

AQUILA EUROPEAN RENEWABLES INCOME FUND PLC

INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2022



Ourique, Portugal

CONTENTS

STRATEGIC REPORT

Purpose	1
Highlights	2
Why Invest	4
At a Glance	5
Chairman's Statement	8
Investment Adviser's Report	10
Aquila Capital	10
Investment Portfolio	12
Investment Activity	13
Portfolio Construction	15
Financial Performance	17
Market Commentary and Outlook	25
Environmental, Social and Governance	30
Interim Management Report	34

FINANCIALS

Condensed Statement of Comprehensive Income	36
Condensed Statement of Financial Position	37
Condensed Statement of Changes in Equity	38
Condensed Statement of Cash Flows	39
Notes to the Financial Statements	40

OTHER INFORMATION

Alternative Performance Measures	49
Glossary	50
Company Information	52

Diversified Portfolio

> Read more on pages 12-15

Why Invest

> Read more on page 4

Market Overview

> Read more on pages 25-28



For more information
please visit our website

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

Sagres, Portugal

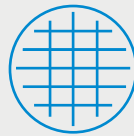
PURPOSE

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



**Direct Asset Exposure to
Wind Energy, Solar PV &
Hydropower**

> Read more on pages 5 and 6



European Focused

> Read more on page 7



Contracted Revenues

> Read more on page 16



Hydropower



Sagres, Portugal



Solar PV



Albeniz, Spain



Wind energy



Svindbaek, Denmark

HIGHLIGHTS

FINANCIAL INFORMATION¹

<p>101.5</p> <p>Ordinary Share price (cents)</p> <hr/> <p>FY21: 102.0</p>	<p>105.5</p> <p>NAV per Ordinary Share (cents)</p> <hr/> <p>FY21: 102.6</p>	<p>(3.8%)</p> <p>Ordinary Share price premium/(discount) to NAV</p> <hr/> <p>FY21: (0.6%)</p>
<p>430.6</p> <p>Net assets (EUR million)</p> <hr/> <p>FY21: 417.4</p>	<p>2.6</p> <p>Dividend per Ordinary Share (cents)²</p> <hr/> <p>1H21: 2.5</p>	<p>1.1%</p> <p>Ongoing charges³</p> <hr/> <p>1H21: 1.2%</p>
<p>5.3%</p> <p>Total NAV return per Ordinary Share⁴</p> <hr/> <p>1H21: 1.9%</p>	<p>2.0%</p> <p>Total Shareholder return⁵</p> <hr/> <p>1H21: 6.6%</p>	<p>1.4x</p> <p>Dividend cover⁶</p> <hr/> <p>1H21: 1.1x</p>



1. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on page 49. All references to cents are in euros, unless stated otherwise.
2. Dividends paid/payable and declared relating to the period.
3. Calculation is based on average NAV over the period and regular recurring annual operating costs of the Company, which can be found on page 49.
4. Calculation is based on NAV per Ordinary Share in euros and includes dividends.
5. Calculation is based on Ordinary Share price in euros and includes dividends.
6. Calculation is based on the operational result at special purpose vehicle ("SPV") level adjusted for fund level expenses during the period.

HIGHLIGHTS

- Total net asset value (“NAV”) per Ordinary Share return of 5.3% (including dividends) for the first half of 2022, representing the highest total NAV return per Ordinary Share since the Company’s IPO¹.
- During the first half of 2022, the Company deployed or committed over EUR 135.0 million in two solar photovoltaic (“PV”) assets located in Spain for a total capacity of 130.0 MWp, representing the highest amount of capital deployed over a six-month period since the Company’s IPO.
- Further balance in portfolio technology mix achieved, with solar PV and wind energy now representing 50.8% and 45.4% of portfolio fair value respectively, in line with targets².
- Albeniz, a 50.0 MWp Spanish solar PV project, reached completion, representing AERIF’s first construction project to do so.
- Substantial progress achieved at The Rock with 71 out of 72 turbines energised and with the last turbine due to be completed shortly. Final negotiations are progressing for the issuance of the takeover certificates in the fourth quarter of 2022.
- The Company announced a dividend target of 5.25 cents per Ordinary Share for 2022, representing an increase of 5.0% to the 2021 dividend. Dividends were approximately 1.4 times covered³ during the reporting period.
- Despite lower than budgeted production, revenue was 8.1% above budget as a result of elevated power prices across Europe.
- Portfolio well positioned to participate in current pricing and inflation environment given merchant exposure.
- The Company increased the limit of its existing revolving credit facility (“RCF”) from EUR 40.0 million to EUR 100.0 million, whilst maintaining the same terms and extending the maturity date by twelve months to April 2024.



1. Opening NAV at IPO after launch expenses: EUR 0.98 per Ordinary Share. Calculation includes dividends.
2. Percentage calculated on a pro-forma basis assuming Greco and The Rock are completed; Greco has been valued at cost.
3. Dividend cover ratio calculation is based on the operational result at SPV level adjusted for fund level expenses during the period.

WHY INVEST

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

- Exposure to the European green energy transition, an unparalleled investment opportunity at scale.

- Long-term return target of 6.0% to 7.5%. Aim to progressively grow dividends over time^{1, 2}.

- Targeting portfolio diversification by technology and geography to balance the seasonality profile of production and reduce reliance on any single power market.

- Balance sheet well positioned for future growth - leverage under 25% of Gross Asset Value.

- Investment Adviser with long track record - 16.4 GW clean energy portfolio, one of the largest in Europe. Supported by strong origination and asset management capabilities.

- Targeting contracted revenues to minimise price risk and maximise earnings visibility.

- Highly aligned Investment Adviser with 100.0% of advisory fees paid in AERIF shares since IPO³.

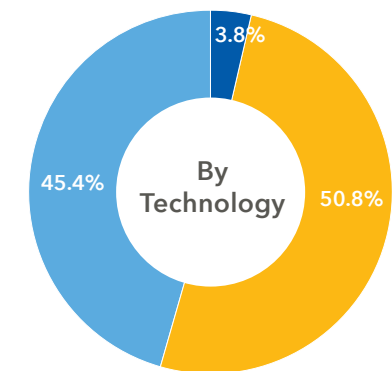
1. These are targets only and not forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of Aquila European Renewables Income Fund Plc's expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in Ordinary Shares or assume that the Company will make any distributions at all.

2. Net of fees and expenses.

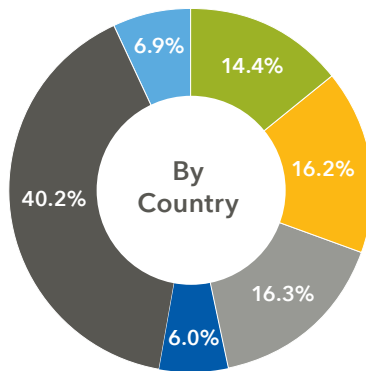
3. Expires in June 2023.

AT A GLANCE

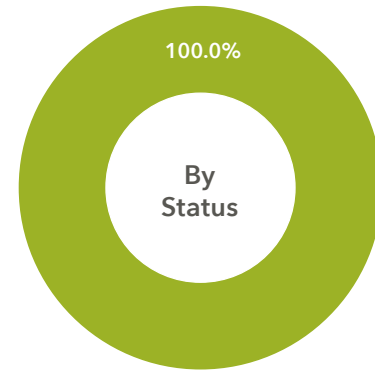
Portfolio Breakdown¹



- Hydropower
- Solar PV
- Wind energy



- Portugal
- Norway
- Denmark
- Finland
- Spain
- Greece




- Operating

Diversified Technologies

 **Hydropower**
18.5 MW

One
country



 **Solar PV**
230.7 MWp

Two
countries



 **Wind energy**
213.7 MW

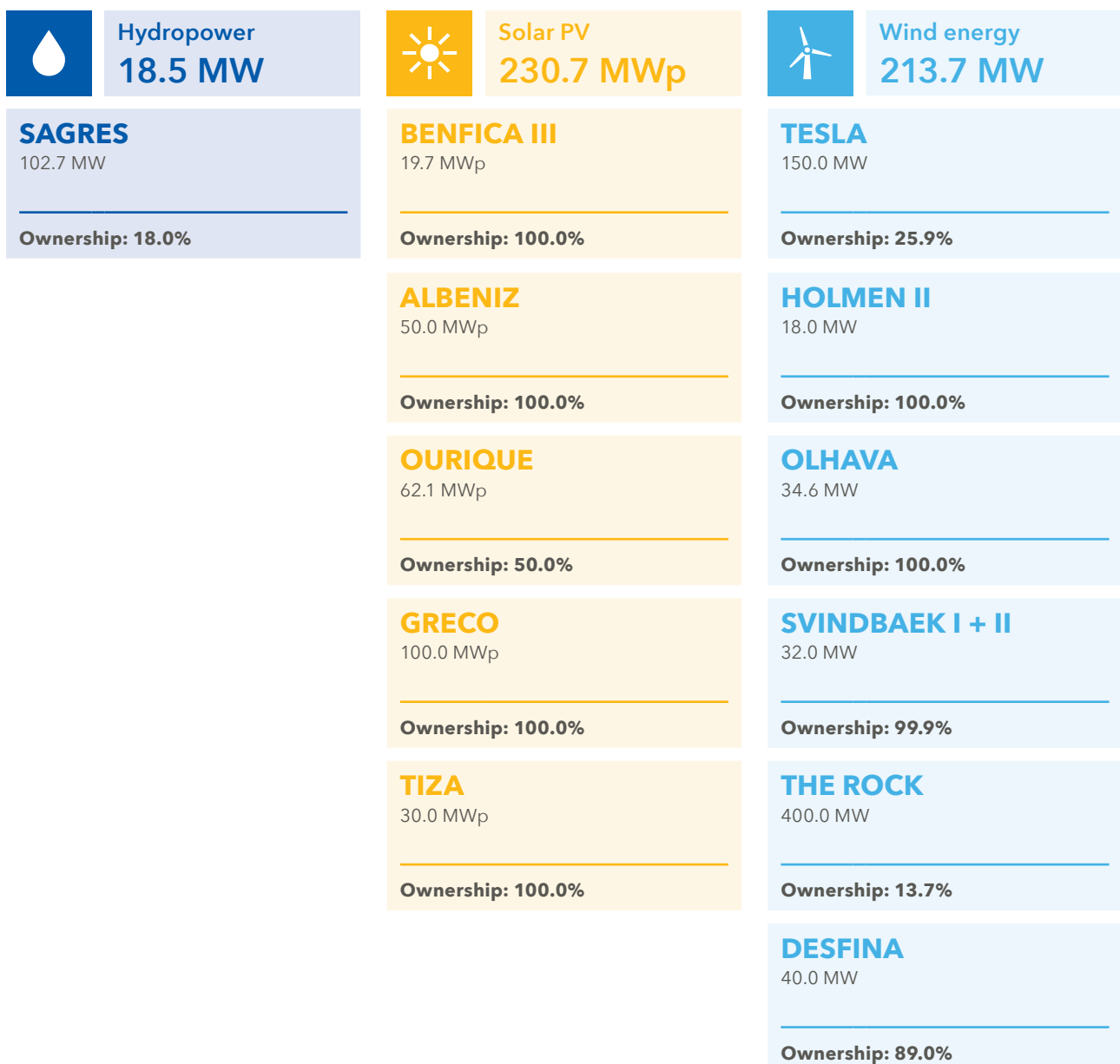
Four
countries



1. Percentage calculated on a pro-forma basis assuming Greco and The Rock are completed; Greco has been valued at cost.

AT A GLANCE CONTINUED

Through the diversification of generation technologies, the seasonal production patterns of these asset types complement each other to balance the cash flow, while the geographic diversification serves to reduce exposure to one single energy market.





CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I am pleased to present the Interim Report of Aquila European Renewables Income Fund Plc for the six-month period ended 30 June 2022.

Ian Nolan
Chairman

Introduction

The first half of 2022 has proved to be a successful period for the Company. The six-month NAV return of +5.3% is our best result since IPO, and the period also saw us deploy more capital (EUR 135.0 million) than in any previous six-month period. We reached completion of AERIF's first construction project, Albeniz, whilst making substantial progress on The Rock, where we completed energisation on 71 out of 72 turbines with final negotiations progressing for the issuance of the takeover certificates in the fourth quarter of 2022.

The NAV growth has been underpinned by increases in electricity prices and inflation, which have been influenced by the conflict in Ukraine, as well as supply constraints coming out of the COVID-19 pandemic.

The Company's capital deployment continues to follow our diversification strategy. During the period, deployment was focused on solar PV and, as a result, the portfolio has made significant progress in diversification and achieving further balance across the technology mix, with solar PV and wind energy now representing 50.8% (2021: 29.0%) and 45.4% (2021: 66.0%) of the portfolio respectively¹, in line with AERIF's targets.

In addition to diversification benefits, the portfolio also retains a high degree of contracted revenue, representing 53.9% of total revenues over the next five years. The remaining 46.1% is subject to merchant power prices which are correlated with inflation. Accordingly, the portfolio remains well positioned in a sustained high inflationary environment.

The benefits of diversification combined with our mix of contracted and merchant revenues ensures the portfolio is well positioned in the current market climate.

First Half 2022 Performance

Our NAV increased by 3.2% to EUR 430.6 million as at 30 June 2022, underpinned by increases in forecast power prices and inflation across the portfolio. During the first half of 2022, lower than expected wind production in Greece and severe droughts in Portugal led to production of the portfolio being 8.1% below budget, despite high technical availability across the portfolio. However, due to high electricity prices across the regions in which the Company operates, revenue was 8.1% above budget. This strong performance also translated to a high dividend coverage, with the Company reporting dividend cover of 1.4x during the reporting period.

As at 31 August 2022, 71 out of 72 wind turbines at The Rock have been fully energized, with the Company receiving 50% of the revenues generated from the sale of electricity since January 2022.

1. Pro-forma post completion of Greco.

We are disappointed that the Sami Appraisal Case has been delayed until May 2023. However, the project company remains committed to finding a satisfactory solution for all stakeholders involved.

Community engagement and integration is becoming an increasingly important area of focus within the renewables industry and we are pleased to announce that the Company's other wind farm in Norway, Tesla, recently received the Community Builder 2022 award, recognising its proactive role in engaging with the local community.

We are also pleased to report that Albeniz, a solar PV project located in Spain, finished construction and recorded its first revenue during June 2022, achieving final commissioning during August 2022. Albeniz represents the Company's largest single investment and first completed construction project, which is a fantastic milestone for the Company.

The Board is conscious that despite several secondary fund raises that have helped broaden the ownership of the Company, it remains relatively tightly held across a number of institutional Shareholders. The Board is also aware that greater liquidity in the Company's shares would improve their marketability. In response, we are actively working with Aquila Capital and Numis to explore various initiatives to potentially enhance the liquidity of AERIF's shares.

Capital Deployment and Balance Sheet

We are very pleased with the acquisitions of Greco and Tiza, two solar PV projects located in Spain with a combined capacity of 130.0 MWp, which has allowed us to deploy and commit the majority of the excess cash carried over from the previous period. Our efforts to expand the portfolio's allocation to solar PV not only provides further technological diversification but also lowers overall production volatility given irradiation is generally a less volatile resource compared to wind energy. AERIF is well positioned for future growth given its conservative gearing position and unutilised revolving credit facility (EUR 100.0 million capacity).

Following the two new acquisitions, the Company exercised the accordion and extension option on its revolving credit facility ("RCF"), increasing it from EUR 40.0 million to EUR 100.0 million and extending the maturity date by a further twelve months from April 2023 to April 2024. The increased RCF positions the Company favourably in the context of future investment opportunities. AERIF remains conservatively geared at 24.6% of gross asset value, with total debt outstanding of EUR 140.3 million comprised of non-recourse debt at the asset level which is largely fully hedged and amortising.

Conclusion and Outlook

Whilst the invasion of Ukraine brings volatility to the commodities market and wreaks havoc on already constrained supply chains, the Company and its portfolio have no direct exposure to Ukraine or Russia. The portfolio's operating costs are governed by long-term operations and maintenance ("O&M") contracts which mitigates any cost pressures. In addition, the Company's construction projects benefit from fixed price engineering, procurement and construction ("EPC") contracts which provides further insulation from rising commodity costs.

The current geopolitical situation and the high electricity price environment underline the necessity to move away from oil and gas and accelerate the decarbonisation of energy supply.

During COP26 held in November 2021 one of the goals set by the nearly 200 countries present was to mobilise at least USD 100.0 billion in climate finance per year. This represents an unparalleled investment opportunity for participants in the sector, such as AERIF.

Energy security has become a new theme which has emerged from the conflict in Ukraine. A transition towards renewable energy systems is no longer only a question of combating climate change but could also lead to greater energy independence if designed with care. AERIF's investment activity enables us to directly contribute towards Europe's energy transition and also facilitate energy independence.

The Company's Investment Adviser has over 20 years of experience in alternative investments and currently manages a 16.4 GW portfolio of renewables from development through to operations, representing one of Europe's largest clean energy portfolios but also a significant growth opportunity for AERIF. AERIF remains well positioned in expanding its portfolio as well as in the current climate to generate attractive returns whilst also contributing further to the energy transition.

Ian Nolan

Chairman

26 September 2022

INVESTMENT ADVISER'S REPORT

Leader in Investment and Asset Management in European Renewables

WHAT'S IN THIS SECTION

Aquila Capital	10
Investment Portfolio	12
Investment Activity	13
Portfolio Construction	15
Financial Performance	17
Market Commentary and Outlook	25

AQUILA CAPITAL

Aquila Capital is one of the leading investment and industrial development companies, managing over EUR 13.2 billion on behalf of institutional investors worldwide and managing one of the largest clean energy portfolios in Europe. Over the past two decades, Aquila Capital and its subsidiaries have committed to support the green energy transition and creating a more sustainable world. As of 30 June 2022, the company manages wind energy, solar PV, hydropower energy assets and battery storage with a capacity of more than 16.4 GW. Additionally, it has projects in sustainable real estate and green logistics either completed or under development. Aquila Capital also invests in energy efficiency, carbon forestry and data centres.

The Investment Adviser currently has a significant pipeline of over 8.0 GW of development and construction assets, primarily in solar PV located in Southern Europe. This represents an attractive source of growth opportunities for AERIF.

Aquila Capital's in-house Market Management Group ("MMG"), a team of experts dedicated to sourcing and structuring power purchase agreements ("PPAs"), market analysis, trading & origination and FX & interest rates and other hedge products, has facilitated the Company's proactive approach to hedging.

The Investment Adviser oversees and monitors the Asset Management of renewable energy investments in the Company's portfolio. Aquila Capital's specialist Asset Management expertise offers the opportunity to optimise asset performance.

The Company's Alternative Investment Fund Manager ("AIFM"), Sanne Fund Management (Guernsey) 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.

31 December 2021¹:

Overall reduction of CO₂ emissions

36.6 million tonnes

Green energy produced

431.9 TWh







Households supplied

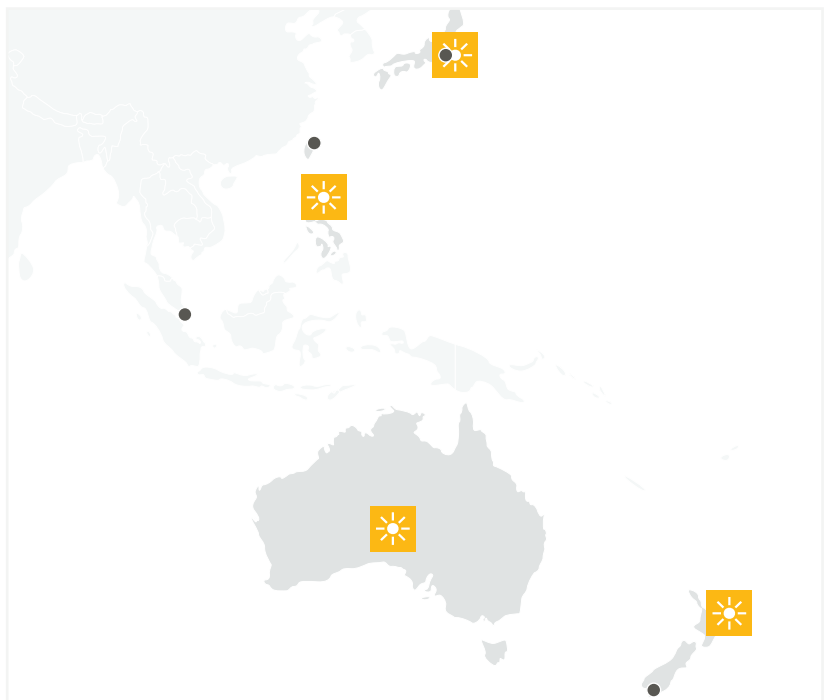
118.7 million

1. Data based on the lifetime of the current portfolio.

Current global clean energy portfolio of Aquila Capital¹:

Portfolio capacity²




	Hydropower 938 MW 264 plants
	Solar PV 11,398 MWp 334 PV parks
	Wind energy 3,686 MW 892 WTGs
	Energy storage systems 391 MW 9 projects
	Energy efficiency 20 projects
	16 Offices



1. Map is shown for illustrative purposes only. Exact locations of offices and assets might deviate. Points indicate one or more assets and are not indicative of size.
 2. Includes all asset acquisitions and sell-offs. Data as at 30 June 2022.

INVESTMENT ADVISER'S REPORT CONTINUED

INVESTMENT PORTFOLIO

Type	Project	Country	Capacity ¹	Status	COD ²	Asset life from COD	Equipment manufacturer	Energy offtaker ³	Offtaker	Ownership in asset	Leverage ⁴	Acquisition date
	Sagres	Portugal	102.7 MW	Operational	1951-2006	n.a. ⁶	Various	FiT	EDP/Renta	18.0% ⁵	37.2%	Jul-19
	Benfica III	Portugal	19.7 MWp	Operational	2017, 2020	30y	AstroNova	PPA	Axpo	100.0%	0.0%	Oct-20
	Albeniz	Spain	50.0 MWp	Operational	2022	30y	Canadian Solar	PPA	Statkraft	100.0%	0.0%	Dec-20
	Ourique	Portugal	62.1 MWp	Operational	2019	30y	Suntec	CfD	ENI	50.0% ⁵	0.0%	Jun-21
	Greco	Spain	100.0 MWp	Construction	2023	30y	Jinko	TBD	n.a.	100.0%	0.0%	Mar-22
	Tiza	Spain	30.0 MWp	Operational	2022	30y	Canadian Solar	PPA	Axpo	100.0%	0.0%	Jun-22
	Tesla	Norway	150.0 MW	Operational	2013, 2018	25y	Nordex	PPA	Statkraft	25.9% ⁵	20.9%	Jul-19
	Holmen II	Denmark	18.0 MW	Operational	2018	25y	Vestas	FiP	Energie.dk	100.0%	31.8%	Jul-19
	Olhava	Finland	34.6 MW	Operational	2013-2015	27.5y	Vestas	FiT	Finnish Energy	100.0%	43.6%	Sep-19
	Svindbaek	Denmark	32.0 MW	Operational	2018	25y	Siemens	FiP	Energie.dk	99.9%	16.4%	Dec-19 & Mar-20
	The Rock	Norway	400.0 MW	Construction	2022	30y	Nordex	PPA	Alcoa	13.7% ⁵	52.0%	Jun-20
	Desfina	Greece	40.0 MW	Operational	2020	25y	Enercon	FiP	DAPEEP	89.0% ⁷	50.5% ⁸	Dec-20
Total (AERIF share)	462.9 MW											



1. Installed capacity at 100% ownership.
2. COD = Commissioning date.
3. PPA = Power Purchase Agreement, FiT = Feed-in tariff, FiP = Feed-in premium, CfD = Contract for Difference, TBD = to be determined.
4. Leverage level calculated as a percentage of debt plus fair value as at 30 June 2022.
5. Majority of remaining shares are held by entities managed and/or advised by Aquila Capital.
6. 21 individual assets. Approximately ten years' remaining asset life when calculated using net full load years.
7. Represents voting interest. Economic interest is approximately 93.2%.
8. Calculation based on voting interest.

INVESTMENT ACTIVITY

Greco

Country:	Spain
Date Acquired:	March 2022
Status:	Construction
Capacity:	100.0 MWp

Solar PV



Greco will be the portfolio's largest project when completed, both in invested capital and production capacity. The Company acquired a 100.0% interest in Greco, which consists of two assets (Jaén and Guillena) with a total capacity of 100.0 MWp (each asset has a capacity of 50.0 MWp). Greco is a solar PV project located in the region of Andalucía, in southern Spain, which benefits from attractive solar irradiation yields. Completion of Jaén is expected between late 2022 and early 2023, while completion of Guillena is expected during the second quarter of 2023. The project operating life is conservatively estimated as 30 years. The Investment Adviser is currently in discussion with PPA offtakers in order to secure a PPA in 2022.

The project is expected to provide 184 GWh of renewable electricity annually over its lifetime, equivalent to approximately 93 kt of CO₂ avoidance in its lifetime. The acquisition has been structured to be paid in two tranches; the first undisclosed amount was paid at closing under the SPA and a deferred consideration of approximately EUR 90.0 million will be paid proportionally when each project achieves completion.



Jaén, Spain

Tiza

Country:	Spain
Date Acquired:	June 2022
Status:	Operational
Capacity:	30.0 MWp

Solar PV



During June 2022, the Company acquired a 100.0% interest in Tiza, an operating solar PV asset with 30 MWp capacity, located in the region of Almería, Southern Spain. The asset recently became operational in March 2022. The project benefits from a recently signed, 6.5-year fixed price PPA with Axpo Iberia, a subsidiary of Axpo Solutions, which covers 70% of P50 production. Together with Greco, both assets provide further balance to the existing portfolio, which is largely oriented towards wind. Given Tiza is operational, this asset will immediately contribute to dividend cover in 2022.

Tiza is expected to provide 54 GWh of renewable electricity annually over its lifetime, representing approximately 62 kt of CO₂ equivalent avoidance over its lifetime. The construction of Tiza, which was managed by Aquila Capital, is also a testament to the benefits of environmental integration. During construction a series of environmental benefits were implemented, such as restoration and relocation of olive trees, over ten rabbit refuges built and the introduction of a natural barrier of plants around the perimeter as a mechanism to protect the local fauna.



Tiza, Spain

INVESTMENT ADVISER'S REPORT CONTINUED

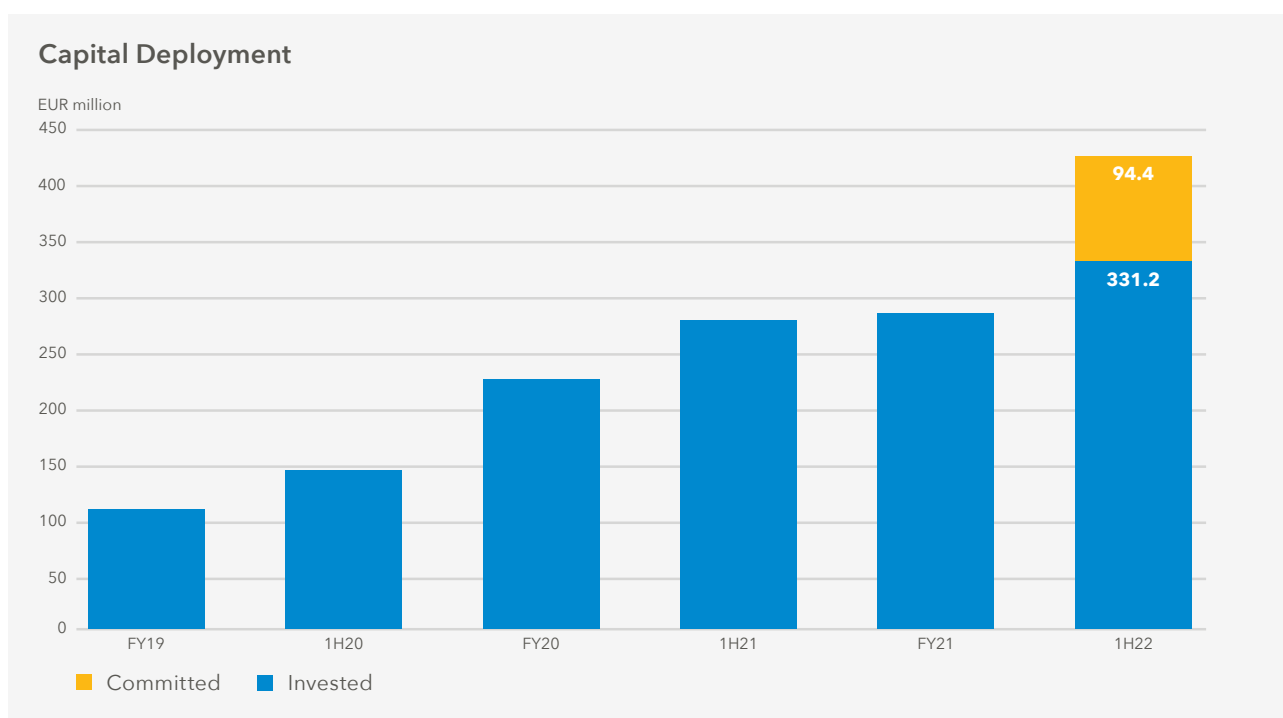
INVESTMENT ACTIVITY continued

Capital Deployment

During the first half of 2022, the Company has successfully deployed or committed over EUR 135.0 million on new acquisitions, increasing its total capital deployment since IPO to EUR 425.5 million¹. In addition, the Company has deployed a further EUR 1.8 million in relation to capital expenditure for project Albeniz, whilst the remaining construction payments for The Rock are being funded from surplus capital at the project company level.

As at 30 June 2022, the Company had remaining commitments of approximately EUR 94.4 million², predominantly related to deferred Greco consideration and, to a lesser extent, Albeniz. Remaining capital commitments are expected to be funded from AERIF's existing surplus liquidity comprising cash on hand and the RCF.

As at 30 June 2022, the Company, together with its wholly owned subsidiary Tesseract Holdings Limited ("THL" or "HoldCo") had an available liquidity of EUR 59.1 million (excluding surplus cash at asset level) in addition to the RCF which has a facility limit of EUR 100.0 million and remains undrawn.

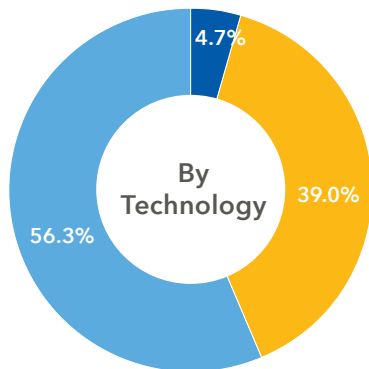


1. Includes Greco EUR 90.0 million deferred consideration.

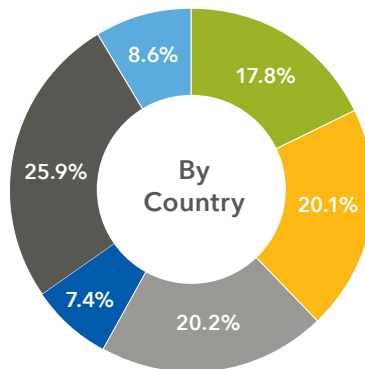
2. Note this excludes earn-out payments related to Greco, and working capital adjustments related to Ourique and Tiza.

PORTFOLIO CONSTRUCTION - AS AT 30 JUNE 2022

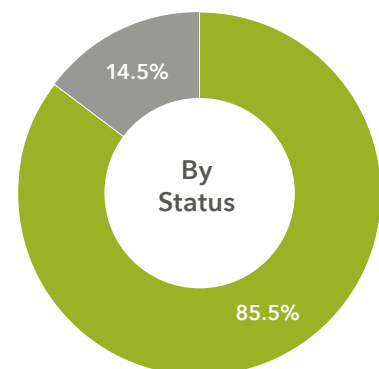
Current Portfolio Allocation¹



■ Hydropower
 ■ Solar PV
 ■ Wind energy

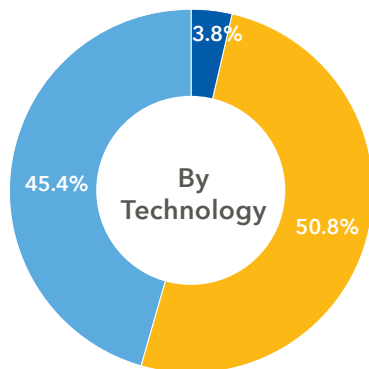


■ Portugal
 ■ Norway
 ■ Denmark
 ■ Spain
 ■ Greece
 ■ Finland

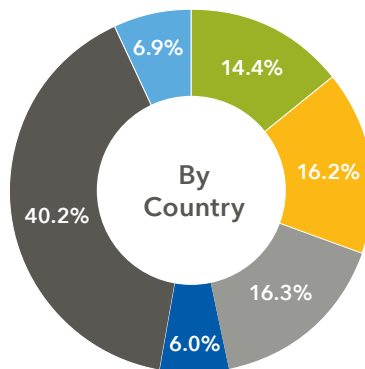


■ Operating
 ■ Under construction

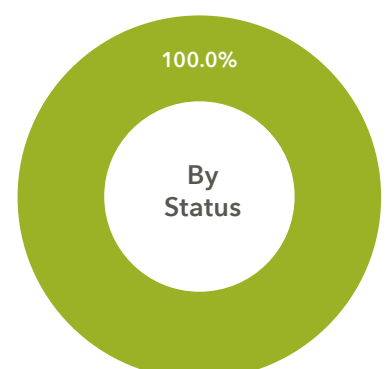
Pro Forma Portfolio Allocation Assuming Completion of Greco and The Rock²



■ Hydropower
 ■ Solar PV
 ■ Wind energy



■ Portugal
 ■ Norway
 ■ Denmark
 ■ Spain
 ■ Greece
 ■ Finland



■ Operating

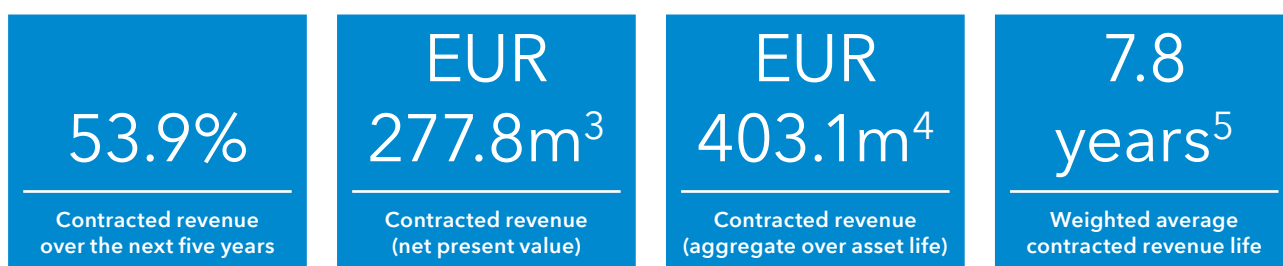
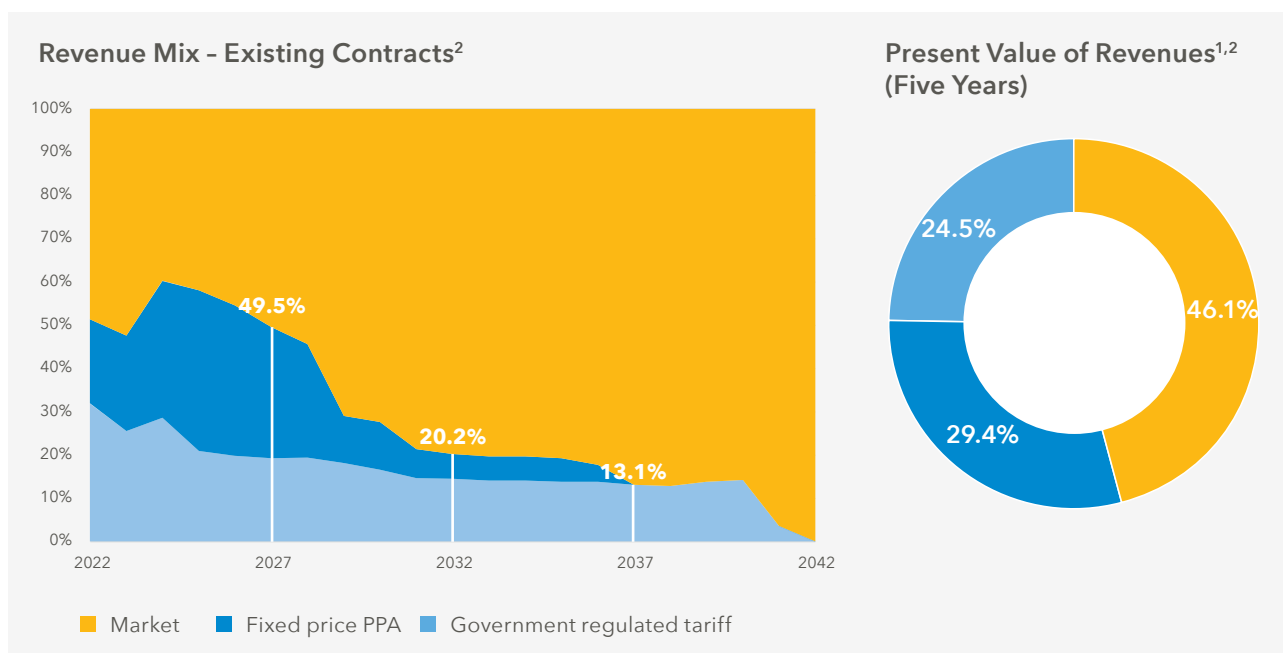
1. Allocation is based on fair value of the assets.

2. Calculated on a pro forma basis assuming Greco and The Rock are completed, Greco project has been valued at cost.

INVESTMENT ADVISER'S REPORT CONTINUED

PORTFOLIO CONSTRUCTION continued

Contracted Revenue Position



The portfolio maintains a strong visibility of future cashflows with a weighted average contract life of approximately 7.8 years for revenues contracted (31 December 2021: 8.8 years). Furthermore, the Company contracts its revenues with investment grade counterparties. As at 30 June 2022, approximately 53.9% of the present value of revenues (31 December 2021: 68.5%) has been contracted over the following five years, the decrease in contracted revenues corresponds to the uplift in short-term forecasted power prices curves from independent market analysts.

1. Asset revenues are discounted by the weighted average portfolio discount rate as of 30 June 2022 and are taken from 1 July 2022 onwards.
2. Includes replacement PPA assumed to be secured for Olhava once the FiT runs out from 2025 for a tenor of three years, as well as Greco PPAs expected to be secured closer to completion of the assets.
3. Contracted revenue as at 30 June 2022, discounted by the weighted average portfolio discount rate.
4. Aggregate contracted revenue over entire asset life (not discounted).
5. Weighted based on investment value and based on production hedged. Greco and Olhava future PPA have been excluded as they have not been secured.

FINANCIAL PERFORMANCE

Performance

Production by Technology (AERIF share)

Technology	Region ¹	Electricity production (GWh)		% Variance (1H21 actual vs budget)
		1H22 ²	1H21	
Wind energy	Denmark, Finland, Norway & Greece	216.0	190.4	(0.5%)
Hydropower	Portugal	17.2	39.1	(58.0%)
Solar PV	Portugal & Spain	70.2	37.7	(2.4%)
Total		303.4	267.2	(8.1%)

Technology	Load factors	
	1H22	1H21
Wind energy	32.3%	23.0%
Hydropower	21.4%	48.7%
Solar PV	13.7%	16.0%
Total	24.6%	28.5%

Technology	Technical availability ³	
	1H22	1H21
Wind energy	96.8%	98.9%
Hydropower	99.1%	99.0%
Solar PV	99.6%	90.5%
Total	97.4%	98.1%

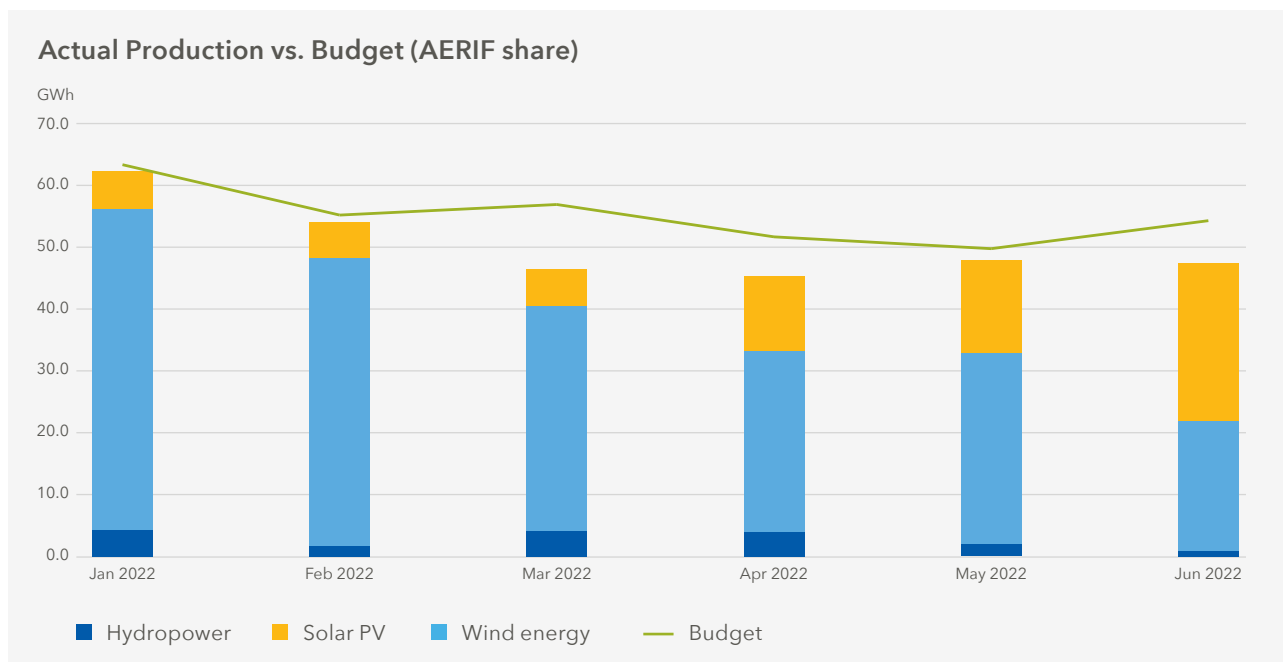


1. Region refers to 1H22 only.
2. Tiza economic transfer took place in March 2022.
3. Average technical availability based on weighted installed capacity (AERIF share).

INVESTMENT ADVISER'S REPORT CONTINUED

FINANCIAL PERFORMANCE continued

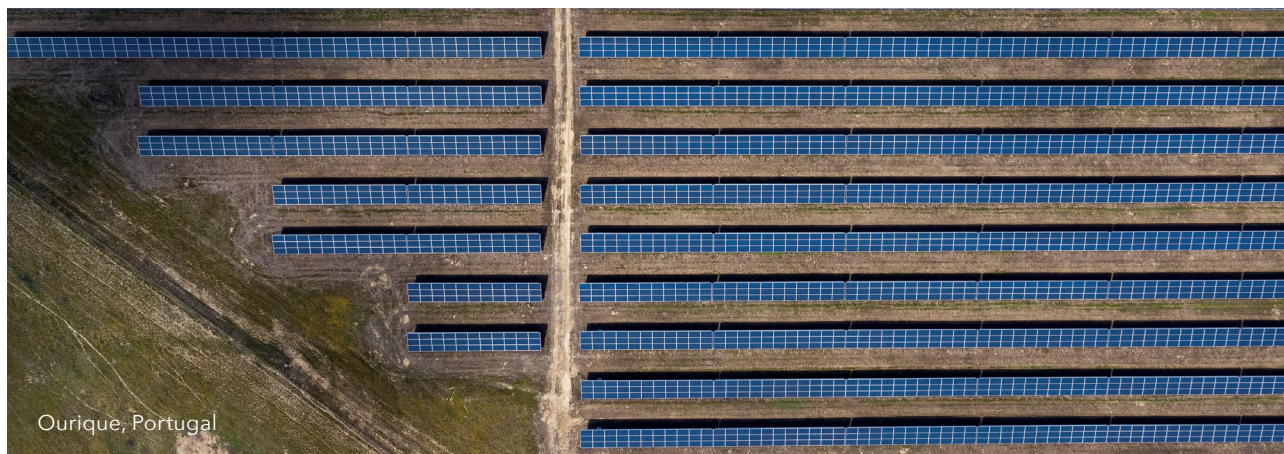
Performance continued



The Company's portfolio increased production by 13.5% during 1H22 compared to 1H21, with electricity produced amounting to 303.4 GWh (1H21: 267.2 GWh), mainly due to high electricity production in Norway and Denmark compared to 1H21, the acquisition of Tiza, with an economic transfer date of mid-March and production in Albeniz after construction was completed.

Electricity production was 8.1% below the P50 budget, mainly due to lower than expected wind levels in Greece as well as lower hydropower production due to a severe drought in Portugal. In contrast, solar PV production in Iberia and wind energy production in Denmark and Finland performed broadly in line with budget.

Revenues were 8.1% above budget as a result of increasing power prices across Europe. Electricity prices have been rising since the second half of 2021, driven by the heatwaves across the summer months and a harsh winter, the significant increase in CO₂ prices and low European gas reserves, further exacerbated by the war in Ukraine, which has reduced the gas supply in Europe.



Construction Projects Progress

- **The Rock:** As at 31 August 2022, 71 out of 72 turbines have now completed energisation. The Rock has received 50.0% of the revenues generated from the sale of electricity from these turbines since January 2022 and will continue to do so, plus any additional revenues from other turbines entering operation, until the date of completion. Final negotiations are progressing for the issuance of the takeover certificates in the fourth quarter of 2022.

The appraisal case concerning the local reindeer district and The Rock is scheduled to be heard before the Helgeland District Court in May 2023. Lawyers advise that such proceedings are common in this region in relation to infrastructure projects. With appeals, they can continue for extended periods, but that there is a low likelihood of The Rock being materially impacted either operationally or financially.

- **Greco:** At the end of July 2022, engineering work in Jaén was 76% advanced. Work on the drainage system and internal roads was almost complete. The construction of low and medium voltage trenches and the laying of cables, ramming work, erection of the structure and installation of the modules were fully completed.

The grid connection process has been initiated and the permit for Administration Authorization for Exploitation has been applied for. Completion of Jaén is expected between late 2022 and early 2023.

At Guillena, construction was 48% advanced at the end of July 2022. Almost all materials have been delivered to the site. The assembly of the structures and the equipment erection were 90% advanced. Commissioning is expected during the second quarter of 2023.

- **Albeniz:** The 50.0 MWp Spanish solar PV project, in which the Company acquired 100.0% interest, achieved completion during June 2022 and has been producing revenues since then. Additionally, during July 2022, the project received its Provisional Acceptance Certificate ("PAC"), indicating the asset operates according to plan and no incident has been found.



Svindbaek, Denmark

INVESTMENT ADVISER'S REPORT CONTINUED

FINANCIAL PERFORMANCE continued

Gearing

EUR million ¹	As at 30 June 2022	As at 31 December 2021	Variance (%)
NAV	430.6	417.4	3.2
Debt	140.3	144.3	(2.8)
GAV	570.9	561.8	1.6
Debt (% of GAV)	24.6	25.7	(1.1)
Weighted average maturity (years)	14.6	13.9	0.7
Weighted average interest rate (%) ²	2.5	2.5	0.1
RCF interest rate (%) ³	1.85	1.85	0.0

During the first half of 2022, the Company's gearing ratio reduced from 25.7% to 24.6% of GAV as a result of ongoing debt amortisation (approximately EUR 4.0 million⁴) and further growth in NAV by 3.2%. Gearing levels remain well below the investment restriction that allows a maximum of 50.0% of GAV. Furthermore, on 20 April 2022, the Company increased its RCF limit from EUR 40.0 million to EUR 100.0 million, with the maturity date extended by twelve months until April 2024. The RCF as of 30 June 2022 remains undrawn. RCF capacity is expected to be used to support Greco and fund other pipeline opportunities.

Debt Summary as at 30 June 2022

Project	AERIF share	Drawn debt (EUR million) ¹	Currency	Maturity	Hedged proportion	Type
Tesla	25.9%	9.3	EUR	Mar 29	100.0%	Bank Debt
Sagres	18.0%	10.4	EUR	Dec 28/Jun 30	70.0%	Bank Debt
Olhava	100.0%	21.4	EUR	Dec 30/Sep 31	100.0%	Bank Debt
Holmen II	100.0%	15.2	DKK	Dec 37	93.2%	Bank Debt
Svindbaek I	100.0%	8.4	DKK	Dec 37	100.0%	Bank Debt
The Rock: USPP Bond	13.7%	32.0	EUR	Sep 45	100.0%	Debt Capital Markets
The Rock: Green Bond	13.7%	10.9	EUR	Sep 26	100.0%	Debt Capital Markets
Desfina	89.0%	32.5	EUR	Dec 39	100.0%	Bank Debt
Subtotal		140.3				
RCF	100.0%	0.0	EUR	Apr 24	0.0%	Bank Debt
Total		140.3			97.0%	

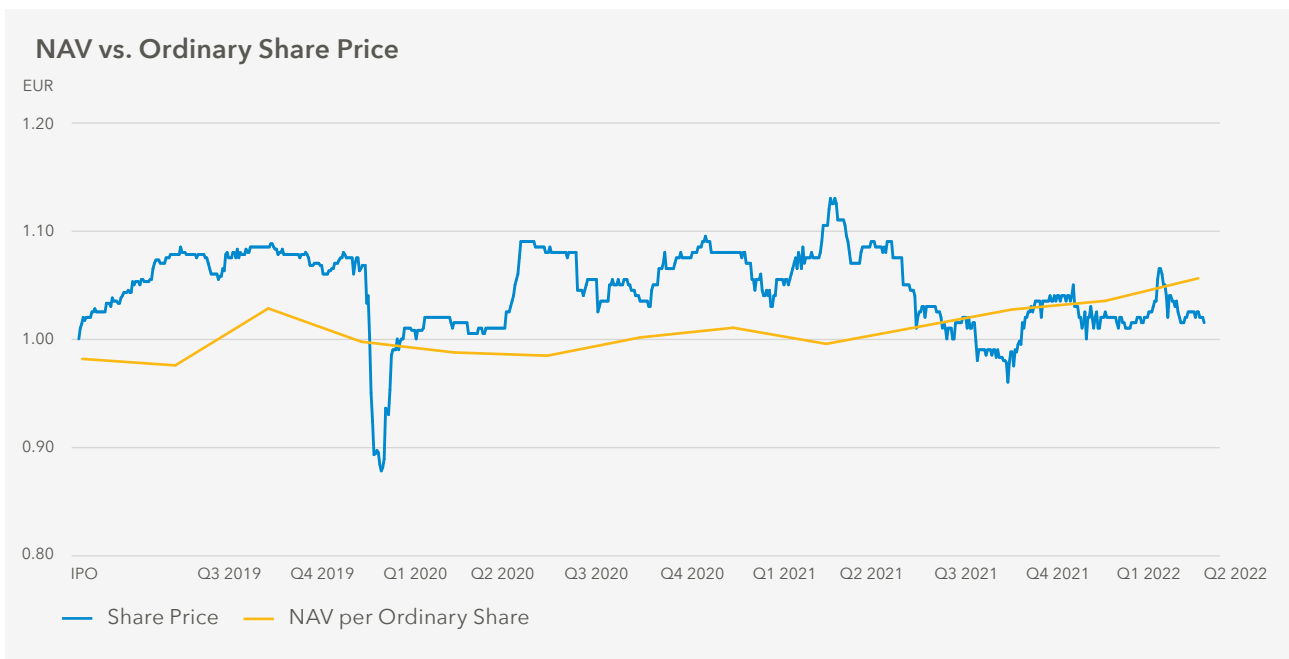
- Foreign currency values converted to EUR as at 30 June 2022. Data represents AERIF's share of debt. AERIF share of Desfina debt based on voting interest.
- Weighted average all in interest rate for EUR denominated debt. DKK denominated debt has an average weighted interest rate of 2.6%. Excludes RCF.
- Margin over EURIBOR.
- Includes changes in FX over the period.

Valuation

Fair Value (unaudited, EUR million)¹

EUR million	1H22	FY21	Variance (%)
Tesla	35.3	31.4	12.4
Sagres	17.5	15.8	11.0
Holmen II	32.7	24.5	33.7
Olhava	27.6	27.3	1.2
Svindbaek	42.9	40.6	5.8
The Rock	39.7	45.0	(11.7)
Benfica III	17.6	16.7	5.3
Albeniz	49.4	46.0	7.4
Desfina	31.9	40.9	(21.8)
Ourique	31.4	29.5	6.5
Greco	14.3	n.a.	n.a.
Tiza	33.0	n.a.	n.a.
Total	373.4	317.6	17.6

The chart below shows the Company's share price performance since IPO against the Company's reported NAV. As at 30 June 2022, the Company has traded at a modest discount of 3.8% to its NAV per Ordinary Share.

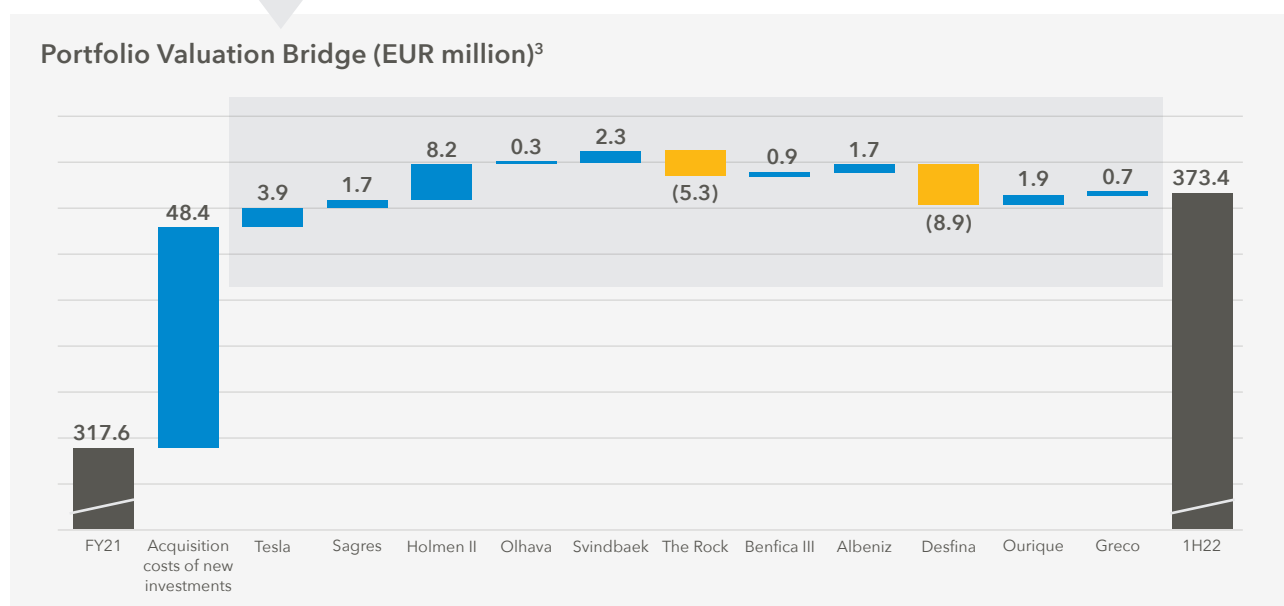
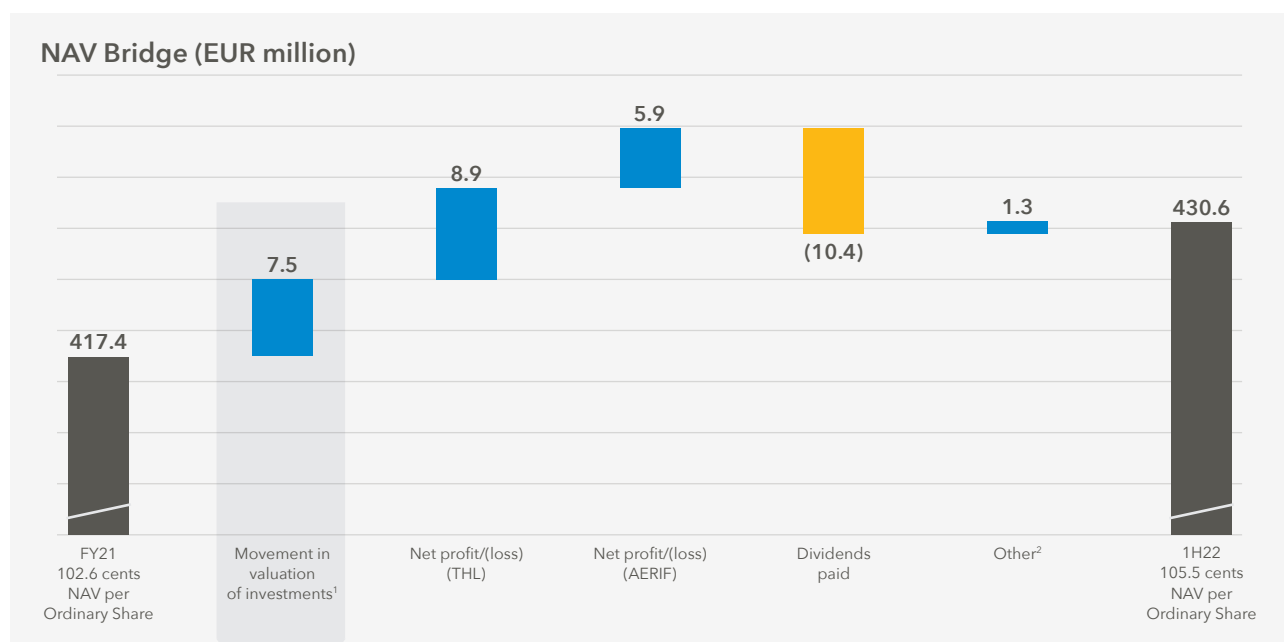


1. Includes capital contributions related to construction assets (Albeniz: EUR 1.75 million) and new investments (Greco, Tiza combined EUR 46.6 million).

INVESTMENT ADVISER'S REPORT CONTINUED

FINANCIAL PERFORMANCE continued

Valuation continued



1. Excludes the impact of capital contributions.

2. Includes share issue costs (EUR -0.06 million), settlement of Investment Advisory fees (EUR 1.3 million) and FX losses (EUR -0.005 million).

3. Portfolio valuation as at 30 June 2022. Acquisition cost of new investments contains EUR 46.6 million related to Greco and Tiza.

- The Company's NAV as at 30 June 2022 was EUR 430.6 million or 105.5 cents per Ordinary Share (31 December 2021: EUR 417.4 million or 102.6 cents per Ordinary Share). This represents a total NAV return of 5.3% per Ordinary Share (including dividend).
- The main drivers of NAV movements throughout the reporting period include:
 - Forecast power prices: Increase in short-term electricity prices forecast across the majority of the portfolio, resulting in an increase of 6.2 cents per Ordinary Share; the methodology continues to assume an average of two power price curves from independent market analysts over the life of each asset, each asset. No forward or futures curves are used.
 - Inflation: Increase in short-term CPI forecasts¹ increased the NAV per Ordinary Share by 2.6 cents, whilst medium and long-term assumptions remain unchanged.
- Discount rate: The Company's discount rate has increased by 10 bps to 6.6% (31 December 2021: 6.5%), following the increase in risk-free rates across the portfolio.
- Others:
 - Norway introduced a production tax on wind farms with a cost of NOK 0.01 per KWh produced.
 - Lower than expected hydropower production in Portugal.
- The Rock valuation has decreased due to the introduction of the production tax in Norway, completion being delayed and a decrease in forecast electricity prices in the NO4 region. Northern Norwegian zones typically show lower power prices due to: (a) relatively lower demand, (b) more wind penetration, and (c) interconnection with wind-abundant Sweden.
- The valuation of the assets located in the southern part of the Nordics with higher interconnection to continental Europe (Tesla - Southern Norway, Holmen II and Svindbaek - Denmark, Olhava - Finland) have significantly increased due to substantial increase in short-term power forecasts.
- Desfina's valuation decrease corresponds to the significant distributions that occurred during the reported period (EUR 7.7 million).
- Following the acquisition of the project company on 29 March 2022, Greco recorded an uplift in NAV of 5.0% in its valuation as at 30 June 2022 mainly driven by positive power price movement and increase in CPI forecasts.
- Tiza has been valued at cost due to its recent acquisition. The asset will be valued at fair value from the next quarter onwards.



1. Short-term data source from Bloomberg, with medium-term data calculated via interpolation and long-term data obtained from the European Bank target.

INVESTMENT ADVISER'S REPORT CONTINUED

FINANCIAL PERFORMANCE continued

Valuation Methodology

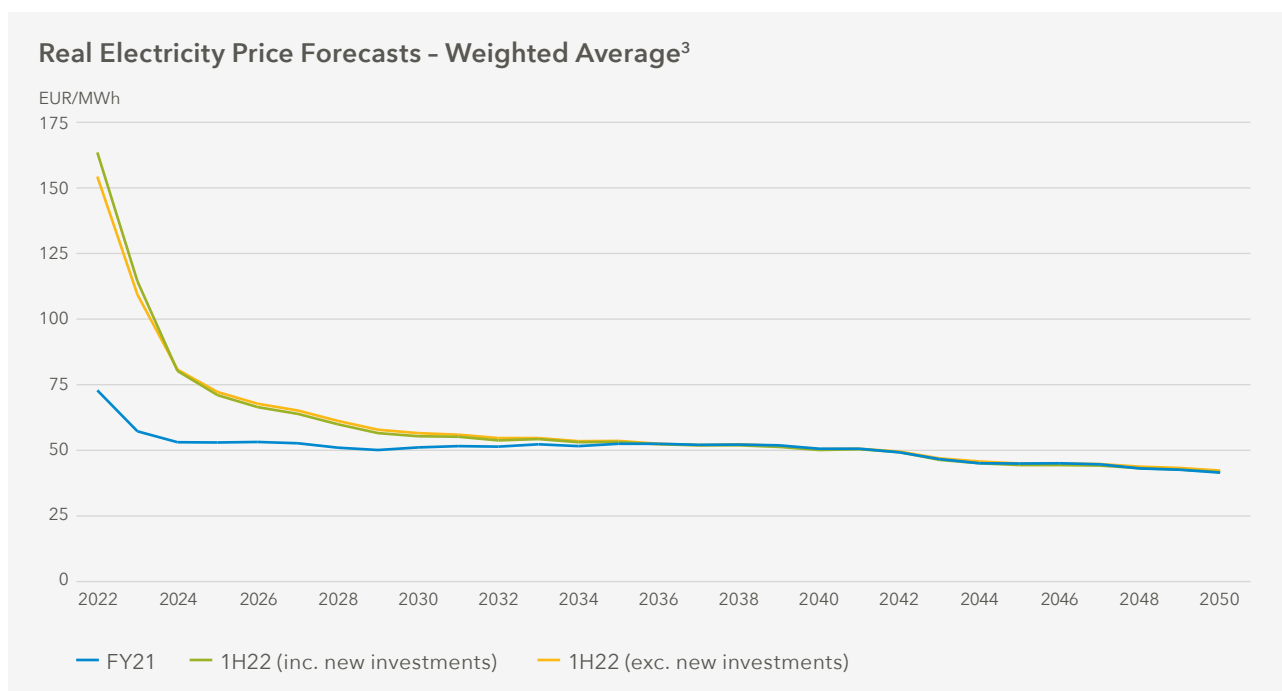
The Company owns 100% of its subsidiary Tesseract Holding Limited. The Company meets the definition of an investment entity as described by IFRS 10. As such, the Company's investment in the HoldCo is valued at fair value. The Company has acquired underlying investments in special purpose vehicles ("SPVs") 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 2022 and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied and the valuation. All the Company's investments are recorded at fair value, with any movements in fair value reflected through the profit and loss statement. Valuations utilise 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		1H22	FY21
Discount rate	Weighted average	6.6%	6.5%
Long-term inflation	Weighted average	2.0%	2.0%
Remaining asset life (weighted average) ¹	Wind energy	23 years	23 years
	Hydropower	10 years	11 years
	Solar PV	29 years	27 years
Operating life assumption (weighted average) ²	Wind energy	26 years	26 years
	Hydropower	n.a.	n.a.
	Solar PV	30 years	30 years

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

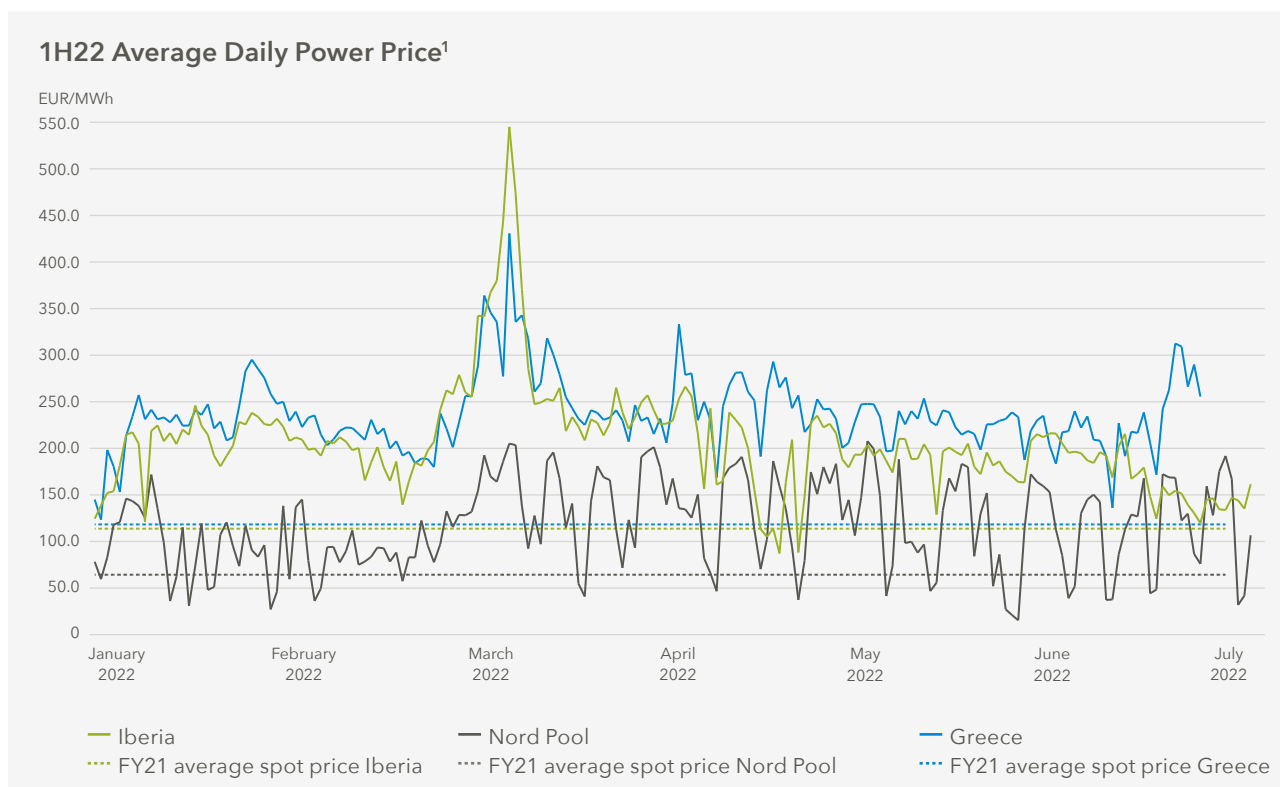


1. Remaining asset life based on net full load years. Does not consider any potential asset life extensions. Includes Greco deferred consideration payment.
2. Asset life assumption from date of commissioning.
3. 1H22 data reflects latest pricing forecast as at Q2 2022 (i.e. average of two power price curves). All power prices are in real terms as at 30 June 2022 and reflect the captured price.

MARKET COMMENTARY AND OUTLOOK

Market Prices

During the first half of 2022, the increase in fuel and CO₂ prices were the key drivers of the bullish trend experienced in Europe since the middle of the year 2021. The historically high prices in commodity markets, notably for gas and coal were further intensified by the major supply disruptions triggered by the conflict in Ukraine and have led to the continuation of the bullish trend of power prices due to the reliance of the European Union on thermal power generation.



Nord Pool

Although power prices in the Nordic region are generally at a discount when compared to continental Europe, there is an ongoing trend towards increasing convergence between the Nordics and the continental power markets due to a tighter hydrological balance and the impact of the new interconnection link with Germany and the United Kingdom; thus, increasing demand in the region as the demand in continental Europe is expected to increase.

Additionally, due to the different patterns for southern and northern price areas in Norway, the impact of higher commodities differs widely among the zones.

Northern regions (NO3 and NO4) are less affected by fluctuations in power prices due to lower demand and abundant wind resources. By contrast, the southern zones (NO1, NO2 and NO5) undergo a stronger price impact from Continental Europe via existing interconnection.

In 2022, the Norwegian government introduced an onshore wind production tax, applicable to all wind power plants with a capacity of over 1 MW or more than 5 wind turbines on the surface, at a tax rate of NOK 0.01 per generated kWh.

1. Source: European Network of Transmission System Operators for Electricity (ENTSO-E), Nord pool prices reflect the system price.

INVESTMENT ADVISER'S REPORT CONTINUED

MARKET COMMENTARY AND OUTLOOK continued

Iberia

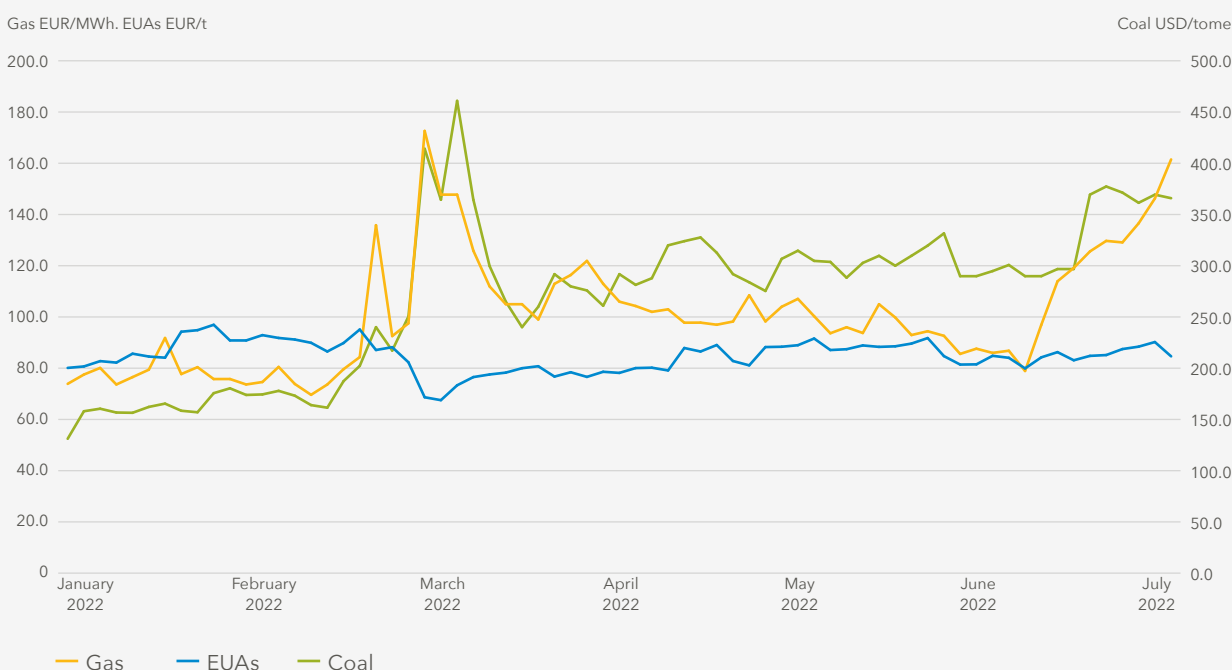
Power prices in Iberia experienced a more significant price impact from higher commodity prices due to the high proportion of hours during which gas-fired generation sets the price in the wholesale markets. During the past six months, Spain has introduced several regulatory developments in an attempt to hinder the upside effect of gas prices on wholesale power prices, such as the electricity tax reductions, creation of a 'clawback' on merchant revenues and the introduction of a cap for the gas price to be accounted in bids of electricity generators.

The impact of these regulations to the Company's assets located in Spain is limited given the high percentage of contracted revenues, with Tiza and Albeniz having 70.0% and 80.0% of its P50 production hedged and Greco expecting to secure PPAs for both of its assets closer to completion.

Greece

As in Iberia, power prices in Greece underwent a higher increase from elevated fuel prices due to the higher proportion of hours in which not only gas-fired generation, but also coal, sets the marginal price in the wholesale market. However, Desfina the (only Greek project currently in the portfolio) does not participate in these developments as the asset benefits from a 20-year Feed-in Premium, which is structured as a contract for difference to EUR 98.0 MWh, for 100% of the energy produced.

1H22 Daily Commodities Forward Prices¹



1. Source: European Energy Exchange ("EEX") from 1 January to 30 June 2022.

European Commission

On 14 September 2022, the European Commission presented a proposal for an emergency intervention in Europe's energy markets in order to address the dramatic rise in power prices, largely as a result of gas supply disruptions. The proposal provides a range of measures that, if approved, will be automatically applied on EU Member States, most notably (a) reduction of electricity demand and (b) clawback on revenues on 'inframarginal' electricity producers (including renewables) setting a threshold of EUR 180 MWh of electricity produced, from which "excess" profits could be claimed back by individual Member States. The measures are expected to entry into force as of 1 December 2022 and remain in place until 31 March 2023.

The temporary revenue cap is not intended to be applied to revenue earned below the cap which is derived from PPAs or Government regulated tariffs. Furthermore, the clawback should not apply to producers whose revenues are already capped as a result of State measures, as it is the case of Spain. Importantly, as part of its press release, the European Commission has also reaffirmed its commitment towards renewable energy as a means to achieve its long-term climate and energy targets.

The Investment Adviser is continuing to review the initial announcement from the European Commission and is waiting for further details to be announced, including the measure to be adopted by each Member State to reduce electricity demand and further details of the revenue cap, noting that Europe is not homogenous and different regions exhibit vastly different power prices, largely influenced by differences in power generation mix, interconnectivity and weather conditions. It is also worth noting that Spain already introduced a clawback mechanism which will remain in place until 31 December 2022.

Despite these regulatory changes, expectations for wholesale power prices in AERIF's key markets such as the Nordics and Iberia remain high in the short to medium term. Regulatory developments such as these highlight the importance of AERIF's pan-European strategy targeting geographic diversification and high contracted revenues, maximizing earnings visibility and reducing our reliance on any single power market.

Fuel Prices Evolution

Europe's surging demand for Liquefied Natural Gas ("LNG") to replace the Russian pipeline gas supply and increase in its imports has led to an exceptionally tight global market, pressuring supply. In June 2022, Gazprom's reduction of natural gas supply to several European countries led to a new uplift in gas prices.

The coal market has undergone an upward trend, as coal demand increased in line with the tightening in the gas market.

This trend was further enhanced by the Russian invasion of Ukraine, as markets sought alternatives to Russian fossil fuels and EU planned an embargo on Russian coal imports.

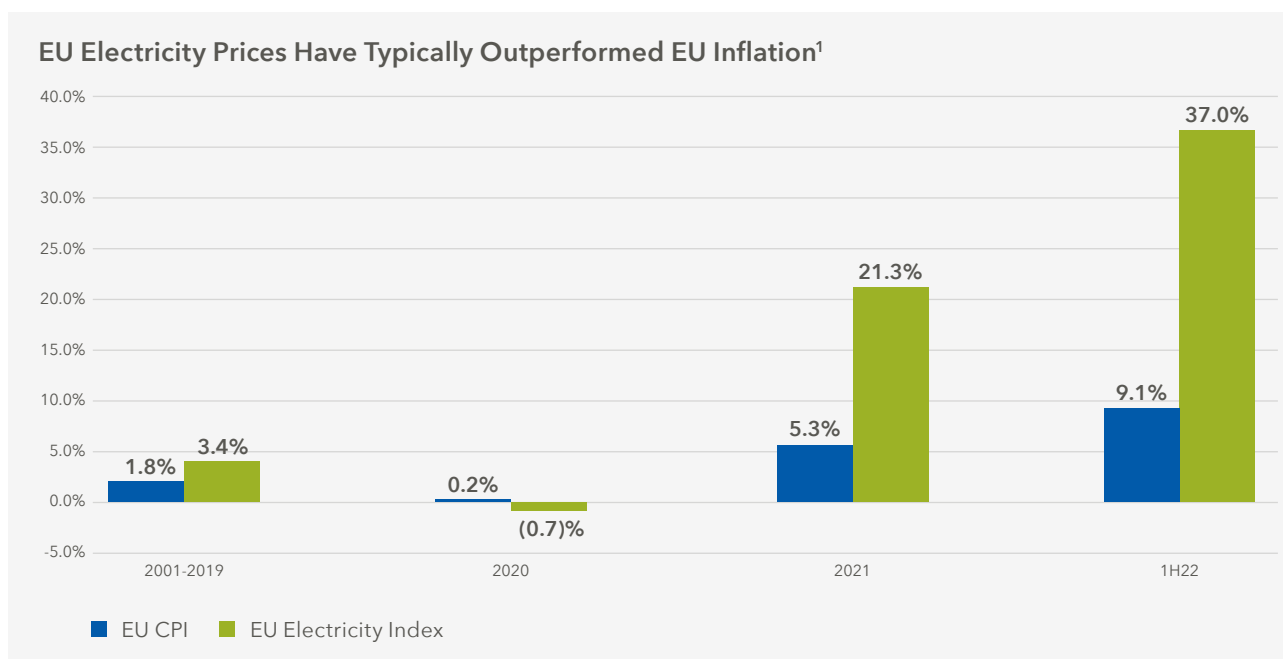
Furthermore, carbon prices have oscillated between EUR 58.3 and EUR 96.0 tCO₂ in the first half of 2022. European Union Allowances ("EUA") prices had risen since 2021 due to the following factors: a) the 'gas-to-coal switching effect' which has increased demand for EUAs from (relatively more emissive) coal units; and (b) generally more pronounced political momentum for decarbonisation across the EU, associated with the 2030 targets and net-zero discussions.

With the start of the conflict in Ukraine, EUAs prices fell from an average of EUR 90.0 MWh to nearly EUR 58.0 MWh in just over a week due to the expectations that funds and speculative buyers would abandon the market as a consequence of the conflict. Following that period, EUA prices started to recover as the market has rebalanced and remained relatively stable at roughly EUR 85.0 tCO₂.

INVESTMENT ADVISER'S REPORT CONTINUED

Inflation

Investments in renewable energies represent an effective protection against inflation. Renewable energies benefit from rising electricity prices with no burden on the cost side in relation to the use of resources. Over the last 20 or more years, European electricity prices have typically outperformed European consumer prices indices, as a result inflation is expected to have a positive impact on the earnings potential of renewable electricity generation plants.



Conclusion

A key pillar to the investment philosophy is diversification, which the Company has set out to achieve by further investing in solar PV, resulting in a more balanced portfolio between solar PV and wind technologies, in-line with the Company's targets. In addition, the portfolio is constructed to minimise risk whilst optimising revenues by maintaining a conservative gearing level and a high degree of contracted revenues with investment grade counterparties. These characteristics not only increase earnings visibility but also reduce volatility and minimise exposure to any single asset or market. As a result, the Company and its investment portfolio is well positioned in the current market climate.

Russia's invasion of Ukraine has led to higher volatility in electricity prices, driven by the increased energy and non-energy commodity related costs, inflation is expected to continue to rise. In this regard, energy and power markets will receive higher levels of scrutiny and future interventions in markets. Energy independence will become an important driver and local support for renewables and non-fossil fuel energy sources will most likely increase.

Furthermore, the battle against climate change remains at the forefront of the world agenda with COP27 due to take place in November 2022 in Egypt, with the revision of current targets and with promises of revised action plans to steepen the rate of decarbonisation. One of the Company's goals is to contribute directly to the green energy transformation; in order to do so, the Company together with its Investment Adviser aims to grow the portfolio to provide higher amounts of green energy into the grid. The Investment Adviser continues to work with the AERIF Board on a number of investment opportunities which meet the Company's strict investment criteria.

Aquila Capital Investmentgesellschaft mbH

26 September 2022

1. Data obtained from Eurostats from 1 January 2001 to 30 June 2022.



Sagres, Portugal




ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ENVIRONMENTAL

In 2015, the UN launched its 17 Sustainable Development Goals (“SDGs”), aiming to end poverty, improve health and education, reduce inequality, spur economic growth and tackle climate change. These goals are set to stimulate action for people, the planet and prosperity, and aim to transform the world by 2030.

The Company aims to invest in a diversified portfolio of renewable energy infrastructure investments, such as hydropower plants, onshore wind and solar parks, across continental Europe and Ireland. With the objective of providing investors with a truly diversified portfolio of renewable assets, AERIF is able to achieve on its investment objectives as well as contribute towards the green economy. AERIF contributes to the following three SDGs:

AERIF’s Contribution to the UN Sustainable Development Goals

Goal	Overview	Contribution towards UN Sustainable Development Goals
Ensure access to affordable, reliable, sustainable and modern energy for all.	<ul style="list-style-type: none"> AERIF’s portfolio produces renewable energy which contributes towards Europe’s electricity mix. Renewable energy is a cost-effective source of energy compared to other options. AERIF’s investments in renewable assets help support and encourage further investment in the industry. 	
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	<ul style="list-style-type: none"> AERIF targets renewable investments that are supported by high quality components and infrastructure to optimise the energy yield and subsequent return to investors. AERIF’s investments help support the construction of shared infrastructure (e.g. substations) which enables the further expansion of renewable energy sources. AERIF’s Investment Adviser, Aquila Capital, is responsible for monitoring and optimising the Company’s day-to-day asset performance. This process also involves actively exploring how new technologies and other forms of innovation can be utilised to enhance asset performance and sustainability (energy yield, O&M, asset life). 	
Take urgent action to combat climate change and its impacts.	<ul style="list-style-type: none"> The Company’s 462.9 MW portfolio has the potential to power approximately 235.3 thousand households and avoid approximately 247.9 thousand tonnes of CO₂ emissions annually¹. AERIF has ambitious goals to expand its portfolio, which will be accretive to further CO₂ avoidance over time. As a signatory to the UN Principles for Responsible Investments (“UN PRI”), the Company’s Investment Adviser has integrated ESG criteria all along its investment process for real assets, which includes considerations of climate change. 	

Following the successful GRESB assessment undertaken the previous year, where it received 84 points, above the industry average of 77 points, the Company has commenced the GRESB assessment for the current year and has submitted all of the required information. The results of the assessment are expected to be published in October 2022.

1. Expected AERIF contribution for the year 2022, based on the portfolio as at 30 June 2022. The CO₂ equivalent avoidance, the average European households supplied and household emissions are approximations and do not necessarily reflect the exact impact of the renewable energy projects. The cited sources of information are believed to be reliable and accurate, however, the completeness, accuracy, validity and timeliness of the information provided cannot be guaranteed and Aquila Capital accepts no liability for any damages that may arise directly or indirectly from the use of this information.

SOCIAL

Renewable energy projects have an inherent major positive impact on the environment with their ability to decarbonise the energy sector, aiding us in the transition to a low carbon economy. With the European Green Deal boosting renewable energy projects, investment into clean energy assets has accelerated over recent years.

With the increase in renewable energy deployment, the pressure on land is growing, as the need to expand carbon sinks and protecting biodiversity is in direct conflict with agricultural and renewable energy production. Conflicts can arise when new renewable projects compete against other types of land usage, such as residential housing, recreational areas, agriculture and nature conservation, or when they cause landscape disruptions.

Engagement with local communities is an integral part of the Company's investment philosophy. The assets continue to support communities through contracting local service providers, payment of local taxes, as well as lease payments for utilisation of the land.



Tesla, Norway

Tesla Engagement with Local Community

In March 2022, Midtfjellet Wind Farm (Tesla) was awarded Norwea's membership award. This prize is given to a member who has excelled in positive engagement with the community, for example through social or environmental sustainability. Norwea writes: "The prize goes to Midtfjellet Wind Farm for its many years of work for outdoor life and activities in and around the facility."

At Midtfjellet, past and future meet in a spectacular way. The landscape is wild and beautiful, at the same time as it houses the production of clean and renewable energy. The wind farm is a popular destination: cycling, downhill skiing, fishing and family trips. The surroundings with the fantastic turbines make the whole experience unique and special.

Since the start in 2011, about 17,000 have been on a guided tour of the area. There have been people from nursing homes, kindergartens, schools, universities and other institutions, as well as companies and politicians. Congratulations to Midtfjellet Vindpark, all employees in the company and partners who have contributed to the success".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

SOCIAL continued



Benficia III, Portugal

Sustainability in Iberia

The Investment Adviser has implemented its Sustainability Plan for Project Delivery (“SPPD”) for the clean energy operations in southern Europe. The framework sets out the minimum mandatory sustainability requirements to be considered from early-stage development and throughout the life cycle of projects, including the construction, operation and end-of-life phases. By focusing on managing sustainability risks and opportunities at a project level, the SPPD structures and sets out the right processes and tools needed to address differing local stakeholder needs and the main environmental issues. Aquila Capital’s SPPD therefore includes five main working lines: local value, environmental commitment, sustainability promotion, alliances, reputation and positioning.

Local value is one of the main working lines included in Aquila Capital’s SPPD and it defines the Stakeholder Engagement Procedure (“SEP”) for the projects. When engaging with local stakeholders, it seeks to avoid social risks through an early identification of key issues. Additionally, next to social risks, it also identifies social opportunities, which can enhance the value to the community.

The SEP strives for proactive rather than reactive stakeholder management and commits to create long-term relationships with local stakeholders, beyond the development phase, which will add value to society and local communities.

The SEP starts with an initial identification of social risk at project level. This is carried out on the entire portfolio and integrated into the due diligence phase of the investment process. If risks are identified, it may result in the inclusion of a social budget in the financials of a project and the size thereof will depend on the social risks inherent as well as on the capacity, with the social budget risks being managed to mitigate possible negative impacts of a project, as well as fund social investments to enhance a project’s intrinsic benefits.

To identify the best possible application of the funds, a social impact study is commissioned from renowned external service providers which assesses and defines the following:

- A baseline characterising the local context and stakeholders.
- The project’s impact on the local community and stakeholders.

- A strategy to address social risks and opportunities.
- A ‘shared value proposal’ defined in conjunction with Aquila Capital and local interest groups.

For example, during 2021, a total of 27 social impact studies were commissioned with an external services provider for Spanish and Portuguese clean energy projects, all of which are currently under development. Building on the results from a social impact study, it was proposed a social management plan to the local stakeholders and community and defined a shared value proposal. Including the expectations of project stakeholders at a very early stage of the project is crucial, partly because it establishes constant communication and dialogue. Once the management plan is implemented, a constant dialogue with the stakeholders will continue, even beyond the development and construction stages of a project, if necessary.

GOVERNANCE

The independent Board of Directors has the responsibility for AERIF's sustainability policy and its implementation, with the daily operations being delegated to its independent AIFM, Sanne Fund Management, which monitors environmental, social and governance risks, which are fully integrated across every single stage of its investment process. Aquila Capital publishes its own ESG report; in it, it describes the Investment Adviser's approach to sustainability into the investment process. Aquila Capital regards integrity and diversity as key pillars in their governance and they have been vital for the growth and success of the Company. The Investment Adviser is fully regulated and supervised by the Federal Financial Supervisory Authority ('BaFin') in Germany.

Diversity

The Board of Directors is appointed based on expertise and merit, being mindful of the benefits generated by diversity, such as gender diversity. The goal is to maintain a consistent Board over time, comprised of members with different skills and experiences. The current Board comprises three men and one woman, all non-executive Directors who have a significant number of years of experience in the relevant fields.

Additionally, the Investment Adviser is also mindful of the benefits provided by diversification, both in culture with having employees coming from 43 different nationalities, and in gender, having a gender ratio of 55% men and 45% women, with 30% of people in leadership positions being female. Two of the female leaders, Susanne Wermter (CEO Aquila Clean Energy) and Christine Brockwell (CPO Aquila Clean Energy), are ranked in the Top 100 Women's Green Fund Power List, honouring women working in wind power worldwide.

AERIF Board:

3

men

1

woman

Investment Adviser:

55%

men

45%

women

43

different nationalities



Tesla, Norway

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 2022. The outlook for the Company for the remaining six months of the year ending 31 December 2022 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 2021, 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. The risk that service providers to the Company underperform and as a result impacts on the Company performance, reporting or reputation;
- **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;

- **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; and
- **Emerging Risk** - As evidenced with the ensuing war in Ukraine and the various sanctions and restrictions imposed, there is a possibility there could be supply delays for operation and maintenance, sanction considerations, volatile markets and general uncertainty. More difficult energy markets expected along with inflationary pressures in various construction and operational areas.

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 also identified 'Act of War/ Sanctions' as an emerging risk to the Company.

The Company's Annual Report for the period ended 31 December 2021 contains more detail on the Company's principal risks and uncertainties, including the Board's ongoing process to identify, and where possible mitigate, the risks. The Annual Report can be found on the Company's website.

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 11 to this Interim Report.

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 2022 were EUR 430.63 million (31 December 2021: EUR 417.4 million). As at 30 June 2022, the Company held EUR 58.3 million (31 December 2021: EUR 94.3 million) in cash. The total expenses for the period ended 30 June 2022 was EUR 2.3 million (30 June 2021: EUR 1.9 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 2022, the Company had approximately EUR 140.3 million of non-recourse debt (on a proportional basis) at the SPV level and the directors are satisfied that all key financial covenants are forecast to continue to be complied with for at least the forthcoming twelve-month period from the date of this document.

In light of the secondary effects of the COVID-19 pandemic and the war in Ukraine, the Directors have 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 market and operational risks and financial impact as a result of the COVID-19 pandemic and the war in Ukraine, 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 INTERIM 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 2022 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 2022 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

26 September 2022

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30 June 2022 (Unaudited)			Six months ended 30 June 2021 (Unaudited)		
		Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Unrealised gains on investments		–	16,434	16,434	–	3,288	3,288
Net foreign exchange (losses)/gains		–	(5)	(5)	–	3	3
Interest income	4	7,140	–	7,140	4,834	–	4,834
Dividend income	4	1,200	–	1,200	–	–	–
Investment advisory fees	5	(1,522)	–	(1,522)	(1,175)	–	(1,175)
Other expenses		(779)	–	(779)	(702)	–	(702)
Profit on ordinary activities before finance costs and taxation		6,039	16,429	22,468	2,957	3,291	6,248
Finance costs		(99)	–	(99)	(197)	–	(197)
Profit on ordinary activities before taxation		5,940	16,429	22,369	2,760	3,291	6,051
Taxation	7	–	–	–	–	–	–
Profit on ordinary activities after taxation		5,940	16,429	22,369	2,760	3,291	6,051
Return per Ordinary Share (cents)	6	1.46	4.03	5.49	0.87	1.04	1.91
Return per Ordinary Share – diluted (cents)	6	1.46	4.03	5.49	0.87	1.03	1.90

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

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

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

The notes on pages 40 to 48 form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	As at 30 June 2022 (Unaudited) (EUR '000)	As at 31 December 2021 (Audited) (EUR '000)
Fixed assets			
Investments at fair value through profit or loss	3	380,278	316,953
Current assets			
Trade and other receivables		10,945	9,298
Cash and cash equivalents		58,274	94,275
		69,219	103,573
Creditors: amounts falling due within one year			
Other creditors		(18,867)	(3,083)
Net current assets		50,352	100,490
Net assets		430,630	417,443
Capital and reserves: equity			
Share capital	8	4,082	4,069
Share premium		255,640	254,388
Special distributable reserve		134,393	134,393
Capital reserve		40,282	23,853
Revenue reserve		(3,767)	740
Total Shareholders' funds		430,630	417,443
Net assets per Ordinary Share (cents)	9	105.49	102.58

Approved by the Board of Directors and authorised for issue on 26 September 2022.

Ian Nolan

Chairman

Aquila European Renewables Income Fund Plc is incorporated in England and Wales with Company number 11932433.

The notes on pages 40 to 48 form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

For the six months ended 30 June 2021 (Unaudited)	Notes	Share capital (EUR '000)	Share premium (EUR '000)	Special distributable reserve (EUR '000)	Capital reserve (EUR '000)	Revenue reserve (EUR '000)	Total (EUR '000)
Opening equity as at 1 January 2021		3,170	164,351	144,450	4,624	308	316,903
Shares issued in period		12	1,170	–	–	–	1,182
Share issue costs		–	(37)	–	–	–	(37)
Profit for the period		–	–	–	3,291	2,760	6,051
Dividend paid	10	–	–	–	–	(7,947)	(7,947)
Closing equity as at 30 June 2021		3,182	165,484	144,450	7,915	(4,879)	316,152

The notes on pages 40 to 48 form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30 June 2022 (Unaudited) (EUR '000)	Six months ended 30 June 2021 (Unaudited) (EUR '000)
Operating activities			
Profit on ordinary activities before finance costs and taxation		22,468	6,248
Adjustment for unrealised gains on investments		(16,434)	(3,288)
Increase in trade and other receivables		(1,647)	(1,075)
Increase/(decrease) in other creditors		15,784	(36,605)
Net cash from/(used in) operating activities		20,171	(34,720)
Investing activities			
Purchase of investments	3	(48,350)	(57,814)
Repayments during the period	3	1,459	–
Net cash flow used in investing activities		(46,891)	(57,814)
Financing activities			
Proceeds of share issues	8	1,326	1,182
Share issue costs		(61)	(37)
Dividend paid		(10,447)	(7,947)
Finance costs		(99)	(197)
Net cash used in financing activities		(9,281)	(6,999)
Decrease in cash		(36,001)	(99,533)
Cash and cash equivalents at start of period		94,275	121,015
Cash and cash equivalents at end of period		58,274	21,482

The notes on pages 40 to 48 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 its 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 business address of the Company is 6th Floor, 125 London Wall, London, England, EC2Y 5AS.

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

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 2021 and should be read in conjunction with the Company's annual audited financial statements for the period ended 31 December 2021. The financial statements for the year ended 31 December 2021 have been prepared in accordance with the UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss.

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

These condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements of 31 December 2021. The audited annual accounts for the year ended 31 December 2021 have been delivered to Companies House. The audit report thereon was unmodified.

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

Accounting for Subsidiary

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

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

Going Concern

The Directors have adopted the going concern basis in preparing the financial statements. Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources and the impacts of the COVID-19 pandemic, are given on pages 34 and 35.

Segmental Reporting

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

Critical Accounting Judgements, Estimates and Assumptions

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

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

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

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

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

3. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	As at 30 June 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Shareholder loans (EUR '000)	Equity investments (EUR '000)	Total (EUR '000)	Shareholder 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	236,433	143,845	380,278	193,078	123,875	316,953
Total investments	236,433	143,845	380,278	193,078	123,875	316,953
(b) Movements during the period/year						
Opening balance of investments, at cost	193,078	99,990	293,068	174,046	51,287	225,333
Purchases at cost	44,814	3,536	48,350	87,241	–	87,241
Repayments during the period/year	(1,459)	–	(1,459)	(19,506)	–	(19,506)
Conversion of SHL to equity instrument	–	–	–	(48,703)	48,703	–
Cost of investments	236,433	103,526	339,959	193,078	99,990	293,068
Revaluation of investments to fair value:						
Unrealised gains in fair value of investments	–	40,319	40,319	–	23,885	23,885
Balance of capital reserve - investments held	–	40,319	40,319	–	23,885	23,885
Fair value of investments	236,433	143,845	380,278	193,078	123,875	316,953
(c) Gains on investments in the period/year (per Statement of Comprehensive Income)						
Movement on unrealised valuation of investments held	–	16,434	16,434	–	19,236	19,236
Gains on investments	–	16,434	16,434	–	19,236	19,236

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

3. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS continued

Fair Value Investments

The Investment Adviser has carried out fair-market valuations of the SPV investments at 30 June 2022 and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All SPV investments are at fair value through profit or loss, and are valued using the IFRS 13 framework for fair value measurement.

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

The discount factors applied to the cash flows are reviewed annually by the Investment Adviser to ensure they are at the appropriate level. The weighted average valuation discount rate applied to calculate the SPV valuation is 6.6% as at 30 June 2022 (31 December 2021: 6.5%).

Useful lives are based on the Investment Adviser's estimates of the period over which the assets will generate revenue, which are periodically reviewed for continued appropriateness. The assumption generally used for the useful life of the wind farms is 25 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 SPV's valuation assumes long-term inflation rates according to long-term central bank targets.

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

The following assumptions were used in valuations at:

Metric		As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Discount rate	Weighted average	6.6%	6.5%
Long-term inflation	Weighted average	2.0%	2.0%
Remaining asset life (weighted average ¹)	Wind energy	23 years	23 years
	Hydropower	10 years	11 years
	Solar PV	29 years	27 years

Fair Value Measurements

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

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

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

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

1. Remaining asset life based on net full load years. Does not consider any potential asset life extensions. Includes Greco deferred consideration payment.

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

	As at 30 June 2022 (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	–	–	143,845	143,845
Shareholder loan investments in HoldCo	–	–	236,433	236,433
	–	–	380,278	380,278
	As at 31 December 2021 (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	–	–	123,875	123,875
Shareholder loan investments in HoldCo	–	–	193,078	193,078
	–	–	316,953	316,953

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 2022 (31 December 2021: nil).

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

	As at 30 June 2022 (Unaudited) (EUR'000)	As at 31 December 2021 (Audited) (EUR'000)
Opening balance	316,953	229,982
Additions during the period	51,886	87,241
Repayments during the period	(4,995)	(19,506)
Unrealised gains on investments adjustments	16,434	19,236
Closing balance	380,278	316,953

4. INCOME FROM INVESTMENTS

	Six months ended 30 June 2022 (Unaudited) (EUR'000)	Six months ended 30 June 2021 (Unaudited) (EUR'000)
Interest income from Shareholder loans	7,140	4,834
Dividend income	1,200	–
Total income	8,340	4,834

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

5. INVESTMENT ADVISORY FEES

	Six months ended 30 June 2022 (Unaudited)			Six months ended 30 June 2021 (Unaudited)		
	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Investment advisory fees	1,522	–	1,522	1,175	–	1,175

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

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

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

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

Share-based Payments

The Company settled Investment Advisory fees by issuing Ordinary Shares and purchasing Ordinary Shares at the market. The Company has issued/purchased the following Ordinary Shares to settle Investment Advisory fees for the period under review:

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

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

6. EARNINGS/(LOSS) PER ORDINARY SHARE

Earnings per share is based on the profit for the period of EUR 22,369,000 (30 June 2021: loss of EUR 6,051,000) attributable to the undiluted weighted average number of Ordinary Shares in issue of 407,601,334 (30 June 2021: 317,656,850) and the diluted weighted average number of Ordinary Shares in issue of 408,887,627 (30 June 2021: 318,240,446) in the period to 30 June 2022. Revenue and capital profits are EUR 5,940,000 (30 June 2021: EUR 2,760,000) and EUR 16,429,000 (30 June 2021: capital loss of EUR 3,291,000) respectively.

Weighted Average Number of Shares Used as the Denominator

	Number of shares	
	As at 30 June 2022 (Unaudited)	As at 30 June 2021 (Unaudited)
Weighted average number of Ordinary Shares used as the denominator in calculating basic earnings per share	407,601,334	317,656,850
The effect of settled investment advisory fees by issuing Ordinary Shares	1,286,293	583,596
Weighted average number of Ordinary Shares and potential Ordinary Shares used as the denominator in calculating diluted earnings per share	408,887,627	318,240,446

7. TAXATION

	Six months ended 30 June 2022 (Unaudited)			Six months ended 30 June 2021 (Unaudited)		
	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Corporation tax	-	-	-	-	-	-
Total tax charge for the period	-	-	-	-	-	-

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

8. SHARE CAPITAL

	As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
	No. of shares	(EUR'000)	No. of shares	(EUR'000)
Allotted, issued and fully paid:				
Ordinary Shares of 1 cent each	408,225,705	4,082	406,939,412	4,069
Total	408,225,705	4,082	406,939,412	4,069

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 3 February 2022, the Company issued 731,520 Ordinary Shares to the Company's Investment Adviser in relation to advisory fees payable for the period ended 31 December 2021.

On 9 June 2022, the Company issued 554,773 Ordinary Shares to the Company's Investment Adviser in relation to advisory fees payable for the period ended 31 March 2022.

9. NET ASSETS PER ORDINARY SHARE

Net assets per Ordinary Share as at 30 June 2022 is based on EUR 430,630,000 (31 December 2021: EUR 417,443,000) of net assets of the Company attributable to the 408,225,705 Ordinary Shares in issue as at 30 June 2022 (31 December 2021: 406,939,412).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

10. DIVIDEND PAID

	Six months ended 30 June 2022 (Unaudited)		Six months ended 30 June 2021 (Unaudited)	
	Cents per Ordinary Share	Total (EUR '000)	Cents per Ordinary Share	Total (EUR '000)
Total dividends paid in the period				
31 December 2021 interim – paid 11 March 2022 (2021: 12 March 2021)	1.2500c	5,096	1.25c	3,970
31 March 2022 interim – paid 17 June 2022 (2021: 18 June 2021)	1.3125c	5,351	1.25c	3,977
Total	2.5625c	10,447	2.50c	7,947

The dividend relating to the year ended 31 December 2021, 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 2022 (Unaudited)		Six months ended 30 June 2021 (Unaudited)	
	Cents per Ordinary Share	Total (EUR '000)	Cents per Ordinary Share	Total (EUR '000)
Total dividends declared in the period				
31 March 2022 interim – paid 17 June 2022 (2021: 18 June 2021)	1.3125c	5,351	1.25c	3,977
30 June 2022 interim – paid 3 September 2022 (2021: 2 September 2021)	1.3125c	5,358	1.25c	3,985
Total	2.6250c	10,709	2.50c	7,962

11. TRANSACTIONS WITH THE MANAGER AND RELATED PARTY TRANSACTIONS

AIFM fees for the period ended 30 June 2022 amount to EUR 63,132 (30 June 2021: EUR 61,600). As at 30 June 2022, the fee outstanding to the AIFM was EUR 9,832 (30 June 2021: EUR 8,400). The AIFM, Company Secretary and Administrator are part of Sanne Group. The Company Secretary and Administrator fees for the period ended 30 June 2022 amount to EUR 134,000 (30 June 2021: EUR 104,000) and the total fees paid to Sanne Group amount to EUR 197,000 (30 June 2021: EUR 165,000).

Fees payable to the Investment Adviser are shown in the Income Statement. As at 30 June 2022, the fee outstanding to the Manager was EUR 772,798 (30 June 2021: EUR 587,156).

Fees are payable to the Directors, effective from their appointment on 1 April 2021, at an annual rate of EUR 75,000 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 were EUR 104,000.

During the period, the Company advanced Shareholder loans to HoldCo of EUR 48,350,000 (30 June 2021: EUR 18,786,000). The accrued interest and the Shareholder loans outstanding at the period end were EUR 247,284,518 (30 June 2021: EUR 199,161,000).

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

	Ordinary Shares As at 30 June 2022 (Unaudited)	Ordinary Shares As at 31 December 2021 (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

12. COMMITMENTS AND CONTINGENCIES

As at 30 June 2022, the Company had future investment obligations relating to two construction projects:

Project Albeniz: Albeniz, a solar PV project located in Spain, finished construction and recorded its first revenue during June 2022, achieving final commissioning during August 2022. As at 30 June 2022, the Company had remaining commitments of approximately EUR 4.4 million related to the project.

Project Greco: The Greco portfolio consists of two assets located in Andalucía, in southern Spain, which benefit from attractive solar irradiation yields. The operating life of the project is conservatively estimated as being 30 years, noting that technical due diligence and existing land leases can support a higher operating life. Construction is currently underway with fencing and earthworks activities, while procurement of all major equipment is now complete (including solar PV modules, trackers and inverters). Completion of Jaén is expected between late 2022 and early 2023, while completion of Guillena is expected during the second quarter of 2023.

13. 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, and as such is not distributable.

14. SUBSIDIARIES, ASSOCIATES AND OTHER ENTITIES

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

Subsidiary entity name	Effective ownership %	Activity	Country of incorporation	Registered address
Tesseract Holdings Limited	100.0	HoldCo subsidiary entity, owns underlying SPV investments	United Kingdom	Leaf B, 20th Floor, Tower 42, Old Broad Street, London, EC2N 1HQ
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 Olhava	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.	89.0	Subsidiary entity, owns investment in Desfina	Greece	49A Doukissis Plakentias Avenue Chalandri GR-152 34
Azalent Investment SL	100.0	Subsidiary entity, owns investment in Greco	Spain	Paseo de la Castellana 259D, Floors 14 and 15, 28046 Madrid
Ega Suria SL	100.0	Subsidiary entity, owns investment in Tiza	Spain	Paseo de la Castellana 259D, Floors 14 and 15, 28046 Madrid

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

14. SUBSIDIARIES, ASSOCIATES AND OTHER ENTITIES continued

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
Agua Enlica, Lda	18.0	Associate entity, owns equity investment in Sagres	Portugal	Rua Filipe 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
Oy fjellet Wind HoldCo Sarl	13.7	Associate entity, owns investment in The Rock	Luxembourg	23, Am Scheerleck, L-6868 Wecker

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 9.75%.

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

15. POST BALANCE SHEET EVENTS

There are no post balance sheet events to note.

16. STATUS OF THIS REPORT

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

The information for the year ended 31 December 2021 has been extracted from the last published audited financial statements, unless otherwise stated. The audited financial statements have been delivered to the Registrar of Companies. PricewaterhouseCoopers LLP reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The Interim Financial Report was approved by the Board on 26 September 2022.

ALTERNATIVE PERFORMANCE MEASURES

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

Discount

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

As at 30 June 2022		Page	
NAV per Ordinary Share (cents)	a	2	105.5
Share price (cents)	b	2	101.5
Discount	(b÷a)-1		3.8%

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 2022		Page	EUR'000
Average NAV	a	N/A	462,118
Annualised expenses	b	N/A	4,602
Ongoing charges	(b÷a)		1.1%

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 2022		Page	Share price	NAV
Opening at 1 January 2022 (cents)	a	N/A	102.0	102.6
Dividend adjustment	b	2	2.6	2.6
Closing at 30 June 2022 (cents)	c	2	101.5	105.5
Total return	((b+c)÷a)-1		2.0%	5.3%

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 that Shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company they are invested in.

Aquila Capital

Aquila Capital Investmentgesellschaft mbH (the Investment Adviser).

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.

EMEA

Europe, the Middle East and Africa.

EU

European Union.

Ex-dividend Date

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

Financial Conduct Authority or FCA

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

Gearing

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

GWh

Gigawatt hour.

HoldCo

Tesseract Holdings Limited.

Index

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

Investment Company

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

Investment Trust

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

IPO

Initial Public Offering.

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.

NAV per Ordinary Share

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

Net Assets or Net Asset Value ("NAV")

An investment company's assets less its liabilities.

Ongoing Charges

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

Ordinary Shares

The Company's Ordinary Shares in issue.

Portfolio

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

PPAs

Power purchase agreements.

Premium

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

PV

Photovoltaic

Share Buyback

The purchase of 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.

COMPANY INFORMATION

Directors (all non-executive)	Ian Nolan (Chairman) David MacLellan Kenneth MacRitchie Patricia Rodrigues
Registered Office¹	6th Floor, 125 London Wall London EC2Y 5AS
AIFM	Sanne Fund Management (Guernsey) Limited (formerly International Fund Management Limited) Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA
Investment Adviser	Aquila Capital Investmentgesellschaft mbH Valentinskamp 70 D-20355 Hamburg Germany
Broker	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Administrator and Company Secretary	Sanne Fund Services (UK) Limited (formerly PraxisIFM Fund Services (UK) Limited) 6th Floor, 125 London Wall London EC2Y 5AS
Registrar	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol BS13 8AE
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

1. Registered in England and Wales No. 11932433.



Hamburg | Frankfurt | London | Luxembourg | Madrid | Oslo | Zurich | Invercargill | Singapore | Tokyo

AQUILA EUROPEAN RENEWABLES INCOME FUND PLC
Valentinskamp 70
20355 Hamburg
Germany

+49 (0)40 87 50 50-100
info@aquila-capital.com

Read more about our commitment
to sustainability at www.aquila-capital.com/esg/

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