT CONTINUED

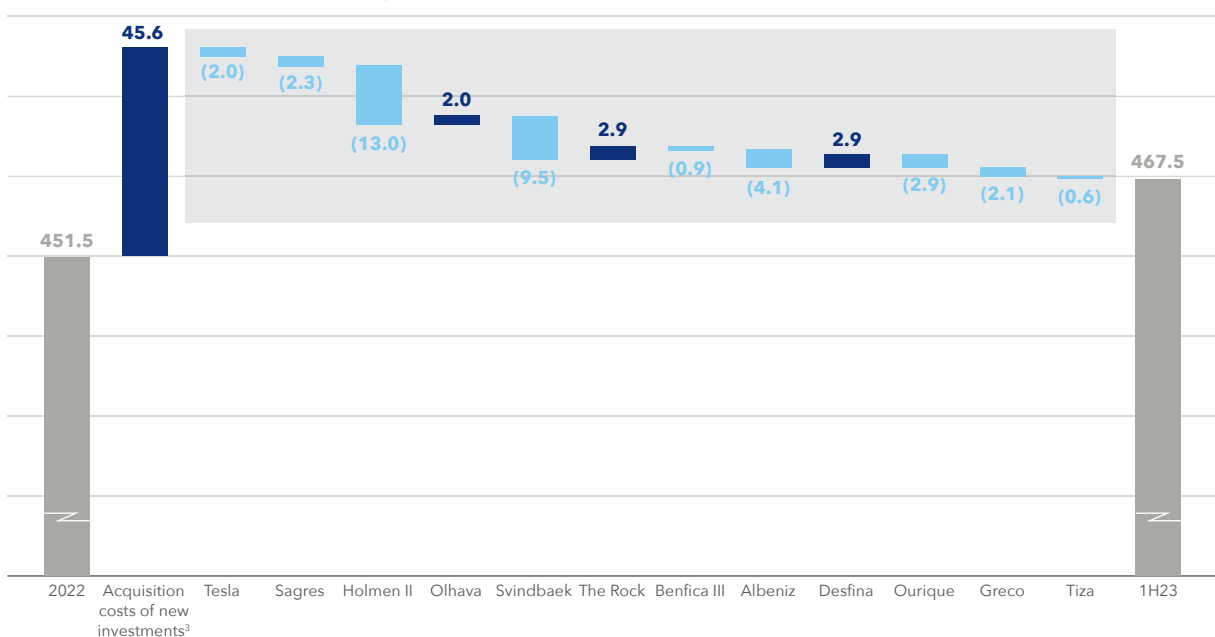
Financial Performance continued

Valuation continued

NAV Bridge (EUR million)



Portfolio Valuation Bridge (EUR million)



1. Excludes the impact of capital contributions.
2. Includes stamp duty for share buybacks (EUR 0.1 million).
3. Includes new investments in Greco (EUR 45.3 million) and other (EUR 0.3 million).

The Company's NAV as at 30 June 2023 was EUR 403.3 million, or 104.1 cents per Ordinary Share (30 June 2022: EUR 430.6 million, or 105.5 cents per Ordinary Share). This represents a NAV total return of -3.5% per Ordinary Share (1H22: 5.3%) including dividends.

Dividends of EUR 10.7 million (2.7 cents per Ordinary Share) were paid during the reporting period, with respect to the last quarter of 2022 and the first quarter of 2023.

The main drivers of NAV movement throughout the reporting period include:

- forecast power prices: a decline in short-term electricity price forecasts across most of the portfolio resulted in a decrease of 12.1 cents per Ordinary Share. The methodology continues to assume an average of two power price curves from independent market analysts over the life of each asset, with the hydropower asset Sagres utilising an average of three power curves. No forward or futures curves are used;
- inflation: lower short-term CPI forecasts resulted in a decrease of 0.4 cents per Ordinary Share;
- discount rate: the Company's discount rate has remained unchanged at 7.2% compared to 2022¹;
- share buyback programme: completion of the EUR 20.0 million share buyback programme increased the NAV per Ordinary Share by 0.8 cents; and
- asset life extensions: following completion of due diligence, asset life extensions have been applied to the Company's Spanish and Portuguese solar PV assets and one Danish wind asset, boosting the NAV per Ordinary Share by 3.2 cents.

Valuation Methodology

The Company owns 100.0% of its subsidiary Tesseract Holdings Limited ("HoldCo" or "THL"). The Company meets the definition of an investment entity as described by IFRS 10. As such, the Company's investment in the HoldCo is valued at fair value.

The Company has acquired underlying investments in SPVs through its investment in the HoldCo. The Investment Adviser has carried out fair market valuations of the SPV investments as at 30 June 2023 and the Directors are satisfied with the methodology, the discount rates and key assumptions applied and the valuations.

All SPV investments are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement. The economic assumptions shown below were used in the valuation of the SPVs.

Portfolio Valuation - Key Assumptions

Metric		As at 30 June 2023	As at 31 December 2022
Levered discount rate (asset level) ¹	Weighted average	7.2%	7.2%
Long-term inflation	Weighted average	2.0%	2.0%
Remaining asset life ²	Wind energy (years)	22	22
	Solar PV (years)	39	29
	Hydropower (years)	10	10
Operating life assumption ³	Wind energy (years) ⁴	26	26
	Solar PV (years)	40	30
	Hydropower (years)	n/a	n/a

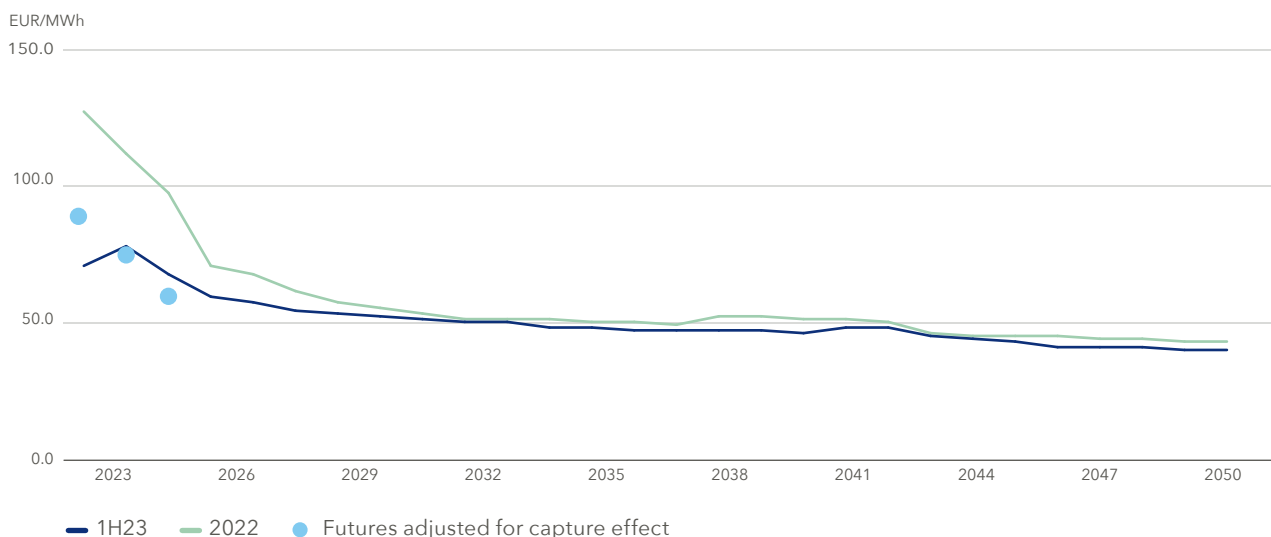
A key change in valuation assumptions compared to the previous report relates to asset life extensions. Further information can be found on page 25.

1. Excludes the impact of the RCF. Including the RCF, the levered discount rate increases to approximately 7.7%.
2. Remaining asset life based on net full load years. Does not consider any potential asset life extensions.
3. Asset life assumption from date of commissioning.
4. Assumes an asset life of 25 to 30 years.

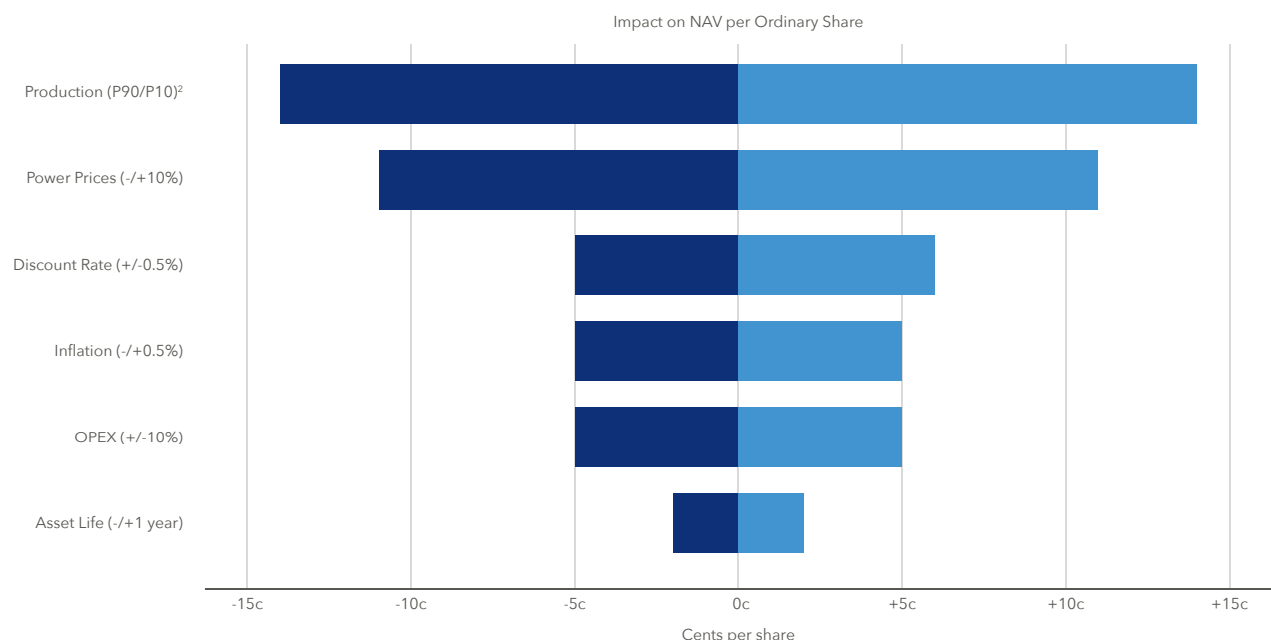
INVESTMENT ADVISER'S REPORT CONTINUED

Market Commentary and Outlook

Electricity Price Forecasts - All Assets (Weighted Average)¹



Valuation Sensitivities



1. Data reflects latest pricing forecast as at 30 June 2023. All power prices are in real terms as at 30 June 2023 and reflect the captured price. The methodology has changed compared to what was reported previously. The current methodology reflects the actual weighted captured price based on merchant revenue and merchant production. The previous methodology applied weightings based on the last reported asset valuations.

2. Adjusted over the full asset lifetime.

Asset Life Extensions

The Company and the Investment Adviser have been undertaking an asset life extension programme during the first half of the year in consultation with external technical advisers. Following the conclusion of due diligence, the Company implemented the following changes in asset life assumptions across the portfolio:

- Albeniz, Greco, Tiza (solar PV, 180.0 MW): increased from 30 to 40 years (+10 years);
- Benfica III, Ourique (solar PV, 50.7 MW): increased from 30 to 40 years (+10 years);
- Holmen II (wind, 18.0 MW): unchanged at 25 years; and
- Svindbaek (wind, 32.0 MW): increased from 25 to 29 years (+4 years).

The above changes in aggregate generated a value uplift of 3.2 cents per Ordinary Share (+2.9%) as at 30 June 2023. Holmen II (18.0 MW), was assessed as not being suitable for an asset life extension due to a turbine load assessment analysis.

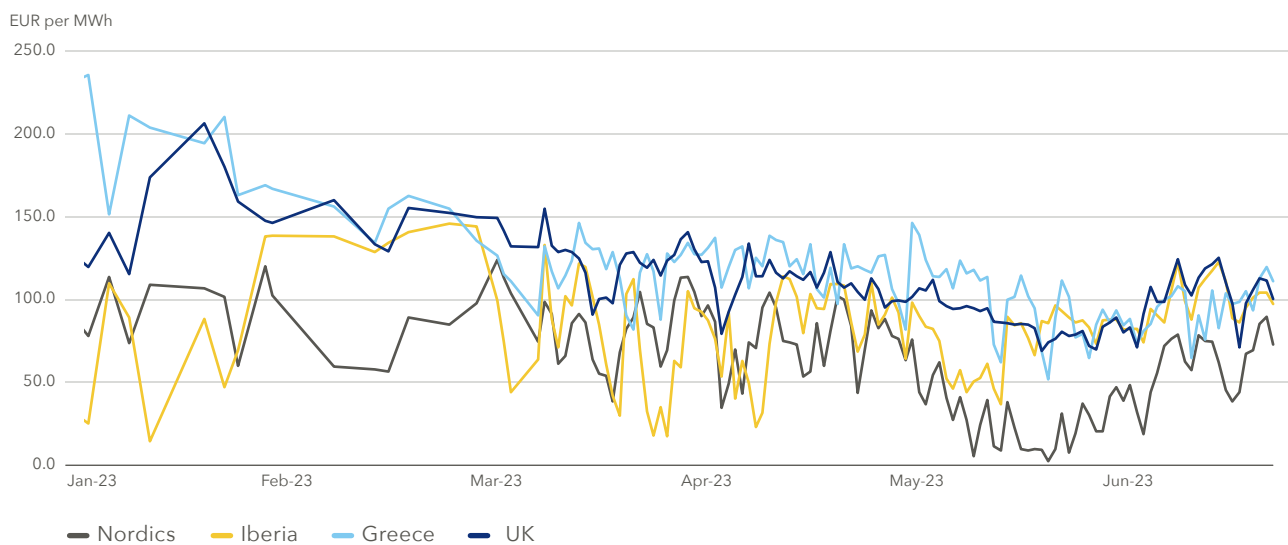
The Board and Investment Adviser intend to rollout asset life extensions across the remainder of the portfolio (109.0 MW, comprising Desfina, Tesla and Olhava), subject to ongoing due diligence.

Market Prices

In the first six months of 2023, power prices across European geographies were characterised by persistent volatility, driven by the downward trajectory of commodity prices, most notably gas. This trend reflected a reduction in demand, spurred by mild temperatures in Europe, elevated filling levels of gas storage reservoirs and greater renewable generation feeding into the grid.

The Nordics electricity system spot price averaged 56.0 EUR per MWh in the second quarter of 2023 against 85.1 EUR per MWh in the first quarter of 2023, a decrease of 34.0%. Spot prices in Iberia were traded, on average, at 80.9 EUR per MWh in the second quarter of 2023, compared to 97.6 EUR per MWh in the first quarter of 2023, a drop of 17.0%. In Greece, spot prices were 32.0% lower than the previous quarter, averaging 106.3 EUR per MWh in the second quarter of 2023 against 156.9 EUR per MWh in the first quarter of 2023.

1H23 Average Daily Power Price¹



1. European Network of Transmission System Operators for Electricity ("ENTSO-E"). Nordics reflect the Nord Pool system price; Iberia illustrates the average power prices of Spain and Portugal.

INVESTMENT ADVISER'S REPORT CONTINUED

Market Commentary and Outlook continued

Nordics

The Nordics electricity system spot price averaged 56.0 EUR per MWh in the second quarter of 2023 against 85.2 EUR per MWh in the first quarter of 2023, a 32.2% drop. The bearish trend across the Nordics can be attributed to the following factors:

- normalising hydrological production, with hydro reservoirs reaching the average levels expected for the period;
- decreasing fuel prices, leading to lower power prices in Continental Europe, which increasingly affect the Nordics due to expanded interconnections;
- higher wind energy output increasing supply; and
- reduced power demand as a result of mild weather.

Iberia

In Iberia, power prices gradually decreased over the reporting period in conjunction with the downward trajectory of gas prices in Europe, higher renewable output and reduced power demand, mostly as a consequence of milder-than-expected weather in the first quarter of the year. Spot prices in Iberia were traded, on average, at 80.9 EUR per MWh in the second quarter of 2023, compared to 97.6 EUR per MWh in the first quarter of 2023. The front-year forward prices for 2023 have decreased from an average of 106.8 EUR per MWh in the first quarter of 2023 to 99.8 EUR per MWh in the second quarter of 2023.

Greece

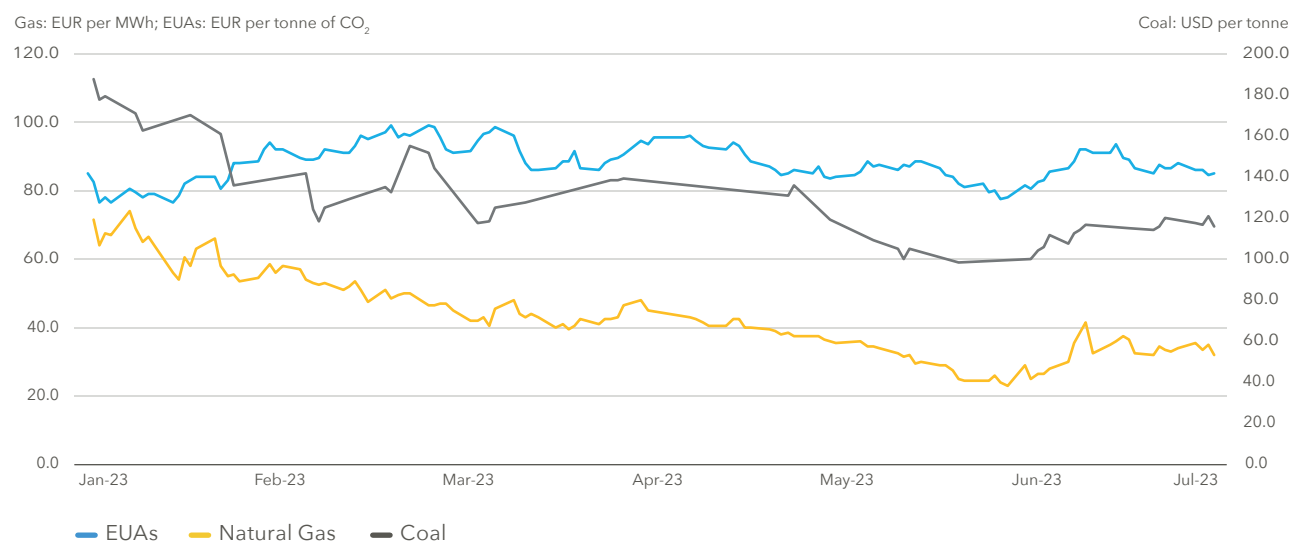
Due to the high proportion of hours in which gas-fired generation sets the marginal price in the country's wholesale market, power prices in Greece continue to trade at a premium to those in Iberia and the Nordics, despite the strong downward pull of fuel prices. Spot prices in Greece were 32.3% lower than in the first quarter - in line with the falling trajectory of fuel prices - and averaged 106.3 EUR per MWh in the second quarter of 2023 against 157.0 EUR per MWh in the first quarter of 2023.

Fuel Prices Evolution

The downward trend of commodity prices (notably gas and coal) contributed to the continuation of the bearish trend in European power price levels since the start of the year.

- European Union Emissions Allowances ("EUAs"): on average, EUA prices traded on the EU's Emissions Trading System ("ETS") remained flat due to low buying interest, low power demand and bearish natural gas prices.
- Gas forward prices steadily declined over the reporting period due to the reduction in demand caused by mild temperatures in Europe, elevated filling levels of gas storage reservoirs and high levels of LNG imports. On average, gas prices in the second quarter plunged by roughly 34% over the previous quarter, dropping from 53.0 EUR per MWh in the first quarter of 2023 to 35.1 EUR per MWh in the second quarter of 2023.
- Coal prices fell from an average of 146.2 USD per tonne in the first quarter of 2023 to 118.6 USD per tonne in the second quarter of 2023, in line with the trend of gas prices, due to weak fundamentals for the sector and a negative macro-economic outlook.

1H23 Daily Commodity Forward Prices¹

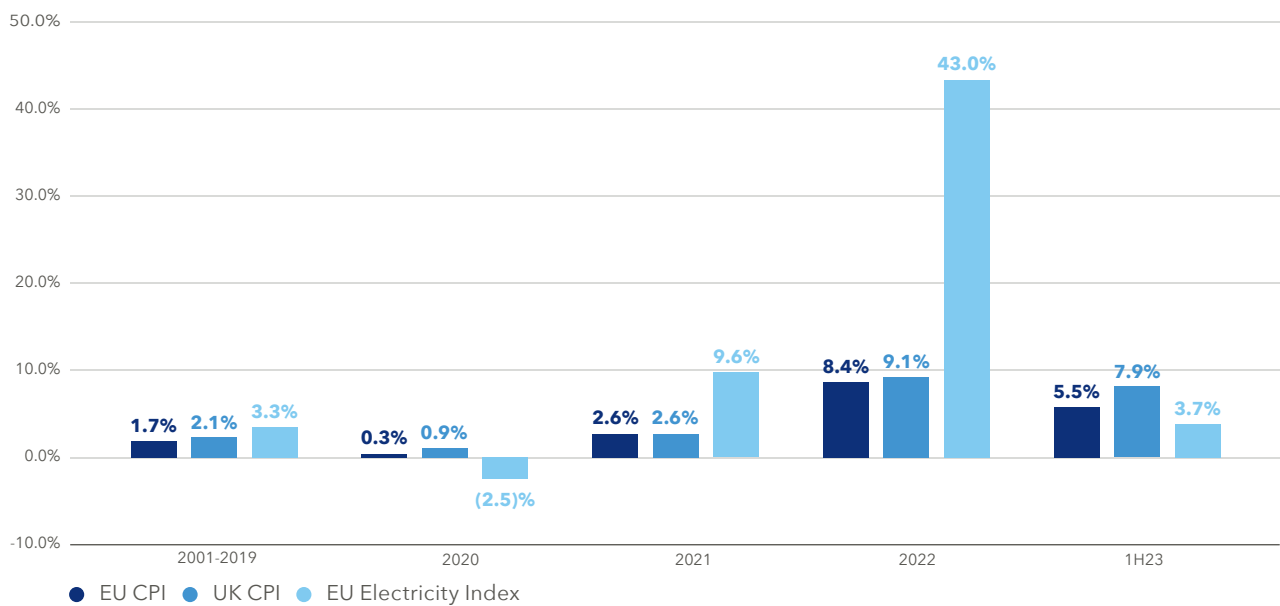


1. Source: European Energy Exchange ("EEX") from 1 January to 30 June 2023.

Inflation

Investments in renewables represent an effective protection against inflation. Renewables benefit from rising electricity prices with no direct input cost burden given their reliance on the weather. Over the last 20 or more years, European electricity prices have typically outperformed European consumer price indices. As a result, inflation is expected to continue to have a positive impact on the earnings potential of the Company's portfolio. Inflation in the European Union, at 5.5% in June, has been steadily decreasing from its peak of 10.6% in October 2022 (8.4% average for 2022), and is expected to fall further as supply chain bottlenecks ease and food and commodity prices normalise. The European Central Bank expects headline inflation in the Eurozone to fall to 5.4% by the end of 2023, 3.0% in 2024 and 2.2% in 2025. In contrast, the UK has experienced higher levels of inflation compared to the EU, with UK CPI at 7.9% in June (vs. 5.5% in the EU), a trend which has been observed since 2001.

EU Electricity Prices vs. Inflation¹



Sagres, Portugal

1. Bloomberg data. Average of year-on-year ("YoY") values for each reporting period on a monthly basis. "EU Electricity Index" is the Eurozone CPI Electricity, Gas, Solid Fuels and Heat Energy YoY index on a monthly basis. "1H23" reports values for only the month of June 2023.

INVESTMENT ADVISER'S REPORT CONTINUED

Market Commentary and Outlook continued

Outlook

Longer-term global trends for the renewable energy sector, including decarbonisation, energy security and affordability, continue to be strong. However, the first half of the year saw the sector experience several headwinds including power price volatility, supply chain bottlenecks and persistently high inflation driving higher interest rates. Electricity prices in the Company's key markets are forecast to continue to fall over the medium term, reflecting the downward trend of commodity prices witnessed in the first and second quarters of the year, as part of a normalisation of prices from the peaks experienced in 2022. Inflation is expected to remain at similarly elevated levels despite the continuing quantitative tightening of central banks, at least over the short term, in light of supply chain constraints aggravated by the ongoing war in Ukraine and historically low unemployment levels among the world's largest economies. However, the current slowdown in China's economy is already lowering prices for key raw materials, components, equipment or services in the renewable supply chain, especially solar modules, and a recovery in the country's economy may once again drive prices in an upward trajectory.

A prolonged period of monetary tightening and higher interest rates has led to a trend reversal in equity return expectations, as evidenced by the share price decline across the sector observed on the London Stock Exchange. Despite this, demand for renewable assets remains strong, leading to a mismatch between public market and private market return expectations.

Despite this difficult backdrop, the Company has been consistent in executing its strategy since its IPO in 2019 and, as a result, now benefits from a fully operational and diversified portfolio which can deliver strong dividend cover.

The strong demand for renewables is underpinned by several positive tailwinds. The greater certainty and visibility over the European regulatory landscape is an encouraging tailwind for the Company and the sector, bolstered by the fast-tracking of permitting and greater access to public funding for renewable energy projects that is intrinsic of many national deployment and energy independence plans.

The repercussions of climate change, evidenced by the rise in extreme weather events and the latest summer heatwaves, are expected to add further impetus to net zero targets and decarbonisation rates. Grid access and the need for capacity upgrades also continue to be critical concerns across several jurisdictions, given the high quantity of projects coming to market with grid connection dates for the end of the decade and beyond. This is generating added urgency for public and private investment in the near future.

The Company is well positioned to benefit from these trends, in light of its aim to build a larger-scale portfolio to further enhance its investment proposition and directly contribute to the green energy transition, deploying capital to help fund the build-out of the very substantial construction pipeline (over 14.0 GW¹ in European geographies) that is being developed by its Investment Adviser.

Aquila Capital Investmentgesellschaft mbH

26 September 2023

1. Data as at 30 June 2023, including historical divestments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

1. Environmental

Aquila Group is focused on the investment and development of essential assets. This includes clean energy (wind energy, solar PV, hydropower and battery storage), sustainable infrastructure and specialty asset classes, such as carbon forestry and energy efficiency. Currently, it supplies two million homes with renewable energy, which cumulatively avoids more than 10 million tonnes of CO₂e annually.

In 2022, Aquila Group formalised its mission to become one of the world's leading sustainable investment and development companies for essential assets by 2030. To show its commitment to the mission, a Group-wide goal was set to avoid 1.5 billion tonnes of CO₂e by 2035 throughout the portfolio's lifetime, which is equivalent to 4.1% of CO₂e emissions worldwide in 2021¹.

Using the appropriate tools, due diligence procedures and experts, Aquila Group ensures that all material ESG factors are identified, assessed and mitigated to protect investors from potential financial downside, while considering their impact on society and the environment. In this context, the Group's regulated Alternative Investment Fund Manager ("AIFM") entity and the Investment Adviser of AER manages all relevant ESG elements using dedicated subject matter experts.

The Group is committed to the UN's 17 Sustainable Development Goals, particularly climate action ("SDG 13"), clean energy ("SDG 7") and industry, and innovation and infrastructure ("SDG 9").

In 2018, the EU agreed to a climate and energy framework and set ambitious goals for 2030. The aim is to have a clean, affordable and reliable energy system in Europe, targeting the following initiatives.

UN Sustainable Development Goals for Europe



40.0%
At least a 40.0% decline below 1990 levels in greenhouse gas emissions



32.0%
A 32.0% share of renewables in the energy system



32.5%
A 32.5% improvement in energy efficiency



Angela Wiebeck
Chief Sustainability Officer at Aquila Capital



Tesla, Norway

1. Worldwide CO₂e emissions in 2021 were 36.3 billion tonnes according to the International Energy Association: IEA, "Global Energy Review: CO₂ Emissions in 2021" (March, 2022) p.3. Available at: <https://www.iea.org/reports/global-energy-review-co2-emissions-in-2021-2>.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

1. Environmental continued

The Company aims to invest in a diversified portfolio of renewable energy infrastructure investments, such as hydropower plants, wind and solar parks, across continental Europe and Ireland. With the objective of providing investors with a diversified portfolio of renewable assets, AER can deliver on its investment objectives as well as contribute towards the green economy. AER contributes to the following three UN Sustainable Development Goals:

AER's Contribution to the UN Sustainable Development Goals

Goal	Overview	Contribution Towards UN Sustainable Development Goals
Ensure access to affordable, reliable, sustainable and modern energy for all.	<ul style="list-style-type: none"> AER's portfolio produces renewable energy, which contributes towards Europe's electricity mix. Renewable energy is a cost-effective source of energy compared to other options. AER's investments in renewable assets help support and encourage further investment in the industry. 	7 AFFORDABLE AND CLEAN ENERGY 
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	<ul style="list-style-type: none"> AER targets renewable investments that are supported by high quality components and infrastructure to optimise the energy yield and subsequent return to investors. AER's investments help support the construction of shared infrastructure (e.g. substations), which enables the further expansion of renewable energy sources. AER's Investment Adviser, Aquila Capital, is responsible for monitoring and optimising the Company's day-to-day asset performance. This process also involves actively exploring how new technologies and other forms of innovation can be utilised to enhance asset performance and sustainability (energy yield, O&M and asset life). 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 
Take urgent action to combat climate change and its impacts.	<ul style="list-style-type: none"> The Company's 463.8 MW portfolio powered approximately 133.9 thousand households and avoided approximately 134.8 thousand tonnes of CO₂e emissions over the reporting period.¹ AER has ambitious goals to expand its portfolio, which will be accretive to further CO₂e avoidance over time. As a signatory to the UN Principles for Responsible Investments ("UN PRI"), the Company's Investment Adviser has integrated ESG criteria all along its investment process for real assets, which includes considerations of climate change. 	13 CLIMATE ACTION 



GRESB

GRESB is a global ESG benchmark for real estate and infrastructure which synthesises Environmental, Social and Governance ("ESG") data. Following the successful GRESB assessment undertaken in the previous year, AER received 88 points, which was above the industry average of 82 points. The Company has commenced the GRESB assessment for the current year and has submitted all the required information. The results of the assessment are expected to be published in October 2023.

1. Actual AER contribution as at 30 June 2023. The CO₂ equivalent avoidance, the average European households supplied and household emissions are approximations and do not necessarily reflect the exact impact of the renewable energy projects. The cited sources of information are believed to be reliable and accurate; however, the completeness, accuracy, validity and timeliness of the information provided cannot be guaranteed and Aquila Capital accepts no liability for any damages that may arise directly or indirectly from the use of this information.

Spanish Solar PV ESG Initiatives

The natural environment around some of the Company's solar PV parks is the Desierto de Tabernas National Park, situated to the south-east of Spain and representing the only desert in the entire European continent. This constitutes a rich biodiversity of environmental resources that is of particular geological interest. Specialist advisers have been commissioned to implement environmental measures to mitigate the impact of the solar PV plants on the environment and create habitats for flora and fauna. Several visits per month are made to implement the measures, monitor their evolution and make necessary adjustments. Below is a selection of closely monitored measures that have been implemented across some of the Company's solar PV parks for local flora and fauna.

Flora

- Translocation of rain-fed olive trees
- Regular maintenance measures and monitoring
- Planting of broom and palmetto trees to promote landscape integration and the creation of biotopes appropriate for local species
- Clearing of vegetation through sheep grazing



Albeniz, Translocated olive trees

Fauna

- Drinking troughs, feeding troughs and perches were installed in order to favour the local fauna
- A hunting fence was installed in order to protect wildlife
- Bird nest boxes were installed, specifically for the nesting of the lesser kestrel, common kestrel, barn owl and little owl species
- A study was commissioned to analyse the degree of adaptation of bird species to the presence of the solar PV parks, with special emphasis on the lesser kestrel and Montagu's harrier species
- Stands for wild rabbits have been built in order to help the breeding and permanence of this species



Greco, European Owl



Albeniz, Short-toed Snake-eagle

Desfina Reforestation

In May 2023, two thousand trees were planted in Greece's Parnassos National Park. The project company will ensure their maintenance and watering for the following three years. A wooden cabin was also constructed in 2022 at the entrance of the park for the benefit of the local Forestry Authority.



Parnassos National Park, Greece

2. Social

Renewable energy projects have an inherent major positive impact on the environment with their ability to decarbonise the energy sector, aiding the Company in the transition to a low carbon economy. With the European Green Deal boosting renewable energy projects, investment into clean energy assets has accelerated over recent years. With the increase in renewable energy deployment, the pressure on land is growing as the need to expand carbon sinks and protecting biodiversity is in direct conflict with agricultural and renewable energy production.

Conflicts can arise when new renewable projects compete against other types of land usage, such as residential housing, recreational areas, agriculture and nature conservation, or when they cause landscape disruptions. Engagement with local communities is an integral part of the Company's investment philosophy. The assets continue to support communities through contracting local service providers, payment of local taxes, as well as lease payments for utilisation of the land.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

3. Governance

The independent Board of Directors is responsible for AER's sustainability policy and its implementation, with the daily operations being delegated to its independent AIFM, FundRock Management Company (Guernsey) Limited 'FundRock'. FundRock monitors environmental, social and governance risks, which are fully integrated across every single stage of its investment process. The Aquila Group publishes its own Sustainability Report, describing the Investment Adviser's approach to sustainability within the investment process. Aquila Capital regards integrity and diversity as key pillars in its governance and it has been vital for the growth and success of the Company. The Investment Adviser is fully regulated and supervised by the Federal Financial Supervisory Authority in Germany.

The Company was pleased to announce the appointment of Myrtle Dawes as a non-executive Director on 1 September 2023, joining the Board of Directors as a member of the Remuneration and Nomination Committee and the Audit and Risk Committee. Myrtle, a chartered chemical engineer, has over 30 years' experience in the energy sector, both in the UK and overseas, covering leadership roles in engineering, project management, technology and digital transformation. Currently, she is CEO of the Net Zero Technology Centre and non-executive Director at FirstGroup plc and the Centre for Process Innovation. In 2017, Myrtle featured in Breaking the Glass Ceiling and was selected as one of '100 Women to Watch' in the Cranfield FTSE Board Report 2017. In 2021, she was recognised by TE:100 as one of the 'Women of the Energy Transition'.



Myrtle Dawes

Diversity

The Board of Directors is appointed based on expertise and merit, being mindful of the benefits generated by diversity. The Board is comprised of members with different skills and experiences, whilst endeavouring to comply with the Listing Rules on diversity. The current Board is comprised of three men and two women, all non-executive Directors who have a significant number of years of experience in their relevant fields.

Additionally, the Investment Adviser is also mindful of the benefits provided by diversification, both in terms of culture (its employees comprise 56 different nationalities) and in terms of gender (its gender ratio is 58% men and 42% women). Additionally, 27% of people in leadership positions are female, of which two, Susanne Wermter (CEO Aquila Clean Energy) and Christine Brockwell (CPO Aquila Clean Energy), are ranked in the 'Top 100 Women's Green Fund Power List', honouring women working in wind power worldwide.¹

AER Board:



Investment Adviser:



Supply Chain Management

The Investment Adviser's membership in associations such as the Global Infrastructure Investor Association ("GIIA") and the Global Listed Infrastructure Organisation ("GLIO") accord it the opportunity to lobby for human and labour rights along the value chain of several manufacturers. In addition, membership in the associations is also beneficial in highlighting the economic interests of the Investment Adviser to the relevant authorities.

The Investment Adviser takes a multi-faceted approach to the mitigation of governance risks, limiting exposure to risks within the supply chain. All EPC and O&M contracts are negotiated with contractors operating in a country adhering to the European Union's labour minimum standards. Any sourcing of raw materials, components, equipment or services from suppliers domiciled in countries linked to the use of forced labour is made with guarantees that such components are not associated with human rights violations.

Moreover, an in-house onboarding and screening process for suppliers is in place to prevent and mitigate any risk of human rights violations, including a pre-screening of counterparties in terms of bad press risk and a fully-fledged Know Your Customer ("KYC") process. All counterparties are monitored by the Investment Adviser according to internal compliance and procurement policies.

Measures include the selection of geographies with strong regulatory frameworks, comprehensive internal due diligence processes that examine counterparties and their governance frameworks, and the use of specialist advisers to conduct technical and legal due diligence analyses at the project level. All governance measures are audited by major audit firms on a regular basis.

1. As at 31 December 2022.

INTERIM MANAGEMENT REPORT AND RESPONSIBILITY STATEMENT

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Chairman's Statement and the Investment Adviser's Report in this Interim Report provide details of the important events which have occurred during the period and their impact on the financial statements. The following statements on Related Party Transactions, going concern, the Statement of Directors' Responsibilities, the Chairman's Statement and Investment Adviser's Report, together constitute the Interim Management Report for the Company for the six months ended 30 June 2023. The outlook for the Company for the remaining six months of the year ending 31 December 2023 is discussed in the Chairman's Statement and the Investment Adviser's Report.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company are detailed in the Company's most recent Annual Report for the year ended 31 December 2022, which can be found on the Company's website at www.aquila-european-renewables.com. These remain unchanged during the period under review. The key risks are summarised below:

- **Economic and Political Risk** – The revenue and value of the Company's investments may be affected by future changes in the economic and political situation;
- **Operational Risk** – The risk that the portfolio underperforms and, as a result, the target returns are not met over the longer term. The risk that service providers to the Company underperform, and as a result, impact the Company's performance, reporting or reputation;
- **Financial Risk** – The risk that the valuations and underlying assumptions used to value the investment portfolio are not a fair reflection of the market, resulting in the investment portfolio being over or under-valued;
- **Compliance, Tax and Legal Risk** – The failure to comply with relevant regulatory changes, tax rules and obligations may result in reputational damage or create a financial loss to the Company; and
- **Emerging Risk** – Climate-related threats and a potential financial crisis have been identified as emerging risks. As climate change continues to become a reality, the chance that one of the Company's sites is affected by a climate-related event, such as flooding or wildfires, becomes more likely. Furthermore, the Company is likely to be subject to newly introduced regulation in the fight against climate change.

Principal risks, including emerging risks, are mitigated and managed by the Board through policy setting and regular reviews of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the above-mentioned risks. The Board relies on periodic reports provided by the Alternative Investment Fund Manager, Investment Adviser and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including legal advisers and environmental advisers.

The Company's Annual Report for the period ending 31 December 2022 contains more detail on the Company's principal risks and uncertainties, including the Board's ongoing process to identify, and where possible mitigate, the risks.

The Board is of the opinion that these principal risks are equally applicable to the remaining six months of the financial year as they were to the six months being reported on.

Related Party Transactions

The Company's Investment Adviser, Aquila Capital Investmentgesellschaft mbH, and Directors are considered related parties under the Listing Rules. Details of the amounts paid to the Company's Investment Adviser and the Directors during the period are detailed in note 11 of this Interim Report on page 45.

Going Concern

The Directors have adopted the going concern basis in preparing the financial statements. The following is a summary of the Directors' assessment of the going concern status of the Company.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this document. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. The Company's net assets as at 30 June 2023 were EUR 403.3 million (31 December 2022: EUR 451.7 million). As at 30 June 2023, the Company held EUR 4.1 million (31 December 2022: EUR 19.9 million) in cash and cash equivalent. The total expense for the period ended 30 June 2023 was EUR 2.1 million (30 June 2022: EUR 2.3 million). At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover representing approximately 1.0% (as at 31 December 2022: 1.1%) of average net assets during the year.

As at 30 June 2023, the Company had approximately EUR 126.3 million of non-recourse debt (on a proportional basis) at the SPV level and the Directors are satisfied that all key financial covenants are forecast to continue to be complied with for at least the forthcoming twelve-month period from the date of this document.

INTERIM MANAGEMENT REPORT AND RESPONSIBILITY STATEMENT CONTINUED

Going Concern continued

The Company has a modest level of gearing representing 32.7% as at 30 June 2023 of its Gross Asset Value, comprised of a RCF (which has an undrawn limit of EUR 10.7 million) and non-recourse debt at the asset level. The Company (via its subsidiaries, where applicable) is in compliance with its covenants related to the RCF and non-recourse debt. The Company has recently negotiated an extension to its RCF, which now expires in April 2025. The Board and advisers have analysed the covenants of the RCF and, based on stress testing the Company's RCF covenants, significant headroom exists in relation to both the Interest Coverage Ratio ("ICR") and Loan to Value Ratios. For example, based on the Company's RCF compliance certificate for the second quarter of 2023, forward cash flows would have to reduce by over 23.2% in order to breach the Company's ICR.

The major cash outflows of the Company are the payment of dividends, costs relating to the acquisition of new investments and payment due in respect of the settlement of shares purchased in respect of the Company's buyback programme. The Directors are confident that the Company has sufficient cash balances to fund its commitments.

This assessment has included a detailed review of the issues arising following the war in Ukraine; high volatility in commodity prices; the windfall revenue clawback on inframarginal technologies (e.g. solar PV, wind energy, nuclear and hydropower); other taxes that currently face the Company's assets, as discussed in the Chairman's Statement and Investment Adviser's Report on pages 8 to 28; and the impact of climate-related events on the Company's assets. The Directors are also satisfied that the Company would continue to remain viable under downside scenarios, including a decline in long-term production and power price forecasts. For example, based on the guidance provided in the Company's February 2023 Investor Presentation, the Company expects its 2023 target dividend to be fully covered.

As announced on 30 May 2023, the Board has proposed a further opportunity to vote on the continuation of the Company during the financial year ending 31 December 2024. This is expected to be around September 2024. If the Continuation Resolution is not passed, then according to the Company's articles, the Directors shall within six months of such Continuation Resolution not being passed, put proposals to Shareholders for the reconstruction, reorganisation or liquidation of the Company. Accordingly, the Directors expect that if the Continuation Resolution is not passed, an event which the Directors consider to be unlikely, formulating and implementing any such proposals would require the Company to continue operations for a period of at least twelve months from the date of approval of the Company's financial statements.

Statement of Directors' Responsibilities

The DTR of the FCA require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements. The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the Interim Report has been prepared in accordance with the International Accounting Standard 34 - IAS 34 Interim Financial Reporting; and
- the Interim Management Report, together with the Chairman's Statement and Investment Manager's Report, includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA Disclosure Guidance and Transparency Rules.

The Interim Report has not been reviewed by the Company's Auditors. The Interim Report was approved by the Board on 26 September 2023 and the above Responsibility Statement was signed on its behalf by the Chairman.

Ian Nolan

Chairman

For and on behalf of the Board

26 September 2023

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023			Six months ended 30 June 2022		
		(Unaudited) Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	(Unaudited) Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Unrealised (losses)/gains on investments		–	(24,091)	(24,091)	–	16,434	16,434
Net foreign exchange losses		–	(12)	(12)	–	(5)	(5)
Interest income	4	8,656	–	8,656	7,140	–	7,140
Dividend income	4	–	–	–	1,200	–	1,200
Investment advisory fees	5	(1,496)	–	(1,496)	(1,522)	–	(1,522)
Other expenses		(649)	–	(649)	(779)	–	(779)
(Loss)/profit on ordinary activities before finance costs and taxation		6,511	(24,103)	(17,592)	6,039	16,429	22,468
Finance costs		–	–	–	(99)	–	(99)
(Loss)/profit on ordinary activities before taxation		6,511	(24,103)	(17,592)	5,940	16,429	22,369
Taxation	7	–	–	–	–	–	–
(Loss)/profit on ordinary activities after taxation		6,511	(24,103)	(17,592)	5,940	16,429	22,369
Return per Ordinary Share (cents)	6	1.64	(6.07)	(4.43)	1.46	4.03	5.49
Return per Ordinary Share – diluted (cents)	6	1.64	(6.07)	(4.43)	1.46	4.03	5.49

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

Return on ordinary activities after taxation is also the 'total comprehensive income for the period'.

The notes on pages 39 to 48 are an integral part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	As at 30 June 2023 (Unaudited) (EUR '000)	As at 31 December 2022 (Audited) (EUR '000)
Fixed assets			
Investments at fair value through profit or loss	3	400,737	428,641
Current assets			
Trade and other receivables		38	5,630
Cash and cash equivalents		4,128	19,893
		4,166	25,523
Creditors: amounts falling due within one year			
Trade and other creditors		(1,647)	(2,514)
		(1,647)	(2,514)
Net current assets		2,519	23,009
Net assets		403,256	451,650
Capital and reserves: equity			
Share capital	8	3,874	4,082
Share premium		255,643	255,643
Special distributable reserve		101,556	125,082
Capital reserve		41,515	65,618
Revenue reserve		668	1,225
Total Shareholders' funds		403,256	451,650
Net assets per Ordinary Share (cents)	9	104.09	110.64

Approved by the Board of Directors and authorised for issue on 26 September 2023 and signed on its behalf by:

Ian Nolan

Chairman

Company number: 11932433.

The notes on pages 39 to 48 are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

For the six months ended 30 June 2023 (Unaudited)	Notes	Share capital (EUR '000)	Share premium (EUR '000)	Special distributable reserve (EUR '000)	Capital reserve (EUR '000)	Revenue reserve (EUR '000)	Total (EUR '000)
Opening equity as at 1 January 2023		4,082	255,643	125,082	65,618	1,225	451,650
Share buybacks	8	(208)	–	(19,883)	–	–	(20,091)
Loss for the period		–	–	–	(24,103)	6,511	(17,592)
Dividend paid	10	–	–	(3,643)	–	(7,068)	(10,711)
Closing equity as at 30 June 2023		3,874	255,643	101,556	41,515	668	403,256

For the six months ended 30 June 2022 (Unaudited)	Notes	Share capital (EUR '000)	Share premium (EUR '000)	Special distributable reserve (EUR '000)	Capital reserve (EUR '000)	Revenue reserve (EUR '000)	Total (EUR '000)
Opening equity as at 1 January 2022		4,069	254,388	134,393	23,853	740	417,443
Shares issued in period	8	13	1,313	–	–	–	1,326
Share issue costs		–	(61)	–	–	–	(61)
Profit for the period		–	–	–	16,429	5,940	22,369
Dividend paid	10	–	–	–	–	(10,447)	(10,447)
Closing equity as at 30 June 2022		4,082	255,640	134,393	40,282	(3,767)	430,630

The notes on pages 39 to 48 are an integral part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023 (Unaudited) (EUR '000)	Six months ended 30 June 2022 (Unaudited) (EUR '000)
Operating activities			
(Loss)/profit on ordinary activities before finance costs and taxation		(17,592)	22,468
Adjustment for unrealised loss/(profit) on investments		24,091	(16,434)
Decrease/(increase) in trade and other receivables		5,592	(1,647)
(Decrease)/increase in other creditors		(867)	15,784
Net cash from operating activities		11,224	20,171
Investing activities			
Purchase of investments	3	–	(48,350)
Repayments during the period	3	3,813	1,459
Net cash flow from/(used in) investing activities		3,813	(46,891)
Financing activities			
Proceeds of share issues	8	–	1,326
Share issue costs		–	(61)
Share buybacks		(20,091)	–
Dividend paid		(10,711)	(10,447)
Finance costs		–	(99)
Net cash used in financing activities		(30,802)	(9,281)
Decrease in cash		(15,765)	(36,001)
Cash and cash equivalents at start of period		19,893	94,275
Cash and cash equivalents at end of period		4,128	58,274

The notes on pages 39 to 48 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. General Information

Aquila European Renewables plc (formerly Aquila European Renewables Income Fund plc; "AER", 'the Company') is a public company limited by shares, incorporated in England and Wales on 8 April 2019 with registered number 11932433. The Company is domiciled in England and Wales. The Company is a closed-ended investment company with an indefinite life. The Company commenced its operations on 5 June 2019 when the Company's Ordinary Shares were admitted to trading on the London Stock Exchange. The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

The registered office and principal place of business of the Company is 6th Floor, 125 London Wall, London, EC2Y 5AS.

The Company's investment objective is to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of Renewable Energy Infrastructure Investments.

The Company's Investment Adviser is Aquila Capital Investmentgesellschaft mbH, authorised and regulated by the German Federal Financial Supervisory Authority.

FundRock Management Company (Guernsey) Limited (formerly Sanne Fund Management (Guernsey) Limited) acts as the Company's Alternative Investment Fund Manager for the purposes of Directive 2011/61/EU of the Alternative Investment Fund Managers Directive.

Apex Listed Companies Services (UK) Limited (formerly Sanne Fund Services (UK) Limited) provides administrative and company secretarial services to the Company under the terms of an administration agreement between the Company and the Administrator.

2. Basis of Preparation

The condensed financial statements included in this Interim Report have been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies, critical accounting judgements, estimates and assumptions are consistent with those used in the latest audited financial statements to 31 December 2022 and should be read in conjunction with the Company's annual audited financial statements for the period ended 31 December 2022. The financial statements for the year ended 31 December 2022 have been prepared in accordance with the UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss.

The interim financial statements have also been prepared as far as is relevant and applicable to the Company in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC") in July 2022.

These condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements of 31 December 2022. The audited annual accounts for the year ended 31 December 2022 have been delivered to Companies House. The audit report thereon was unmodified.

These financial statements are presented in euro (EUR), which is the currency of the primary economic environment the Company operates in, and are rounded to the nearest thousand, unless otherwise stated.

Accounting for Subsidiary

The Company owns 100.0% of its subsidiary Tesseract Holdings Limited ("THL"), whose registered office and principal place of business is Leaf B, 20th Floor, Tower 42, Old Broad Street, London, England, EC2N 1HQ. The Company has acquired Renewable Energy Infrastructure Investments (the SPVs) through its investment in the HoldCo. The Company finances the HoldCo through a mix of loan investments and equity. The loan investment finance represents Shareholder loans (the "Shareholder loans") provided by the Company to HoldCo. The Company meets the definition of an investment entity as described by IFRS 10. Under IFRS 10, an investment entity is required to hold subsidiaries at fair value through profit or loss and therefore does not consolidate the subsidiary.

The HoldCo is also an investment entity, and as described under IFRS 10, values its SPVs' investments at fair value through profit or loss.

Going Concern

The Directors have adopted the going concern basis in preparing the financial statements. Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources and the impact of risks and uncertainties, including the Company's continuation vote which the Board have proposed will be placed before Shareholders in September 2024, are provided in the Interim Management Report on pages 33 and 34.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. Basis of Preparation continued

Segmental Reporting

The chief operating decision-maker, which is the Board, is of the opinion that the Company is engaged in a single segment of business, being investment in renewable energy infrastructure assets to generate investment returns while preserving capital. The financial information used by the Board to manage the Company presents the business as a single segment.

Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires the application of estimates and assumptions, which may affect the results reported in the financial statements. Estimates, by their nature, are based on judgement and available information.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of the investments, as disclosed in note 3 to the financial statements.

The Directors have concluded that the Company meets the definition of an investment entity as defined in IFRS 10.

This conclusion involved a degree of judgement and assessment as to whether the Company met the criteria outlined in the accounting standards.

The key assumptions that have a significant impact on the carrying value of the Company's underlying investments in the SPVs are the discount rates, useful life of the assets, the rate of inflation, the price at which the power and associated benefits can be sold, the amount of electricity the assets are expected to produce and operating costs of the SPVs.

3. Investments at Fair Value through Profit and Loss

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	Investments at Fair Value through Profit or Loss (EUR '000)	Investments at Fair Value through Profit or Loss (EUR '000)
(a) Summary of valuation		
Analysis of closing balance:		
Investments held at fair value through profit or loss	400,737	428,641
Total investments	400,737	428,641
(b) Movements during the period/year		
Opening balance of investments, at cost	362,978	293,068
Purchases at cost	–	71,369
Repayments during the period/year	(3,813)	(1,459)
Cost of investments	359,165	362,978
Revaluation of investments to fair value:		
Unrealised gains in fair value of investments	41,572	65,663
Balance of capital reserve - investments held	41,572	65,663
Fair value of investments	400,737	428,641
(c) (Loss)/gains on investments in the period/year (per Statement of Comprehensive Income)		
Movement on unrealised valuation of investments held	(24,091)	41,778
(Loss)/gains on investments	(24,091)	41,778

Fair Value Investments

The Investment Adviser has carried out fair-market valuations of the SPV investments at 30 June 2023 and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All SPV investments are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement.

The key assumptions that have a significant impact on the carrying value of the Company's underlying investments in SPVs are the discount rates, useful life of the assets, the rate of inflation, the price at which the power and associated benefits can be sold, the amount of electricity the assets are expected to produce and operating costs of the SPVs.

The discount factors applied to the cash flows are reviewed annually by the Investment Adviser to ensure they are at the appropriate level. The weighted average valuation discount rate applied to calculate the SPV valuation is 7.2% as at 30 June 2023 (31 December 2022: 7.2%).

Useful lives are based on the Investment Adviser's estimates of the period over which the assets will generate revenue, which are periodically reviewed for continued appropriateness. The assumption generally used for the useful life of the wind farms is 25 to 30 years and solar PV is 40 years. The actual useful life may be a shorter or longer period depending on the actual operating conditions experienced by the asset.

The operating costs of the operating companies are frequently partly or wholly subject to indexation, and an assumption is made that inflation will increase at a long-term rate. The SPV's valuation assumes long-term inflation rates according to long-term central bank targets.

The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and the revenue received from the government support regime. Future power prices are estimated using external third-party forecasts, which take the form of specialist consultancy reports. The future power price assumptions are reviewed as and when these forecasts are updated. There is an inherent uncertainty in future wholesale electricity price projection. Power prices used in the valuation are based on market forward pricing, and then a rolling average of capture rates.

The following assumptions were used in the valuations:

Metric		As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Discount rate	Weighted average	7.2%	7.2%
Long-term inflation	Weighted average	2.0%	2.0%
Remaining asset life (weighted average) ¹	Wind energy	22 years	22 years
	Solar PV	39 years	29 years
	Hydropower	10 years	10 years

Fair Value Measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following three levels:

Level 1

The unadjusted quoted price in an active market 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 (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Company's equity and the Shareholder loans investments in HoldCo are determined by the underlying fair values of the SPV investments, which are not traded and contain unobservable inputs. As such, the Company's equity and the Shareholder loans investments in HoldCo have been classified as Level 3.

1. Remaining asset life based on net full load years, does not consider any potential asset life extensions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. Investments at Fair Value through Profit and Loss continued

Fair Value Measurements continued

Level 3 continued

The classification of the Company's investments held at fair value is detailed in the table below:

	As at 30 June 2023 (Unaudited)			
	Level 1 (EUR '000)	Level 2 (EUR '000)	Level 3 (EUR '000)	Total (EUR '000)
Investments at fair value through profit and loss	–	–	400,737	400,737
	–	–	400,737	400,737

	As at 31 December 2022 (Audited)			
	Level 1 (EUR '000)	Level 2 (EUR '000)	Level 3 (EUR '000)	Total (EUR '000)
Investments at fair value through profit and loss	–	–	428,641	428,641
	–	–	428,641	428,641

Due to the nature of the investments, they are always expected to be classified as Level 3. There have been no transfers between levels during the period ended 30 June 2023 (31 December 2022: nil).

The movement on the Level 3 unquoted investments during the period is shown below:

	As at 30 June 2023 (Unaudited) (EUR '000)	As at 31 December 2022 (Audited) (EUR '000)
Opening balance	428,641	316,953
Additions during the period/year	–	71,369
Repayments during the period/year	(3,813)	(1,459)
Unrealised gains on investments adjustments	(24,091)	41,778
Closing balance	400,737	428,641

4. Income from Investments

	Six months ended 30 June 2023 (Unaudited) (EUR '000)	Six months ended 30 June 2022 (Unaudited) (EUR '000)
Interest income from Shareholder loans	8,624	7,140
Bank interest income	32	–
Dividend income	–	1,200
Total income	8,656	8,340

5. Investment Advisory Fees

	Six months ended 30 June 2023 (Unaudited)			Six months ended 30 June 2022 (Unaudited)		
	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Investment advisory fees	1,496	–	1,496	1,522	–	1,522

Under the Investment Advisory Agreement, the following fee is payable to the Investment Adviser:

- 0.75 % per annum of NAV (plus VAT) of the Company up to EUR 300.0 million;
- 0.65 % per annum of NAV (plus VAT) of the Company between EUR 300.0 million and EUR 500.0 million; and
- 0.55 % per annum of NAV (plus VAT) of the Company above EUR 500.0 million.

During the first two years of its appointment, the Investment Adviser has undertaken to apply its fee (net of any applicable tax) in subscribing for, or acquiring, the Company's Ordinary Shares. If the Ordinary Shares are trading at a premium to the prevailing NAV, the Company will issue new Ordinary Shares to the Investment Adviser. If, however, the Ordinary Shares are trading at a discount to the prevailing NAV at the relevant time, no new Ordinary Shares will be issued by the Company and instead the Company will instruct its broker to acquire Ordinary Shares to the value of fee due in the relevant period. The current Investment Adviser fee arrangement with Aquila Capital Investmentgesellschaft mbH was extended whereby the Investment Adviser fee is fully paid in the shares of the Company for additional two years until 30 June 2023.

The Investment Adviser is also entitled to be reimbursed for certain expenses under the Investment Advisory Agreement. These include out-of-pocket expenses properly incurred by the Investment Adviser in providing services, including transactional, organisational, operating or travel expenses.

Share-based Payments

The Company settled investment advisory fees by issuing Ordinary Shares and purchasing Ordinary Shares in the market. The Company has issued/purchased the following shares to settle investment advisory fees for the period under review:

In respect of the period to 30 June 2023 (Unaudited)	Investment advisory fees (EUR)	Fair value of issue price (EUR cents)	Number of shares	Date of transaction	Issued/ Purchased
31 March 2023	767,833	98.86	771,695	18 May 2023	Purchased
30 June 2023	728,290	87.00	831,701	7 August 2023	Purchased

In respect of the period to 30 June 2022 (Unaudited)	Investment advisory fees (EUR)	Fair value of issue price (EUR cents)	Number of shares	Date of transaction	Issued/ Purchased
31 March 2022	566,465	102.11	554,773	1 June 2022	Issued
31 March 2022	183,233	103.76	176,300	1 June 2022	Purchased
30 June 2022	772,650	101.00	760,053	8 August 2022	Purchased

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

6. Earnings/(Loss) Per Ordinary Share

Earnings per share is based on the loss for the period of EUR 17,592,000 (30 June 2022: profit of EUR 22,369,000) attributable to the undiluted weighted average number of Ordinary Shares in circulation of 397,096,237 (30 June 2022: 407,601,334) and the diluted weighted average number of Ordinary Shares in circulation of 397,096,237 (30 June 2022: 408,887,627) in the period to 30 June 2023. Revenue profit and capital loss are EUR 6,511,000 (30 June 2022: EUR 5,940,000 profit) and EUR 24,103,000 (30 June 2022: EUR 16,429,000 profit), respectively.

	Number of Ordinary Shares	
	As at 30 June 2023 (Unaudited)	As at 30 June 2022 (Unaudited)
Weighted Average Number of Shares Used as the Denominator		
Weighted average number of Ordinary Shares used as the denominator in calculating basic earnings per share	397,096,237	407,601,334
The effect of settled investment advisory fees by issuing Ordinary Shares	–	1,286,293
Weighted average number of Ordinary Shares and potential Ordinary Shares used as the denominator in calculating diluted earnings per share	397,096,237	408,887,627

7. Taxation

	Six months ended 30 June 2023 (Unaudited)			Six months ended 30 June 2022 (Unaudited)		
	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Corporation tax	–	–	–	–	–	–
Total tax charge for the period	–	–	–	–	–	–

Investment companies that have been approved by HM Revenue & Customs under section 1158 of the Corporation Tax Act 2010 are exempt from tax on capital gains. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation of investments.

8. Share Capital

	As at 30 June 2023 (Unaudited)		As at 31 December 2022 (Audited)	
	No. of shares	(EUR '000)	No. of shares	(EUR '000)
Allotted, issued and fully paid Ordinary Shares of 1 cent each	408,225,705	4,082	408,225,705	4,082
Shares bought back and held in treasury	(20,823,043)	(208)	–	–
Total	387,402,662	3,874	408,225,705	4,082

There were no shares issued during the six months period to 30 June 2023.

On 3 February 2022, the Company issued 731,520 Ordinary Shares to the Company's Investment Adviser in relation to advisory fees payable for the period ended 31 December 2021. In addition, on 9 June 2022, the Company issued a further 554,773 Ordinary Shares to the Company's Investment Adviser in relation to advisory fees payable for the period ended 31 March 2022.

During the period under review, the Company purchased for treasury a total of 20,823,043 Ordinary Shares at an aggregate cost of EUR 20,091,000 (including stamp duty and other fees) at an average price per Ordinary Share of 95.9 cents. There were no shares purchased for treasury during the year to 31 December 2022.

9. Net Assets Per Ordinary Share

Net assets per Ordinary Share as at 30 June 2023 is based on EUR 403,256,000 (31 December 2022: EUR 451,650,000) of net assets of the Company attributable to the Ordinary Shares in issue as at 30 June 2023 of 387,402,662 (31 December 2022: 408,225,705).

10. Dividend Paid

	Six months ended 30 June 2023 (Unaudited)		Six months ended 30 June 2022 (Unaudited)	
	Cents per Ordinary Share	Total (EUR '000)	Cents per Ordinary Share	Total (EUR '000)
Total dividends paid in the period				
31 December 2022 interim – paid 17 March 2023 (2022: 11 March 2022)	1.3125c	5,335	1.2500c	5,096
31 March 2023 interim – paid 23 June 2023 (2022: 17 June 2022)	1.3775c	5,376	1.3125c	5,351
Total	2.6900c	10,711	2.5625c	10,447

The dividend relating to the period ended 30 June 2023, which is the basis on which the requirements of section 1159 of the Corporation Tax Act 2010 are considered, is detailed below:

	Six months ended 30 June 2023 (Unaudited)		Six months ended 30 June 2022 (Unaudited)	
	Cents per Ordinary Share	Total (EUR '000)	Cents per Ordinary Share	Total (EUR '000)
Total dividends declared in the period				
31 March 2023 interim – paid 23 June 2023 (2021: 17 June 2022)	1.3775c	5,376	1.3125c	5,351
30 June 2023 interim – paid 8 September 2023 (2021: 2 September 2022)	1.3775c	5,308	1.3125c	5,353
Total	2.7550c	10,684	2.6250c	10,704

11. Transactions with the Investment Adviser and Related Party Transactions

AIFM fees for the period ended 30 June 2023 amount to EUR 58,778 (30 June 2022: EUR 63,132). As at 30 June 2023, the fee outstanding to the AIFM was EUR 23,552 (30 June 2022: EUR 9,832). The AIFM, Company Secretary and Administrator are part of the same PraxisIFM Group which was acquired by Sanne Group plc, which was then subsequently acquired by Apex Group. The Company Secretary and Administrator fees for the period ended 30 June 2023 amount to EUR 123,774 (30 June 2022: EUR 134,000).

Fees payable to the Investment Adviser are shown in the Income Statement. As at 30 June 2023, the fee outstanding to the Manager was EUR 728,282 (30 June 2022: EUR 772,798).

Fees are payable to the Directors for the year to 31 December 2022 at an annual rate of EUR 75,000 to the Chairman, EUR 50,000 to the Chair of the Audit and Risk Committee and EUR 43,000 to the other Directors. Directors' fees paid during the year were EUR 169,000. With effect from 1 January 2023, fees were increased by 5% for Mr MacLellan, Dr Rodrigues and Mr MacRitchie. With effect from 1 January 2023, fees were paid at an annual rate of EUR 75,000 to the Chairman, EUR 52,500 to the Chair of the Audit and Risk Committee and EUR 45,150 to the other Directors.

During the period, the Company advanced Shareholder loans to HoldCo of EUR nil (30 June 2022: EUR 48,350,000). The accrued interest and the Shareholder loans outstanding at the period end were EUR 244,638,000 (30 June 2022: EUR 247,284,518).

The Directors had the following shareholdings in the Company, all of which were beneficially owned.

	Ordinary Shares as at 30 June 2023 (Unaudited)	Ordinary Shares as at 31 December 2022 (Audited)
Ian Nolan	150,000	100,000
David MacLellan	125,000	75,000
Kenneth MacRitchie	50,000	50,000
Patricia Rodrigues	50,000	50,000

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

12. Commitments and Contingencies

As at 30 June 2023, the Company's remaining outstanding commitment is a EUR 1.3 million milestone payment associated with the Guillena project (one of two assets within the Greco portfolio). This payment was made upon receipt of the Provisional Acceptance Certificate ("PAC") in September 2023, after the reporting period, and was funded out of operating cash flows from the Greco portfolio. The Company did not have any new investments or capital commitments during the first six months of 2023 and continues to maintain investment discipline when assessing new investment opportunities.

13. Distributable Reserves

The Company's distributable reserves consist of the special reserve and revenue reserve. Capital reserve represents unrealised investments and as such is not distributable.

The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed within these financial statements of EUR 668,000 as at 30 June 2023 (31 December 2022: EUR 1,225,000).

14. Subsidiaries, Associates and Other Entities

The following table shows subsidiaries of the Company. As the Company is regarded as an investment entity as referred to in note 2, these subsidiaries have not been consolidated in the preparation of the financial statements.

Subsidiary entity name and registered address	Effective ownership %	Investment	Country of incorporation	Profit/(Loss) for the period ended 30 June 2023 (EUR million)	Profit/(Loss) for the year ended 31 December 2022 (EUR million)	Total assets balances as at 30 June 2023 (EUR million)	Total assets balances as at 31 December 2022 (EUR million)
Tesseract Holdings Limited Leaf B, 20th Floor, Tower 42 Old Broad Street London EC2N 1HQ	100.0	HoldCo Subsidiary entity, owns underlying SPV investments	United Kingdom	(28.5)	43.0	156.1	180.2

The following table shows the investments held via SPVs which are held by Tesseract Holdings Limited, the Company's wholly owned subsidiary.

Subsidiary entity name and registered address	Effective ownership %	Activity	Country of incorporation	Profit/(Loss) for the period ended 30 June 2023 (EUR million)	Profit/(Loss) for the year ended 31 December 2022 (EUR million)	Total assets balances as at 30 June 2023 (EUR million)	Total assets balances as at 31 December 2022 (EUR million)
Holmen II Wind Park ApS Københavnsvej 81 4000 Roskilde Denmark	100.0	Subsidiary entity, owns investment in Holmen II	Denmark	9.9 DKK	4.3	182.8 DKK	27.2
Aalto Wind No 2 Ltd. Oy c/o Intertrust (Finland) Oy Bulevardi 1, 6th floor FI-00100 Helsinki, Finland	100.0	Subsidiary entity, owns investment in Olhava	Finland	1.1	(0.0)	48.6	53.0
Prettysource Lda Avenida Fontes Pereira de Melo, n.º 14 11.º floor, 1050 121 Lisbon	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	0.0	0.1	4.4	4.2
Astros Irreverentes Unipessoal Lda Avenida Fontes Pereira de Melo, n.º 14 11.º floor, 1050 121 Lisbon	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	0.0	0.1	4.4	4.2
Contrate o Sol Unipessoal Lda Rua Filipe Folque no. 10J, 2 Dto, 1050-113 Lisbon	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	0.0	0.2	2.1	2.1
Argeo Solar S.L. Paseo de la Castellana 259D, 14S-15, Madrid Spain	100.0	Subsidiary entity, owns investment in Albeniz	Spain	(1.4)	(1.7)	37.5	40.2
Vector Aioliki Desfinas S.A. Salaminos Str. 20 15124 Maroussi Attica, Greece	89.0	Subsidiary entity, owns investment in Desfina	Greece	0.3	2.2	52.4	56.7
Ega Suria S.L. Paseo de la Castellana 259D Floors 14 and 15 28046 Madrid	100.0	Subsidiary entity, owns investment in Tiza	Spain	0.4	0.4	27.9	24.1
Azalent Investment S.L. Paseo de la Castellana 259D Floors 14 and 15 28046 Madrid	100.0	Subsidiary entity, owns investment in Greco	Spain	0.1	(0.4)	99.5	52.4
Svindbaek Vindkraft HoldCo ApS Gyngemose Parkvej 50 2860 Søborg 2860 Søborg	100.0	Subsidiary entity, owns investment in Svindbaek	Denmark	0.4	2.1	36.9	37.5

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. Subsidiaries, Associates And Other Entities continued

The following table shows associates of the Company. The Company's investments in associates are held through HoldCo.

Associate entity name and registered address	Effective ownership %	Activity	Country of incorporation	Profit/(Loss) for the period ended 30 June 2023 (EUR million)	Profit/(Loss) for the year ended 31 December 2022 (EUR million)	Total assets balances as at 30 June 2023 (EUR million)	Total assets balances as at 31 December 2022 (EUR million)
Palea Solar Farm Ourique S.A Avenida Fontes Pereira de Melo, no. 14, 11. Andar 1050-121 Lisbon Portugal	50.0	Associate entity, owns equity investment in Ourique	Portugal	0.5	(0.4)	51.7	51.3
Midtjellet Vindkraft AS Sandvikvågvegen 45 N-5419 Fitjar, Norway	25.9	Associate entity, owns equity investment in Tesla	Norway	(9.7) NOK	132.0 NOK	958.9 NOK	1,069.7 NOK

As disclosed in note 3, the Company finances the HoldCo through a Shareholder loan and equity. The Shareholder loan accrues at an interest rate of 7.0%.

HoldCo finances its SPV investments through a mix of Shareholder loans and equity. The Shareholder loans accrue at an interest rate range of 2.5% to 9.75%.

There are no restrictions on the ability of the Company's subsidiaries and associates' entities to transfer funds in the form of interest and dividends.

15. Post Balance Sheet Events

Share Buyback Programme

Since the period end, the Company has purchased for treasury a total of 6.0 million Ordinary Shares at an aggregate price of EUR 5.1 million at an average price per Ordinary share of 85.0 cents¹.

New Board Member

On 1 September 2023, Myrtle Dawes was appointed as an additional Board member.

16. Status of this Report

These interim financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The unaudited Interim Financial Report will be made available to the public at the Company's registered office. The report will also be available in electronic format on the Company's website, www.aquila-european-renewables.com.

The information for the year ended 31 December 2022 has been extracted from the last published audited financial statements, unless otherwise stated. The audited financial statements have been delivered to the Registrar of Companies. PricewaterhouseCoopers LLP reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The Interim Financial Report was approved by the Board on 26 September 2023.

1. As at 19 September 2023.

ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Company presents alternative performance measures (“APMs”), which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company. The APMs presented in this report are shown below:

Discount

The amount, expressed as a percentage, by which the share price is less than the net asset value per Ordinary Share.

As at 30 June 2023

NAV per Ordinary Share (cents)	a	104.1
Share price (cents)	b	89.5
Discount	$(b \div a) - 1$	(14.0%)

Ongoing Charges

A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.

As at 30 June 2023

Average NAV (EUR '000)	a	418,009
Annualised expenses (EUR '000)	b	4,312
Ongoing charges	$(b \div a)$	1.0%

Total Return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into the Ordinary Shares of the Company on the ex-dividend date.

As at 30 June 2023

		Share price	NAV
Opening at 1 January 2023 (cents)	a	92.3	110.6
Dividend adjustment	b	2.7	2.7
Closing at 30 June 2023 (cents)	c	89.5	104.1
Total return	$((b+c) \div a) - 1$	(0.1%)	(3.5%)

Dividend Cover

Dividend cover ratio calculation based on net results generated at the SPVs adjusted for the Company level expenses during the period:

		Period ended 30 June 2023	Period ended 30 June 2022
Net result generated at the SPVs (EUR '000)	a	12,806	14,675
Dividend paid (EUR '000)	b	10,711	10,447
Dividend cover ratio	a÷b	1.2x	1.4x

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Dividend Cover continued

Dividend cover ratio calculation based on the consolidated cash flow of the Company and its HoldCo:

		Period ended 30 June 2023	Period ended 30 June 2022
Adjusted net cash flow from operating activities (EUR '000)	a	12,080	13,346
Dividend paid (EUR '000)	b	10,711	10,447
Dividend cover ratio	a÷b	1.1x	1.3x

Gross Asset Value

The Company's gross assets comprise the NAV of the Company's Ordinary Shares and the debt at the underlying SPV level, with the breakdown as follows:

		Period ended 30 June 2023	Period ended 30 June 2022	Year ended 31 December 2022
Net Asset Value (EUR '000)	a	403,256	430,630	451,650
Debt at the SPV level (EUR '000)	b	126,291	140,310	131,203
RCF drawn (EUR '000)	c	69,349	–	24,000
Gross Asset Value (EUR '000)	a+b+c	598,896	570,939	606,853

Gearing

The Company's gearing is calculated as total debt as a percentage of Gross Asset Value

		Period ended 30 June 2023	Period ended 30 June 2022	Year ended 31 December 2022
Gross Asset Value (EUR '000)	a	598,896	570,939	606,853
Debt at the SPV level (EUR '000)	b	126,291	140,310	131,203
RCF drawn (EUR '000)	c	69,349	–	24,000
Gearing ratio	(b+c)÷a	32.7%	24.6%	25.6%

GLOSSARY

AIC

Association of Investment Companies.

Alternative Investment Fund Managers Directive or AIFMD

A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.

Alternative Investment Fund or AIF

An investment vehicle under AIFMD. Under AIFMD (see below) Aquila European Renewables plc is classified as an AIF.

Aquila Capital

Aquila Capital Investmentgesellschaft mbH (the Investment Adviser).

Company

Aquila European Renewables plc.

Discount

The amount, expressed as a percentage, by which the share price is less than the net asset value per share.

Dividend

Income receivable from an investment in shares.

EMEA

Europe, the Middle East and Africa.

EU

European Union.

Ex-dividend Date

The date from when you are not entitled to receive a dividend which has been declared and is due to be paid to Shareholders.

Financial Conduct Authority or FCA

The independent body that regulates the financial services industry in the UK.

Gearing

A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing. See also "leverage" below.

GWh

Gigawatt hour.

HoldCo

Tesseract Holdings Limited.

Index

A basket of stocks considered to replicate a particular stock market or sector.

Investment Company

A company formed to invest in a diversified portfolio of assets.

Investment Trust

An investment company based in the UK and that meets certain tax conditions that enable it to be exempt from UK Corporation Tax on its capital gains. The Company is an investment trust.

IPO

Initial Public Offering.

Leverage

An alternative word for gearing.

Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions.

Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of a company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Liquidity

The extent to which investments can be sold at short notice.

GLOSSARY CONTINUED

MWh

Megawatt hour.

NAV per Ordinary Share

Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).

Net Assets or Net Asset Value ("NAV")

The Company's assets less its liabilities.

Ongoing Charges

The ongoing charges ratio is an indicator of the costs incurred in the day-to-day management of the Company, expressed as a percentage of average net assets. This ratio calculation is based on Association of Investment Companies ("AIC") recommended methodology.

Ordinary Shares

The Company's Ordinary Shares in issue.

Portfolio

A collection of different investments held in order to deliver returns to Shareholders and to spread risk.

PPAs

Power purchase agreements.

Premium

The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

PV

Photovoltaic.

Share Buyback

The purchase of the Company's own shares. Shares can either be bought back for cancellation or held in treasury.

Share Price

The price of a share as determined by a relevant stock market.

SPV

Special purpose vehicle.

Total Return

Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company.

COMPANY INFORMATION

Directors (all non-executive)

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David MacLellan
Kenneth MacRitchie
Patricia Rodrigues
Myrtle Dawes

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