Aquila European Renewables Plc

Quarterly Fact Sheet Q1 2023

Investment Strategy and Objective

Aquila European Renewables Plc's (the Company) objective 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 diversification of generation technologies, the seasonal production patterns of these asset types complement each other to balance cash flow, while 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.

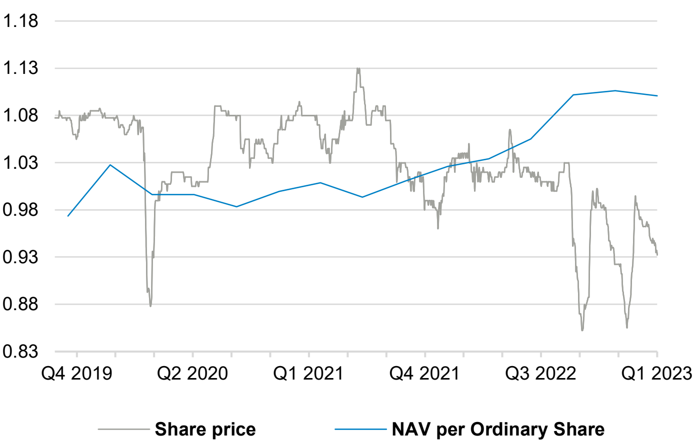
Key Statistics

Listing	London Stock Exchange
Ticker	AERI
ISIN/WKN	GB00BK6RLF66
Investment Advisor	Aquila Capital Investment-gesellschaft mbH
Target dividend with respect to 2023 in EUR cts/share	5.51

Key Performance Figures[1] as at 31 March 2023

Share price in EUR	0.9325
NAV per share in EUR (unaudited)	1.1008
NAV in mEUR (unaudited)	432.9
GAV in mEUR (unaudited)	587.7
No. of shares on issue in millions	393.3
Market capitalisation in mEUR	366.7
Discount to NAV per share in %	-15.3
Total shareholder return over quarter in %[2]	2.5
Total shareholder return since IPO in %[2,3]	9.0
NAV total return over quarter in %[2]	0.7
NAV total return since IPO in %[2,3]	28.4
Dividend (YTD) approved for 2023 in EUR cts/share[4]	1.3775
Dividend (Q1) approved in EUR cts/share	1.3775
Dividend (Q1) declaration date	17.05.2023
Dividend (Q1) record date	26.05.2023
Dividend (Q1) payment date	23.06.2023

NAV vs. Share Price in EUR



Dividends

- Target dividend guidance for 2023 of 5.51 cents per Ordinary Share (+5% vs. 2022).
- Dividend approved for Q1 2023 is 1.3775 cents per Ordinary Share.

Financial and Operational Highlights

- To date, the Company has acquired 17.8m shares under the existing share buyback programme for 17.1m euros, reducing shares on issue by 4.4%. During Q1 2023, 15.0m shares were acquired for 14.4m euros (average discount of 13.2%).
- The Company's NAV as at 31 March 2023 was 432.9m euros or 110.08 cents per Ordinary Share (31 December 2022: 451.7m euros or 110.64 cents per Ordinary Share). Over Q1 2023, this represents a NAV total return of 0.7% per Ordinary Share (-0.6 cents per Ordinary Share plus a dividend of 1.3125 cents per Ordinary Share).
- Key drivers of the NAV movement in Q1 2023:
  - Share buyback programme (+0.6 cents per Ordinary Share).
  - Decrease in power price forecasts in the Nordics, particularly in Denmark as a result of decreasing commodity prices and the existing interconnectivity with continental Europe (-3.9 cents per Ordinary Share).
  - Decrease in short-term CPI forecasts (-0.2 cents per Ordinary Share), Eurozone inflation assumption 5.6% in 2023.
  - Olhava valuation uplift to reflect the positive impact due to the removal of the hedging requirement with the renegotiation of financing terms (+2.0 cents per Ordinary Share).
  - Asset life extensions applied on Spanish solar PV portfolio following the conclusion of due diligence which was supported by independent third party providers (+2.1 cents per Ordinary Share).
  - Increase in discount rate from 7.2% to 7.3% (-0.7 cents per Ordinary Share) as a result of increases in risk free rates.
- 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%	-5 cents
	-0.5%	+5 cents
Inflation	+0.5%	+4 cents
	-0.5%	-4 cents
Power price	+10.0%	+11 cents
	-10.0%	-11 cents
Discount rate	+0.5%	+10 cents
Inflation	+0.5%	
Power price	+10.0%	

Financial and Operational Highlights[5] continued

- Solar PV production was 2.2% above budget, while hydropower production was in-line with budget. Production from the wind portfolio was lower than budget by 16.5%. As a result, total portfolio production was -10.7% below budget (-3.1% excluding The Rock, refer below). Revenue from energy sales was below budget as a result of lower power prices for the majority of the portfolio.
- Production at Jaén continues to deliver good performance, significantly outperforming production budget since becoming operational in November 2022.
- Performance at The Rock was considerably below budget due to low technical availability of ~72% as a result of defective gearboxes and a malfunctioning anti-icing system (AIS). Gearbox repairs will be concluded during Q2 2023, whilst the AIS is expected to be repaired before the next winter season. Availability in March and April significantly improved and lower icing losses are also expected. Under the O&M agreement, the project company is entitled to liquidated damages, subject to a overall liability cap. Lost revenue (AER share) from The Rock is estimated at 490k euros for the quarter (before liquidated damages) and therefore has an immaterial impact on revenue and dividend cover. The Rock's valuation increased in Q1 2023 due to an increase in power price curve projections for NO4 and positive FX effects.
- The appraisal case in relation to The Rock scheduled to commence on 30 May 2023 has, subject to appeal, been rescheduled to May 2024 at the request of the Sami.
- The majority of the deferred consideration (45.8m euros) for Guillena was paid in May. The payment was financed under the Company's Revolving Credit Facility (RCF), increasing the Company's total gearing level to approximately 31.5% on a pro forma basis.
- After completion of the buyback and funding the above-mentioned outstanding commitments, AER has surplus capital on hand of 30.4m euros (cash on hand plus RCF).[6]
- The Company extended the maturity of the RCF by one year to April 2025 and retains the option to increase the RCF limit by another 50m euros, subject to lender consent.
- Due diligence to evaluate asset life extensions across the AER portfolio is ongoing. To date, asset life extensions have been completed for three out of twelve assets within the portfolio, generating a value uplift of 2.1 cents per Ordinary Share in Q1 2023.
- Going forward, the Investment Adviser believes AER is well positioned to drive further organic growth, given expectations of strong dividend cover over the next five years, potential for additional asset life extensions, unwinding of construction premiums and room to utilise un-geared portfolio investments. The portfolio allows significant operational flexibility and the opportunity to capture further construction premia.

CO_2 Equivalent Avoidance

- A total of 69.8k tonnes of CO_2eq[7] was avoided in the first quarter of 2023, corresponding to avoided CO_2 emissions of approximately 4.5k households.
- The renewable energy production in Q1 2023 would be equivalent to the average energy consumption of approximately 68.2k households in the EU.

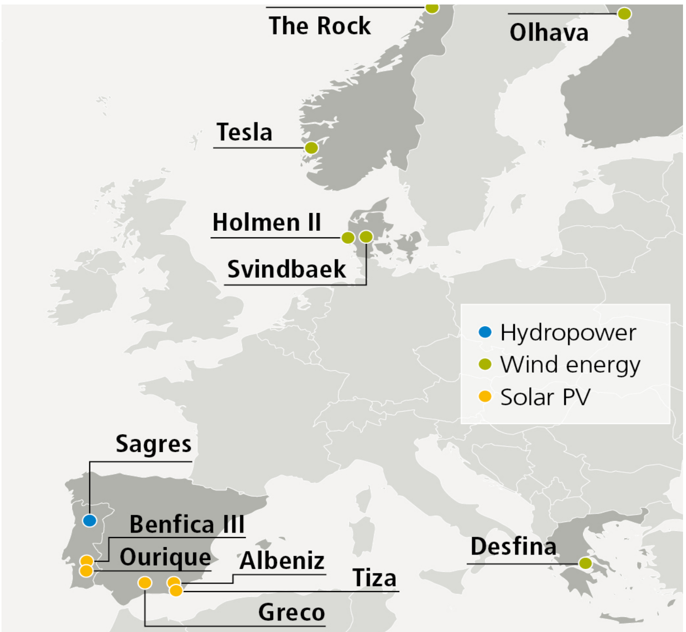
Market Development

In the first quarter of 2023, power price levels across European geographies traded lower than in the previous quarter due to the continued downward trajectory in commodity prices, most notably gas, reflecting the drop in demand caused by (a) mild temperatures in Europe and (b) the elevated filling levels of gas storage reservoirs. The Nordics electricity system spot price averaged 85.22 EUR/MWh in the first quarter of 2023 against 136.69 EUR/MWh in the fourth quarter of 2022. Spot prices in Iberia were, on average, traded at 96.35 in the first quarter of 2023, when compared to 113.21 EUR/MWh in the previous quarter. In Greece, spot prices traded approximately 34% lower compared to the previous quarter, averaging 156.95 EUR/MWh the first quarter of 2023 compared to 238.83 EUR/MWh in the fourth quarter of 2022.

Regulatory Update

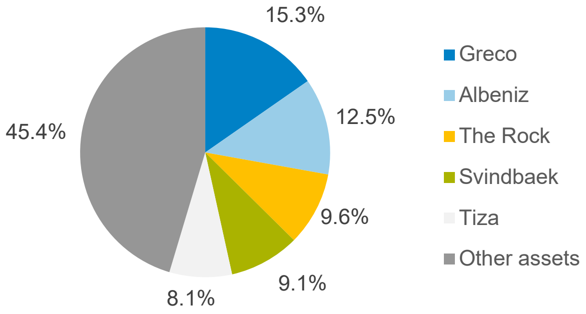
- In March, the European Commission proposed a reform to the electricity market design. The proposal does not alter the existing pay-as-clear market design, but focuses on promoting PPAs, improving liquidity in forward markets, and supporting two-way CfDs to enhance industrial competitiveness. The Net-Zero Industry Act was proposed, which sets a new target of 40% of annual solar PV and up to 85% of battery and wind energy deployment to be sourced from EU manufacturing by 2030. It is expected that these proposals will incentivise further expansion of renewables in Europe.
- The Norwegian government announced on 11 May that the introduction of the ground rent tax on onshore wind has been postponed until January 2024, following feedback from the consultation process. The postponement will allow for a more detailed, fact-based debate in parliament in autumn. Other approved or proposed taxes such as the increase in production tax, the windfall tax and the natural resource tax have already been factored into the asset valuation. The proposed ground rent tax has been excluded for the time being.

Portfolio Map

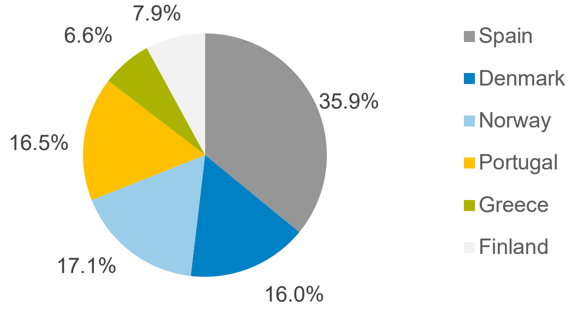


Portfolio Breakdown Based on Fair Value[8] as at 31 March 2023

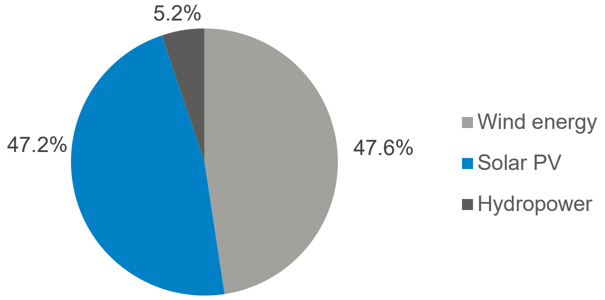
Assets



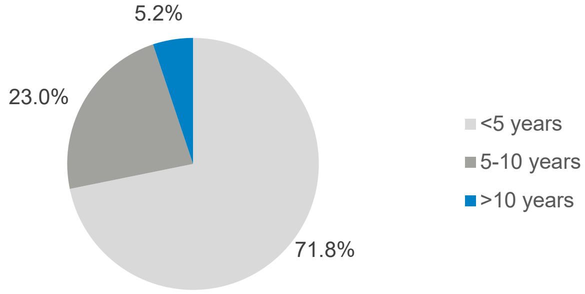
Country



Technology



Asset Age



AIFM

FundRock Management Company (Guernsey) Limited

Administrator

Apex Listed Companies Services (UK) Limited

Contact

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Investment Advisor

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

1 All calculations which use Ordinary Shares exclude shares held in treasury.
2 Calculation includes dividends paid during the period.
3 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.
4 Cumulative with respect to Q1 2023 in EUR cts/share.
5 Production and revenue performance as well as technical availability subject to further change.
6 Cash on hand includes cash positions of Aquila European Renewables Plc and its wholly owned subsidiary, Tesseract Holdings Limited.
7 The CO_2 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.
8 Allocation is based on fair value of the assets, equal to 444.5m euros (excluding cash and any other fund level items), unless stated otherwise.