AERIF | INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2021

AQUILA CAPITAL

AQUILA EUROPEAN RENEWABLES INCOME FUND PLC

INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

INVESTING IN A BRIGHTER FUTURE

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2021

AQUILA CAPITAL

Contents

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www.aquila-european-renewables-income-fund.com

Investment Objective

Aquila European Renewables Income Fund Plc (the "Company" or "AERIF") seeks to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of renewable energy infrastructure investments.

Highlights

- During the reporting period, the Company completed one new investment and deployed further capital in its construction assets
  - On 10 June 2021, the Company increased its commitment to The Rock by a further EUR 35.6 million in order to bridge debt financing at the asset level
  - On 30 June 2021, the Company acquired a 50.0% interest in Ourique, a Portuguese solar photovoltaic ("PV") farm which commenced operations in December 2019, with a total capacity of 62.1 MW

Following these announcements, the Company has now successfully deployed or committed EUR 326.7 million

- In line with the IPO prospectus, the Company has paid 2.5 cents[1] per Ordinary Share during the reported period (5.0 cents on an annalised basis). Dividends were approximately 1.1 times covered[2] for the period
- The Company has achieved further diversification with the addition of Ourique, increasing its allocation to solar PV to 25.1% (14.9% as at 31 December 2020)
- The portfolio has now been expanded to ten separate investments, with a total proportional generating capacity of 332.3 MW (301.3 MW as at 31 December 2020)[3]
- During the reporting period, the Company's portfolio produced 267.2 GWh[4], which was 11.2% below budget, largely due to weaker than expected wind conditions in the Nordics
- The current portfolio is projected to power approximately 217,000 households and offset approximately 251,000 tonnes of CO_2 emissions annually[5]
- Initiation of GRESB assessments in relation to the remainder of AERIF's portfolio is taking place following completion of an assessment of Sagres which was rated in 2nd place among its European market peers
- Total net asset value ("NAV") per Ordinary Share returns amount to 1.9% (including dividends) for the first half of 2021 and 8.3% since the IPO[11]
- The total shareholder return was 6.6% during the period under review and is 17.8% since the IPO[12]
- The Company's NAV as at 30 June 2021 was EUR 316.2 million or 99.4 cents per Ordinary Share, representing a marginal decrease of 0.6% (not including dividends) per Ordinary Share[6] compared to 31 December 2020
- On 20 April 2021, the Company reached a financial close in relation to a two-year revolving credit facility ("RCF"), with a facility limit of EUR 40.0 million
- Portfolio has deleveraged with total debt[13] representing approximately 25.4% of gross asset value[7] ("GAV"), well below the gearing restriction limit of 50.0%
- After the interim reporting period, on 6 August 2021, the Company announced it had extended its existing Investment Adviser fee arrangement until 30 June 2023 whereby the Investment Adviser fee is paid in AERIF Ordinary Shares

Financial information[8]	30 June 2021	30 June 2020
Ordinary Share price (cents)	111.0	100.5
NAV per Ordinary Share (cents)	99.4	98.6
Ordinary Share price premium to NAV	11.7%	1.9%
Net assets (EUR million)	316.2	190.8

Financial information[8]	30 June 2021	30 June 2020
Dividends per Ordinary Share (cents)[9]	2.5	1.5
Ongoing charges[10]	1.2%	1.3%
NAV total return per Ordinary Share[11]	1.9%	(2.5%)
Total shareholder return per Ordinary Share[12]	6.6%	(5.4%)

1 All references to cents are in Euros, unless stated otherwise.
2 Dividend cover ratio calculation is based on the operational result on SPV level adjusted for fund level expenses and dividends paid by the Company during the period
3 Represents the Company's share of portfolio generating capacity (including any assets under construction, where applicable).
4 Proportional share
5 CO_2 savings are based on the Company's proportionate share. Calculations follow the methodology of the Greenhouse Gas Protocol. CO_2 savings of European assets are based on the European average. Household data represents potential number of households which could be powered by AERIFs share of electricity generated by its portfolio on an annual basis.
6 Adjusted for dividends paid during the period, calculations can be found on page 39.
7 GAV is the sum of the Company's NAV and proportional share of debt
8 This disclosure is considered to represent the Company's alternative performance measures ("APM"). Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated, can be found on page 39
9 Dividends paid/payable and declared relating to the period
10 Calculation based on average NAV over the period and regular recurring annual operating costs of the Company, can be found on page 39
11 Opening NAV at IPO after launch expenses: EUR 0.98 per Ordinary Share. Calculation includes dividends
12 Total returns based on Ordinary Share price in Euros plus dividends paid for the period. Opening Ordinary Share price at IPO: EUR 1.00.
13 Represents the Company's proportionate share of total debt at the asset special purpose vehicle ("SPV") level across its existing investments as of 30 June 2021

CHAIRMAN'S STATEMENT

Introduction

On behalf of the Board, I am pleased to present the interim report of Aquila European Renewables Income Fund Plc for the six months period ended 30 June 2021. This is the Company's second interim report since its initial public offering in June 2019.

Our investment strategy remains unchanged: we target assets which have a high level of contracted revenues via power purchase agreements ("PPAs") or government regulated tariffs and a long operating life. We also seek diversification by investing in a number of different countries and power markets throughout Europe in order to minimise risks and reliance on any single power market. We believe these characteristics help us to offer investors attractive risk adjusted returns, while also providing exposure to the green energy transition which is currently underway in Europe.

During the period, energy production from the Company's portfolio was below budget as a result of weaker than expected wind levels in the Nordics and lower than budgeted irradiation levels in Portugal. This was partially offset by a strong recovery in power prices, helped by a recovery in demand as European economies emerged from lockdown restrictions. We were pleased to add Portuguese solar asset Ourique to our portfolio and committed further bridge financing to our under-construction Norwegian wind asset, The Rock.

The Company's performance during the COVID-19 pandemic has been resilient, reflecting the strong contracted income underlying the investment assets, and the careful construction of a portfolio diversified across both geography and renewable generation technology.

Dividends and Returns

For the year ended 31 December 2021, the Company is expected to pay dividends in line with its dividend target of 5.0 cents per Ordinary Share. The Company is aiming to increase the dividend progressively over the medium term as stated in the Company's prospectus. During the reporting period, the Company paid 2.5 cents per Ordinary Share and its dividend cover was approximately 1.1 times[14]. Including this, the Company has paid EUR 15.6 million in dividends, or 6.8 cents per Ordinary Share.

As at 30 June 2021, the Company's NAV was EUR 316.2 million or 99.4 per Ordinary Share. In the first six months of 2021, the Company generated a total NAV return of 1.9%[15] (or negative 0.6% excluding dividends) and a shareholder return of 6.6%[15] (or 4.2% excluding dividends). Since its IPO, the Company has generated NAV and shareholder returns totalling 8.3% and 17.8% respectively. As at 30 June 2021, the Company's shares traded at an 11.7% premium compared to NAV. The NAV represents the fair market valuation of the Company's portfolio, based on a discounted cash flow analysis over the life of each of the Company's assets.

Portfolio and Performance[16]

Since 31 December 2020, the Company has added Ourique to its portfolio and expanded its total portfolio to ten separate investments (composed of 32 various assets[17]) with a combined generating capacity of 332.3 MW[18] (301.3 MW as at 31 December 2020). The Company has a diversified portfolio which spans six countries across Europe, including Denmark, Finland, Norway, Spain, Greece and Portugal. The majority of the Company's assets reside in the Nordic region, however, our reliance on Nordic wind has continued to decline as we have become more active in Iberia, where the Company has four investments, primarily in solar PV, representing 25.1% of the portfolio's value. Our assets are typically located in areas with high wind speeds and strong capacity factors (such as the Nordics) while our solar assets are typically located in Southern Europe, where irradiation levels are high. Meanwhile, our hydropower asset Sagres is located in one of the areas of Portugal with the highest precipitation levels.

The Company has interests in two construction projects – The Rock and Albeniz – which are located in Norway and Spain respectively. Both projects made significant construction progress throughout the reporting period and remain on track for completion later this year. The Rock and Albeniz represent some of the largest investments within the portfolio and we look forward to a smooth transition to operations in the fourth quarter of 2021.

We announced our increased commitment to The Rock during the period via a further EUR 35.6 million in the form of bridge financing. The bridge financing was provided pro rata by each of The Rock's existing shareholders (representing Aquila Capital managed funds) and was introduced in order to fund further construction works while the project company waits for conditions to be satisfied under its existing debt financing (non-recourse project finance at the asset level). The bridge financing is being provided in the form of a shareholder loan which is priced at an attractive rate for the Company.

The power generation of the portfolio was 11.2% below budget during the first half of the year, as a result of weaker than expected wind levels in the Nordics (in particular, in Norway and Denmark) during the first quarter and lower than budgeted irradiation levels in Portugal. Desfina and Olhava performed largely in line with budget over the period. Following an interconnection issue experienced in one of the solar plants at the asset Benfica III from the end of March

14 Dividend cover ratio calculation is based on the operational result on SPV level adjusted for fund level expenses and dividends paid by the Company during the period.
15 Adjusted for dividends paid during the six month period.
16 All figures quoted in this section are presented on a proportional basis
17 Sagres: 21 assets; Benfica III: 3 assets
18 Represents the Company's share of portfolio generating capacity (including any assets under construction, where applicable).

until the beginning of May, an insurance claim was made in order to recover the revenues lost during this time. Despite this, asset availability was strong throughout the reporting period. A strong recovery in power prices throughout Europe, including the markets in which we operate, partially offset a production-led reduction in asset revenues. This was particularly evident in Iberia, where prices increased by approximately 72.5% over the half year, largely driven by an increase of European Union Allowances ("EUAs") (and commodity prices) and a recovery in power demand driven by strong economic growth. Nordpool prices increased approximately 284.6% over the reporting period. Over time, we expect our production levels to mean-revert towards P50 estimates.

During the first half of 2021, the Company recorded a profit before taxes of EUR 6.1 million compared to a loss of EUR 5.5 million for the first half of 2020, mainly driven by unrealised gains on investments of EUR 3.3 million (1H20: unrealised loss of EUR 6.8 million) and income generated via interest of EUR 4.8 million (1H20: EUR 2.7 million).

Financing

We are pleased to report that the Company recently reached a contractual close in relation to its two-year revolving credit facility ("RCF") with a facility limit of EUR 40.0 million in 2021. The RCF is an important milestone for the Company as it provides us with substantial flexibility to finance our future investments in a capital efficient manner. The facility also benefits from an accordion option which enables the Company to upsize the facility limit to EUR 100.0 million, as well as provide the option to extend the RCF tenor beyond its existing two-year term, subject to lender consent.

As at 30 June 2021, the Company had approximately EUR 107.6 million of non-recourse debt on a proportional basis at the asset level representing 25.4% of GAV (31 December 2020: 26.3%), well within the Company's maximum gearing exposure of 50.0%. Our leverage ratio decreased over the period, as a result of ongoing scheduled debt amortisation. Our project debt is long duration, with a weighted average maturity of approximately 12.4 years and a weighted average all-in interest rate of 2.9%. Our RCF was undrawn as at 30 June 2021.

After the reporting date, in September 2021, the Company announced that The Rock successfully closed a US Private Placement ("USPP") and Junior Nordic Green Bond ("Green Bond") (collectively the "Bond Refinancing"), representing a combined issuance amount of EUR 315.0 million (on a 100% interest basis). The proposed Bond Refinancing was pursued in order to allow the Project to immediately benefit from access to debt financing at attractive terms. The Bond Refinancing is expected to be accretive to the economic returns of the Project. Proceeds from the Bond Refinancing have been used to repay the Bridge, fund remaining construction and other project costs and return surplus capital to the Project's shareholders.

In the same month we were also pleased to announce also that the Company has successfully raised EUR 90.0 million. Together with the proceeds from the Bond Refinancing have been used to repay any outstanding debt under its RCF (currently drawn to EUR 10 million -drawdown took place after the reported period-), as well as funding the attractive pipeline of investment opportunities.

Environmental, Social and Governance ("ESG")

As our portfolio expands, so does its ability to offset annual CO_2 emissions. As at 30 June 2021, the Company's 332.3 MW portfolio had the potential to power approximately 216.8 thousand households and offset approximately 250.9 thousand tonnes of CO_2 emissions annually[19]. As a reference, Luxembourg had approximately 261.0 thousand private households in 2020; thus, the portfolio had the capacity, at the end of the reporting period, to power it 0.8 times. We are proud of our contribution towards the green economy and the United Nations Sustainable Development Goals, including:

- Ensuring access to affordable, reliable, sustainable and modern energy for all;
- Building resilient infrastructure, promoting inclusive and sustainable industrialisation, and fostering innovation;
- Taking urgent action to combat climate change and its impacts.

We are committed to being a responsible investor, ensuring that ESG criteria are incorporated into our day-to-day investment decisions as well as generating a positive impact for society. These commitments are reflected throughout our investment philosophy and approach. Our Investment Adviser, Aquila Capital Investmentgesellschaft mbH ("Aquila Capital"), is dedicated to the green energy transition. As a signatory to the United Nations' Principles for Responsible Investments, Aquila Capital has integrated consideration of ESG risk into every single stage of its investment process, including any investments in which the Company participates. I would encourage our shareholders to review Aquila Capital's annual ESG report, which is published on Aquila Capital's website at https://www.aquila-capital.de/en/sustainability/sustainability-related-disclosures.

Our assets are typically located in remote regions of Europe, where the resource factor is high. In some cases, our assets are closely linked to a local community. Our assets continue to support local communities through a variety of measures, including contracting with local service providers, the payment of local taxes and land lease payments.

Our Board composition is unchanged since the IPO and consists of four non-executive directors. The Board continues to uphold a stringent level of corporate governance. AERIF benefits from both an independent board of directors, as well as an alternative investment fund manager ("AIFM"), International Fund Management Limited (part of PraxisIFM Group). The Board supervises the AIFM, who is responsible for making recommendations in relation to any investment proposals put forward by the Investment Adviser. The Investment Adviser is fully regulated and supervised by the Federal Financial Supervisory Authority ("BaFin") in Germany.

[19] CO_2 savings are based on the Company's proportionate share. Calculations follow the methodology of the Greenhouse Gas Protocol. CO_2 savings of European assets are based on the European average. Household data represents potential number of households which could be powered by AERIFs share of electricity generated by its portfolio on an annual basis.

On 9 June 2021, we were pleased to hold our second annual general meeting ("AGM"). Under normal circumstances, we would have encouraged our shareholders to attend the Company's AGM, however, in light of the situation regarding the COVID-19 pandemic and to comply with the UK government's guidance, the AGM was held privately, with shareholder votes conducted by proxy. We are pleased to report that shareholders and their representatives approved all of the resolutions with a significant majority.

Conclusion and Outlook

The European Union ("EU") has reaffirmed its commitment to become the first carbon neutral continent. To do so, renewable energy must play a key role. Despite the immense and unique scale of EU funding required in order to reach the goal of decreasing carbon emissions by 55% by 2030, significant private investment is required. In the short to medium term, the capital costs of building fossil-fuel power plants are expected to rise significantly, further enhancing the competitiveness of renewables.

The Board is pleased with the performance of the portfolio during the year so far, despite weaker than expected wind conditions in Northern Europe. As the portfolio continues to expand into new power markets and further solar PV investments are added to the portfolio (lower volatility compared to wind), we expect portfolio production volatility to be lower over time. The Company's strategy of targeting assets with high levels of contracted revenues in the form of fixed-price PPAs or government subsidies will continue to help hedge the Company's revenues against fluctuations in market prices.

The Company's Investment Adviser has over 19 years of experience in alternative investments and manages one of Europe's largest clean energy portfolios with over 11.7 GW in installed capacity. Working with our Investment Adviser, we are proactively exploring a number of exciting investment opportunities in wind, solar PV and hydro in Europe and continental Ireland. Our investment philosophy is unchanged since the IPO and we will continue to exercise a disciplined, long-term oriented investment approach in our pursuit of growth.

Thank you for your ongoing support. We look forward to a successful second half of the year.

Ian Nolan, Chairman
28 September 2021

INVESTMENT ADVISER`S REPORT

Investment Adviser Background

The Company's alternative investment fund manager ("AIFM"), 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. Additionally, the Investment Adviser provides asset management services in relation to the operational assets in the portfolio or, to the extent asset management is delegated to third parties, oversees and monitors such asset management.

Aquila Capital is an investment and industrial development company focused on generating and managing essential assets on behalf of its clients. By investing in clean energy and sustainable infrastructure, Aquila Capital contributes to the global energy transition and strengthens the world's infrastructure backbone. The company initiates, develops, and manages these essential assets along their entire value chains and lifetimes. Currently Aquila Capital manages[20] around EUR 13 billion on behalf of institutional investors worldwide. Its primary objective is to generate performance for its clients by managing the complexity of essential assets.

Established in 2001 by Dieter Rentsch and Roman Rosslenbroich, Aquila Capital is founder and partner owned. The shareholders are backed by a minority stake of Daiwa, one of Asia's largest investors.

Over the last two decades, Aquila Capital and its subsidiaries have explored, projected and engaged in meaningful trends for mankind and our planet. It has created a pan-European real asset portfolio by combining industrial excellence with fiduciary money management principles. It is driven by highly experienced investment and asset management teams that fulfil the return expectations of its investors. Today, the company manages wind energy, solar PV and hydropower energy assets with a capacity of more than 11.7 GW. Additionally, it has over two million square metres of sustainable real estate and green logistics projects either completed or under development. Aquila Capital also invests in energy efficiency, carbon forestry and data centres. And more is to come.

Aquila Capital has been carbon neutral since 2006 and aims to become carbon negative. Sustainability has always been part of its value system and is an integral part of its investment strategies, processes and management.

Aquila Capital has around 600 employees and 14 offices in twelve countries worldwide. Its employees, which come from 48 nations, are its most valuable asset. It promotes their individual strengths, encourages them to take on responsibility and to work hands-on. Aquila Capital's culture is strongly driven by its entrepreneurial spirit, its agility, and its diverse DNA. Its company symbol, the eagle (Latin: Aquila) stands for sharp eyes and a unique perspective from above.

By the end of 2030, Aquila Capital aims to be one of the world's leading investment management companies for – what it calls – essential assets.

The principal regulated entity within Aquila Capital, based in Germany, is subject to significant European regulatory standards. Compliance with these standards helps to ensure the highest levels of service and comprehensive security for Aquila Capital's investors and business partners.

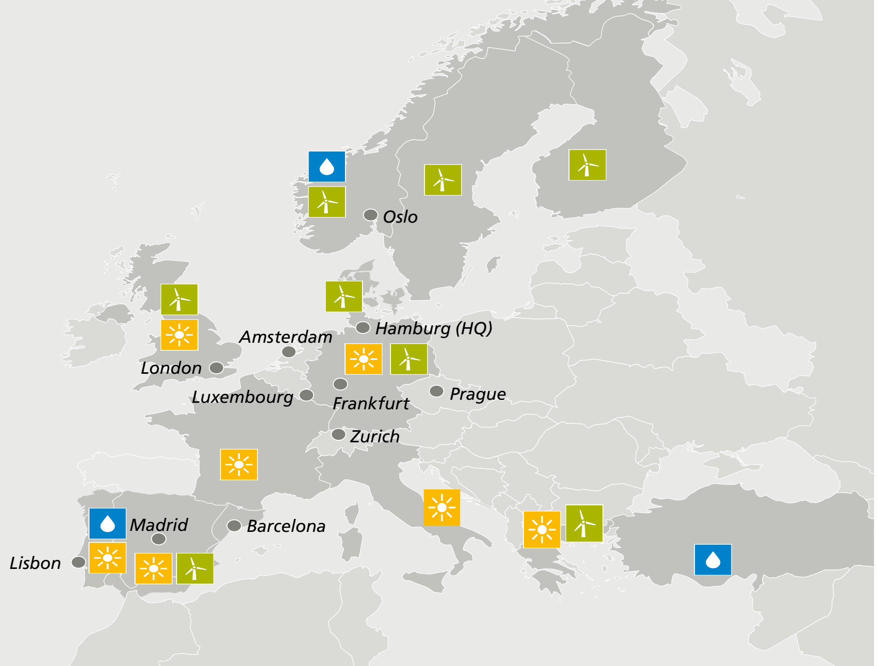
Current renewables portfolio of Aquila Capital in Europe
Portfolio capacity

Wind energy
3,442 MW, >818 WTGs

Solar PV
7,907 MWp, >244 PV parks

Hydropower
794 MW, 186 plants

Offices

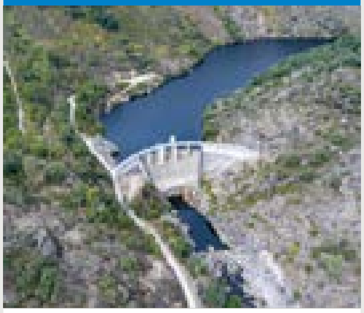


ESG as at 31 December 2020
Overall reduction of CO_2 emissions in 2020
173.4m tons
Green energy produced in 2020
544.4 TWh
Households supplied in 2020
149.6m

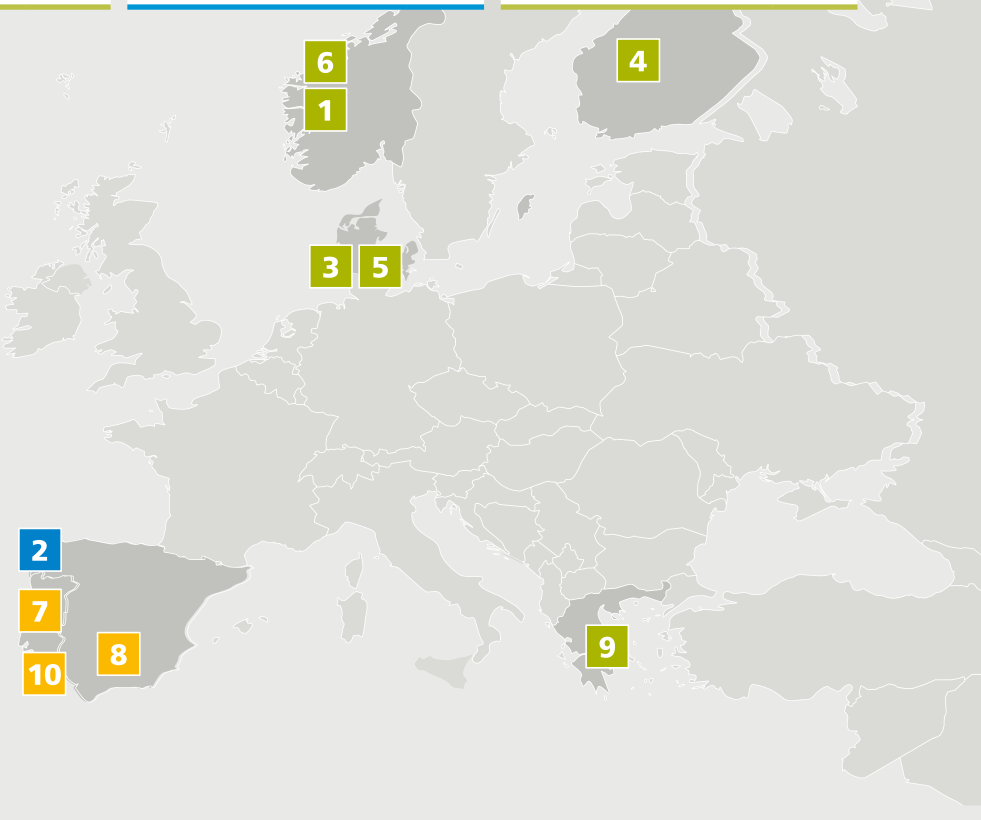
[20] EUR 10.5 billion in assets under management and EUR 2.5 billion in assets under administration. Data as at 31 March 2021.

PORTFOLIO
AS AT 30 JUNE 2021

Wind energy | Hydropower | Solar PV

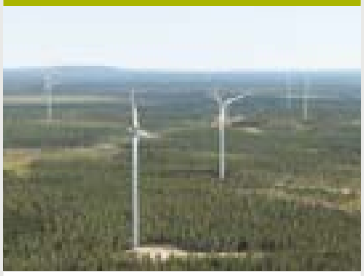


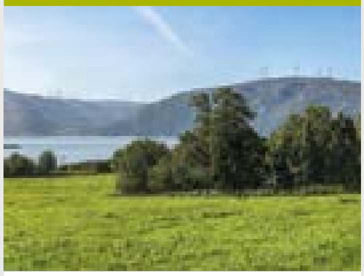
	1. Tesla	2. Sagres	3. Holmen II
Country	Norway	Portugal	Denmark
Capacity[21]	150.0 MW	102.7 MW	18.0 MW
Status	Operational	Operational	Operational
COD[22]	2013-2018	1951-2006	2018
Asset life from COD	25y	n.a.[25]	25y
Equipment Manufacturer	N100, N90, N117 (Nordex)	Various	V126-3.6 (Vestas)
Energy offtaker[23]	PPA with utility / spot	FiT / Spot	FiP / Spot
Ownership in asset	25.9%	18.0%[26]	100.0%
Leverage[24]	27.1%	43.3%	40.6%
Acquisition date	Jul 2019	Jul 2019	Jul 2019



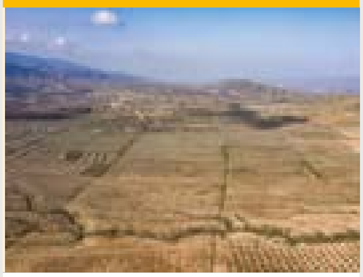
21 Installed capacity at 100% ownership.
22 Commissioning date ("COD").
23 PPA = power purchase agreement, FiT = feed-in tariff, FiP = feed-in premium.
24 Leverage drawn (AERIF Share) as a percent of investment fair value as at 30 June 2021. Leverage is defined here as debt not granted by third parties and not by shareholders.
25 21 individual assets; approximately 12 years remaining asset life when calculated using net full load years.
26 Majority of remaining shares are held by entities managed and/or advised by Aquila Capital.

Wind energy Hydropower Solar PV





	4. Olhava	5. Svindbaek I + II	6. The Rock
Country	Finland	Denmark	Norway
Capacity[21]	34.6 MW	32.0 MW	400.0 MW
Status	Operational	Operational	Under construction
COD[22]	2013-2015	2018	2021
Asset life from COD	27.5y	25y	30y
Equipment Manufacturer	V112-3.0, V126-3.3 (Vestas)	SWT-3.2-101 (Siemens)	N149 5.x (Nordex)
Energy offtaker[23]	FiP / Spot	FiP / Spot	PPA / Spot
Ownership in asset	100.0%	99.9%	13.7%
Leverage[24]	49.6%	19.1%	0.0%
Acquisition date	Sep 2019	Dec 2019, Mar 2020	Jun 2020


	7. Benfica III	8. Albeniz	9. Desfina
Country	Portugal	Spain	Greece
Capacity[21]	19.1 MW	50.0 MW	40.0 MW
Status	Operational	Under construction	Operational
COD[22]	2017-2020	2021	2020
Asset life from COD	30y	30y	25y
Equipment Manufacturer	AstroNova	Canadian Solar	E82-2.35 & E92-2.35 (Enercon)
Energy offtaker[23]	PPA / Spot	PPA / Spot	FiP / Spot
Ownership in asset	100.0%	100.0%	89.0%[27]
Leverage[24]	0.0%	0.0%	46.2%[28]
Acquisition date	Oct 2020	Dec 2020	Dec 2020

[21] Installed capacity at 100% ownership.
[22] Commissioning date ("COD").
[23] PPA = power purchase agreement, FiT = feed-in tariff, FiP = feed-in premium.
[24] Leverage drawn (AERIF Share) as a percent of investment fair value as at 30 June 2021. Leverage is defined here as debt not granted by third parties and not by shareholders.
[25] 21 individual assets; approximately 12 years remaining asset life when calculated using net full load years.
[26] Majority of remaining shares are held by entities managed and/or advised by Aquila Capital.
[27] Represents voting interest. Economic interest is approximately 94%.
[28] Calculation based on voting interest.

PORTFOLIO
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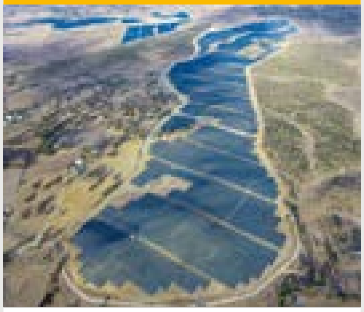
Wind energy Hydropower Solar PV

10. Ourique



Country	Portugal
Capacity[21]	62.1 MW
Status	Operational
COD[22]	2019
Asset life from COD	30y
Equipment Manufacturer	Suntech
Energy offtaker[23]	CfD / Spot
Ownership in asset	50.0%
Leverage[24]	0.0%
Acquisition date	Jun 2021

21 Installed capacity at 100% ownership.
22 Commissioning date (“COD”).
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26 Remaining shares are held by entities managed and/or advised by Aquila Capital.

INVESTMENT ADVISER`S REPORT

INVESTMENT ACTIVITY

The Rock

In May 2020, the AERIF Board approved a commitment of up to EUR 40.0 million in equity in The Rock (a 13.7% stake in the project). In April 2021, the AERIF Board approved a further commitment of EUR 35.6 million to provide bridge debt financing for The Rock, given existing conditions in place which prevented the drawdown of existing debt facilities. Approximately EUR 9.4 million had been drawn under this bridge financing as at 30 June 2021.

The legal situation at The Rock remains the same as reported in the AERIF 2020 report. Local reindeer herdsmen (the Sami) have appealed the project plan for the construction and completion of the wind farm (the "MTA plan") at the administrative level (i.e. not in courts). The decision of the Ministry of Petroleum and Energy ("MPE") is still pending. There is no current indication that any of the aforementioned reviews will lead to a negative outcome for The Rock and it is expected that, in the near future, the MPE will revert with a final decision on the MTA Plan as well as confirmation of the effectiveness of the license itself.

Ourique

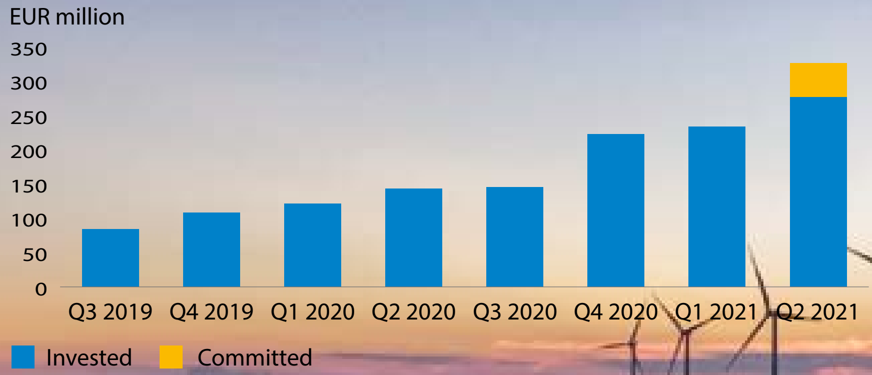
The Company acquired 50.0% of Ourique during the review period, which is located in Alentejo, Portugal. It is a 62.1 MW solar farm which has been in operation since December 2019, and which benefits from 100% of its production being covered by a CfD until March 2026. The project is expected to save 17,035 tonnes of CO_2 emissions per annum, and an estimated 511,046 tonnes over the lifetime of the project (on a 100% interest basis). The remaining 50.0% is owned by an investment fund managed by Aquila Capital. The operational asset possesses outstanding cash yields during the first five years which will help to pay Company costs and contributes to dividend cover from day one. Additionally, it contributes to achieving both the technological and geographical diversification sought by the Company.

PORTFOLIO CONSTRUCTION AS AT 30 JUNE 2021

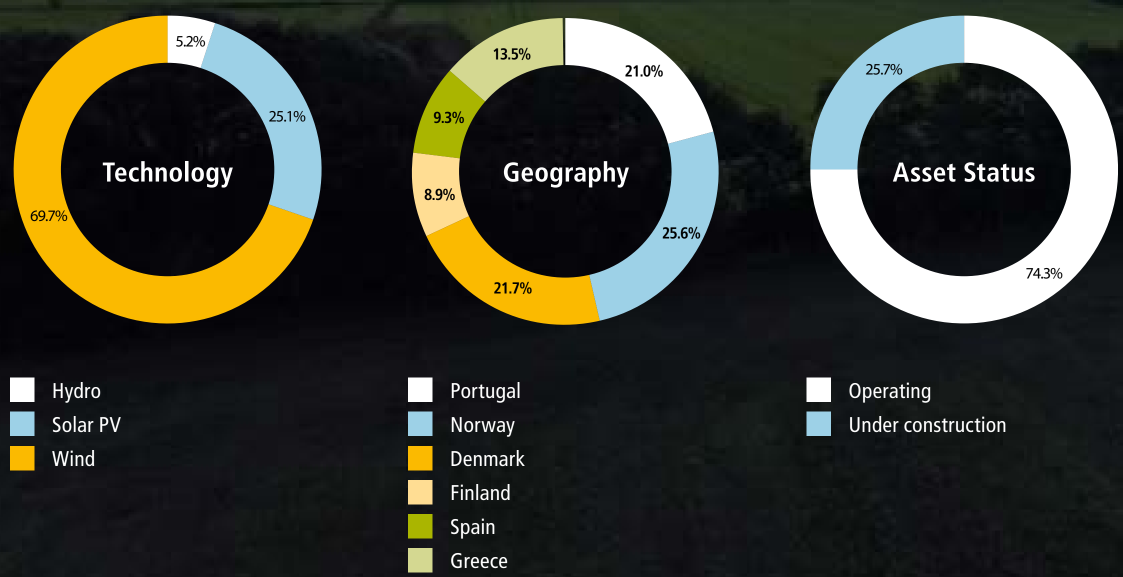
Capital Deployment Profile Since IPO[29]

The Company has successfully raised capital on three separate occasions – during its IPO and twice during 2020 – raising a total of EUR 321.8 million. During the first half of 2021, the Company successfully deployed EUR 53.9 million through ongoing investment activities comprising the acquisition of a 50% stake in Ourique for EUR 26.5 million; and the further development of The Rock and Albeniz, with EUR 17.7 million and EUR 9.7 million deployed respectively in each. The Company's construction commitments for its two developing projects amount to EUR 50.3 million. Following the completion of the Ourique acquisition and taking into account remaining commitments in respect of The Rock and Albeniz assets, the Company has deployed or committed substantially all of the capital available to it for investment including from its existing EUR 40.0 million RCF.

The Company maintains an adequate liquidity position to fund its future capital commitments. As at 30 June 2021, the Company and its subsidiary Tesseract Holdings Limited ("THL" or "HoldCo") had an available cash balance of approximately EUR 24.9 million (excluding surplus cash at the asset level) in addition to the RCF which was undrawn as at 30 June 2021. On 10 September 2021 the Company announced that it has successfully raised EUR 90.0 million that will be deployed to fund the acquisition of the assets identified in the pipeline.



Current Portfolio Allocation[30]



[29] Reflects the commitment as at 30 June 2021

[30] Allocation is based on fair value of the assets (excluding cash and any other Company level items), unless stated otherwise.

INVESTMENT ADVISER`S REPORT

FINANCIAL PERFORMANCE

Asset Status

The further diversification of the portfolio in terms of technology and geography continued during the first half of 2021. At the end of the period, the portfolio consisted of 32 assets from the wind power, hydropower and solar PV sectors, located in a total of six countries in Northern and Continental Europe.

Over the long-term, our goal is to achieve an asset allocation of 15%-25% hydropower, 30%-50% solar PV and 30%-50% wind. During the reporting period, the Company expanded its footprint in Portugal with the acquisition of 50.0% of the asset Ourique, a solar PV farm with a 62.1 MW capacity. Since 31 December 2020, the portfolio's solar PV exposure has increased from 14.9% to 25.1%.

As at 30 June 2021, the portfolio's largest country exposures are to Denmark, Norway and Portugal (combined 68.2%). The two Nordic countries have a long-term credit rating of "AAA". Portugal has a "BBB" rating with a stable outlook from Standard and Poor's.

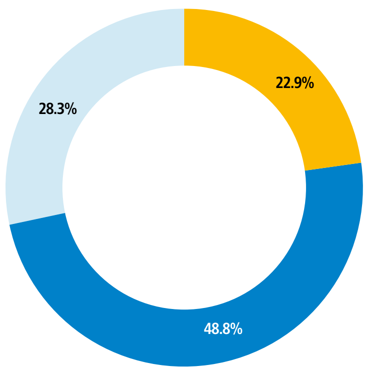
The portfolio has minimal concentration risk, with The Rock representing the largest single asset exposure, equating to 16.3% by asset fair value, or 15.2% of the Company's NAV. The Company's exposure to The Rock is expected to reduce following repayment of bridge financing.

The portfolio is largely weighted towards operating assets (74.3% of asset fair value) in line with its stated objective to secure a stable and growing dividend for investors. Construction exposure (25.7%) relates to the Company's interest in both The Rock and Albeniz. Compared to the previous period (December 2020: 21.7%) construction exposure has increased as the projects have continued to advance. Both projects are expected to be completed by the fourth quarter of 2021.

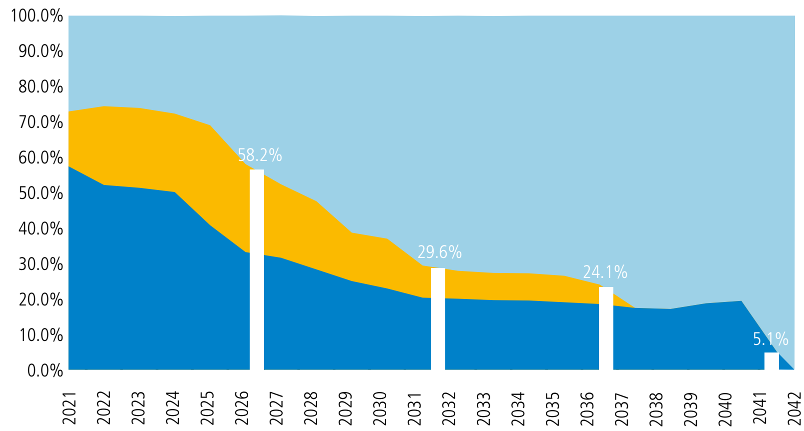
The portfolio allocation remains within the Company's stated investment restrictions (which include single asset and single country limits of 25.0% and 50.0% of the Company's GAV respectively). These restrictions are designed to promote asset diversification and minimise risks.

Contracted Revenue Position

Present Value of Revenues[31] (Five Years)



Revenue Mix – Existing Contracts Only



Fixed price PPA[32] | Government regulated tariffs | Market

The strategy of the fund is to generate stable cash flows through its investments. In order to do so, it maintains a high degree of contracted revenues in the form of government regulated tariffs or fixed price PPAs. At the end of June 2021, approximately 71.7% of our revenue was contracted over the first five years[33].

The portfolio had a weighted average contract life[34] of approximately 9.5 years as at 30 June 2021 (compared to 9.5 years as at 31 December 2020), which provides strong predictability of cash flows. Additionally, our counterparty exposure also boasts an attractive risk profile, including a combination of investment grade corporates (PPAs) and highly rated sovereign entities (Government regulated tariffs).

Our contracted position reflected in the graphs above represents a snapshot of our existing PPAs and government regulated tariffs as at 30 June 2021 and does not assume any replacement PPA or other forms of hedging after they expire. In accordance with its investment strategy, AERIF intends to renew and implement replacement PPAs (or other forms of hedging, as required) before any existing contracts expire, in order to maintain a high degree of contracted revenues over time.

31 Asset revenues are discounted by the weighted average of all discount rates used for the asset valuations as of 30 June 2021.
32 0.3% of the 22.9% fixed price PPA has upside and downside sharing with the offtaker
33 Calculated based on a present value of revenues as at 30 June 2021, based on the Company's portfolio discount rate.
34 Weighting based on purchase price or equity invested

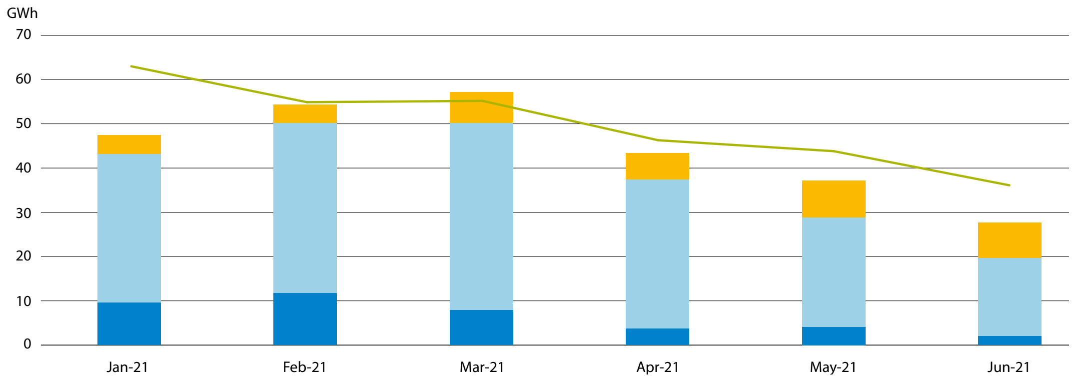
FINANCIAL PERFORMANCE
CONTINUED

Production by Technology (AERIF share)

Technology	Region	Electricity Production (GWh) 1H21[35]	1H20	% Variance (1H21 actual vs budget)
Wind	Denmark, Finland, Norway & Greece	190.4	185.9	-12.8%
Hydropower	Portugal	39.1	44.1	-4.5%
Solar PV	Portugal & Spain	37.7	–	-9.3%
Total		**267.2**	**230.1**	**-11.2%**

Technology	Load Factors 1H21	1H20
Wind	23.0%	35.1%
Hydropower	48.7%	55.0%
Solar PV	16.0%	n/a
Total	**28.5%**	**41.2%**

Actual production vs. Budget (AERIF share)



The electricity production of the portfolio amounted to 267.2 GWh in the reporting period, 11.2% below budget (P50). This weaker than expected production performance was mainly driven by depressed wind levels, especially during the first quarter in the Nordics, in particular in Norway and Denmark, where there were 25.9% and 21.2% production shortfalls respectively compared to budget. In Iberia, low irradiation levels were experienced during the second quarter. A technical interconnection issue that took place during mid-March at the asset Benfica III – solved subsequently at the beginning of May – had only a marginal impact on production. An insurance claim has been made in order to compensate for the resulting revenue loss. Overall production levels were 16.1% higher compared to 1H20, as a result of further acquisition activity, including at Benfica III, Desfina and Ourique.

The electricity produced by the assets is sold or compensated for in three ways: Government regulated tariffs, contractually fixed compensation (PPAs) and the spot market. The spot market experienced a strong recovery during the first half of 2021 after a hard 2020. This helped compensate for lower production (11.2% below budget) experienced due to climate conditions in the Nordics and Iberia. During the reporting period, the Company received revenues from the interest of its construction projects (Albeniz and The Rock).

The Company has been able to maintain dividend cover of 1.1 times dividends paid (1.9 times for 1H20), demonstrating the robustness of the strategies adopted by the Company of maintaining a high degree of contracted revenues and diversification by asset class and geographical position.

Operational Highlights

- **Sagres:** The production of the Sagres hydropower plant was 4.5% below budget during the first half of 2021. During the first quarter, higher precipitations levels, particularly during January and February, saw production surpass budget by 16.8%. During the second quarter, however, lower precipitation levels led to production being 37.9% below budget. In contrast, power prices continued their upward trend and were 9.9% higher than budgeted for in the second quarter.

- **Tesla:** Production across the Nordics was impacted during the first half of 2021 by poorer than expected wind conditions. However, there was a recovery in progress across the region as well, which helped to offset lower production. In 1H21, Tesla's production was 25.9% below budget. A recovery in spot electricity prices (approximately 30% of Tesla's revenues are not contracted) partially mitigated this low production. Revenues on the asset were a negative 12.7% against budget. Owing to extremely low production in May, energy had to be purchased to fulfil Tesla's obligation under its PPAs.

[35] 2021 solar production includes Ourique whose production is shown as of the economic transfer date 1 January 2021.

- **Holmen II:** Project Holmen II also suffered from low wind levels in the Nordics, with its production being 18.9% below budget. However, participation in the "Regulerkraft" scheme helped revenues to record a slightly better performance than production even though they were still 17.9% below budget. Moreover, the asset mitigated its price exposure through short term price hedges for the majority of the production

- **Svindbaek:** Similar to the situation at Holmen II, poor wind conditions led to production being 23.5% below budget for the first half of 2021. Despite a recovery in spot prices and participation in the "Regulerkraft" scheme, revenues were 23.9% below expectations. The Company decided to close its turbines during dusk and dawn hours for the summer months from July to September, in order to preserve the welfare of the local bat population. Under the terms of an SPA, the Company is expected to be compensated for any losses arising from closures.

- **Olhava:** Unlike the wind conditions observed in Norway and Denmark, Finland benefitted from strong winds, especially during the first quarter of the year. Olhava, which is located in Finland, outperformed its production budget by 3.5%. The asset produced a total of 51.1 GWh during the reported period.

- **The Rock:** During June 2021, the substation at Heifjellet was successfully energised after all of the project's 33kV cables had been installed. The first radial with five turbines should be energised mid-July and, thereafter, Nordex will commence commissioning works on the aforementioned turbines. During the reporting period, the installation work proceeded as planned. The transportation of components to Mosjøen harbour also progressed, with 16 vessels being delivered and unloaded. The components delivered accounted for approximately 70% of the total anticipated delivery. Nordex was able to deliver ten components per day from the port to the site, sufficient to keep the turbine installation running at the required pace. Additionally, the Norwegian government eased COVID-19 restrictions which allowed the construction process to proceed as planned. Completion of the project is still expected for the fourth quarter of 2021.

- **Benfica III:** The asset experienced low irradiation levels during the reporting period, particularly during April, which led to production being 9.0% below budget. On Montes Novos (one of three solar parks within the Benfica III portfolio) an interconnection circuit breaker was damaged which led to an outage in May. The issue was subsequently resolved, and the Company is currently pursuing an insurance claim for EUR 53.0 thousand in order to compensate the production loss.

- **Albeniz:** Construction work progressed as expected during the reporting period. As at the end of June 2021, 26% of the overall construction had been completed. Construction works focused on mechanical projects (ramming for the solar tracker foundations – almost complete – and the start of the structure assembly) and electrical works (the opening of trenches for medium voltage cables). Civil works also progressed well (installations of inverters and skid foundations as well as substation earthworks were completed). Inverters and skids convert the direct current ("DC") electricity from solar panels into the alternating current ("AC") electricity suitable for feeding into the electrical grid. With regard to quality inspections, no incidents were recorded during the first half of 2021. Furthermore, environmental and archaeological inspections were performed without major issues. The HoldCo and Aquila Capital's interim financing vehicle entered into an indemnity guarantee agreement in relation to a grid connection bond. The completion of the work and the energisation is still expected to be reached during the fourth quarter of 2021.

- **Desfina:** The pending operating license for Desfina was granted in March 2021 and, given that the project became operational in 2020, the project company is being compensated retrospectively in relation to the FiP for 2021. The amount in respect of the reporting period equates to approximately EUR 2.1 million (on a 100% interest basis). Production during the first half of 2021 was marginally (1.6%) below budget.

- **Ourique:** At the end of the reporting period, the Company entered into a sale and purchase agreement to acquire 50.0% of the asset Ourique, a Portuguese solar PV farm, with the transaction being finalised at the end of June 2021. The asset has 100% of its production hedged until March 2026 and has a capacity of 62.1 MWp. The economic transfer date was 1 January 2021. In this respect, the production data from Ourique are also included in the portfolio. These were 9.5% below plan in the first half of 2021 due to the low irradiation.

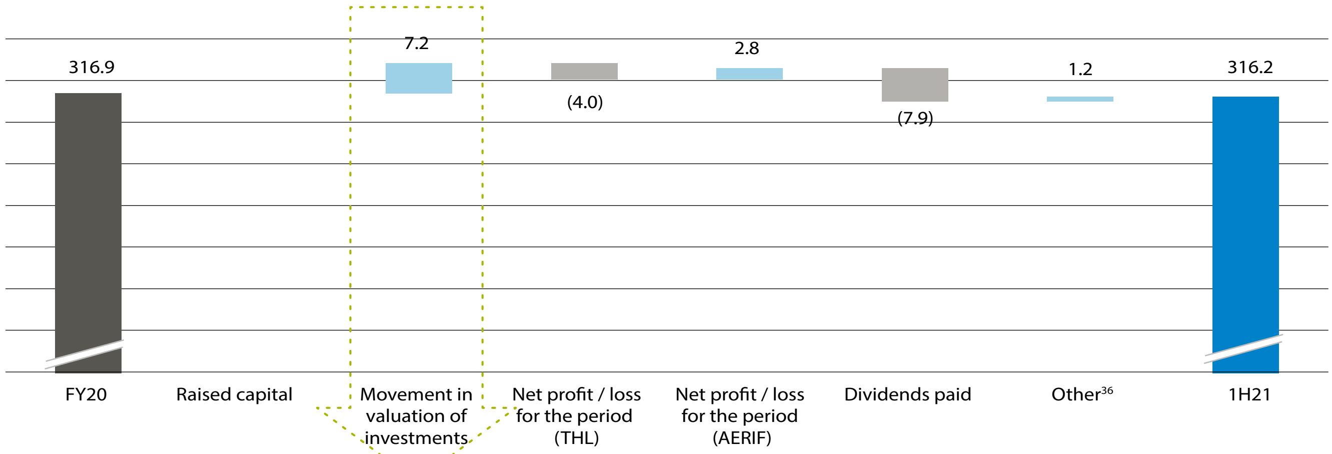
FINANCIAL PERFORMANCE
CONTINUED

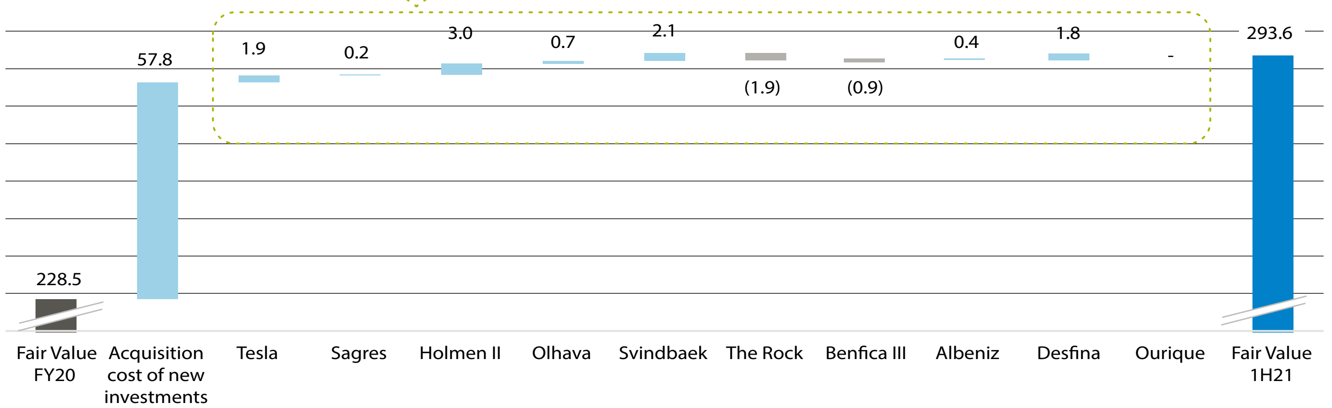
Valuation

Fair Value (EUR million)

EUR million	As at 30 June 2021	As at 31 December 2020
Tesla	27.2	25.4
Sagres	15.3	15.2
Holmen II	24.5	21.5
Olhava	26.0	25.3
Svindbaek	39.1	37.0
The Rock	47.9	32.2
Benfica III	15.8	16.7
Albeniz	27.5	17.4
Desfina	39.7	37.9
Ourique	30.4	n/a
Total	**293.6**	**228.5**

NAV Bridge (EUR million)

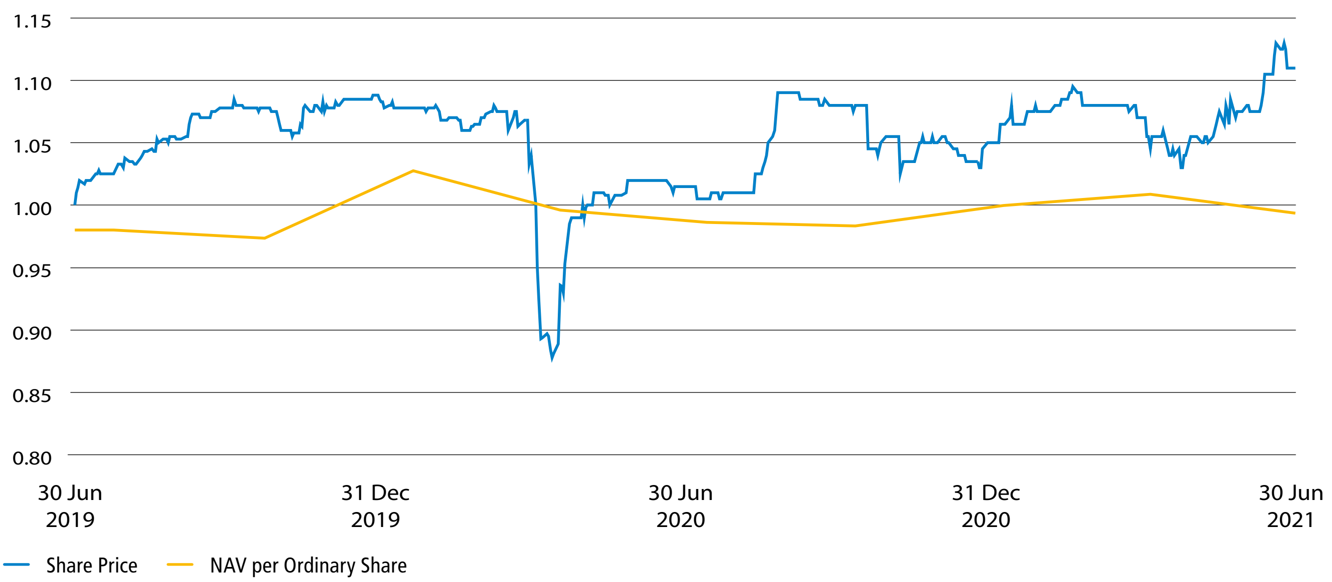




[36] Includes share issue costs (EUR 0.02m), settlement of Investment Advisory fees (EUR 1.2m) and FX gains (EUR 0.004m)

- The Company's NAV as at 30 June 2021 was EUR 316.2 million or 99.4 cents per Ordinary Share. Compared to 31 December 2020 (EUR 316.9 million or 99.9 cents per Ordinary Share) this represents a NAV total return of 1.9% per Ordinary Share (including dividends paid).
- During the reported period, the Company achieved a revenue net profit of EUR 2.8 million, consisting of EUR 4.8 million generated by shareholder loan interest income, partially offset by an adviser fee (EUR 1.2 million) other expenses (EUR 0.6 million) and finance costs (EUR 0.2 million).
- Other, in the chart above, corresponds to the costs arising from share issue costs (EUR 0.02m), Investment Advisory fees (EUR 1.2m) and FX gains (EUR 0.004m), totalling EUR 1.2 million during the reporting period.
- Dividends of EUR 7.9 million (2.5 cents per Ordinary Share) were paid during the first half of 2021. These dividends were declared in the fourth quarter of 2020 and the first quarter of 2021. Additionally, the company has declared a further 1.25 cents dividend corresponding to the second quarter of 2021, which has been paid during September 2021. EUR 2.6 million dividends paid during the first half of 2020.
- The positive revaluation effect of the investments in the amount of EUR 7.2 million was driven by a combination of factors:
  - In general, power prices recovered after a depressed 2020. However, wind and irradiation levels were below expectations throughout Europe during the reporting period. At the same time, price expectations for the northern part of the Nordic region (The Rock is located in the northern part of Norway) have been revised downwards due to relatively lower demand compared to other Nordic countries and the increasing penetration of wind in the generation mix. These two factors created an offsetting effect against the general price recovery.
  - The portfolio discount rate experienced a 30bps reduction, moving from 6.6% as at 31 December 2020 to 6.3% during the reporting period, reflecting further general yield compression observable in the market, further construction progress in relation to The Rock and Albeniz and a reduction in country risk to pre-pandemic levels, especially in Southern Europe.
- The following capital deployments (totalling EUR 57.8 million) were added to the portfolio in the reporting period:
  - An increased capital contribution to The Rock of EUR 8.3 million equity and EUR 9.4 million in bridge financing;
  - An increased capital contribution to Albeniz of EUR 9.7 million equity
  - A new investment in Ourique in the amount of EUR 30.4 million[37]

The chart below shows the Company's share price performance since IPO against the Company's reported NAV.



[37] Includes EUR 1.5 million retained acquisition price and EUR 2.4 million purchased interest

FINANCIAL PERFORMANCE
CONTINUED

Valuation methodology

The Company owns 100% of its subsidiary 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 special purpose vehicles ("SPVs") through its investment in the HoldCo.

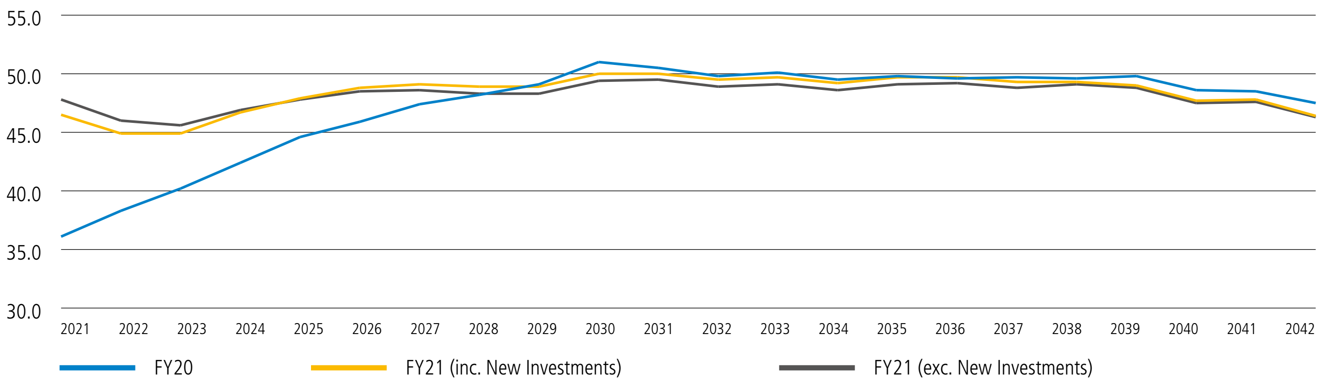
The Company's Investment Adviser has carried out fair market valuations of the SPV investments as at 30 June 2021 and the directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All SPV investments are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement. The following economic assumptions were used in the valuation of the SPVs.

Portfolio Valuation – Key Assumptions

Metric		As at 30 June 2021	As at 31 December 2020
Discount rate	Weighted average	6.3%	6.6%
Long-term inflation	Weighted average	2.0%	2.0%
Remaining asset life (weighted average)[38]	Wind (weighted average)	24	24
	Hydropower (weighted average)	12	12
	Solar (weighted average)	27	27

There were no significant changes in the key valuation assumptions compared to the previous reporting period.

Real Electricity Price Forecasts – All Assets (Weighted Average)



Gearing

EUR million	As at 30 June 2021	As at 31 December 2020
NAV	316.2	316.9
Debt	107.6	113.0
GAV	**423.8**	**429.9**
Debt (% of GAV)	25.4	26.3

During the first half of 2021, the Company reduced its debt ratio in relation to GAV as a result of debt amortisation. As at 30 June 2021, the Company had non-recourse debt of approximately EUR 107.6 million at the SPV level (EUR 113.0 million as at 31 December 2020), which corresponds to approximately 25.4% of GAV (26.3% as at 31 December 2020), below the investment restriction that allows a maximum of 50.0% of GAV. As at 30 June 2021, the Company had total cash on hand of EUR 24.9 million. Furthermore, on 20 April 2021, the Company secured a RCF with a limit of EUR 40.0 million (potentially EUR 100.0 million) which as of 30 June 2021 had not been drawn.

[38] Remaining asset life based on net full load years. Does not consider any potential asset life extensions.

INVESTMENT ADVISER`S REPORT

MARKET COMMENTARY AND OUTLOOK

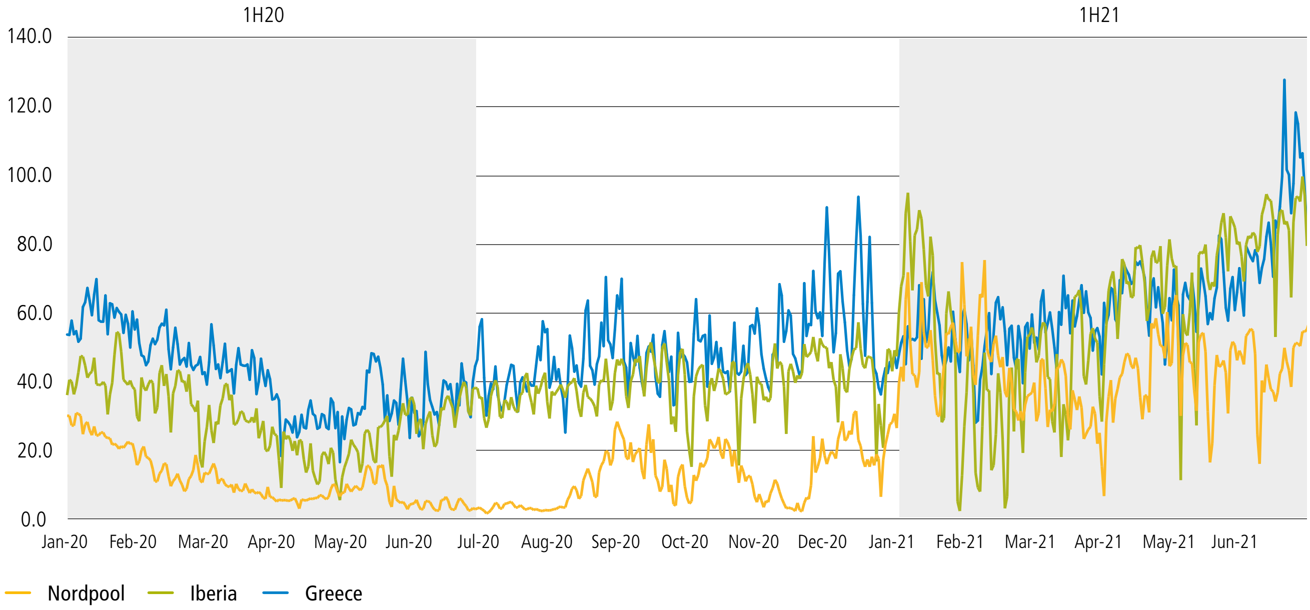
Market Prices

During the first half of 2021, we witnessed a general recovery in power prices across Europe, from very 'depressed' levels. 2020 was a very volatile year with an important downturn in power prices, as lockdown measures extended throughout Europe. In the first half of 2021, however, power markets improved considerably, underpinned by three principal factors:

- The prices of EUAs increased by nearly 60.0% driven mostly by higher demand (i.e. speculative trading/attention of new investors), a lower availability of EUAs on the market, and a generally more pronounced political momentum in favour of decarbonisation across the EU;
- Other commodity markets also experienced a significant rebound (i.e. gas, coal, oil);
- There was a recovery in power demand, driven by stronger economic growth.

In renewables-abundant markets, such as Iberia or the Nordics, the impact of more hydropower and other renewables in the generation mix partially offset a pronounced increase in power prices.

2021 Average Daily Power Price – AERIF's Electricity Markets[39]



Power prices are expected to remain in a bullish trend for these markets over the next year or so, driven by positive conditions for EUAs, as well as rising gas prices driven by a favourable demand-supply balance. For Greece, the picture is similar, and further supported by a significant share of thermal capacity (i.e. lignite and gas) which contributes to generally higher power price levels than in Spain or the Nordics.

EU Green Deal[40]

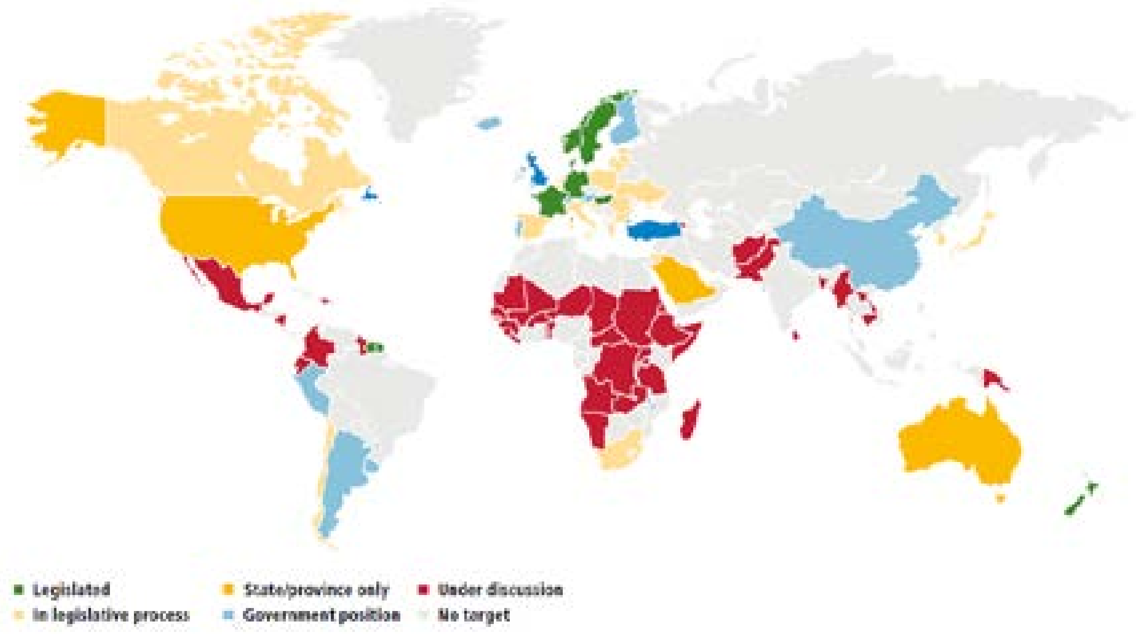
Back in 2019, European Commission President Ursula von der Leyen announced the ambitious goal of making Europe the world's first climate-neutral continent. While this goal was initially pushed into the background by the pandemic-related crisis, it is currently the focus of international economic stimulus programmes. There is widespread agreement that investments in the energy transition are not only urgently needed to prevent a climate catastrophe but that they will also have extremely positive effects on the real economy. Against this background, an increasingly growing number of countries are following the EU's strategy.

39 Source: European Network of Transmission System Operators for Electricity (ENTSO-E), Nordpool

40 European Green Deal, signed by the EU Commission on 14 July 2021

MARKET COMMENTARY AND OUTLOOK
CONTINUED

The graphic below shows how emissions-neutral targets are being addressed around the world as of January 2021:



In addition to combating climate change, a "green recovery" will have significantly positive effects on labour markets. Furthermore, there are potential growth impulses from new technologies whose sales markets are growing massively and globally. The combination or complementarity of these events could mark a turning point that significantly accelerates technological development, acceptance and the speed of change.

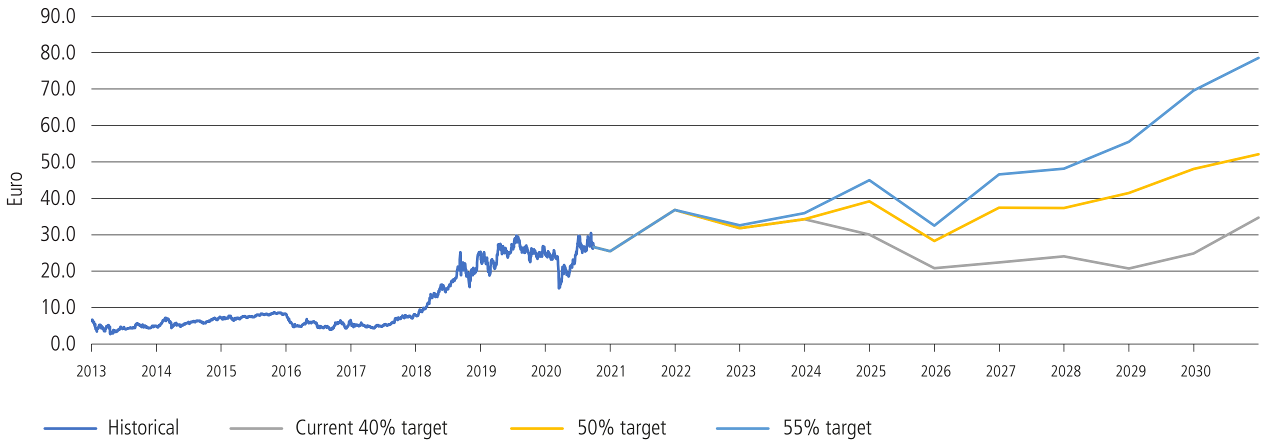
For a sustainable reconstruction of the economy as well as higher resilience within Europe, the multi-annual EU financial framework has been extended until 2027. Moreover, additional capital will be made available through a "recovery fund". Of the EUR 1.8 trillion available, 30.0% must be invested in green projects, while investments in climate-damaging projects are excluded for the remaining 70.0%.

EUR 750 billion within the recovery fund provides a strong incentive for countries to make the recovery sustainable. The need for short-term economic stimulus measures is high. However, access to the funds is dependent on national investment plans, which are reviewed by the EU and must include at least 37.0% for climate change mitigation.

The EU's climate policy is at a crossroads. The EU is pursuing a 55.0% reduction in greenhouse gases by 2030 and, in many member states, there is already a clearly increasing momentum behind the expansion of renewable energies. However, especially in the CEE region, dependence on fossil energy sources remains at a very high level. Coal, in particular, is still used intensively. According to a new EU regulation on air pollution, which is to be adopted in national legislation from 2021, an enormous proportion, in many cases even 100.0%, of coal-fired power plants do not meet European standards. This could lead to early decommissioning of hard coal and lignite power plants or there could be retrofit investments, but these are financially risky as the future operating hours of the coal-fired power plants are uncertain.

In order to achieve the reduction targets the EU has set, a decreasing amount of emissions allowances is to be expected. While prices have already developed dynamically since 2018, the linear reduction of emission permits leading towards a 55.0% reduction in emissions by 2030[40] will strongly influence the running costs of coal-fired power plants in particular, hence, the price of electricity that can be achieved on the market will tend to increase. The producers of renewable energy profit directly from price increases, as can be seen in the graphic below.

[40] BNEF (2021)



Conclusion

The European Union has established very ambitious targets to combat carbon emissions. These have been ratified by European leaders in the signing of the "Green Deal", in which they have committed 30.0% of the EUR 1.8 trillion allocated as an economic stimulus for the block. Renewable energies have been at the forefront of Europe's energy transformation over the past two decades and it's clear they will play a key part in achieving the goal of reducing 55.0% of greenhouse gases by 2030.

During the last six months, electricity prices have experienced a steep recovery, driven by increasing energy commodity prices, a demand recovery and a restoration of the economy in the region after the extensive lockdown measures of 2020.

We believe the Company is uniquely positioned to benefit from the energy transition, given its European focus and established portfolio of assets, which contribute towards the green economy. Going forward, the Board will continue to work with the Investment Adviser to selectively target investment opportunities which meet the Company's investment objectives.

Aquila Capital Investmentgesellschaft mbH
28 September 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental

The Company strives to provide investors with a truly diversified portfolio of renewable energy assets, by investing in renewable energy infrastructure investments such as hydropower, wind and solar PV plants across continental Europe and Ireland. The Company is committed to focusing on the green economy and, as such, has chosen Aquila Capital as its Investment Adviser. Aquila Capital has three overarching goals in the pursuit of creating sustainable value:

Aquila Capital – Sustainability Goals

Goal	Overview	Contribution towards UN Sustainable Development Goals
Ensuring Europe reaches its energy transition goals	■ Creating a portfolio that produces renewable energy and contributes towards reaching Europe's energy transition goals ■ Ensuring access to affordable, modern and clean energy for all ■ Creating a path for others to invest in the industry	
Improving the environment to create a sustainable future	■ Curbing biodiversity loss through the restoration of wild bees to create a sustainable food supply ■ Increasing sustainable agricultural practices and contributing to food security and nutrition ■ Managing forests responsibly to ensure optimum tree growth and the protection of endangered plants and animal species ■ Supporting WWF in its mission to stop the destruction of nature and the environment	
Empowering people to live a sustainable, healthy lifestyle	■ Providing communities with sustainable housing and the option to voluntarily offset real estate's carbon footprint ■ Increasing the availability of affordable housing for low-income communities ■ Promoting healthy eating and increased physical activity for a better lifestyle for our employees ■ Reducing inequality in the workplace and providing fair employment opportunities for everyone	

As a signatory of the United Nations' Principles for Responsible Investments, Aquila Capital has integrated consideration of environmental, social and governance factors across every single stage of its investment process for real assets. This process is undertaken as part of Aquila Capital's evaluation of any new investment opportunity and is supported by ESG due diligence conducted by third party consultants.

ESG in AERIF
ESG is integrated throughout the investment process of the Investor Adviser and in the Company. The fund fulfils all the requirements of Article 8 of the Sustainable Finance Disclosure Regulation ("SFDR"), meaning, the Company intends to invest at least partially in sustainable investments.

The Company has performed a GREBS assessment (GRESB mission is to assess and benchmark the Environmental, Social and Governance (ESG) and other related performance of real assets, providing standardized and validated data to the capital markets) on the Sagres investment, obtaining a rating of 80, placing it on the second position amongst its peer group. Currently the entire fund is undergoing the same assessment with the expected results to be received during the month of October 2021.

In September 2021, the Company announced the release of a green bond issued by Øyfjellet Wind Investment AS for Project The Rock. The Green Bond achieved a "Dark Green" rating and an "Excellent" rating for governance, both of which are the highest possible ratings under CICERO's framework. The favourable ratings reflect the Project's focus on best practice including Environmental Impact Assessments and transparent engagement with local stakeholders. A link to CICERO's report is available on the Company's website:

Additional ESG initiatives on the fund include the skiing at Tesla, the Midtfellet peaks have become available to the public, thus, more people have access to the excellent cross-country ski trails and introduction of sheep to Benfica III, sheep from local farmers have been introduced as a part to control the vegetation in order to avoid using pesticides that affect negatively the soil.

Aquila Capital has announced the second "Aquila Capital Transformation Award – Accelerating Decarbonization in Europe" with the theme "Solving the climate crisis through Innovation", this award rewards talented researchers dedicated to sustainable development in order to learn from the revealing breakthrough technologies in the context of climate change, societal transformation and decarbonation with a research prize endowed with EUR 20 thousand.

Governance and Investment Process

AERIF and its Investment Adviser operate with a structured screening, due diligence and investment process. This process is designed to ensure that investments are reviewed and compared on a consistent basis. Typically, due diligence for new investment opportunities is led by Aquila Capital's in-house functions (including investment management, structuring & tax, risk management, legal, valuation and compliance) combined with external advisers.

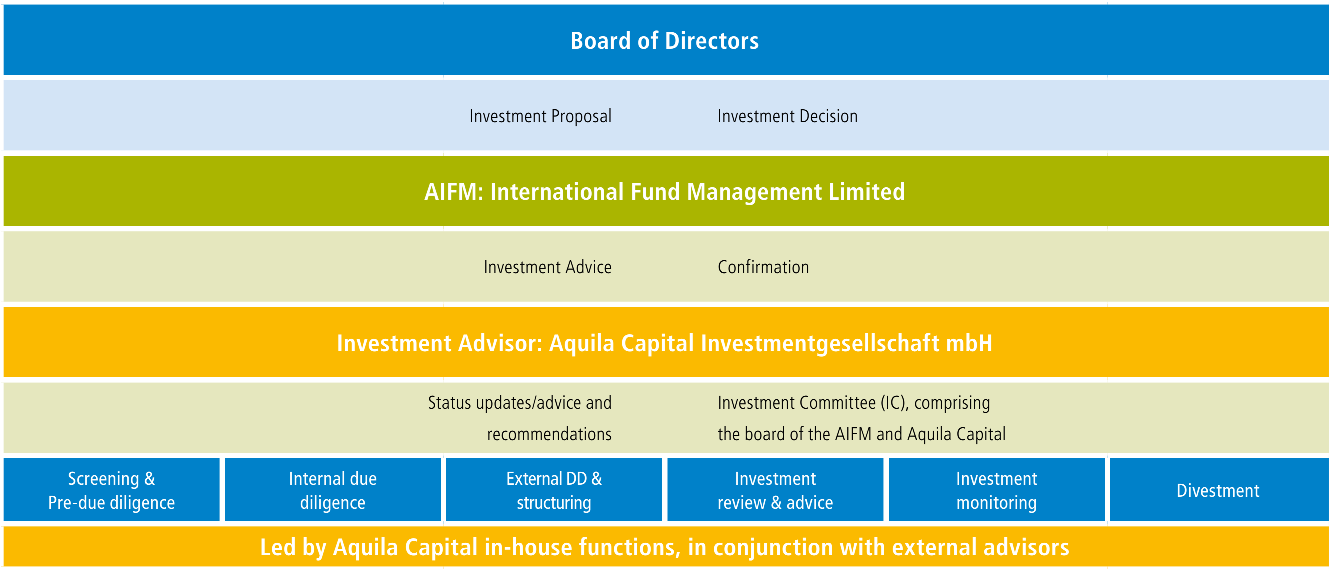
AERIF benefits from having both an independent board of directors, as well as an AIFM. The board of directors supervises the AIFM, which is responsible for making recommendations in relation to any proposals put forward by the investment advisor. The Investment Adviser is fully regulated and supervised by the German regulatory authority "BaFin".

Environmental, social and governance factors are taken into account during the entire process (over the whole lifetime of an asset) including during:

Asset sourcing and analysis: Consideration of ESG principles in the sector and country relevant to the investment opportunity

Due diligence: Multi-faceted due diligence to consider an asset's compatibility with ESG principles, sustainability, climate neutrality and human rights

Ongoing management: Consideration of ESG principles as they relate to the continual maintenance and administration of an investment strategy or asset. Supplementary ESG regulations are introduced by Aquila Capital if local requirements are not considered to be sufficient



Interim Management Report

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 Directors' Responsibility Statement, the Chairman's Statement and Investment Adviser's Review, together constitute the Interim Management Report for the Company for the six months ended 30 June 2021. The outlook for the Company for the remaining six months of the year ending 31 December 2021 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 2020, which can be found on the Company's website at www.aquila-european-renewables-income-fund.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 risks** – the risk that the portfolio underperforms and, as a result, the target returns are not met over the longer term;
- **Compliance, tax and legal risks** – the failure to comply with the relevant regulatory changes, tax rules and obligations may result in reputational damage or create a financial loss to the Company;
- **Financial risks** – 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;
- **Pandemic** – can significantly impact economies across the globe as the response of governments to limit the spread of a disease could create operational challenges for the Company's service providers and with the operation of the Company's assets. This ongoing pandemic may lead to a fall in demand for electricity with a resulting impact on electricity prices which are likely to fall;
- **Construction risk** – where the Company invests in development/construction projects various additional risks such as, but not limited to, delays in completion, cost overruns, defects in construction, permit related issues/ claims, may result in additional costs and/or delays in expected asset completion, revenue and ultimately impact on the value of the asset (increase discount rate).

Principal risks, including emerging risks, are mitigated and managed by the Board through continual review, 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 Board was advised that the Audit Committee had carried out a formal review of the risk matrix at the Audit Committee meeting. Specifically, the operational risks and financial impact as a result of the COVID-19 pandemic, and measures introduced to combat its spread, were discussed, with updates on operational resilience received from the Investment Adviser, Administrator and other key service providers. The Board is satisfied that the key service providers have the ability to continue their operations efficiently in a remote or virtual working environment. The Investment Adviser is in close contact with each asset's operation and maintenance service provider and continues to work with the counterparties to identify and mitigate the risk the COVID-19 pandemic may pose. The Board has assessed other relevant areas of risk (price and operational risks) and agreed that mitigants remain appropriate, in light of the COVID-19 pandemic.

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 is considered a related party under the Listing Rules. Details of the amounts paid to the Company's Investment Adviser and the Directors during the period are detailed in the Note 10 to the Financial Statements.

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 2021 were EUR 316.2 million (31 December 2020: EUR 316.9 million). As at 30 June 2021, the Company held EUR 21.5 million (31 December 2020: EUR 121.0 million) in cash. The total expenses for the period ended 30 June 2021 was EUR 1.9 million (30 June 2020: EUR 1.3 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.

As at 30 June 2021, the Company had approximately EUR 107.6 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 12-month period from the date of this document.

In light of the COVID-19 pandemic the Directors have fully considered each of the Company's investments. The Directors do not foresee any immediate material risk to the Company's investment portfolio and income from underlying SPVs. A prolonged and deep market decline could lead to falling values to the underlying business or interruptions to cashflow, however the Company currently has more than sufficient liquidity available to meet any future obligations. The Directors are also satisfied and are comfortable that the Company would continue to remain viable under downside scenarios, including decreasing government regulated tariffs and a decline in long term power price forecasts.

The underlying SPV revenues are derived from the sale of electricity through power purchase agreements in place with large and reputable providers of electricity to the market.

These providers have been contacted by the Investment Adviser to discuss their response to COVID-19 and business continuity plans. During the period and up to the date of this report, there has been no significant impact on revenue and cash flows of the SPVs. The SPVs have contractual operating and maintenance agreements in place with large service providers. Therefore the Directors and the Investment Adviser do not anticipate a threat to the SPVs revenue.

The market and operational risks and financial impact as a result of the COVID-19 pandemic, and measures introduced to combat its spread, were discussed by the Board, with updates on operational resilience received from the Investment Adviser, Administrator and other key service providers. The Board was satisfied that the key service providers have the ability to continue to operate.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE HALF-YEARLY REPORT

We confirm that to the best of our knowledge:

- these Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as required by DTR 4.2.4R of the Disclosure Guidance and Transparency Rules ("DTR") of the UK's FCA; and
- the Chairman's Statement, the Investment Adviser's Report and the Statement of Principal Risks and Uncertainties, together with the Condensed Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:

  (a) DTR 4.2.7R of the DTR of the UK's FCA, being an indication of important events that have occurred during the six month period ended 30 June 2021 and their impact on the Condensed Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the DTR of the UK's FCA, being related party transactions that have taken place during the six month period ended 30 June 2021 and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Ian Nolan Chairman
28 September 2021

Financial Statements

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended 30 June 2021 (Unaudited)			Six months ended 30 June 2020 (Audited)		
	Notes	**Revenue (EUR '000)**	**Capital (EUR '000)**	**Total (EUR '000)**	**Revenue (EUR '000)**	**Capital (EUR '000)**	**Total (EUR '000)**
Unrealised gains/(losses) on investments			3,288	3,288	–	(6,759)	(6,759)
Net foreign exchange gains/(losses)			3	3	–	(8)	(8)
Interest Income	4	4,834		4,834	2,709	–	2,709
Investment Advisory fees	5	(1,175)		(1,175)	(716)	–	(716)
Other expenses		(702)		(702)	(549)	–	(549)
Profit/(loss) on ordinary activities before finance costs and taxation		2,957	3,291	6,248	1,444	(6,767)	(5,323)
Finance costs		(197)	–	(197)	(161)	–	(161)
Profit/(loss) on ordinary activities before taxation		2,760	3,291	6,051	1,283	(6,767)	(5,484)
Taxation		–	–	–	–	–	–
Profit/(loss) on ordinary activities after taxation		2,760	3,291	6,051	1,283	(6,767)	(5,484)
Return per Ordinary Share (cents)	6	0.87c	1.04c	1.91c	0.89c	(4.69c)	(3.80c)
Return per Ordinary Share-diluted (cents)	6	0.87c	1.03c	1.90c	0.89c	(4.68c)	(3.79c)

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 year.

Return on ordinary activities after taxation is also the "Total comprehensive income for the period".

The notes on pages 30 to 37 form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	As at 30 June 2021 (Unaudited) (EUR '000)	As at 31 December 2020 (Audited) (EUR '000)
Fixed assets			
Investments at fair value through profit or loss	3	291,084	229,982
Current assets			
Trade and other receivables		6,838	5,763
Cash and cash equivalents		21,482	121,014
		28,320	126,777
Creditors: amounts falling due within one year			
Other creditors		(3,252)	(39,856)
Net current assets		25,068	86,921
Net assets		316,152	316,903
Capital and reserves: equity			
Share capital	7	3,182	3,170
Share premium		165,484	164,351
Special distributable reserve		144,450	144,450
Capital reserve		7,915	4,624
Revenue reserve		(4,879)	308
Total Shareholders' funds		316,152	316,903
Net assets per Ordinary Share(cents)	8	99.36p	99.96c

Approved by the Board of directors and authorised for issue on 28 September 2021.

(Chairman)

Company number 11932433

The notes on pages 30 to 37 form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

For the six months ended 30 June 2021 (Unaudited)	**Notes**	**Share capital (EUR '000)**	**Share premium account (EUR '000)**	**Special distribu-table reserve (EUR '000)**	**Capital reserve (EUR '000)**	**Revenue reserve (EUR '000)**	**Total (EUR '000)**
Opening equity as at 1 January 2021		3,170	164,351	144,450	4,624	308	316,903
Shares issued in period*	7	12	1,170	–	–	–	1,182
Share issue costs		–	(37)	–	–	–	(37)
Profit for the period		–	–		3,291	2,760	6,051
Dividend paid	9					(7,947)	(7,947)
Closing equity as at 30 June 2021		3,182	165,484	144,450	7,915	(4,879)	316,152

For the six months ended 30 June 2020 (Audited)	**Notes**	**Share capital (EUR '000)**	**Share premium account (EUR '000)**	**Special distribu-table reserve (EUR '000)**	**Capital reserve (EUR '000)**	**Revenue reserve (EUR '000)**	**Total (EUR '000)**
Opening equity as at 1 January 2020		1,547	313	148,516	8,595	(54)	158,917
Shares issued in period*	13	387	40,273	–	–	–	40,660
Share issue costs		–	(710)	–	–	–	(710)
(Loss)/profit for the period		–	–		(6,767)	1,283	(5,484)
Dividend paid	16			(2,613)			(2,613)
Closing equity as at 30 June 2020		1,934	39,876	145,903	1,828	1,229	190,770

* The Company shares issued includes 1,162,975 (30 June 2020: 648,557) Ordinary Shares in relation to settlement of investment Adviser fees of EUR 1.2 million (2019: EUR 0.6 million)

The notes on pages 30 to 37 form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June 2021 (Unaudited) (EUR '000)	Six months ended 30 June 2020 (Audited) (EUR '000)
Operating activities			
Profit/(loss) on ordinary activities before taxation		6,051	(5,484)
Adjustment for unrealised (gains)/losses on investments		(3,288)	6,759
Increase in trade and other receivables		(1,075)	(1,026)
Decrease in other creditors		(36,605)	(51)
Net cash (used in)/from operating activities		(34,917)	198
Investing activities			
Purchase of investments	3	(57,814)	(34,849)
Net cash flow used in investing		(57,814)	(34,849)
Financing activities			
Proceeds of share issues	7	1,182	40,660
Share issue costs		(37)	(710)
Dividend paid		(7,947)	(2,613)
Net cash (used in)/flow from financing		(6,802)	37,337
(Decrease)/increase in cash		(99,533)	2,686
Cash and cash equivalents at start of period		121,015	38,862
Cash and cash equivalents at end of period		21,482	41,548

The notes on pages 30 to 37 form part of these financial statements.

1. GENERAL INFORMATION

Aquila European Renewables Income Fund Plc 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 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 of business of the Company is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

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.

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 2020 and should be read in conjunction with the Company's annual audited financial statements for the period ended 31 December 2020. The interim financial statements have been prepared in accordance with IFRS to the extent that they have been adopted by the EU and with those parts of the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017) applicable to companies under IFRS. 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") issued in April 2021.

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 as of 31 December 2020. The audited annual accounts for the year ended 31 December 2020 have been delivered to the 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 in which the Group operates and are rounded to the nearest thousand, unless otherwise stated.

Accounting for Subsidiary

The Company owns 100.0% of its subsidiary Tesseract Holdings Limited, whose registered office and principal of business of the Company is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB. 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 impacts of the COVID-19 pandemic, are given on page 23.

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 whilst preserving capital. The financial information used by the Chief Operating Decision Maker 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. Investments at fair value through profit and loss

	As at 30 June 2021 (Unaudited)			As at 31 December 2020 (Audited)		
	Share Holder Loans (EUR'000)	Equity Investments (EUR'000)	Total (EUR'000)	Share Holder Loans (EUR'000)	Equity Investments (EUR'000)	Total (EUR'000)
(a) Summary of valuation						
Analysis of closing balance:						
Investments held at fair value through profit or loss	192,832	98,252	291,084	174,046	55,936	229,982
Total investments	192,832	98,252	291,084	174,046	55,936	229,982
(b) Movements during the period/year:						
Opening balance of investments, at cost	174,046	51,287	225,333	67,581	42,471	110,052
Purchases at cost	18,786	39,028	57,814	106,465	8,816	115,281
Cost of investments	192,832	90,315	283,147	174,046	51,287	225,333
Revaluation of investments to fair value:						
Unrealised gains in fair value of investments	–	7,937	7,937	–	4,649	4,649
Balance of capital reserve – investments held	–	7,937	7,937	–	4,649	4,649
Fair value of investments	192,832	98,252	291,084	174,046	55,936	229,982
(c) Gains on investments in period/year (per Statement of Comprehensive Income)						
Movement on unrealised valuation of investments held	–	3,288	3,288	–	(3,959)	(3,959)
Gains/(losses) on investments	–	3,288	3,288	–	(3,959)	(3,959)

Fair value investments

The Investment Adviser has carried out fair market valuations of the SPV investments as at 30 June 2021 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 cashflows 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 6.3% as at 30 June 2021 (31 December 2020: 6.6%).

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 used for the useful life of the wind farms is 25 years and solar PV is 30 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 SPVs valuation assumes long-term inflation rate 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 valuations at:

Metric		As at 30 June 2021	As at 31 December 2020
Discount rate	Weighted average	6.3%	6.6%
Long-term inflation	Weighted average	2.0%	2.0%
Remaining asset life (weighted average)	Wind (weighted average)	24	24
	Hydropower (weighted average)	12	12
	Solar (weighted average)	27	27

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 that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 3 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 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.

The classification of the Company's investments as detailed in Note 13 held at fair value is detailed in the table below:

	As at 30 June 2021 (Unaudited)			
	Level 1 (EUR'000)	Level 2 (EUR'000)	Level 3 (EUR'000)	Total (EUR'000)
Investments at fair value through profit and loss				
Equity investments in Holdco	–	–	98,252	98,252
Shareholder loan investments in Holdco	–	–	192,832	192,832
	–	**–**	**291,084**	**291,084**

	As at 31 December 2020 (Audited)			
	Level 1 (EUR'000)	Level 2 (EUR'000)	Level 3 (EUR'000)	Total (EUR'000)
Investments at fair value through profit and loss				
Equity investments in Holdco	–	–	55,936	55,936
Shareholder loan investments in Holdco	–	–	174,046	174,046
	–	**–**	**229,982**	**229,982**

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 2021 (31 December 2020: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

	As at 30 June 2021 (Unaudited) (EUR'000)	As at 31 December 2020 (Audited) (EUR'000)
Opening balance	229,982	118,660
Additions during the year	57,814	115,281
Unrealised (losses)/gains on investments adjustments	3,288	(3,959)
Closing balance	**291,084**	**229,982**

4. INTEREST INCOME

Income from investments	Six months ended 30 June 2021 (Unaudited) (EUR'000)	Six months ended 30 June 2020 (Audited) (EUR'000)
Interest income from shareholder loans	4,834	2,709
Total Income	**4,834**	**2,709**

5. INVESTMENT ADVISORY FEES

	Six months ended 30 June 2021 (Unaudited)			Six months ended 30 June 2020 (Audited)		
	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Investment Advisory fees	1,175	–	1,175	716	–	716

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

a) 0.75 per cent. per annum of NAV (plus VAT) of the Company up to EUR 300 million;

b) 0.65 per cent. per annum of NAV (plus VAT) of the Company between EUR 300 million and EUR 500 million; and

c) 0.55 per cent. per annum of NAV (plus VAT) of the Company above EUR 500 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, 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 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 and/or travel expenses.

Share based payments
The Company settled investment advisory fees by issuing Ordinary Shares. The Company has issued following shares to settle investment advisory fees in respect of the period under review:

In respect of the period to 30 June 2021 (Unaudited)	Investment advisory fees (EUR)	Fair value of issue price (EUR cents)	Number of shares	Date of issue
31 March 2021	587,525	102.13	575,271	17 May 2021
30 June 2021	587,156	100.61	583,596	11 August 2021

In respect of the period to 30 June 2020 (Audited)	Investment advisory fees (EUR)	Fair value of issue price (EUR cents)	Number of shares	Date of issue
31 March 2020	359,625	100.37	358,299	18 May 2020
30 June 2020	356,714	99.38	358,939	11 August 2020

6. EARNINGS/(LOSS) PER ORDINARY SHARE

Earnings per share is based on the loss for the period of EUR 6,051,000 (30 June 2020: loss of EUR 5,484,000) attributable to the undiluted weighted average number of Ordinary Shares in issue of 317,656,850 (30 June 2020: 144,183,561) and the diluted weighted average number of Ordinary Shares in issue of 318,240,446 (30 June 2020: 144,542,500) in the period to 30 June 2021. Revenue and capital profits are EUR 2,760,000 (30 June 2020: EUR 1,283,000) and EUR 3,291,000 (30 June 2020: capital loss of EUR 6,767,000) respectively.

Weighted average number of shares used as the denominator

	Number of shares	
Weighted average number of shares used as the denominator	**As at 30 June 2021 (Unaudited)**	**As at 30 June 2020 (Audited)**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	317,656,850	144,183,561
The effect settled investment advisory fees by issuing Ordinary Shares	583,596	358,939
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	318,240,446	144,542,500

7. SHARE CAPITAL

	As at 30 June 2021 (Unaudited)		As at 31 December 2020 (Audited)	
	No. of shares	(EUR'000)	No. of shares	(EUR'000)
Allotted, issued and fully paid:				
Ordinary Shares of 1 cent each	318,200,084	3,182	317,037,109	3,170
Total	**318,200,084**	**3,182**	**317,037,109**	**3,170**

On incorporation, the issued share capital of the Company was 1 Ordinary Share of EUR 0.01 issued to the subscriber to the Company's memorandum. The Company's issued share capital was increased by EUR 50,000 represented by 50,000 Management Shares of nominal value EUR 1.00 each, which were subscribed for by the Investment Adviser. Following admission, the Management Shares were redeemed by the holder.

On 9 February 2021, the Company issued 587,704 Ordinary Shares to the Company's Investment Adviser in relation to advisory fees payable for the period ended 31 December 2020.

On 17 May 2021, the Company issued 575,271 Ordinary Shares to the Company's Investment Adviser in relation to advisory fees payable for the period ended 31 March 2021.

Since the period end, the Company issued a further 583,596 Ordinary Shares to the Company's Investment Adviser, in relation to advisory fees payable for the period ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

8. NET ASSETS PER ORDINARY SHARE

Net assets per Ordinary Share as at 30 June 2021 is based on EUR 316,152,000 (31 December 2020: EUR 316,903,000) of net assets of the Company attributable to the 318,200,084 Ordinary Shares in issue as at 30 June 2021 (31 December 2020: 317,037,109).

9. DIVIDEND PAID

	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Audited)	
Total dividends paid in the period	**Cents per Ordinary Share**	**Total (EUR '000)**	**Cents per Ordinary Share**	**Total (EUR '000)**
31 December 2020 interim – paid 12 March 2021 (2020: 20 March 2020)	1.25c	3,970	0.75c	1,162
31 March 2021 interim – paid 18 June 2021 (2020: 22 June 2020)	1.25c	3,977	0.75c	1,451
Total	**2.50c**	**7,947**	**1.50c**	**2,613**

The dividend relating to the year ended 31 December 2020, 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 2021 (Unaudited)		Six months ended 30 June 2020 (Audited)	
Total dividends declared in the period	**Cents per Ordinary Share**	**Total (EUR '000)**	**Cents per Ordinary Share**	**Total (EUR '000)**
31 March 2021 interim – paid 18 June 2021 (2020: 22 June 2020)	1.25c	3,977	0.75c	1,451
30 June 2021 interim – paid 3 September 2021 (2020: 14 September 2020)	1.25c	3,985	0.75c	1,453
Total	**2.50c**	**7,962**	**1.50c**	**2,904**

10. TRANSACTIONS WITH THE MANAGER AND RELATED PARTY TRANSACTIONS

AIFM fees for the period ended 30 June 2021 amounts to EUR 61,600 (30 June 2020: EUR 52,000). As at 30 June 2021, the fee outstanding to the AIFM was EUR 8,400 (30 June 2020: EUR 8,400). The AIFM, Company Secretary and Administrator are part of same PraxisIFM Group. The Company Secretary and Administrator fees for the period ended 30 June 2021 amounts to EUR 104,000 (30 June 2020: EUR 95,000) and the total fees paid to PraxisIFM Group amounts to EUR 165,000 (2019: EUR 147,000).

Fees payable to the Investment Advisor are shown in the Income Statement. As at 30 June 2021, the fee outstanding to the Manager was EUR 587,156 (30 June 2020: EUR 356,714)

Fees are payable to the directors, effective from appointment of the directors 1 April 2021, at an annual rate of EUR75,000 to the Chairman, EUR 50,000 to the Chairman of the Audit Committee and EUR 43,000 to the other directors. Directors fees paid during period was EUR 104,000.

During the period, the Company advanced share holder loans to Holdco EUR 18,786,000 (30 June 2020: EUR 34,849,000). The accrued interest and the shareholder loans outstanding at the period end was EUR 199,161,000 (30 June 2020: EUR 104,996,000).

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

	Ordinary shares As at 30 June 2021 (Unaudited)	**Ordinary shares As at 31 December 2020 (Audited)**
Ian Nolan	100,000	100,000
David MacLellan	75,000	75,000
Kenneth MacRitchie	50,000	50,000
Patricia Rodrigues	50,000	50,000

11. COMMITMENTS AND CONTINGENCIES

As at 30 June 2021 the Company has future investment obligations relating to two construction projects.

Project The Rock: The Rock is a 400.0 MW construction-phase wind energy project with an expected commissioning date in the fourth quarter of 2021. As of the balance sheet date, the Company provided construction finance of EUR 37.8 million with a total expected investment of EUR 40.0 million. In addition, the Company has granted bridge financing in the amount of EUR 9.4 million.

Project Albeniz: Albeniz is part of a cluster of four separate solar parks in various stages of development and construction. The portfolio is located in the south of Spain and is expected to be commissioned in the fourth quarter of 2021. As of the balance sheet date, the Company provided construction finance of EUR 27.0 million with a total expected investment of EUR 49.0 million.

12. DISTRIBUTABLE RESERVES

The Company's distributable reserve consists of the Special reserve and Revenue reserve. The Company currently pays dividends from the Special reserve.

Capital reserve represents unrealised investments as such it is not distributable.

13. 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	Effective ownership %	Activity	Country of incorporation	Registered address
Tesseract Holdings Limited	100.0	Subsidiary entity, owns underlying SPV investments	United Kingdom	1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB
Holmen II Wind Park ApS	100.0	Subsidiary entity, owns investment in Holmen II	Denmark	Gyngemose Parkvej 50, 2860 Søborg, Denmark
Aalto Wind No 2 Ltd. Oy	100.0	Subsidiary entity, owns investment in Oldhava	Finland	c/o Intertrust (Finland), Oy, Bulevardi 1, 6th floor,00100 Helsinki, Finland
Svindbaek Vindkraft HoldCo ApS	100.0	Subsidiary entity, owns investment in Svindbaek	Denmark	Gyngemose Parkvej 50, 2860 Søborg, Denmark
Svindbaek Vindkraft GP ApS	100.0	Subsidiary entity	Denmark	Gyngemose Parkvej 50, 2860 Søborg, Denmark
Prettysource Lda	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	Avenida Fontes Pereira de Melo, no 14, 11/floor, 1050 121 Lisbon
Astros Irreverentes Unipessoal Lda	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	Avenida Fontes Pereira de Melo, no 14, 11/floor, 1050 121 Lisbon
Contrate o Sol Unipessoal Lda	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	Rua Filipe Folque, no 10J, 2 Dto,1050-113 Lisbon
Argeo Solar S.L.	100.0	Subsidiary entity, owns investment in Albeniz	Spain	Paseo de la Castellana 259 D, 14S-15 Madrid
Vector Aioliki Desfinas S.A.	100.0	Subsidiary entity, owns investment in Desfina	Greece	49A Doukissis Plakentias Avenue Chalandri GR-152 34

The Company's investments in subsidiaries are held through Holdco.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

The following table shows associates and other entities of the Company. The Company's investments in associates are held through Holdco.

Associate entity name	Effective ownership %	Activity	Country of incorporation	Registered address
Aguia Enlica, Lda	18.0	Associate entity, owns equity investment in Sagres	Portugal	RuaFilipe Folque, nº 10 J, 2º direito, Lisbon
Midtfjellet Vindkraft AS	25.9	Associate entity, owns equity investment in Tesla	Norway	Sandviksvågen 45, Fitjar, Norway
Palea Solar Farm Ourique S.A.	50.0	Associate entity, owns investment in Ourique	Portugal	Avenida Fontes Pereira de Melo, no. 14, 11. andar, 1050-121 Lisbon

As disclosed in Note 3, the Company finances the HoldCo through a mix of shareholder loans and equity. The shareholder loans accrue at an interest rate range of 2.0% to 10.4%.

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 10.5%.

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

14. POST BALANCE SHEET EVENTS

On 11 August 2021, the Company issued 583,596 Ordinary Shares to the Company`s Investment Adviser, in relation to advisory fees payable for the period ended 30 June 2021.

On 14 September 2021, the Company has successfully raised EUR 90.0 million before costs and expenses through the issue of 87,424,431 Ordinary Shares of EUR 0.01 each in the capital of the Company, by way of a placing pursuant to the Placing Programme. New Ordinary Shares will be issued at EUR 1.03 per share.

Other Information

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:

Premium

The amount, expressed as a percentage, by which the share price is more than the Net Asset Value per Ordinary Share.

As at 30 June 2021		Page	
NAV per Ordinary Share (cents)	a	1	99.36
Share price (cents)	b	1	111.00
Premium	**(b÷a)-1**		**11.7%**

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 2021		Page	EUR'000
Average NAV	a	n/a	318,275
Annualised expenses	b	n/a	3,784
Ongoing charges	**(b÷a)**		**1.2%**

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 2021		Page	Share price	NAV
Opening at 1 January 2021 (cents)	a	n/a	106.5	99.96
Dividend adjustment	b	1	2.5	2.5
Closing at 30 June 2021 (cents)	c	1	111.0	99.36
Total return	**((b+c)÷a)-1**		**6.6%**	**1.9%**

Dividend cover

Dividend cover ratio calculation is based on net cash flows generated at the SPVs adjusted for fund level expenses and dividends paid by the Company during the period.

As at 30 June 2021		Page	EUR'000
Net cashflow at SPVs	a	n/a	8,804
Dividend paid	b	n/a	7,945
Dividend cover	**(a÷b)**		**1.1**

GLOSSARY

AIC	Association of Investment Companies
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) Aquila European Renewables Income Fund Plc is classified as an AIF.
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.
Annual General Meeting or "AGM"	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested.
Aquila Capital	Aquila Capital Investmentgesellschaft mbH (the "Investment Adviser")
the Company	Aquila European Renewables Income Fund 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.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
EMEA	Europe, the Middle East and Africa
EU	European Union
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.
Gearing effect	The effect of borrowing on a company's returns.
GWh	Gigawatt hour
The Holdco	Tesseract Holdings Limited
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
IPO	Initial Public Offering
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
IRR	Internal rate of return
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.
MWh	Megawatt hour
Net assets or net asset value ("NAV")	An investment company's assets less its liabilities
NAV per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury)
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 ration 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.
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share.
PPAs	Power Purchase Agreements
PV	Photovoltaic
Share buyback	A purchase of a 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 assuming these are reinvested in the Company at the prevailing NAV/Share price.

COMPANY INFORMATION

Directors (all non-executive)	Ian Nolan (Chair) David MacLellan Kenneth MacRitchie Patricia Rodrigues
Registered office	1st Floor Senator House, 85 Queen Victoria Street London EC4V 4AB
AIFM	International Fund Management Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
Investment Adviser	Aquila Capital Investmentgesellschaft mbH Valentinskamp 70 D-20335 Hamburg Germany
Sponsor and Bookrunner	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Joint Bookrunner	Van Lanschot Kempen Wealth Management N.V Beethovenstraat 300 1077 WZ Amsterdam The Netherlands
Administrator and Company Secretary	PraxisIFM Fund Services (UK) Limited 1st Floor Senator House, 85 Queen Victoria Street London EC4V 4AB
Registrar and Receiving Agent	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol BS13 8AE
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

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www.aquila-capital.de/esg/

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