

# Aquila European Renewables Income Fund Plc

Quarterly Fact Sheet Q3 2022

## Investment Strategy and Objective

The objective of the Aquila European Renewables Income Fund Plc (the Company) is to provide investors with an attractive long-term, income-based return in EUR through a diversified portfolio of wind, solar PV and hydropower investments across continental Europe and Ireland. 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. In addition, a balance is maintained between government supported revenues, fixed price power purchase agreements (PPAs) and market power price risk.

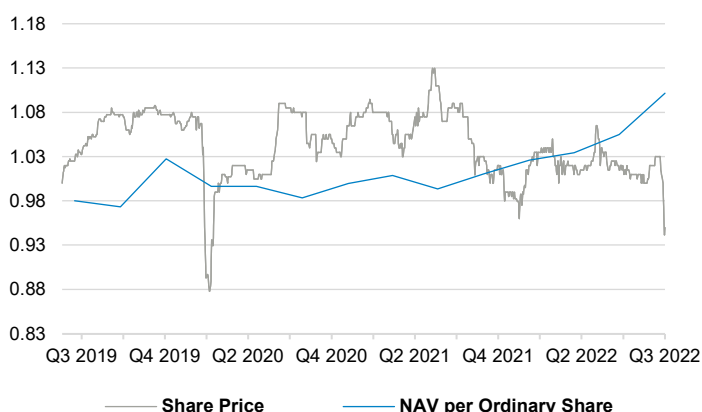
## Key Statistics

Listing	London Stock Exchange
Ticker	AERI
ISIN/WKN	GB00BK6RLF66
Investment Advisor	Aquila Capital Investment-gesellschaft mbH
Target dividend with respect to 2022 in EUR cts/share	5.25

## Key Performance Figures as at 30 September 2022

Share price in EUR	0.9500
Share price in GBP <sup>1</sup>	0.8150
NAV per share in EUR (unaudited)	1.1018
NAV in mEUR (unaudited)	449.8
GAV in mEUR (unaudited)	589.8
No. of shares on issue in millions	408.2
Market capitalisation in mEUR	387.8
Discount to NAV per share in %	-13.8
Total shareholder return over quarter in % <sup>2</sup>	-5.1
Total shareholder return since IPO in % <sup>2,3</sup>	8.1
NAV total return over quarter in % <sup>2</sup>	5.7
NAV total return since IPO in % <sup>2,3</sup>	25.8
Dividend (YTD) approved for 2022 in EUR cts/share <sup>4</sup>	3.9375
Dividend (Q3) approved in EUR cts/share	1.3125
Dividend (Q3) declaration date	04.11.2022
Dividend (Q3) record date	18.11.2022
Dividend (Q3) payment date	02.12.2022

## NAV vs. Share Price in EUR



## Financial and Operational Highlights

- The Company's NAV as at 30 September 2022 was 449.8m euros or 110.18 cents per Ordinary Share (30 June 2022: 430.6m euros). This represents a NAV total return of 5.7% per Ordinary Share (+4.7 cents per Ordinary Share plus a dividend of 1.3125 cents per Ordinary Share) over the quarter.
- A key driver of the NAV movement was further increases in power price curves (+7.5 cents per Ordinary Share) across the majority of the portfolio, with the Nordic countries showing the most pronounced increase compared to the other regions. The valuation methodology continues to assume an average of two power price curves from independent market analysts over the life of each asset. An increase in short-term CPI forecasts also had a positive impact (+1.8 cents per Ordinary Share). The portfolio's Eurozone inflation assumption is approximately 4.2% in 2023 whilst the long-term assumption remains unchanged at 2.0%. The positive NAV movement was partially offset by an increase in the portfolio discount rate by approximately 30 bps (-3.6 cents per Ordinary Share) due to an increase in risk free rates across the Company's relevant geographies, resulting in a portfolio discount rate of 6.9% as of 30 September 2022. A sensitivity of NAV against discount rates, inflation and power prices can be found below.

Assumption	Impact on NAV per Ordinary Share
Discount rate +0.5%	-4 cents
Discount rate -0.5%	+4 cents
Inflation +0.5%	+4 cents
Inflation -0.5%	-3 cents
Power price +10.0%	+10 cents
Power price -10.0%	-10 cents
Discount rate +0.5%	+9 cents
Inflation +0.5%	
Power price +10.0%	

- Cash on hand<sup>5</sup> as at 30 September 2022 was 48.9m euros. The remaining commitments amount to 90.0m euros (excluding earn-out) relating to Project Greco. The Project Greco commitment is expected to be funded by a combination of cash, as well as the existing revolving credit facility (facility limit: 100m euros). The current gearing of the portfolio is 23.7% and is expected to increase to 30.4% of GAV<sup>6</sup> after completion of Greco.
- Revenue was significantly above budget as a result of elevated power prices across Europe, particularly in the Nordics. Production was 2.9% below budget, largely due to lower than expected wind levels in Greece partially offset by higher than expected production from the Nordic wind portfolio. The production performance of the solar PV assets in Iberia was marginally below budget, whilst production at Sagres continues to be impacted by drought conditions.

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## Financial and Operational Highlights continued

- The Company's operating assets avoided a total of 43.7k tonnes of CO<sub>2</sub>eq<sup>7</sup> in the third quarter of 2022. This corresponds to avoided CO<sub>2</sub> emissions of approximately 2.8k households.
- At The Rock, all 72 turbines have now passed completion tests. Takeover certificates for all turbines will be issued shortly, upon which the parties will declare completion of the Turbine Supply Agreement. Final Completion will be achieved upon the parties concluding remaining items under the EPC agreement in respect of which discussions are ongoing.
- Albeniz has been fully operational and generating revenue since the beginning of June.
- At the end of the third quarter of 2022, a five-year power purchase agreement for 70% of P50 production was concluded for project Jaén of the Greco portfolio. Completion of Jaén is expected by early 2023, while completion of Guillena is expected during Q2 2023.
- A refinancing of Sagres (40m euros on a 100% interest basis) was completed in October 2022. The refinancing resulted in a lower gearing level, lower margin and increased tenor, whilst improving the overall economic profile of the asset. The Company contributed 2.2m euros representing its pro rata share of the debt repayment associated with the refinancing. The refinancing will be reflected in the Q4 2022 valuation.
- In September 2022, the Norwegian Government presented a proposal to introduce new taxes on onshore wind farms, small hydropower plants and fish farms. For wind farms, a resource rent tax, a natural resource tax, a high price contribution and an increase in the recently introduced production tax were proposed. Aquila Capital is working closely with the Norwegian Wind Energy Association, industrial companies, advisors and other wind energy producers to ensure that the government receives relevant feedback and acknowledges concerns from the industry, with the goal of ensuring the best outcome for investors in Norwegian renewable energy projects. The Q3 2022 valuation has been updated to reflect the Investment Adviser's assessment of these proposed changes, noting that they remain subject to change prior to be legislated. Despite these changes, both The Rock and Tesla recorded an increase in valuation in Q3 2022, largely driven by an increase in power price forecasts.
- In October 2022, the Spanish Government approved an extension of the clawback mechanism from 31 December 2022 until 31 December 2023. As the extension was only introduced at the end of October, the impact of this will be reflected in the Q4 2022 valuation. The impact of the extension of the clawback mechanism on the Q3 2022 NAV is expected to be immaterial, in line with the sensitivities published in the 1H22 results presentation.

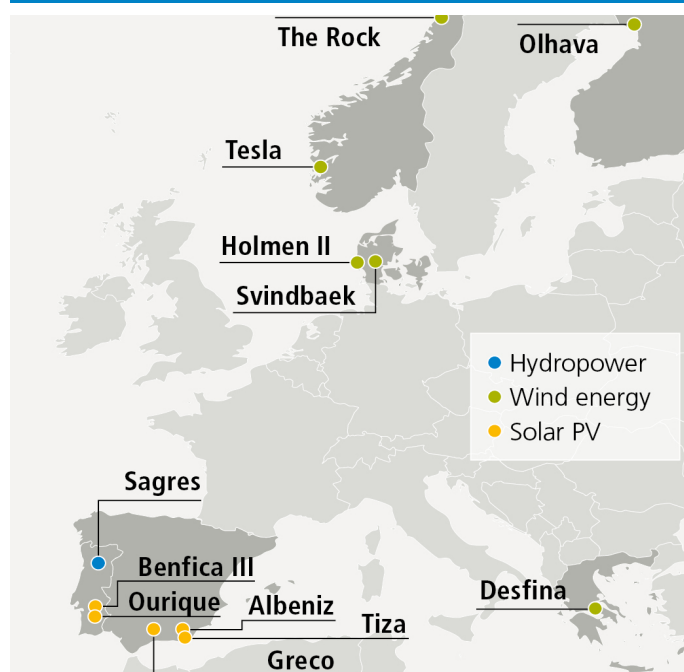
## Financial and Operational Highlights continued

- The Company published its 2022 interim report in September 2022.
- The Board of Aquila European Renewables Income Fund plc has resolved to change the Company's registered name to Aquila European Renewables plc, in order to maximise the appeal of the Company across a broader range of investors and other stakeholders. A further announcement confirming the change will be published as soon as it becomes effective.

## Market Development

In the third quarter of 2022, power price levels across European geographies continued to be elevated due to the persistent upward trajectory in commodity prices, especially for gas. Although spot prices remained elevated across European geographies, average prices in Iberia declined in Q3 2022 as a result of (i) the gas price cap introduced in June 2022, which has dampened power bids in Iberian markets, and (ii) to a lesser extent due to the drop in demand caused by the implementation of energy-saving measures in Spain. In the Nordics, the convergence of power prices with Continental European markets was more pronounced, due to (a) a tighter hydro balance with hydro reservoirs below average levels during the period; (b) continued tightness in the gas market, resulting in higher power prices in Continental Europe, increasingly impacting the Nordics via interconnectors; (c) low wind production in the region.

## Portfolio Map

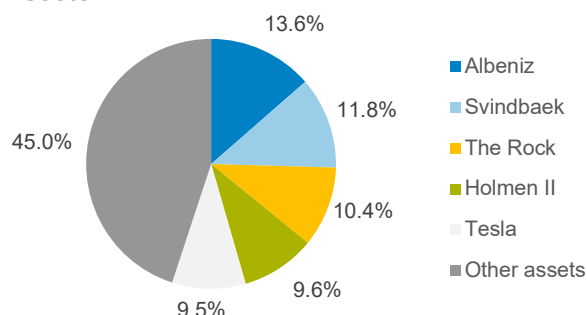


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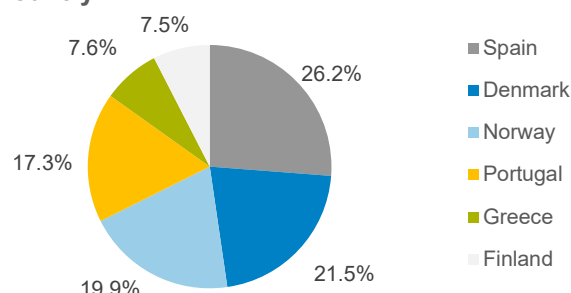
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## Portfolio Breakdown Based on Fair Value<sup>8</sup> as at 30 September 2022

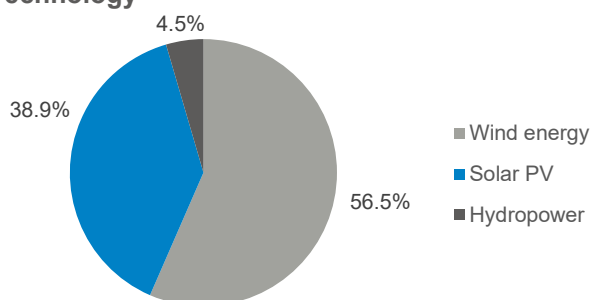
### Assets



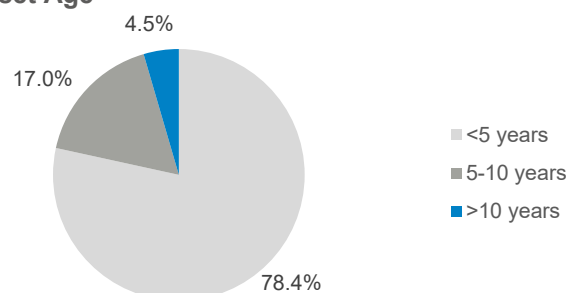
### Country



### Technology



### Asset Age



## Investment Policy

The Company will seek to achieve its investment objective, through investments in renewable energy infrastructure in continental Europe and the Republic of Ireland comprising wind, photovoltaic and hydropower plants and through investments in non-generating renewable energy related infrastructure.

## Investment Advisor

Aquila Capital Investmentgesellschaft mbH (ACI) is the investment advisor and asset manager for the Company and is authorised and regulated by BaFin.

## Contact

AERIF-Contact@aquila-capital.com

## AIFM

Sanne Fund Management (Guernsey) Limited

## Administrator

Sanne Fund Services (UK) Limited

<sup>1</sup> Source: Bloomberg as at 30 September 2022.

<sup>2</sup> Calculation includes dividends paid during the period.

<sup>3</sup> Total shareholder return is based on an opening share price of EUR 1.00 and NAV total return is based on an opening NAV after launch expenses of EUR 0.98 per Ordinary Share.

<sup>4</sup> Cumulative with respect to Q1 2022 - Q3 2022 in EUR cts/share.

<sup>5</sup> Cash on hand includes cash positions of Aquila European Renewables Income Fund Plc and its wholly owned subsidiary, Tesseract Holdings Limited.

<sup>6</sup> Percentage calculated on a pro-forma basis assuming Greco is completed using fair value figures as at 30 September 2022.

<sup>7</sup> The CO<sub>2</sub> equivalent avoidance is an approximation and does 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.

<sup>8</sup> Allocation is based on fair value of the assets, equal to 403.m euros (excluding cash and any other fund level items), unless stated otherwise.

## Disclaimer

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