AQUILA EUROPEAN RENEWABLES PLC
(FORMERLY AQUILA EUROPEAN RENEWABLES INCOME FUND PLC)

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022


Desfina, Greece

CONTENTS

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

OTHER INFORMATION

Diversified Portfolio

> Read more on pages 14-17

Why Invest

> Read more on page 4

Market Overview

> Read more on pages 31-34

For more information please visit our website

> www.aquila-european-renewables.com

Svindbaek, Denmark

INVESTMENT OBJECTIVE

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

Direct Asset Exposure to Wind Energy, Solar PV & Hydropower

> Read more on pages 5 and 6

European Focused

> Read more on page 7

Contracted Revenues

> Read more on page 18 and 19

Hydropower

Sagres, Portugal

Solar PV

Ourique, Portugal

Wind energy

Olhava, Finland

HIGHLIGHTS

FINANCIAL INFORMATION – AS AT 31 DECEMBER 2022

Measure	2022	2021
Net assets (EUR million)	451.7	2021: 417.4
NAV per Ordinary Share (cents)[1]	110.6	2021: 102.6
Total NAV return per Ordinary Share[1,2]	12.9%	2021: 7.6%
Dividend per Ordinary Share (cents)[3]	5.25	2021: 5.0
Dividend cover[1,4]	1.4x	2021: 1.1x
Ongoing charges[1,5]	1.1%	2021: 1.1%
Ordinary Share price (cents)	92.3	2021: 102.0
Total Shareholder return[1,6]	(4.5%)	2021: 0.5%
Ordinary Share price discount to NAV[1]	(16.6%)	2021: (0.6%)


Tesla, Norway

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 112. All references to cents are in euros, unless stated otherwise.
2. Calculation based on NAV per Ordinary Share in euros, includes dividends and assumes no reinvestment of dividends.
3. Dividends paid/payable and declared relating to the period.
4. Calculation based on the operational result at special purpose vehicle ("SPV") level. Refer to page 22 for further details.
5. Calculation based on average NAV over the period and regular recurring annual operating costs of the Company, further details can be found on page 43.
6. Calculation based on Ordinary Share price in euros, includes dividends.

HIGHLIGHTS

80.7% growth in portfolio operating capacity (+184.7 MW[1]) during 2022, resulting in a step-change in earnings capacity

Electricity production during 2022 increased by 27.6% compared to 2021 to 666.4 GWh (2021: 522.3 GWh)

2022 total NAV return of 12.9%[2], the highest one-year return since IPO

Annualised total NAV return of 7.1%[2] since IPO, at the top end of long-term target range of 6.0 to 7.5%

2022 revenue of the portfolio 24.2% ahead of budget, driven by favourable electricity pricing environment

EUR 150.5 million of capital deployed or committed during 2022 in unlevered solar PV, increasing solar portfolio exposure to 51.5%[3]

Robust dividend cover: 1.4x in 2022. 1.8x expected in 2023 and 1.6x[4] on average over the next five years

SUBSEQUENT EVENTS

EUR 20.0 million share buyback announced on 3 February 2023, in addition to a 5.0% increase in target dividend for 2023[5]

Completion of the construction project Guillena and The Rock EPCM takeover declared in April 2023

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

Members of the Board of Directors and Investment Adviser announced their commitment to acquire AER Ordinary Shares

1. Includes the investments in and the completion of The Rock and the Spanish solar PV Assets in 2022.
2. Calculation is based on NAV per Ordinary Share in euros, includes dividends and assumes no reinvestment of dividends.
3. Percentage calculated on a pro-forma basis assuming the final payments for Greco are completed.
4. As announced in February 2023 based on forward-looking assumptions as at 31 December 2022. Dividend cover presented is net of existing project debt repayments, excludes the impact of the share buyback and assumes the 2023 target dividend is paid in 2023 to 2027. No reinvestment of surplus cash flow or interest received is assumed. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns.
5. Subject to the portfolio performing in line with expectations.

WHY INVEST?

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

MARKET OPPORTUNITY

- Opportunity to participate in Europe's green energy transition.
  - Significant capital required to meet green energy targets; and
  - Heterogenous power markets provide diversification and optionality.
- Highly experienced and credentialed Investment Adviser:
  - Managing a 19 GW clean energy portfolio across Europe;
  - 10 GW clean energy development and construction pipeline; and
  - Ambitious CO_2 reduction targets.

POSITIONING

- European focused (excluding UK), diversified by geography and technology.
- High contracted revenues (PPAs, Regulated Tariffs) to ensure earnings visibility.
- Fully invested.
- Low gearing levels (25.6%[3]).
- Strong dividend cover supported by a diversified operating portfolio.

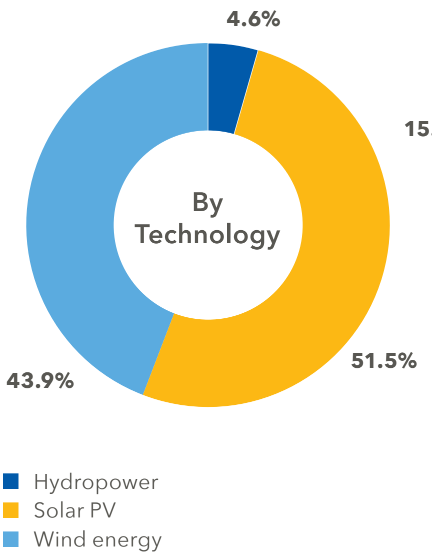
RETURNS

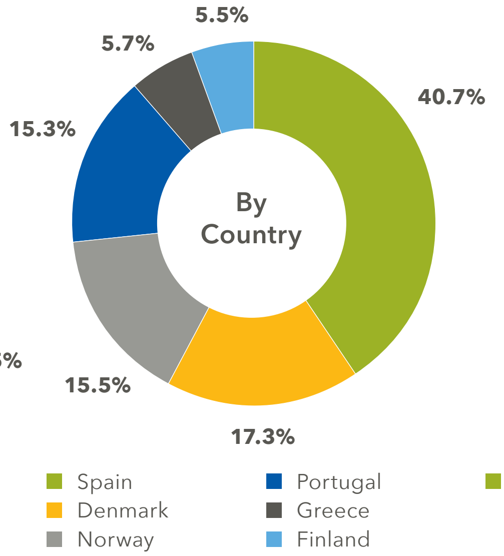
- Long-term return target of 6.0 to 7.5% (net of fees and expenses).
- Ordinary Share price discount to NAV of 16.6%[3].
- Total NAV return of 12.9%[1,3] in 2022.
- Annualised total NAV return of 7.1%[1,2,3] since IPO.
- Two consecutive increases in annual dividend by 5.0% since 2021.

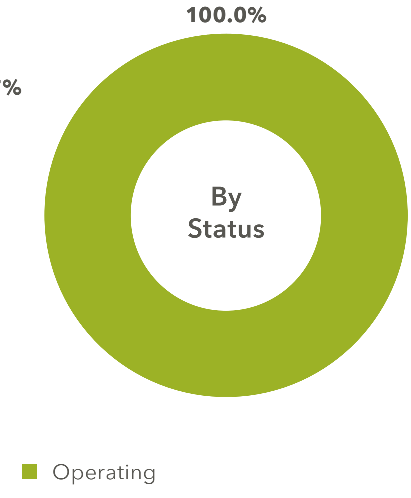
1. Includes dividends and assumes no reinvestment.
2. Assumes an opening NAV per share of 0.98.
3. This disclosure is considered to represent the Company's alternative performance measures (APMs). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on page 112. All references to cents are in euros, unless stated otherwise.

AT A GLANCE

Portfolio Breakdown – Pro Forma[1]



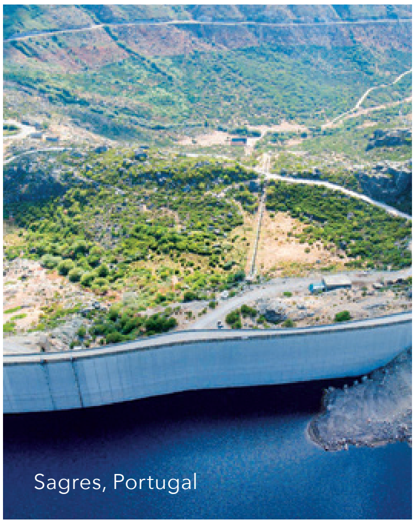




Diversified Technologies

Hydropower
19.4 MW

One
country


Sagres, Portugal

Solar PV
230.7 MWp

Two
countries


Jaén, Spain

Wind energy
213.7 MW

Four
countries


Holmen II, Denmark

1. Current pro forma allocation assuming the final payments for Greco are completed.

AT A GLANCE CONTINUED

Thanks to the diversification of generation technologies, the seasonal production patterns of these asset types complement each other, balancing cash flow, whereas the geographic diversification serves to reduce exposure to any one single energy market.

Hydropower 19.4 MW[1]	Solar PV 230.7 MWp[1]	Wind energy 213.7 MW[1]
SAGRES 107.6 MW Ownership: 18.0%	**BENFICA III** 19.7 MWp Ownership: 100.0%	**TESLA** 150.0 MW Ownership: 25.9%
	ALBENIZ 50.0 MWp Ownership: 100.0%	**HOLMEN II** 18.0 MW Ownership: 100.0%
	OURIQUE 62.1 MWp Ownership: 50.0%	**OLHAVA** 34.6 MW Ownership: 100.0%
	GRECO 100.0 MWp Ownership: 100.0%	**SVINDBAEK I + II** 32.0 MW Ownership: 99.9%
	TIZA 30.0 MWp Ownership: 100.0%	**THE ROCK** 400.0 MW Ownership: 13.7%
		DESFINA 40.0 MW Ownership: 89.0%

1. AER share.

Wind energy

Hydropower

Solar PV

CHAIRMAN'S STATEMENT

I am pleased to present the 2022 Annual Report and Financial Statements for Aquila European Renewables Plc ("AER" or the "Company") on behalf of the Board of Directors.

Ian Nolan
Chairman

Introduction

In my statement last year, I expressed the hope that our Company was now close to achieving the goals of its initial stage of development, namely to have an efficiently invested balance sheet, with a diversified and resilient portfolio offering strong cash flow cover for a progressive dividend. The transformation of both our portfolio and our technological balance is now evident, as we managed to achieve these objectives during the 2022 calendar year and our initial goal has therefore been achieved.

With the completion of our first three construction projects, Albeniz, The Rock and Jaén (part of the Greco portfolio), our total portfolio operating capacity increased by approximately 80.7% in 2022. The Company also successfully deployed and committed an incremental EUR 150.5 million of our available balance sheet resources, representing our largest year on record for capital deployment.

In combination, these two events have led to a step-change in the earnings capacity of our portfolio, with strong cash flow capabilities and dividend cover to support a progressive dividend policy.

Our announcement on 3 February 2023 highlighted the positive outlook for the Company and this is also reflected in our dividend cover guidance in the short to medium term. More details of this outlook were provided in that announcement and are also available later in this report. I would also refer our Shareholders to the investor presentation of 6 February 2023 on our website (https://www.aquila-european-renewables.com/investor-relations/reports-publications#submenu), which sets out in detail the assumptions behind this analysis and models numerous sensitivities in relation to both power prices and production levels.

Dividend

The Board also announced on 3 February 2023 an increase in the target dividend by 5.0% to 5.51 cents per Ordinary Share for 2023, subject to the portfolio performing in line with expectations.

In 2023, the Company is expecting dividend cover of 1.8x[1] and over the next five years is expected to generate an average cover of 1.6x[1], reflecting both our fully invested balance sheet, and our robust and resilient portfolio.

1. These are targets only and not forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns. These forecasts do not include the buybacks.

Share Buyback Programme

As a result of last autumn's volatility in the financial markets, by the end of last year the Company's share price fell to trade at a large and sustained discount to NAV per Ordinary Share, in line with the peer group. In our statement of 3 February 2023, the Board of Directors firmly stated its belief that the current share price did not properly reflect the value of the underlying portfolio and consequently we announced a EUR 20.0 million share buyback programme. The share buyback programme is expected to be accretive to NAV per Ordinary Share and dividend cover.

Members of the AER Board of Directors and Investment Adviser employees also bought additional AER Ordinary Shares.

2022 Performance

During the reported period, revenue of the portfolio was 24.2% above budget due to higher than expected power prices, particularly in the Nordics. This was partially offset by the lower than expected production of the portfolio by 6.9%, largely as a result of the significant drought that impacted Portugal during the period, as well as lower than expected wind conditions in Greece. The strong revenue performance has been reflected in the Company's dividend cover, which was 1.4x during the reported period.

In November 2022, The Rock, a 400.0 MW onshore Norwegian wind farm in which AER owns 13.7% interest, became operational and has been benefiting from high electricity prices observed in the NO4 pricing region. Over the next 14 years, The Rock will continue to provide Alcoa's Aluminium smelter in Mosjøen with renewable energy. Alcoa's Aluminium smelter is a key contributor to employment and growth in Mosjøen. As at 25 April, there have been no new developments in the Sami appraisal case which is scheduled to commence on 30 May 2023. In April 2023, the Company announced that the takeover under the Engineering, Procurement and Construction Management ("EPCM") agreement for The Rock has been achieved. Key provisions are in place to ensure the EPCM contractor, Eolus, remains responsible for the appraisal case.

We expect the parties will find good and workable solutions to safeguard migration of the reindeer and we look forward to updating Shareholders in due course.

During 2022, the Investment Adviser's Markets Management Group successfully concluded three new Power Purchase Agreements ("PPAs") for our new solar PV investments in Spain and were able to lock-in attractive prices for up to seven years, further enhancing the portfolio's income visibility and dividend cover over the medium term.

Revolving Credit Facility

The Company's remaining commitments (via its wholly owned subsidiary, Tesseract Holdings Limited) amount to approximately EUR 47.5 million, primarily in relation to the Guillena project which has been completed in April 2023. AER has a very conservative gearing structure, with low levels of gearing (25.6% of Gross Asset Value[1] ("GAV")), whilst the majority of its project level debt is fully amortising with fixed interest rates. Through Tesseract Holdings Limited, the Company also has significant funding flexibility via its EUR 100.0 million Revolving Credit Facility ("RCF"), which at 31 December 2022 was EUR 65.1 million undrawn[2], with the option to be increased by a further EUR 50.0 million (to EUR 150.0 million), subject to bank consent. In April 2023, the Company extended the maturity date of the RCF by twelve months to April 2025.

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2. Includes EUR 10.9 million provided as guarantees to offtakers when securing PPAs and town council as a part of dismantling guarantee and grid connection guarantee.

CHAIRMAN'S STATEMENT CONTINUED

ESG

The Company is committed to contributing to the UN Sustainable Development Goals in order to ensure access to affordable, reliable, sustainable and modern energy for all. In March 2022, Tesla, AER's operating wind farm in Norway (AER interest: 25.9%) was awarded Norwea's 2022 membership award; this prize is given to a member who has excelled in positive engagement with the community through social or environmental sustainability. We also announced our second GRESB assessment results for the year with a score of 88 out of 100, representing an improvement compared to our 2021 result and also higher than the GRESB average of 82 points.

However, the Company's GRESB rating reduced from 4 out of 5 to 3 out of 5 stars due to the relative net underperformance compared to its peer group. In response, the Investment Adviser has identified various improvements which are expected to be introduced in 2023 and we look forward to keeping Shareholders updated on our progress throughout the year.

Regulatory Change

Recently, the European Commission ("EC") announced a public consultation process to reform the European electricity market design in order to better protect consumers from excessive price volatility and support their access to secure energy from clean sources. Importantly, the EC has committed to securing European energy sovereignty and achieving climate neutrality, whilst recognising that renewables is the key driver to achieve these goals, further reinforcing the positive tailwinds in this sector. Additionally, the EC has announced its "Green Deal Industry Plan" which aims to provide a more supportive environment for the scaling up of the EU's manufacturing capacity for the net-zero technologies and products required to meet Europe's ambitious climate targets. This will be done on four pillars: a predictable and simplified regulatory environment, speeding up access to finance, enhancing skills, and open trade for resilient supply chains.

The Investment Adviser is actively contributing to the consultation process in combination with the broader industry. AER is well positioned given its pan-European investment strategy, which reduces our reliance on any single power market, combined with a strong contracted revenue base in the form of Power Purchase Agreements or subsidies, increasing our earnings visibility.

Board View

Since undergoing rapid growth in 2022, AER now offers a fully invested balance sheet and a resilient and diversified portfolio which the Board believes deserves to be significantly more valuable than is implied by the recent share price discount to NAV. As illustrated in our short and medium-term dividend cover guidance, the portfolio is expected to generate significant surplus cash flow over time, supporting our progressive dividend policy.

It is the Board's view that there remains an attractive and sizeable opportunity to deploy incremental capital to help fund the build-out of the very substantial construction pipeline (over 10 GW in European geographies) developed by Aquila Capital, our Investment Adviser.

Sagres, Portugal

Outlook

The Board remains of the view that the market outlook for renewable energy generation in Europe is strong, reinforced by a combination of geopolitical and macro-economic factors, along with the ever-more urgent need to decarbonise Europe's energy supply. We expect this to ensure a continuing favourable regulatory backdrop at the European level.

It is the ambition of the Board to build a larger-scale portfolio to further enhance the investment proposition for our current and future Shareholders. Clearly our share price needs to regain a premium to our NAV to enable us to fund the investment opportunities provided by the Investment Adviser. We hope that the Company's continued strong operational performance, combined with clear and consistent communication of our strengths and opportunities, can set us back onto that path. The first stage on this journey involves the inaugural Shareholder continuation vote, which will be tabled at the Annual General Meeting in June 2023, and which the Board is recommending that Shareholders should support. I am pleased to confirm that Aquila, who hold approximately 2.1% of the issued share capital, will not be voting their shares in respect of the continuation vote, given the inherent conflict of interest were they to do so.

The Board and the Investment Adviser have been engaging with our major Shareholders in light of the disappointing performance of the share price, despite the 12.9% NAV return[1] achieved this year. Your feedback as Shareholders is highly valued and we hope our actions since the announcement on 3 February 2023 demonstrate that we are listening and will act decisively in the interests of all Shareholders. The Board and its advisers will, over the coming year, continue to explore a number of different initiatives to help secure recognition in the share price of the real underlying value of the portfolio with a commitment to review broader options if that value fails to be reflected in the share price.

On behalf of the Board, we thank you for the support that you have shown and we hope, will continue to show, for a company that is making a significant contribution to our collective objective of achieving a net zero economy.

Ian Nolan
Chairman

25 April 2023


Tesla, Norway

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INVESTMENT ADVISER'S REPORT

Leader in Investment and Asset Management in European Renewables

WHAT'S IN THIS SECTION

INVESTMENT ADVISER BACKGROUND

Aquila Capital is one of the leading investment and industrial development companies, managing over EUR 14.7 billion on behalf of institutional investors worldwide and 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 create a more sustainable world. As of 31 December 2022, the company manages wind energy, solar PV, hydropower energy and battery storage assets with a capacity of around 19 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's dedicated, expert investment teams comprise over 700 employees worldwide. Moreover, a strategic partnership since 2019 with Japan´s Daiwa Energy & Infrastructure draws on their sector networks and experience to screen, develop, finance, manage and operate investments along the entire value chain. As this business model requires local management teams, Aquila Capital is represented across 17 investment offices.

The Investment Adviser currently has a significant pipeline of over 10.0 GW of development and construction assets in the EMEA region, primarily in solar PV located in Southern Europe. This represents an attractive source of growth opportunities for AER.

Aquila Capital's in-house Markets Management Group ("MMG"), a team of experts dedicated to sourcing and structuring Power Purchase Agreements, market analysis, trading, origination, FX, interest rates and other hedge products, has facilitated the Company's proactive approach to hedging and risk management.

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

Overall CO_2eq emissions avoided[1]

2.2 million tonnes

Green energy produced[1]

7.4 TWh

Households supplied[1]

2.0 million

1. Contribution for the year 2022 based on current portfolio of the Aquila Group.

Current Renewables Portfolio of Aquila Capital in Europe[1]:

Portfolio Capacity

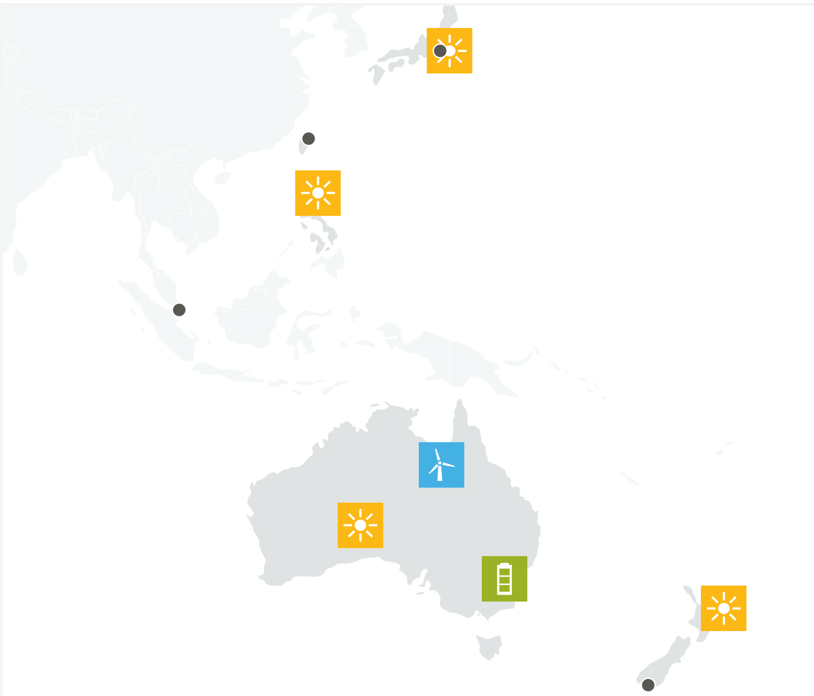
Hydropower
980 MW
281 plants

Solar PV
11,704 MW
343 PV parks

Wind energy
4,581 MW
995 WTGs

Energy storage systems
1,735 MW
25 projects

17 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.

INVESTMENT ADVISER'S REPORT CONTINUED

INVESTMENT PORTFOLIO

Type	Project	Country	Capacity[1]	Status	COD[2]	Asset life from COD[2]	Equipment manufacturer	Energy offtaker[3]	Offtaker	Ownership in asset	Leverage[4]	Acquisition date
	Sagres	Portugal	107.6 MW	Operational	1951-2006	n/a[6]	Various	FiT	EDP/Renta	18.0%[5]	23.4%	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 /Operational	2023	30y	Jinko	PPA	Statkraft	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]	20.2%	Jul-19
	Holmen II	Denmark	18.0 MW	Operational	2018	25y	Vestas	FiP	Energie.dk	100.0%	25.6%	Jul-19
	Olhava	Finland	34.6 MW	Operational	2013-2015	27.5y	Vestas	FiT	Finnish Energy	100.0%	41.4%	Sep-19
	Svindbaek	Denmark	32.0 MW	Operational	2018	25y	Siemens	FiP	Energie.dk	99.9%	14.2%	Dec-19 & Mar-20
	The Rock	Norway	400.0 MW	Operational	2022	30y	Nordex	PPA	Alcoa	13.7%[5]	50.6%	Jun-20
	Desfina	Greece	40.0 MW	Operational	2020	25y	Enercon	FiP	DAPEEP	89.0%[7]	52.9%[8]	Dec-20
Total (AER share)			**463.8 MW**									


Tesla, Norway


Albeniz, Spain


Sagres, Portugal

1. Installed capacity at 100% ownership.
2. COD = Commercial Operations Date.
3. PPA = Power Purchase Agreement, FiT = Feed-in tariff, FiP = Feed-in premium, CfD = Contract for Difference.
4. Leverage level calculated as a percentage of debt plus fair value as at 31 December 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 93.0%.
8. Calculation based on voting interest.

PORTFOLIO UPDATES – AS AT 31 DECEMBER 2022

Over EUR 150 million

Capital deployed or committed during 2022

Greco

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

Solar PV

In March 2022, the Company acquired 100.0% interest in Greco, a solar PV project located in the region of Andalucía, southern Spain. Greco benefits from attractive solar irradiation yields and consists of two assets with a total capacity of 100.0 MWp, comprising Jaén (50 MWp) and Guillena (50 MWp). The portfolio has an assumed operating life of 30 years. Total consideration for Greco was EUR 90.0 million, excluding earn-out, with the majority due at completion. The remaining consideration for the portfolio is EUR 47.5 million, corresponding to the completion of Guillena and a 5% deferred payment for Jaén that was paid after the reporting period in March 2023, at the time the provisional acceptance certificate was also issued.

Jaén achieved completion and started producing electricity in November 2022, having secured a pay-as-produced PPA in October with Statkraft Markets GmbH at an attractive price, hedging 70% of P50 production. Guillena secured a PPA hedging 60% of P50 production with Statkraft Markets GmbH, with completion of the project expected by the second quarter of 2023.

The project is expected to provide 184 GWh of renewable electricity annually over its lifetime, equivalent to approximately 93 kt of CO_2 avoidance in its lifetime.

Jaén, Spain

Tiza

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

Solar PV

In June 2022, the Company acquired 100.0% interest in Tiza, a solar PV asset with 30 MWp capacity, located in the region of Almeria, southern Spain. 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.

Tiza is expected to provide 54 GWh of renewable electricity annually over its lifetime, representing approximately 62 kt of CO_2 equivalent avoidance over its lifetime. During construction, a series of environmental benefits were implemented, such as the restoration and relocation of olive trees, the building of over ten rabbit refuges built and the introduction of a natural barrier of plants around the perimeter to protect the local fauna.

Tiza, Spain

PORTFOLIO UPDATES – AS AT 31 DECEMBER 2022 continued

Albeniz

Solar PV

Country:	Spain
Date Acquired:	December 2020
Status:	Operational
Capacity:	50.0 MWp

The project is part of a cluster of four separate solar PV parks in various stages of development and construction, owned by funds managed by Aquila Capital. The portfolio is located in the south of Spain, benefiting from high irradiation and yields and advanced solar PV technology.

The project was completed and became operational in June 2022, and has been producing revenue since then, with final commissioning taking place in August 2022. The asset is expected to have an operating life of 30 years after commissioning. Albeniz benefits from PPAs covering 80% of P50 production with Statkraft over a term of approximately five years.

Albeniz, Spain

The Rock

Wind energy

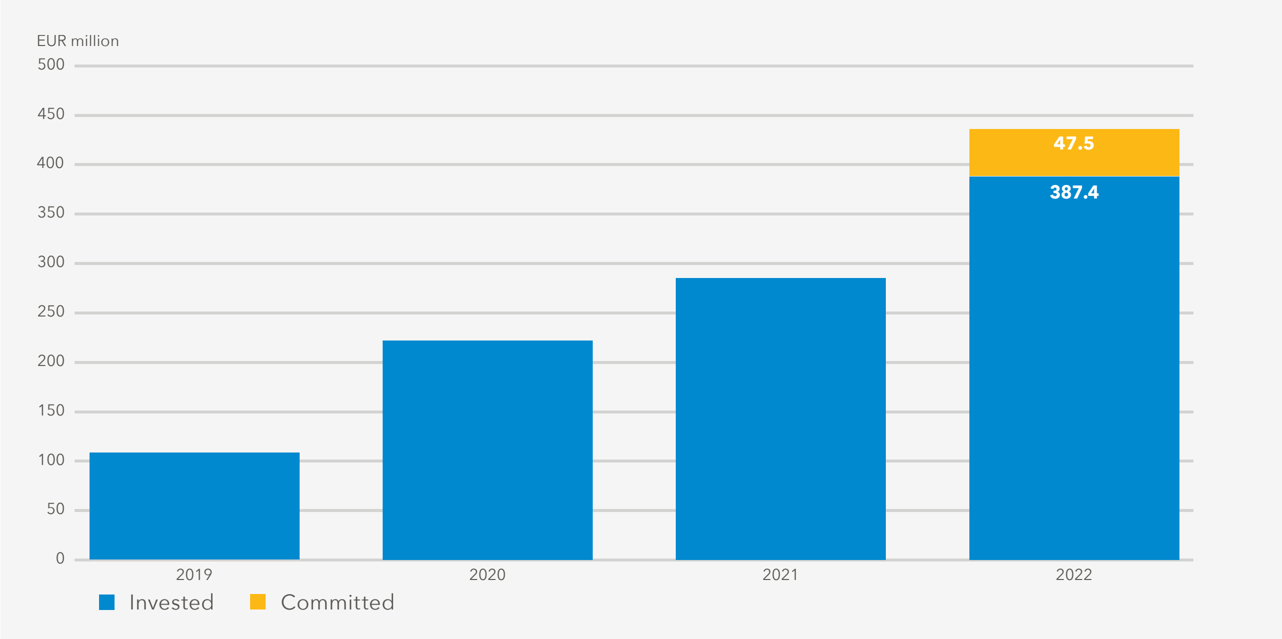
Country:	Norway
Date Acquired:	June 2020
Status:	Operational
Capacity:	400.0 MW

The Rock benefits from a fixed price PPA for 14 years covering approximately 70% of production. The asset has been operational since November 2022 following takeover under the Turbine Supply Agreement ("TSA"). In April 2023, the Company announced that the takeover under the EPCM agreement for The Rock has also been achieved. Following takeover under the EPCM, all parties agreed that Eolus will remain responsible for the upcoming appraisal case with the Sami district, which is due to commence on 30 May 2023, and the result of the case is expected on or before autumn 2023.

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

The Rock, Norway

Capital Deployment Profile since IPO[1]



During 2022 the Company has successfully deployed or committed EUR 150.5 million on new acquisitions and existing assets, increasing its total capital deployment since IPO to EUR 434.8 million. As at 31 December 2022, the Company's only remaining commitments (via its wholly owned subsidiary, Tesseract Holdings Limited) amounted to approximately EUR 47.5 million relating to the deferred payment for Guillena (the second asset of the Greco portfolio), and the 5% remaining deferred consideration to Jaén, which was paid during the first quarter of 2023. Remaining capital commitments are expected to be funded from AER's existing surplus liquidity comprising cash on hand and the RCF (please refer to the gearing section on page 26 for further details).

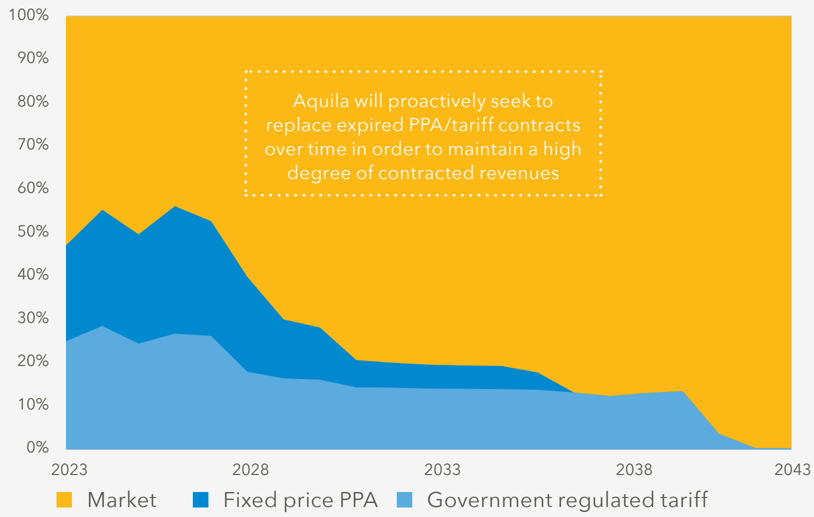
The Company, together with its Investment Adviser, has identified an attractive pipeline of investment opportunities which are consistent with the Company's investment objectives. The pipeline offers the potential for further diversification in terms of geography and technology, whilst also offering potential to invest in construction projects which could enable further value creation opportunities over time. These assets are spread across northern, eastern and southern Europe, over wind energy, solar PV, hydropower and energy storage technologies.

1. Data show invested capital as at 31 December of each year.

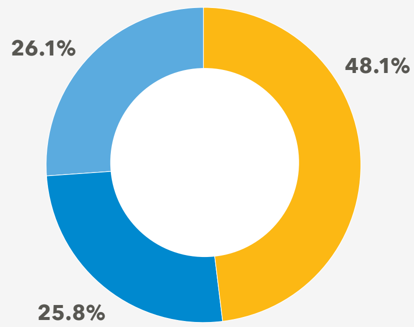
INVESTMENT ADVISER'S REPORT CONTINUED

CONTRACTED REVENUE POSITION

Revenue Mix – Existing Contracts[1]



Present Value of Revenues (Five Years)[1,2]



EUR 292m[3]
Contracted revenue net present value

EUR 411m[4]
Contracted revenue (aggregate over asset life)

51.9%[1,2]
Contracted revenue over the next five years

7.4 years[5]
Weighted average contracted revenue life


Desfina, Greece

1. Includes replacement PPA assumed to be secured for Olhava once the FiT runs out from 2025 for a tenor of three years.
2. Asset revenues are discounted by the weighted average portfolio discount rate as of 31 December 2022 and are taken from 1 January 2023 onwards.
3. Contracted revenue as at 31 December 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 on production hedged. Olhava future PPAs has been excluded as it has not yet been secured.

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

Contracted revenues expected over the next five years, on a present value basis, have decreased to 51.9% (December 2021: 68.5%) as a result of the increases in electricity price forecasts (boosting merchant exposure), combined with the expiry of existing tariffs and PPAs, including those for Olhava, Benfica III and Ourique over the next five years.

However, the Company has continued to focus on maintaining a high degree of contracted revenues to mitigate its exposure to seasonal fluctuations and short-term events which have the potential to increase volatility in electricity prices. It has retained flexibility to capitalise on periods of higher power prices, whilst simultaneously enabling the Company to avoid fixing prices during periods of significant weakness.

The Company has continued to implement fixed power prices evenly throughout the year. During the year, the Investment Adviser and its in-house MMG have secured attractive PPAs for the Company (see Spanish PPAs section on page 25 for further detail):

- Jaén: 70% of P50 production, pay-as-produced with Statkraft Markets, five years;
- Guillena: 60% of P50 production, pay-as-produced with Statkraft Markets, seven years;
- Tiza: 70% of P50 production, fixed solar profile PPA with Axpo Iberia, 6.5 years.

The Company was pleased to secure these PPAs at such attractive price levels, which were almost double what had been observed for similar PPA terms over the last few years.

The portfolio has good visibility of future cash flows with a weighted average contract life of approximately 7.4 years for revenues contracted (31 December 2021: 8.8 years). Furthermore, the Company contracts its revenues with investment grade counterparties.

Tiza, Spain

FINANCIAL PERFORMANCE

Performance

Electricity production[1] (GWh)

Technology	Region	2022	2021	Variance	Variance 2022 against P50 Budget
Wind energy	Denmark, Finland, Norway, Greece	**440.8**	395.0	11.6%	(5.5%)
Solar PV	Portugal, Spain	**187.5**	79.0	137.3%	(2.9%)
Hydropower	Portugal	**38.2**	48.4	(21.1%)	(32.1%)
Total		**666.4**	522.3	27.6%	(6.9%)

Load factors[1]

Technology	2022	2021
Wind energy	**31.9%**	28.0%
Solar PV	**15.9%**	18.1%
Hydropower	**22.5%**	29.9%
Total	**25.9%**	26.7%

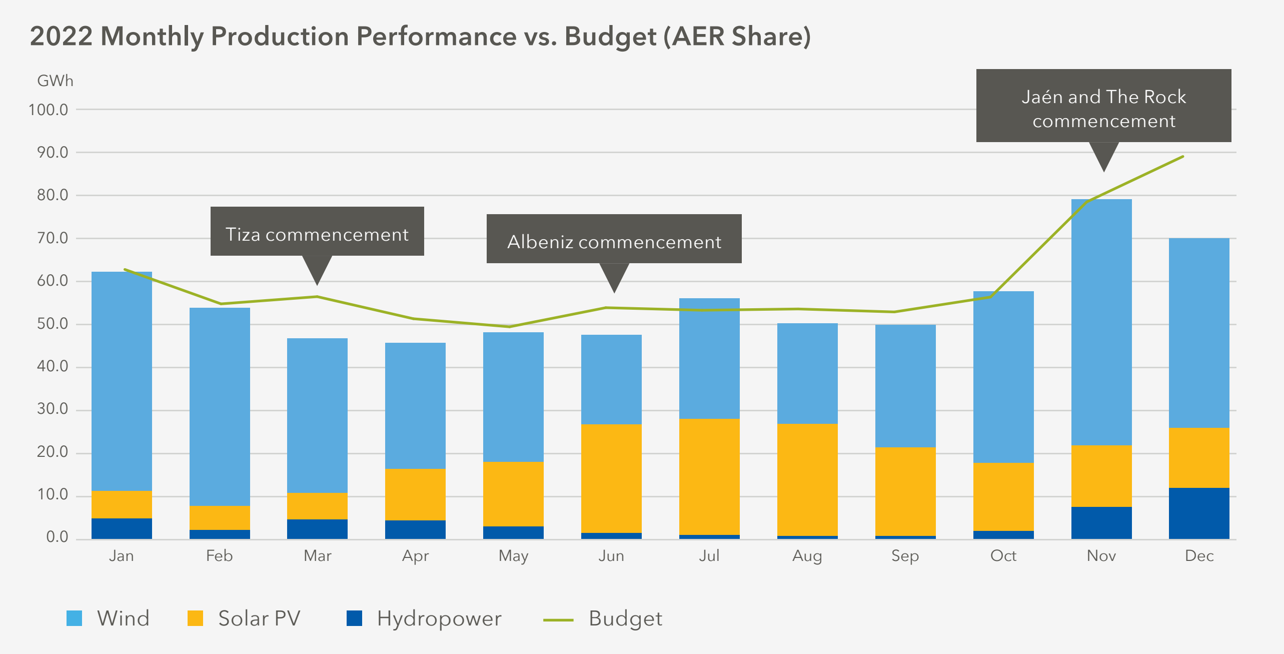
Technical availability[1,4]

Technology	2022	2021
Wind energy	**96.6%**	98.6%
Solar PV	**99.9%**	94.4%
Hydropower	**99.2%**	98.6%
Total	**97.5%**	98.2%

Revenues[2,3] (EUR million)

Technology	2022	2021	Variance
Wind energy	**46.2**	33.6	37.6%
Solar PV	**12.2**	4.2	190.1%
Hydropower	**4.8**	4.5	8.0%
Total	**63.2**	42.2	49.6%

1. Data includes Tiza from March 2022, Albeniz from June 2022 and The Rock and Jaén from November 2022. Desfina based on voting share (89.0%).
2. Includes merchant revenue, contracted revenue & other revenue (e.g. Guarantees of Origin, Electricity Certificates).
3. Revenues reflect the whole year 2022 for all assets. Desfina based on economic share (93.0%).
4. Average technical availability based on weighted installed capacity (AER share).



Electricity production during 2022 increased by 27.6% to 666.4 GWh (2021: 522.3 GWh), aided by the acquisition of Tiza (30.0 MWp), the operating solar PV asset, and the completion of three of the four assets under construction: The Rock (400.0 MW), Albeniz (50.0 MWp) and Jaén (50.0 MWp). These four assets alone have added 137.8 GWh[1] of production to the portfolio and represent approximately 20.7% of 2022 total production. As a result, the portfolio is well positioned given these four assets will contribute significantly to the portfolio in 2023 and beyond.

For 2022, revenue was 24.2% over budget because of high electricity prices that started to rise during the first half of 2021 across Europe. The upward trend in power prices was intensified by the supply disruptions caused by the conflict in Ukraine, which drove commodity prices up, most notably for gas and coal. Prices in the Nordics were also impacted due to tighter hydrological balance and increased interconnection links to Germany and the United Kingdom.

Production performance was 6.9% below budget, while technical availability remained strong in all asset classes, at 97.5%. The underperformance in production was due to the severe drought that affected the first three quarters of the year in Portugal; this led to Sagres production to be 32.1% below budget. Also, lower than expected wind levels in Greece led to Desfina production to be 12.3% below budget. Furthermore, irradiation in Iberia was slightly below budget and this led to production being 2.9% below budget at the Iberian solar PV assets, whilst slower wind levels in the Nordics led to production being 4.0% below budget. Underperformance in December was driven by lower than expected wind conditions in Greece and Norway. Production forecasts which underpin the Company's net asset value are based on P50 production assumptions sourced from leading technical advisers.

1. Accumulated production since economic transfer date of each asset, except for The Rock accumulated since completion occurred.

FINANCIAL PERFORMANCE continued

Financial Performance and Dividend Cover[1]

Dividend Cover

EUR million[2]	2022	2021	Variance (%)
Asset income	**63.2**	42.2	49.6%
Asset operating costs	**(12.3)**	(7.9)	57.0%
Interest and tax	**(6.0)**	(4.5)	32.3%
Underlying asset earnings	**44.9**	29.9	50.3%
Asset debt amortisation	**(10.9)**	(12.2)	(10.3%)
Company and HoldCo[3] expenses[5], other	**(4.9)**	1.9	nmf[4]
Total underlying asset earnings	**29.1**	19.6	48.8%
Dividends paid	**21.2**	17.0	24.4%
Dividend cover	**1.4x**	1.1x	nmf[4]

Reconciliation to Company Cash Flow Statement

EUR million	2022	2021	Variance (%)
Total underlying asset earnings	**29.1**	19.6	48.8%
SPV			
Distributions to HoldCo	**(31.1)**	(6.9)	356.4%
Movement in working Capital	**(2.7)**	(10.8)	(75.1%)
HoldCo			
Expenses (excluding investment expenses)	**1.6**	0.6	181.1%
Company			
Investment advisory fee funded by share issuance[6]	**(1.3)**	(2.7)	(50.6%)
Interest and dividend income	**17.1**	11.8	45.4%
Movement in working capital	**4.5**	(3.3)	(238.8%)
Construction income	**–**	(4.0)	n/a
Other[7]	**(0.1)**	0.2	(165.1%)
Company net cash flow from operating activities	**16.9**	4.4	281.0%

The table above calculates dividend cover based on the underlying earnings of its investment portfolio, sourced from the profit & loss ("P&L") statements from each of the Company's investments, held by HoldCo, with the exception of debt amortisation which is sourced from the cash flow statement. Each of the investments are held through special purpose vehicles ("SPV")[8]. The majority of SPV financial statements are audited.

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

1. 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 112. Numbers and percentages may vary due to rounding differences.
2. Non-euro currencies converted to EUR as at 31 December for each year. Desfina contribution reflects AERs economic interest (93.0% in 2022, 100.0% in 2021) rather than voting interest (89%).
3. Tesseract Holdings Limited.
4. nmf = not meaningful.
5. Expenses reflect recurring ordinary costs and expenses at AER and THL level. Legal fees, investment expenses and Investment Adviser fee (which is financed by the issuance of new ordinary shares, where applicable) is not included. The figure for 2021 includes income accrued by AER in relation to shareholder loans provided to construction assets.
6. Investment advisory fee funded by share issuance treated as a cash flow expense for Company net cash flow from operating activities.
7. Deduction of legal costs and currency losses, addition of financing costs.
8. References to SPVs in this section also includes holding companies, where applicable.

The Company reported robust dividend cover of 1.4x during the period, compared to 1.1x reported in 2021, driven by a 48.8% increase in total underlying asset earnings. The improvement in total underlying asset earnings was primarily driven by higher power prices across the portfolio whilst production also increased as a result of the successful completion of construction projects (Albeniz, The Rock) and the acquisition of an operating asset (Tiza). Dividends paid increased by 24.4% as a result of higher shares in issue due to capital raising in late 2021, combined with a 5.0% increase in the dividend target for 2022.

Cash Dividend Cover

EUR million	**2022**	2021	Variance (%)
Company			
Net cash flow from operating activities	**16.9**	4.4	281.0%
Investment advisory fee funded by share issuance	**1.3**	2.7	(50.6%)
HoldCo			
Net cash flow from operating activities	**(2.7)**	31.4	(108.5%)
Shareholder loan repayments[1]	**10.6**	0.5	2139.2%
Acquisition of accrued interest from shareholder loan[2]	**1.5**	2.4	(39.1%)
Other[3]	**0.3**	–	n/a
Consolidation adjustments	**(2.6)**	(37.0)	(92.9%)
Adjusted net cash flow from operating activities	**25.3**	4.4	476.0%
Dividends paid	**21.2**	17.0	24.4%
Cash dividend cover	**1.2x**	0.3x	nmf

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

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

Cash dividend cover increased significantly from 0.3x to 1.2x in 2022 as a result of the increase in net cash flow from operating activities, which was primarily driven by the completion of construction assets (Albeniz, The Rock), the acquisition of an operating asset (Tiza) and the timing of distributions paid by the respective assets.

1. Distributions from operating activities in the form of shareholder loan repayments from Olhava, Benfica III, Tiza and Desfina (2021: Benfica III).
2. Accrued shareholder loan interest purchased at the Tiza acquisition (2021: Ourique).
3. Other: refund of refinancing fee (The Rock), payment of legacy receivables (Ourique).

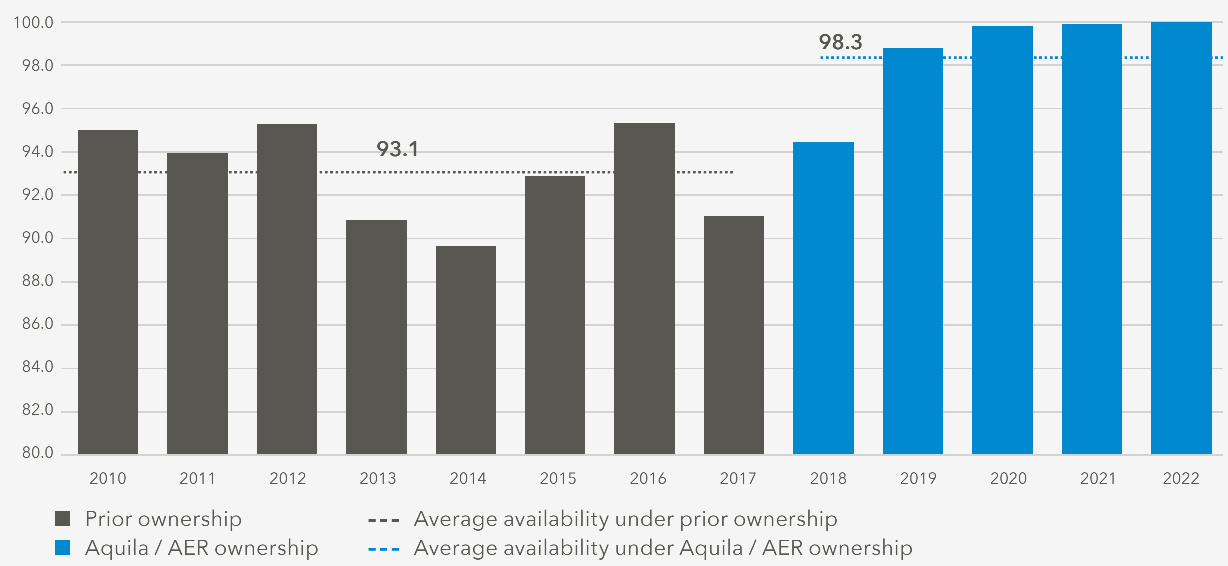
CASE STUDY: SAGRES OPTIMISATION

Capacity	107.6 MW
Location	Sagres, Portugal

Sagres is a 107.6 MW hydropower asset in which AER acquired an 18.0% interest in July 2019. During 2022, the Investment Adviser's Asset Management team identified an opportunity to refinance the existing bank debt on accretive terms. After running a competitive tender process, the refinancing completed in October 2022 resulted in a marginal decrease in the debt balance to EUR 40.0 million (100% interest basis). The refinancing resulted in lower gearing levels, lower margins and a higher tenor, whilst also being accretive to economic returns.

Additionally, during the due diligence process undertaken for the refinancing, an independent technical adviser identified a 1.1% increase in long-term average annual production for the asset (resulting in an increase in maximum net capacity from 102.7 MW to 107.6 MW). This can be attributed to a series of improvements to the hydropower plants performed by the Aquila Capital Asset Management team between 2019 and 2022, such as upgrades to the control systems, major overhauls and refurbishments to the units, regular civil works and replacement of hydromechanical equipment. This increase in production has been included in the fourth quarter valuation of the asset , which increased by 1.8%. However, this was offset by a rise in the discount rate during the same period.

Availability (%)



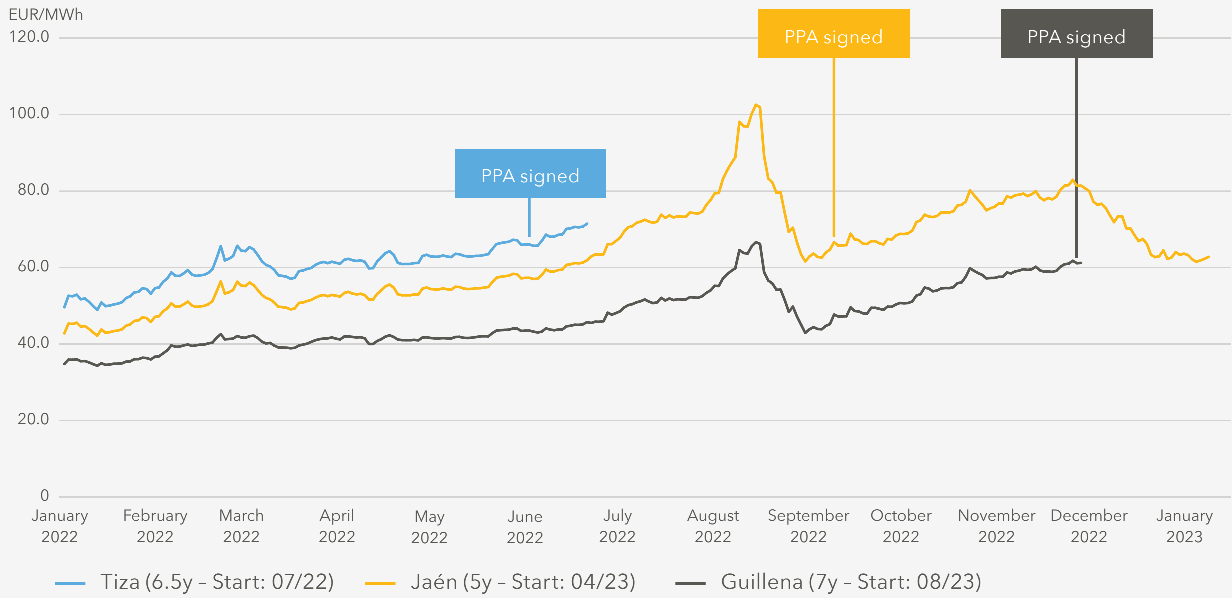
CASE STUDY: SPANISH PPAs

Capacity	130 MWp
Location	Spain

The Investment Adviser's MMG was active in negotiating PPA contracts in Spain, where the majority of the Company's investment activities took place in 2022. During the second half of 2022, the Spanish government introduced measures to cap the price of electricity on merchant revenues and introduced a clawback on PPA revenues for prices above EUR 67.0/MWh. The MMG team had to adapt its PPA strategy in response to regulatory changes and accordingly sought to maximise the PPA tenor up to the pricing cap. As a result, the MMG team secured attractive PPAs for three solar PV assets located in Spain, with tenors ranging from five to seven years, providing AER with a greater visibility on future revenues.

As illustrated in the graph below, two of the three PPAs were secured at peak pricing levels (Tiza and Guillena), whilst with the remaining PPA (Jaén), a more conservative approach was taken in order to gain greater visibility of the expected start of operations and thus minimise any delivery risks under the PPA. Furthermore, prices entered for these three PPAs were almost double what had been observed historically for comparable terms.

PPA Price Development



Source: Aquila PPA pricing tool. Note that the Tiza PPA started in July 2022.

FINANCIAL PERFORMANCE continued

Gearing[1]

EUR million	As at 31 December 2022	As at 31 December 2021	Variance
NAV	**451.7**	417.4	8.2%
Debt[2]	**155.2**	144.3	7.5%
GAV	**606.9**	561.8	8.0%
Debt (% of GAV)[3]	**25.6**	25.7	(0.1 bps)
Weighted average maturity (years)	**14.6**	13.9	0.7
Weighted average interest rate (%)[4]	**2.5**	2.5	0.0 bps
RCF interest rate (%)[5]	**1.85**	1.85	0.0 bps

The portfolio remains conservatively levered with the Company operating at a gearing ratio of 25.6% of GAV (2021: 25.7%)[6]. The Company's prospectus allows it to operate with a maximum gearing level of 50.0% of GAV[7]. The Company's asset level debt is largely fully amortising with fixed interest rates. Approximately EUR 13.1 million of asset level debt (AER share) was repaid in 2022, offset by increased utilisation of the Company's RCF.

During the period the Company increased the RCF limit from EUR 40.0 million to EUR 100.0 million (via its wholly owned subsidiary, Tesseract Holdings Limited, which is the borrowing entity), with the maturity date extended by twelve months until April 2024. After the reporting period, the Company subsequently exercised a further twelve month extension option under the RCF, extending the maturity from April 2024 to April 2025. As at 31 December 2022, the RCF was drawn to EUR 34.9 million (EUR 65.1 million undrawn), including bank guarantees. It is expected that the RCF will be used to fund the Company's remaining commitments for Greco (estimated at EUR 47.5 million).

Debt Summary as at 31 December 2022[1]

Project	AER share	Drawn debt (EUR million)	Currency	Bullet/ amortising	Maturity	Hedged proportion	Type
Tesla	25.9%	9.0	EUR	Partly amortising	Mar-29	100.0%	Bank Debt
Sagres	18.0%	7.0	EUR	Fully amortising	Jun-33	70.0%	Bank Debt
Olhava	100.0%	19.2	EUR	Fully amortising	Dec-30/ Sep-31	100.0%	Bank Debt
Holmen II	100.0%	13.6	DKK	Fully amortising	Dec-37	93.2%	Bank Debt
Svindbaek I	99.9%	7.8	DKK	Fully amortising	Dec-37	100.0%	Bank Debt
The Rock: USPP Bond	13.7%	31.8	EUR	Fully amortising	Sep-45	100.0%	Debt Capital Markets
The Rock: Green Bond	13.7%	11.0	EUR	Bullet	Sep-26	100.0%	Debt Capital Markets
Desfina	89.0%	31.9	EUR	Fully amortising	Dec-39	100.0%	Bank Debt
Subtotal		**131.2**				**97.7%**	
RCF	100.0%	24.0[6]	EUR		Apr-25	0.0%	Bank Debt
Total		**155.2**				**82.6%**	

1. Foreign currency values converted to EUR as at 31 December 2022. Data represents AER's share of debt. AER share of Desfina debt based on voting interest.
2. Debt corresponds to senior debt secured at project level and RCF at HoldCo level.
3. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on page 112. All references to cents are in euros, unless stated otherwise.
4. Weighted average all in interest rate for EUR denominated debt (excl. RCF). DKK denominated debt has an average weighted interest rate of 2.8% (2021: 2.7%).
5. Margin over EURIBOR.
6. Excludes bank guarantees of EUR 10.9 million.
7. The Company may take on long-term structural debt provided that, at the time of entering into such debt, it does not exceed 50% of the prevailing Gross Asset Value. Any short-term debt, such as a Revolving Credit Facility, will be subject to a separate gearing limit so as not to exceed 25% of the Gross Asset Value at the time of entering into such debt.

Valuation

Fair Value

The table below shows the fair values of the investments on HoldCo level as well as the reconciliation to the respective item on Company level.

EUR million	2022	2021	Variance (%)
Tesla	**35.5**	31.4	13.1
Sagres	**23.0**	15.8	45.5
Holmen II	**39.5**	24.5	61.7
Olhava	**27.2**	27.3	(0.5)
Svindbaek	**46.9**	40.6	15.5
The Rock	**41.7**	45.0	(7.3)
Benfica III	**17.1**	16.7	2.2
Albeniz	**55.1**	46.0	19.8
Desfina	**28.5**	40.9	(30.3)
Ourique	**36.4**	29.5	23.3
Greco	**66.5**	n/a	n/a
Tiza	**34.1**	n/a	n/a
Fair Value of Investments (HoldCo)[1]	**451.5**	317.6	42.2
Cash and other current assets of HoldCo	**6.4**	9.2	(30.2)
Revolving credit facility drawn by HoldCo	**(24.0)**	–	n/a
Elimination of intercompany shareholder loans	**(5.3)**	(9.8)	(46.6)
Investments at fair value through profit or loss	**428.6**	317.0	35.2


Svindbaek, Denmark

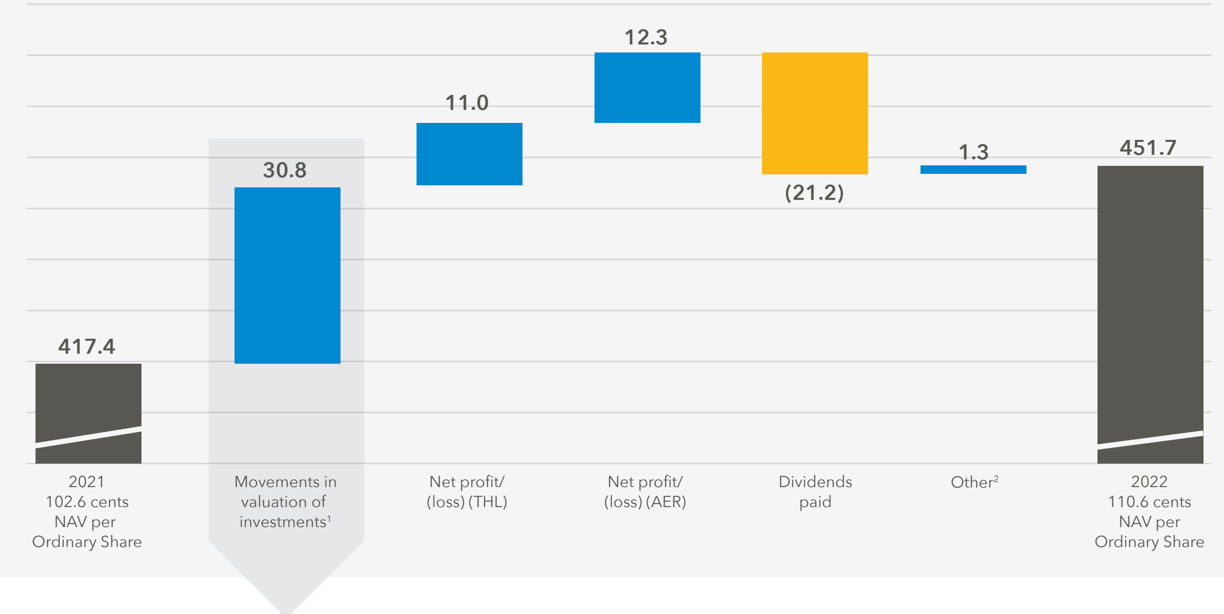
1. Includes capital contributions related to construction assets (Albeniz: EUR 6.3 million), new investments (Greco, Tiza combined: EUR 94.3 million), capital injection (Sagres: EUR 2.2 million) and other (EUR 0.3 million).

INVESTMENT ADVISER'S REPORT CONTINUED

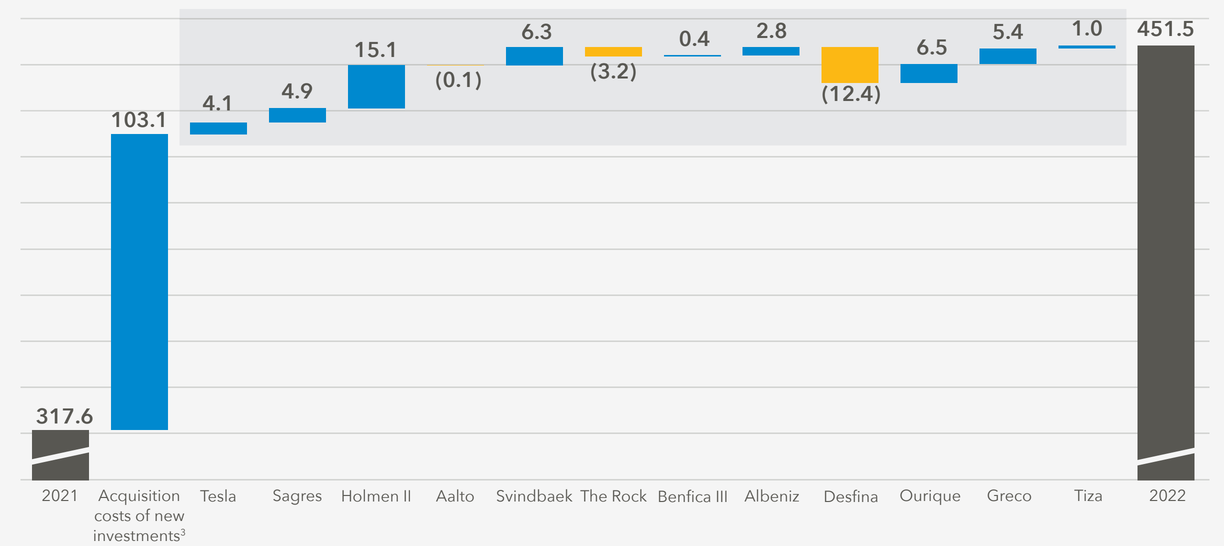
FINANCIAL PERFORMANCE continued

Valuation continued

NAV Bridge (EUR million)



Portfolio Valuation Bridge (EUR million)



1. Excludes the impact of capital contributions.
2. Includes share issue costs (EUR -0.06 million), settlement of investment advisory fees (EUR 1.3 million) and FX losses (EUR -0.01 million).
3. Includes capital contributions related to construction assets (Albeniz: EUR 6.25 million), new investments (Greco, Tiza combined: EUR 94.3 million), capital injection (Sagres: EUR 2.2 million) and other (EUR 0.3 million).

- The Company's NAV as at 31 December 2022 was EUR 451.7 million or 110.6 cents per Ordinary Share. Compared to 31 December 2021 (EUR 417.4 million or 102.6 cents per Ordinary Share) this represents a NAV total return of 12.9% per Ordinary Share (including dividends).
- Dividends of EUR 21.2 million (5.2 cents per Ordinary Share) were paid during the year with respect to the fourth quarter of 2021 to the third quarter of 2022.
- The main drivers of NAV movements throughout the reporting period include:
  - Forecast power prices: increase in short-term electricity price forecasts across the majority of the portfolio resulted in an increase of 13.2 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. No forward or futures curves are used;
  - Inflation: increase in short-term CPI forecasts[1] boosted the NAV per Ordinary Share by 6.9 cents, whilst medium and long-term assumptions remain unchanged;
  - discount rate: the Company's discount rate has increased by 70 bps to 7.2% (31 December 2021: 6.5%), following the increase in risk-free rates across the portfolio, which has the effect of decreasing the valuation of each asset; and
  - Norwegian onshore wind taxes for Tesla and The Rock (-1.7 cents).[2]

Valuation Methodology

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

The Company has acquired underlying investments in SPVs through its investment in the HoldCo. The Investment Adviser has carried out fair market valuations of the SPV investments as at 31 December 2022 and the Directors have satisfied themselves as to the methodology, the discount rates and key assumptions applied, and the valuations. All SPV investments are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement. The economic assumptions shown on page 30 were used in the valuation of the SPVs.


Tesla, Norway

1. Short-term inflation forecast sourced from Bloomberg.
2. Includes production tax, high price contribution tax, and natural resources tax.

FINANCIAL PERFORMANCE continued

Valuation Assumptions

As at 31 December 2022

Discount rates	The discount rate used in the valuations is calculated according to internationally recognised methods. Typical components of the discount rate are risk-free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class as well as specific premia for other risks such as development and construction; this is the case for Greco, for example.
Power price	Power prices are based on captured power price forecasts from leading market analysts. The forecasts are independently sourced from providers with coverage in almost all European markets as well as providers with regional expertise. The approach applied to all asset classes (wind energy, solar PV and hydropower) remains unchanged with the first two using a blend of two power price curve providers and the third using a blend of three power price curve providers.
Energy yield/load factors	Estimates are based on third-party energy yield assessments, which consider historic production data (where applicable) and other relevant factors.
Inflation rates	Long-term inflation is based on the monetary policy of the European Central Bank. Short-term inflation assumptions are based on the first two years being sourced from Bloomberg and an interpolation for another two years to the long-term rate.
Asset life	In general, an operating life of 25 to 30 years for onshore wind energy and 30 years for solar PV is assumed. In individual cases, a longer operating life is assumed where the contractual arrangement (i.e. O&M agreement with availability guarantee) supports such an assumption. The operating lives of hydropower assets are estimated in accordance with their expected concession terms. The Investment Adviser is currently undertaking a review of its portfolio to evaluate the prospect of asset life extensions.
Operating expenses	Operating expenses are primarily based on respective contracts and, where not contracted, on the assessment of a technical adviser.
Taxation rates	Underlying country-specific tax rates are derived from due diligence reports from leading tax consulting firms.
Capital expenditure	Based on the contractual position (e.g. EPC agreement), where applicable.

Portfolio Valuation – Key Assumptions

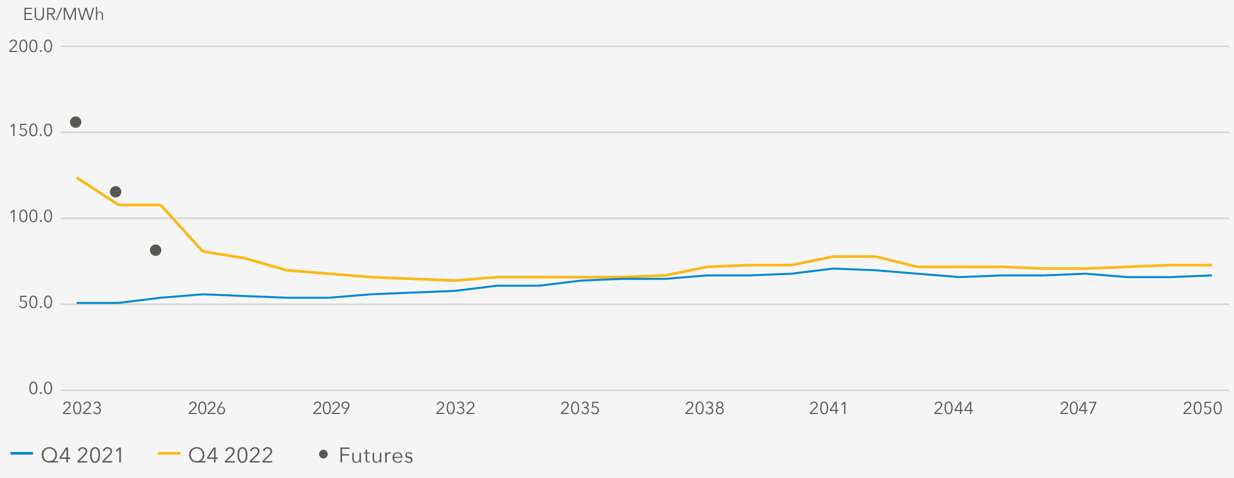
Metric		**2022**	2021
Discount rate	Weighted average	**7.2%**	6.5%
Long-term inflation	Weighted average	**2.0%**	2.0%
Remaining asset life[1]	Wind energy (years) Solar PV (years) Hydropower (years)	**22** **29** **10**	23 27 11
Operating life assumption[2]	Wind energy (years) Solar PV (years) Hydropower (years)	**26** **30** **n/a**	26 30 n/a

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

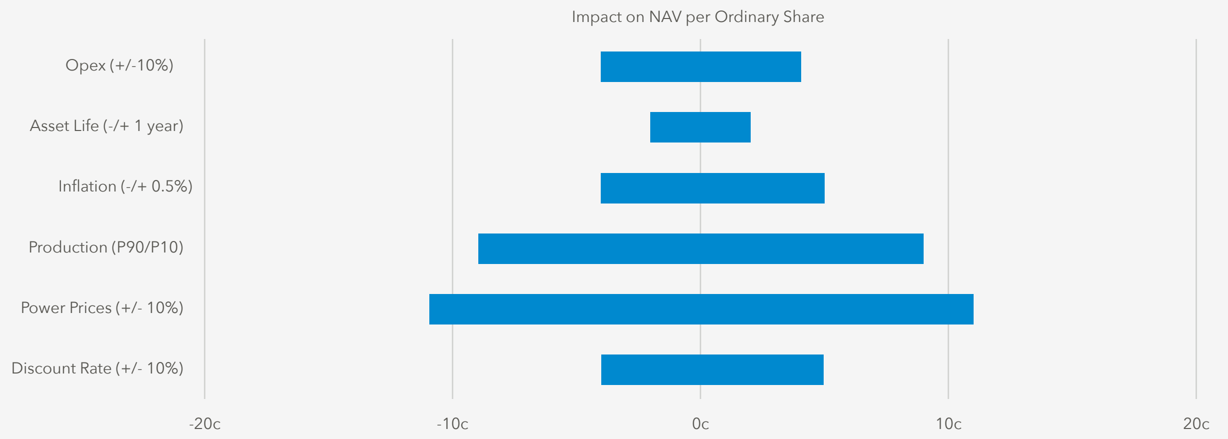
1. Remaining asset life based on net full load years. Does not consider any potential asset life extensions.
2. Asset life assumption from date of commissioning.

MARKET COMMENTARY AND OUTLOOK

Electricity Price Forecasts – All Assets (Weighted Average)[1]



Valuation Sensitivities



Asset Life Extensions

The Company's assets continued to be valued based on asset life assumptions of 25 to 30 years for wind energy and 30 years for solar PV, which is generally lower compared to the peer group and broader market, where up to +10 years in operating life have been observed.

The Company's Investment Adviser is undertaking due diligence for each of the Company's assets to validate a potential asset life extension on a case-by-case basis across the portfolio. To demonstrate how an extension of asset life could impact the Company's NAV, if the life of wind energy assets were to be extended to 35 years, the Company's NAV as of 31 December 2022 would increase by 8.6% or 10 cents per Ordinary Share[1]. Similarly, if the life of the Company's solar PV assets were to increase from 30 to 40 years (as seen in the market) this would increase the NAV by 3.2% or 3 cents per Ordinary Share[2].

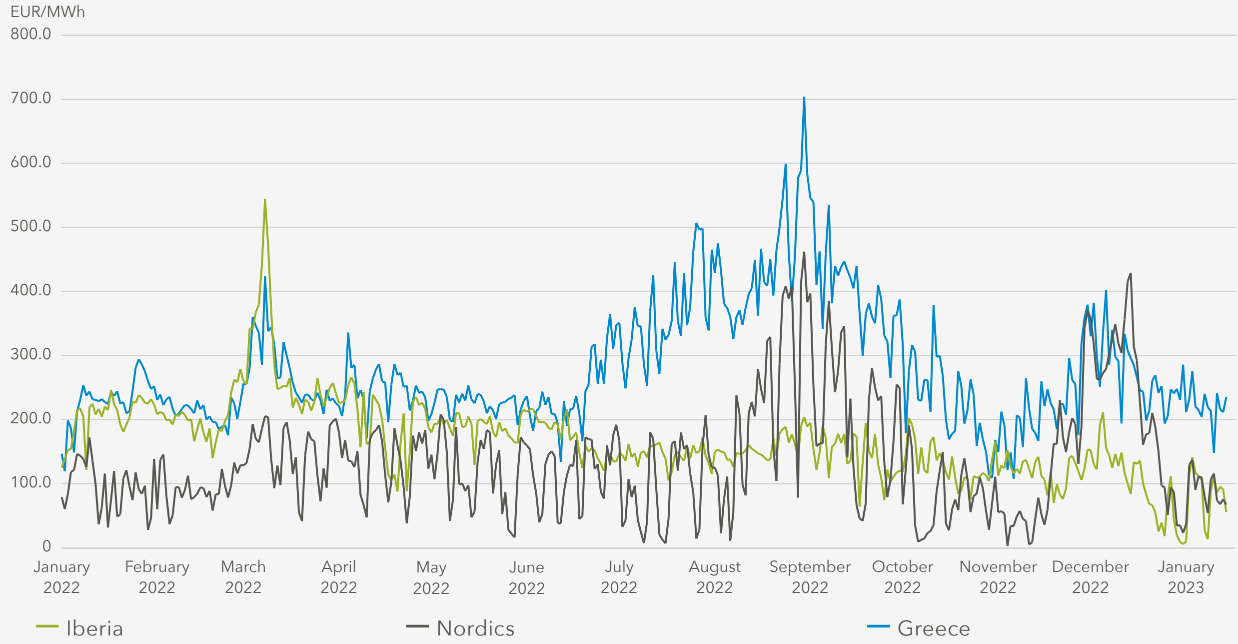
1. Data reflects latest pricing forecast as at 31 December 2022. All power prices are in nominal terms as at 31 December 2022 and reflect the captured price. The methodology has changed compared to what was reported previously. Current methodology reflects the actual weighted captured price based on merchant revenue and merchant production. Previous methodology applied weighting based on last reported asset valuation.
2. Excludes any potential changes to opex/capex assumptions, which would be subject to further due diligence which would offset against some of the potential increase in NAV.

MARKET COMMENTARY AND OUTLOOK continued

Market Prices

In 2022 power markets witnessed the continuation of the uprise in power prices underway since the second half of 2021, with power prices across Europe being traded at a premium compared to the previous year. This trend of power prices was intensified by the supply disruptions caused by the conflict in Ukraine, which drove commodity prices up, most notably for gas and coal. However, since mid-2022 the governments of the jurisdictions in which the Company operate, together with the European Commission, introduced measures in order to reduce these impacts. Nevertheless, near-term power price forecasts continue to abide the demand and supply law, and are further enhanced by weather conditions. Thus, near-term forecasts provided by independent markets analysts continue to be above historical levels.

2022 Average Daily Power Price[1]



Nordics

In 2022, power prices in the Nordics presented an increasing convergence from prices in continental Europe and were thus subjected to increasing fuel prices. This was due to tighter hydrological balance, with hydro reservoirs below the average levels for 2021, and increased interconnection links with Germany and the UK. The Nordic electricity system spot price averaged EUR 135.6 per MW in 2022 (2021: EUR 62.3 per MW).

Additionally, due to the different patterns for southern and northern price areas in Norway, the impact of higher commodity prices differs widely across these zones. The southern zones (NO1, NO2 and NO5) prices were significantly impacted by continental Europe via the existing interconnection. In contrast, northern regions (NO3 and NO4) were less affected by fluctuations in power prices due to lower demand and abundant wind resources; however, a higher interconnection to the southern zones has resulted in an increase in prices.

1. Source: European Network of Transmission System Operators for Electricity (ENTSO-E), Nordics reflects the Nord Pool system price.

Iberia

Whilst spot prices remained high across all European geographies, average spot prices in Iberia were at a discount when compared to other geographies. This was due to the temporary gas price "cap" mechanism introduced by the Spanish and Portuguese governments in mid-June 2022, which held back the impact of escalating fuel prices on power prices. In Iberia, spot prices were, on average, traded at EUR 167.9 per MW in 2022 (2021: EUR 111.9 per MW).

As described in the case study on page 25, the Investment Adviser with its MMG team secured PPAs for the new operating assets. This, together with the high degree of contracted revenue in the remaining Iberian assets, has limited the impact of the new regulations on the asset valuations.

Greece

Power prices in Greece have been impacted by elevated fuel prices more than other European countries due to the higher proportion of hours in which gas-fired generation sets the marginal price in the wholesale market. During 2022, power prices averaged EUR 279.7 per MW (2021: EUR 116.4 MWh). The Greek government has introduced an EUR 85.0 MW threshold applied for revenue in the Day-Ahead Market. However, since 100% of the revenues from Desfina are hedged, these regulations had no impact on the asset's valuation.

EU Market Design[1]

As a result of soaring energy prices and with the aim to increase the resilience of the EU's energy market, on 16 March 2023 the EU Commission unveiled its draft proposal for a reform of the EU electricity market. The proposal aims to boost the deployment of renewables by 2030, improve consumer protection and enhance industrial competitiveness. In doing so, it aims to reduce the link between electricity bills and volatile short-term fossil fuel prices, whilst better protecting consumers from future price spikes and potential market manipulation. The reform integrates measures to various directives to promote the use of more stable, long-term Power Purchase Agreements ("PPAs"), in order to make the energy market more resilient following the expiration of emergency tools. It aims to increase the market's flexibility, competitiveness and transparency by ensuring security of supply, and fully utilising alternatives to gas, such as storage and demand response from individual Member States.

The proposal seeks to enhance the predictability and stability of energy costs to boost industrial competitiveness. In this context, to provide power producers with revenue stability, all public support for new investments in infra-marginal renewable electricity generation is set to be in the form of two-way Contracts for Difference (CfDs). Finally, the proposal aims to boost liquidity for forward contracts that lock-in future prices and facilitate the integration of renewables into the system by means of transparency obligations relating to grid congestion and trading deadlines closer to real time.

The Green Deal Industrial Plan: Putting Europe's Net-zero Industry in the Lead

In February 2023, the European Commission presented its Green Deal Industrial Plan (the "Plan") to enhance the competitiveness of Europe's net-zero industry and support a faster transition to climate neutrality. The Plan aims to provide a more supportive environment for the scaling up of the EU's net-zero technologies and products that are required to meet Europe's ambitious climate targets.

The Plan aims to build on former initiatives implemented in the EU, whilst being based on four pillars: (1) predictable and simplified regulatory environment; (2) speeding up access to finance; (3) enhancing skills; and (4) open trade for resilient supply chains.

Pillar 1 – Predictable and Simplified Regulatory Environment

The Commission is to provide a regulatory framework that allows for quick deployment, ensuring simplified and fast-track permitting, while promoting European strategic projects and developing standards to support the scale-up of technologies across the EU Single Market.

Pillar 2 – Faster Access to Funding

This pillar aims to speed up investment and financing for clean tech assets in the region. By guaranteeing a level playing field within the Single Market, private financing as well as Member States are able to invest and/or grant aid to help fast-track the green transition.

1. Source: https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1591.

MARKET COMMENTARY AND OUTLOOK continued

Pillar 3 – Enhancing Skills

Between 35% and 40% of all jobs could be affected by the green transition, and so developing the skills needed for well-paid quality jobs will be a priority for the Commission. Therefore, it will propose to establish Net-Zero Industry Academies to roll out up-skilling and re-skilling programmes in strategic industries.

Pillar 4 – Open Trade for Resilient Supply Chains

There will be an expected increase in global co-operation under the principles of fair competition and open trade. To that end, the Commission will develop the EU's network of Free Trade Agreements and other forms of co-operation with partners to support the green transition. It will also explore the creation of a Critical Raw Materials Club, to bring together raw material "consumers" and resource-rich countries. This will help to ensure the global security of supply through a competitive and diversified industrial base, and of Clean Tech/ Net-Zero Industrial Partnerships. It will also help to protect the Single Market by ensuring foreign subsidies do not distort competition.

Outlook

The outlook for the European renewable energy sector continues to be encouraging. Energy security, affordability and decarbonisation have become vital considerations for governments and businesses in light of the continuing conflict in Ukraine, leading to increased competition as well as public and private investment in renewable infrastructure projects. The dependence of many countries on external suppliers of key commodities has become an irrefutable concern given the drastic reduction in Russian gas supply into Europe. The resulting supply chain challenges have helped set the stage for renewable infrastructure to play a dominant role in delivering greater energy diversification and independence in the coming future.

Energy prices are forecast to decrease over the medium and long term, having fallen from the peaks of 2022, with governments likely to continue to utilise fiscal policy and regulation as a way to reduce costs to consumers, who are already feeling the pressure of higher inflation and interest rates. Nonetheless, the Company's business model and investment portfolio have demonstrated their resilience in enduring these changes, continuing to deliver strong financial returns whilst maintaining a prudent capital structure.

Adding further impetus to the renewable energy sector is the EU's developing response to the US Inflation Reduction Act, focused on ensuring Europe's continued industrial competitiveness throughout the energy transition. Support by the EU through the earmarking of substantial funding for renewable projects, including the REPowerEU plan, is being accelerated with measures to give member states greater freedom to support industry and the fast-tracking of permitting and access to funding for relevant projects. This increased certainty and visibility over the regulatory landscape is an encouraging tailwind for the Company and the sector. Moreover, we envisage a continued acceleration of national deployment plans for renewables in order to meet existing net zero targets, including the target of having renewable energy sources account for at least 45% of the EU's energy mix by 2030. Europe will thus need to almost double its existing share of renewable energy by the end of the decade. This trend is further compounded by decarbonisation becoming an increasingly urgent priority for governments and businesses considering the repercussions of climate change, especially the likelihood of extreme weather events increasing in frequency.

Finally, grid access has become an increasingly critical concern across several jurisdictions. Projects are coming to market with grid connection dates for the end of the decade and beyond, in large part due to aging networks and the need for capacity upgrades, adding further urgency to public and private investment in the near future. Other technologies are also gathering momentum, such as the rising trend of (co-located) battery energy storage systems ("BESS"), but also floating offshore wind and green hydrogen power plants. The Investment Adviser is well positioned to participate in this stage of the green energy transition given its dedicated BESS team already manages 1.74 GW of installed capacity, across a pipeline of 25 projects throughout Europe, and the Company can invest up to 20% of GAV into BESS assets. Thus, we envisage greater investment in the flexibility of grids to integrate the rising demand for renewable generation while improving reliability of supply. Overall, tailwinds behind the sector continue to be strong, with the Company set to benefit from multiple opportunities whilst delivering on a progressive dividend.

Aquila Capital Investmentgesellschaft mbH
25 April 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

1. ENVIRONMENTAL

In 2015, the UN launched 17 Sustainable Development Goals, with the purpose of putting an end to poverty, improving health and education, reducing inequality, spurring economic growth and tackling climate change around the world. These goals are set to stimulate action for people, the planet and prosperity, and aim to transform the world by 2030.

UN Sustainable Development Goals

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

40.0%

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

32.0%

A 32.0% renewables share of the energy system

32.5%

A 32.5% improvement in energy efficiency

"The war in Ukraine following the global pandemic has created an exceptional environment for renewable technologies in Europe. The announcement by the European Commission of the European Green Deal Industrial Plan to enhance the competitiveness of Europe´s Net Zero industry and support a faster transition to climate neutrality provides welcome tailwinds and the projected growth of renewables has intensified.

According to the International Energy Association ("IEA")'s 2022 market report, renewable capacity expansion in the next five years will be much faster than what was expected in 2021. From 2022-2027, the IEA projects renewables to grow by almost 2,400 GW, equal to the entire installed power capacity of China today. This is almost 30% higher than what was forecast in the IEA's 2021 report, making it their largest upward revision ever.

In parallel the EU's efforts to regulate the industry using transparency frameworks such as the Sustainable Finance Disclosure Regulation ("SFDR") or the EU Taxonomy aims to further facilitate investment into sustainable activities, including the energy transition. While the alignment with these regulatory standards is not straight-forward, Aquila Capital uses clearly defined mechanisms to measure our climate mitigation impacts and ensure that the construction and operation of renewable energy projects do not come at the expense of the environment and society. Hence, we are confident in our position to benefit from and further support these initiatives."

Angela Wiebeck
Chief Sustainability Officer at Aquila Capital

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

1. ENVIRONMENTAL continued

UN Sustainable Development Goals

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

AER's Contribution to the UN Sustainable Development Goals

Goal	Overview	Contribution towards UN Sustainable Development Goals
Ensure access to affordable, reliable, sustainable and modern energy for all.	• AER's portfolio produces renewable energy which contributes towards Europe's electricity mix. • Renewable energy is a cost-effective source of energy compared to other options. • AER's investments in renewable assets help to support and encourage further investment in the industry.	7 AFFORDABLE AND CLEAN ENERGY
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	• AER targets renewable investments which are supported by high quality components and infrastructure in order to optimise the energy yield and subsequent return to investors. • AER's investments help to support the construction of shared infrastructure (e.g. substations) which enables the further expansion of renewable energy sources. • AER's Investment Adviser, Aquila Capital, is responsible for monitoring and optimising the Company's day-to-day asset performance. This process also involves actively exploring how new technologies and other forms of innovation can be utilised to enhance asset performance and sustainability (energy yield, O&M, asset life).	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Take urgent action to combat climate change and its impacts.	• The Company's 463.8 MW portfolio has the potential to power approximately 240.8 thousand households[1] and avoid approximately 240.8 thousand tonnes of CO_2 emissions. AER has ambitious goals to expand its portfolio, which will be accretive to further CO_2 reduction over time. • As a signatory to the UN Principles for Responsible Investments ("UN PRI"), the Company's Investment Adviser has integrated ESG criteria all along its investment process for real assets, which includes considerations of climate change.	13 CLIMATE ACTION

GRESB

GRESB is a global ESG benchmark for real estate and infrastructure which synthesises Environmental, Social, and Governance ("ESG") data. The Company undertook its second GRESB assessment, with AER achieving an overall score of 88 out of 100 (2020: 84 out of 100), higher than the GRESB average of 82 points amongst its peer group. In addition, AER achieved a 3 out of 5-star GRESB rating (2020: 4 out of 5).

At portfolio level, the score shows an improvement in performance in the category of Leadership, Reporting and Risk Management whilst the score in the two remaining categories of Stakeholder Engagement and Policies was maintained. Meanwhile, at asset level, the rating recognises AER's policy frameworks and strong performance in resource and emission management, including water consumption, greenhouse gas emissions and energy use.

AER and its Investment Adviser will continue to improve their systems and policy frameworks, leading to potentially even higher GRESB ratings and ESG performance in the coming years.

GRESB®

1. Forecast households supplied and avoided CO_2 emissions for the year 2023, based on the portfolio as of 31 December 2022; Guillena forecast is assumed from July 2023.

2. SOCIAL


Desfina, Greece

Desfina Reforestation

At Desfina, the Greek 40 MW wind farm in which the Company acquired 89.0% interest in December 2020, the project company has built a wooden house for the benefit of the Forestry Authority. The house was built at the entrance of the Parnassos National Park; this will support the reforestation process of the landscape in the area, the planting of 2,000 plants and the maintenance, fertilisation and watering of them for the following three years.


Tiza, Spain

Sustainable Construction in Spain

The construction of both Tiza and Albeniz benefited from the integration of a number of sustainability initiatives, including the creation of a barrier of plants around the perimeter of the solar PV (approximately 711 metres), an increase in localised plantations with the addition of 152 units of retama sphaerocarpa and translocation of over 150 olive trees between the two projects, whilst pardoning over 50 additional trees. Additionally, over 200 sheep have been introduced into the solar PVs in order to control the vegetation to avoid possible shading of the solar panels and to avoid possible fires. This is controlled and supervised by the O&M provider, thus resulting in a smooth operation that helps the local shepherds while providing a sustainable vegetation control plan for the solar parks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

2. SOCIAL continued

Tesla, Norway

Tesla Engagement with Local Community

In March 2022, Midtfjellet Wind Farm (Tesla) was awarded the 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[1]: "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, 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 visitors 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."

Benfica III, Spain

Workshop with High School Students in Benfica III

In May 2022, the Investment Adviser's Asset Management team, Aquila Clean Energy, hosted a training session on solar photovoltaic energy for a group of secondary school students from the Agrupamento de Escolas de Oliveira do Hospital school. The event helped to enhance awareness of both photovoltaic energy and the operation of the Tapadas and Azambuja PV plants (part of the Benfica III portfolio).

The students visited a solar power plant with an installed capacity of more than 15 MW to understand the main characteristics of a PV plant, the different phases of a renewable energy project including the development and operation of a solar plant, and the importance of sustainability for the environment.

Further training was given at the Tapadas and Azambuja PV plants, which are located in Minde, Alcanena Municipality, with the aim of raising awareness of job opportunities related to solar PV energy and its technology. In Portugal the unemployment rate in youths between 16-24 years is 23.5%. These type of initiatives aim to reduce that percentage.

1. Translation of text prepared by Norwea in Norwegian.

3. GOVERNANCE

The independent Board of Directors has the responsibility for AER's sustainability policy and its implementation, with the daily operations being delegated to its independent AIFM, FundRock Management Company (Guernsey) Limited ("FundRock"). FundRock monitors environmental, social and governance risks, which are fully integrated across every single stage of its investment process. Aquila Capital publishes its own ESG report, describing the Investment Adviser's approach to sustainability within 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 in Germany.

Angela Wiebeck has joined the Investment Adviser as Chief Sustainability Officer on 3 October 2022 from her previous role at UBS, with responsibility for designing, expanding, and optimising capabilities in topics such as Net Zero and broader ESG efforts.

Diversity

The Board of Directors is appointed based on expertise and merit, being mindful of the benefits generated by diversity. The Board is comprised of members with different skills and experiences, whilst endeavouring to comply with the Listing Rules on diversity. The current Board is comprised of three men and one woman, all non-executive Directors who have a significant number of years of experience in their relevant fields. The search for a fifth non-executive member of the Board is underway to further enhance the Board's independence, diversity and breadth of experience. Additionally, the Investment Adviser is also mindful of the benefits provided by diversification, both in terms of culture (its employees comprise 56 different nationalities), and in terms of gender (its gender ratio is 58% men and 42% women). Additionally, 27% of people in leadership positions are female, of which two, Susanne Wermter (CEO Aquila Clean Energy) and Christine Brockwell (CPO Aquila Clean Energy), are ranked in the Top 100 Women's Green Fund Power List, honouring women working in wind power worldwide.

AER Board:

3
men

1
woman

Investment Adviser:

58%
men

42%
women

56
different nationalities

Supply Chain Management

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

The Investment Adviser takes a multi-faceted approach to the mitigation of governance risks, limiting exposure to risks within the supply chain. All EPC and Operations and Maintenance (O&M) contracts are negotiated with contractors operating in a country adhering to the European Union's labour minimum standards. Any sourcing of raw materials, components, equipment or services from suppliers domiciled in countries linked to the use of forced labour is made with guarantees that such components are not associated with human rights violations. Moreover, an in-house on-boarding and screening process for suppliers is in place to prevent and mitigate any risk of human rights violations, including a pre-screening of counterparties in terms of bad press risk and a fully-fledged Know Your Customer (KYC) process. All counterparties are monitored by the Investment Adviser according to internal compliance and procurement policies. Measures include the selection of geographies with strong regulatory frameworks, comprehensive internal due diligence processes that examine counterparties and their governance frameworks, and the use of specialist advisers to conduct technical and legal due diligence analyses at the project level. All governance measures are audited by major audit firms on a regular basis.

INVESTMENT POLICY AND KEY PERFORMANCE INDICATORS

Investment Policy

The Company will seek to achieve its investment objective, set out on page 1, through investment in renewable energy infrastructure investments in continental Europe and the Republic of Ireland comprising (i) wind, photovoltaic and hydropower plants that generate electricity through the transformation of the energy of the wind, the sunlight and running water as naturally replenished resources, and (ii) non-generation renewable energy related infrastructure associated with the storage (such as batteries) and transmission (such as distribution grids and transmission lines) of renewable energy, in each case either already operating or in construction/development ("Renewable Energy Infrastructure Investments").

The Company will acquire a mix of controlling and non-controlling interests in Renewable Energy Infrastructure Investments and may use a range of investment instruments in the pursuit of its investment objective, including, but not limited to, equity, mezzanine or debt investments.

In circumstances where the Company does not hold a controlling interest in the relevant investment, the Company will seek, through contractual and other arrangements, to, inter alia, ensure that the Renewable Energy Infrastructure Investment is operated and managed in a manner that is consistent with the Company's investment policy, including any borrowing restrictions.

Investment Restrictions

The Company aims to achieve diversification principally through investing in a range of portfolio assets across a number of distinct geographies and a mix of wind, solar PV and hydro technologies involved in renewable energy generation. The Company will observe the following investment restrictions when making investments:

- no more than 25 per cent. of its Gross Asset Value (including cash) will be invested in any single asset;
- the Company's portfolio will comprise no fewer than six Renewable Energy Infrastructure Investments;
- no more than 20 per cent. of its Gross Asset Value (including cash) will be invested in non-generation renewable energy related infrastructure associated with the storage (such as batteries) and transmission (such as distribution grids and transmission lines) of renewable energy;
- no more than 30 per cent. of its Gross Asset Value (including cash) shall be invested in assets under development and/or construction;
- no more than 50 per cent. of the Gross Asset Value (including cash) will be invested in assets located in any one country;
- no investments will be made in assets located in the UK; and
- no investments will be made in fossil fuel assets.

Compliance with the above restrictions will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment restrictions.

The Company will hold its investments through one or more special purpose vehicles ("SPVs") and the investment restrictions will be applied on a look-through basis.

Although not forming part of the investment restrictions or the Investment Policy, where Renewable Energy Infrastructure Investments benefit from a Power Purchase Agreement, the Company will take reasonable steps to avoid concentration with a single counterparty and intends that no more than 25 per cent. of income revenue received by Renewable Energy Infrastructure Investments will be derived from a single off-taker.

Changes to the Investment Policy

The Directors do not currently intend to propose any material changes to the Company's Investment Policy. Any material changes to the Company's Investment Policy set out above will only be made with the approval of Shareholders.

Hedging

The Company does not intend to use hedging or derivatives for investment purposes but may from time to time use derivative instruments such as futures, options, futures contracts and swaps (collectively "Derivatives") to protect the Company from fluctuations of interest rates or electricity prices. The Derivatives must be traded on a regulated market or by private agreement entered into with financial institutions or reputable entities specialised in this type of transaction.

Liquidity Management

The AIFM will ensure that a liquidity management system is employed for monitoring the Company's liquidity risks. The AIFM will ensure, on behalf of the Company, that the Company's liquidity position is consistent at all times with its investment policy, liquidity profile and distribution policy. Cash held pending investment in Renewable Energy Infrastructure Investments or for working capital purposes will be invested in cash equivalents, near cash instruments, bearer bonds and money market instruments.

Borrowing Limits

The Company may make use of long-term limited recourse debt for Renewable Energy Infrastructure Investments to provide leverage for those specific investments. The Company may also take on long-term structural debt provided that at the time of entering into (or acquiring) any new long-term structural debt (including limited recourse debt), total long-term structural debt will not exceed 50 per cent. of the prevailing Gross Asset Value. For the avoidance of doubt, in calculating gearing, no account will be taken of any Renewable Energy Infrastructure Investments that are made by the Company by way of a debt or a mezzanine investment. In addition, the Company may make use of short-term debt, such as a Revolving Credit Facility, to assist with the acquisition of suitable opportunities as and when they become available. Such short-term debt will be subject to a separate gearing limit so as not to exceed 25 per cent. of the Gross Asset Value at the time of entering into (or acquiring) any such short-term debt.

In circumstances where these aforementioned limits are exceeded as a result of gearing of one or more Renewable Energy Infrastructure Investments in which the Company has a non-controlling interest, the borrowing restrictions will not be deemed to be breached. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

Dividend Policy

The Company is targeting a progressive dividend over the medium term with a minimum dividend of 5 cents per Ordinary Share, subject to having sufficient distributable reserves.

Dividends are expected to be paid quarterly, normally in respect of the three months to 31 March, 30 June, 30 September and 31 December, and are expected to be made by way of interim dividends to be declared in May, August, November and February.

The Company will declare dividends in euros and Shareholders will, by default, receive dividend payments in euros. Shareholders may, on completion of a dividend election form, elect to receive dividend payments in sterling (at their own exchange rate risk). The date on which the exchange rate between euro and sterling is set will be announced at the time the dividend is declared. A further announcement will be made once the exchange rate has been set. Dividend election forms will be available from the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or via telephone 0370 707 1346.

The Company's target dividend for 2023 was announced on 3 February 2023 and is as set out in point (iv) on page 43.

INVESTMENT POLICY AND KEY PERFORMANCE INDICATORS CONTINUED

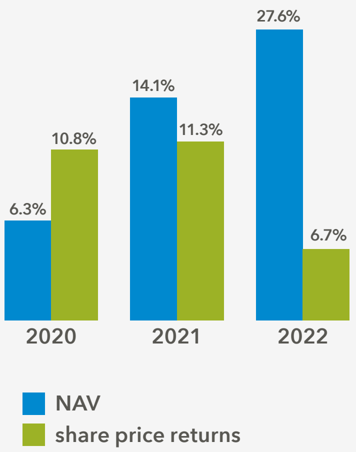
Key Performance Indicators ("KPIs")

The Board measures the Company's success in achieving its investment objective by reference to the following KPIs:

(i) Achievement of NAV and Share Price Growth since IPO (June 2019)

27.6% 2022

(2021: 14.1%)



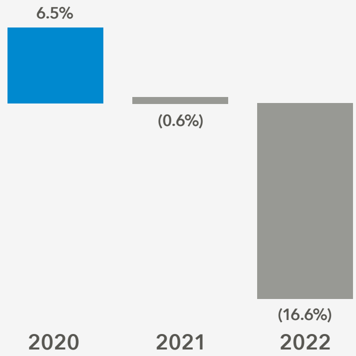
The Board monitors both the NAV and share price performance and compares with other similar investment trusts. A review of performance is undertaken at each quarterly Board meeting and the reasons for relative under and over-performance against various comparators is discussed. The Company's NAV total return and total Shareholder return since IPO (June 2019) to 31 December 2022 was 27.6% and 6.7% (2021: 14.1% and 11.3%) respectively. The Company's NAV total return and share price total return for the year to 31 December 2022 was 12.9% and (4.5%) (2021: 7.6% and 0.5%) respectively. On an annualised basis, the NAV total return per Ordinary Share has achieved 7.1% since IPO.

The Chairman's Statement on pages 8 to 11 incorporates a review of the highlights during the year. The Investment Adviser's Report on pages 12 to 34 highlights investments made and the Company's performance during the year.

(ii) Maintenance of a Reasonable Level of Premium or Discount of Share Price to NAV[1]

(16.6%) 2022

(2021: (0.6%))



The Company's broker monitors the premium or discount on an ongoing basis and keeps the Board updated as and when appropriate. At quarterly Board meetings the Board reviews the premium or discount in the year since the previous meeting in comparison with other investment trusts with a similar mandate. The share price closed at a 16.6% discount to the NAV as at 31 December 2022 (2021: 0.6% discount).

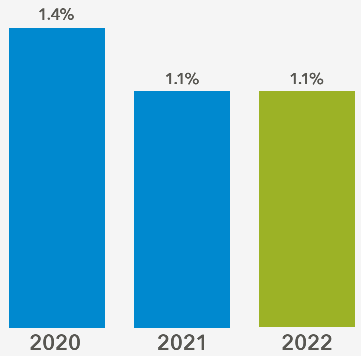
On 3 February 2023, the Board announced the details of a Buyback Programme for up to EUR 20 million in response to the widening discount at which the Company's share price was trading, as compared to its NAV per Ordinary Share, as they believe that the current share price does not accurately reflect the inherent value in the portfolio. This is part of a broader package of initiatives seeking to improve the marketability of the Company's shares. Since that date, the Company has bought back for Treasury a total of 16,652,452 Ordinary Shares for an aggregate amount of EUR 15.9 million.

1. This disclosure is considered to represent the Company's alternative performance measures (APMs). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on pages 112 to 113. All references to cents are in euros, unless stated otherwise.

(iii) Maintenance of a Reasonable Level of Ongoing Charges[1]

1.1% 2022

(2021: 1.1%)



The Board receives management accounts containing an analysis of expenditure and which is reviewed at its quarterly Board meetings. The Board reviews the ongoing charges on a quarterly basis and considers these to be reasonable in comparison to peers.

Based on the Company's average net assets during the year ended 31 December 2022, the Company's ongoing charges figure was calculated in accordance with the Association of Investment Companies ("AIC") methodology.

(iv) To Meet its Target Total Dividend in each Financial Year (cents per share)

Target:

5.51 Cents 2023

(2022: 5.25 cents)

On 3 February 2023, the Company announced a target dividend of 5.51 cents per Ordinary Share ("2023 Target Dividend") in relation to the year ending 31 December 2023. The 2023 Target Dividend is in accordance with the Company's dividend policy to pay a progressive dividend over the medium term and is subject to the portfolio performing in line with expectations. The 2023 Target Dividend represents an increase of 5.0% versus the prior year and followed a 5.0% increase in the 2022 target dividend announced in April 2022.

The dividend target set for 2022 was for not less than 5.25 cents per Ordinary Share, subject to the performance of the portfolio. These were paid in four equal interim dividends which totalled 5.25 cents.

1. This disclosure is considered to represent the Company's alternative performance measures (APMs). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on pages 112 to 113. All references to cents are in euros, unless stated otherwise.

SECTION 172

Section 172 of the Companies Act 2006 requires the Board to act in a way that it considers would most likely promote the success of the Company for the benefit of all stakeholders, taking into account the interests of stakeholders and the environment in its decision-making and to share how this duty has been discharged.

The Board's values – integrity, accountability and transparency – mean that the Board has always worked hard to communicate effectively with the Company's stakeholders. This is a two-way process and the feedback received from the Company's stakeholders is highly valued and factored into the Board's decision-making process.

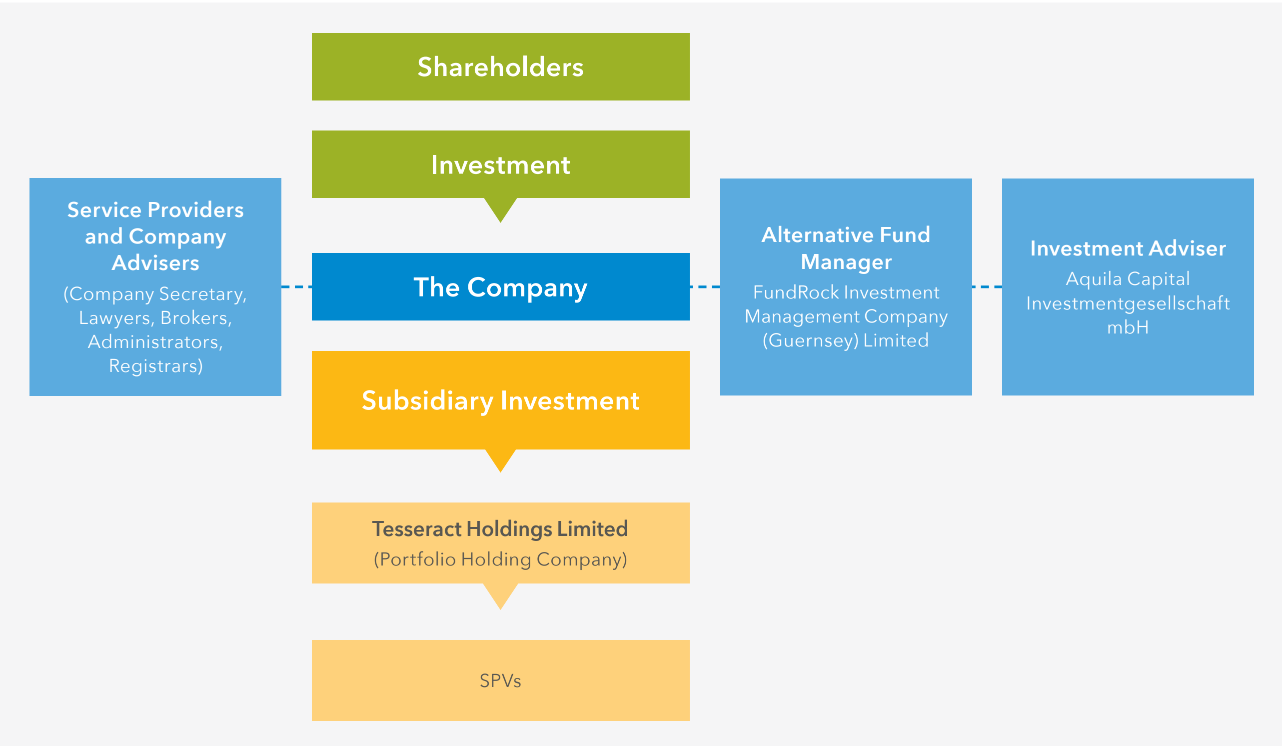
The Company has a range of stakeholders, and this section maps out who they are, what the Board believes their key interests to be, how the Company enables engagement with stakeholders and highlights the key results that have consequently arisen during the year.

Company Sustainability and Stakeholders

As an externally managed investment company, the Company does not have any employees. Its main stakeholders are as set out in the diagram below, which explains the relationship between the Company and each of its stakeholders.

Company's Operating Model

The Company was listed on the main market of the London Stock Exchange on 5 June 2019. The Company's investments are held via its sole subsidiary, Tesseract Holdings Limited, which in turn holds the investment portfolio via a number of Special Purpose Vehicles ("SPVs').



Engagement with Stakeholders

The Board is aware of the need to foster the Company's business relationships with suppliers, customers and other key stakeholders through its stakeholder engagement activities. These activities include meetings, annual reviews, presentations and publications and enable the Board to ensure it fulfils its strategies and discharge its duties under section 172 of the Act.

The Board carried out an annual review of its key service providers, including the Investment Adviser, to understand the culture of its service providers to ensure they and the Company can maintain high standards of business conduct. The annual review process involves the assessment of the service providers' policies and control environments to ensure their continued competitiveness and effectiveness.

Shareholders

As a public company listed on the London Stock Exchange, the Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules. It is a regulatory requirement, for the Board to act fairly between Shareholders. The Board ensures that the Company complies with the Listing Rules at all times and seeks the advice of the Company Secretary, lawyers and corporate broker in its dealings.

The Chairman and key Board members met many of the Company's key investors to gauge their views on the Company's progress since IPO. Separately, the Investment Adviser has participated in a roadshow to meet with the Company's key investors. Additionally, on 29 March 2022, the Company, together with its Investment Adviser, held a Capital Markets Day to provide Shareholders and analysts with further background and information about AER and its investments. The outcome of these meetings was discussed by the Board and as a consequence of these meetings, and in order to better align the Company with its Shareholders, a number of initiatives have been undertaken as detailed below.

In the run-up to year end and following the mini budget announced under the Truss administration, stock markets became more volatile and the Company's discount to NAV widened. In response, and following consultation with the Company's stakeholders, on 3 February 2023, the Board announced the details of a share Buyback Programme for up to EUR 20 million pursuant to the authority granted to the Board at the last Annual General Meeting to purchase up to 14.99% of the Company's issued share capital. The Board authorised the buyback as it believes that the current share price does not accurately reflect the inherent value in the Company's portfolio. Since that date the Company has bought back for Treasury a total of 16,652,452 Ordinary Shares for an aggregate amount of EUR 15.9 million. Since the start of the Buyback Programme, the discount to NAV at which the Company's shares trade has narrowed from 16.6%[1] to 14.6%[1] and the liquidity in the Company's shares has markedly improved.

The Company's name was changed from Aquila European Renewables Income Fund plc to Aquila European Renewables plc to maximise the appeal of the Company across a broader range of investors and other stakeholders. The name change became effective on 3 November 2022.

At its quarterly Board meetings, the Board reviews and discusses detailed reports from the Company's broker and media PR consultants in relation to the Company's share performance, trading and liquidity as well as the composition of, and changes to, the register of Shareholders. Shareholders' views are also considered by the Board at those meetings to assist the Board's decision-making process and to ensure expected returns are achieved and sufficient capital is available to invest in appropriate renewable energy infrastructure investments and to grow the business in line with strategy and expectation. Details of the decisions taken by the Board during the year can be found below under 'Key Decisions made During the Year'.

The Investment Adviser and Board believe that it is important for the Company's continued success to have the potential to access equity capital in order to expand the Company's portfolio over time, to further diversify the investment portfolio, to create economies of scale and, at times when the Company's shares are trading at a premium against its NAV, as a means to manage such premium. The Company's shares traded at a premium early in the year and during that time issued shares to its Investment Adviser in lieu of its quarterly management fees as detailed on page 75. The Company may issue shares from its Treasury account but will only issue shares at a premium to NAV at the time of issue.

To help the Board in its aim to act fairly between the Company's members, it seeks to ensure effective communication is provided to all Shareholders. The Board encourages Shareholders to attend the Annual General Meeting or General Meetings, at which Directors and representatives of the Investment Adviser are available to meet Shareholders in person and answer questions. The Annual Report and half-yearly accounts are distributed to the Company's Shareholders and made available on the Company's website. The quarterly factsheet is also available on the Company's website.

The Company's website – www.aquila-european-renewables.com is considered an essential communication channel and information hub for Shareholders. As such, it includes full details of the investment objective, supporting philosophy and investment process and performance along with news, opinions, disclosures, results and key information documents. It also presents information about the Board, its committees and other governance matters and Shareholders are encouraged to view the website in order to better understand the Company.

1. This disclosure is considered to represent the Company's alternative performance measures (APMs). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on pages 112 to 113. All references to cents are in euros, unless stated otherwise.

SECTION 172 CONTINUED

Service Providers

As an externally managed investment trust, the Company conducts all its business through its key service providers. The Board believes that maintaining positive relationships with each of the Company's service providers is important to support the Company's long-term success.

In order to ensure strong working relationships, the Company's key service providers (the Investment Adviser, AIFM, Company Secretary, Administrator) are invited to attend quarterly Board meetings to present their respective reports. This enables the Board to exercise effective oversight of the Company's activities. During the year, the Board spent a considerable amount of time between Board meetings engaging with the Company's key service providers to continue to develop strong working relationships and to determine good working practices to ensure the smooth operational function of the Company. The Board and its advisers seek to maintain constructive relationships with the Company's key service providers on behalf of the Company through the annual review process, regular communications, meetings and the provision of relevant information.

Alternative Investment Fund Manager ("AIFM")

The AIFM is an important service provider for the Company's long-term success. The AIFM has engaged Aquila Capital to act as the Company's the Investment Adviser for the purpose of providing investment advisory services to the Company. The AIFM is responsible for reviewing each investment opportunity prior to being presented to the Board. In addition to the reports the Board receive from the Investment Adviser, it also receives quarterly reports from the AIFM. The Board maintains regular contact with the AIFM in order to foster a constructive working relationship. Additionally, the AIFM is responsible for monitoring the risks faced by the Company and these are regularly discussed at meetings of the Audit and Risk Committee.

Investment Adviser

The Investment Adviser is the most significant service provider to the Company and a description of its role can be found on pages 74 to 75. The performance of the Investment Adviser's is determined by the quality of the Investment Adviser's management team and their ability to source high quality assets at attractive prices.

The Board closely monitors the Company's investment performance in relation to its objectives, investment policy and strategy. To assist the Board, the Investment Adviser provides monthly reports. Additionally, the Investment Adviser presents its quarterly production and operational update reports at each quarterly Board meeting. The Board maintains constructive dialogue between meetings with the Investment Adviser. On a periodic basis, the Board visits the Investment Adviser at its Hamburg office, the site of one of the portfolio assets or one of its other offices so that the Board are able to gain a better understanding of the Investment Adviser, to meet key members of the team and gain further insight into the operation of each asset. The Investment Adviser's remuneration is based on the NAV of the Company. From IPO until 30 June 2023 the Investment Adviser's fees will be paid in shares, which aligns the Investment Adviser's interests with those of the Company's Shareholders.

Portfolio Investments

Prior to being presented to the Board of HoldCo, the Company's wholly owned subsidiary, the Company's Board is presented with potential investment opportunities that have been identified by the Investment Adviser and which have undergone a process of analysis and challenge by the AIFM, including considerations relating to environmental, social and governance issues. The Board considers each proposal against the Company's investment objective (on page 1), investment policy and strategy as disclosed on pages 40 to 43 and with consideration for the wider group of stakeholders. In considering each investment opportunity, the Board considers the Company's long-term success, having particular regard to the following aspects of each proposal:

- potential revenue forecast to be generated by each asset;
- the diversity of the Company's portfolio;
- any community and environmental issues associated with each asset;
- geopolitical risk;
- the length of tenure of each asset;
- hedging aspects to limit risk; and
- funding aspects, including the use of gearing.

As at 31 December 2022, the Company and the HoldCo had EUR 89.9 million of liquidity consisting of EUR 24.7 million in cash on hand plus EUR 65.1 million in an undrawn revolving credit facility. Remaining commitments via Tesseract Holdings Limited amounted to EUR 47.5 million.

Society and the Environment

The Company is an investor in renewable energy assets and is acutely aware of its impact on the environment. The Company has an ESG policy and climate risk strategy which ensure that society and the environment are considered when implementing its investment strategy. The ESG policy is available on request from the Company Secretary. Further details of matters relating to ESG can be found on pages 35 to 39 or on its website at https://www.aquila-european-renewables.com.

Key Decisions made During the Year

Decisions Relating to the Company's Portfolio of Assets

All acquisitions and decisions made during the year in respect of the Company's portfolio of assets, including new acquisitions, PPA agreements, financing or refinancing of the Company's assets and other matters, are detailed in the Investment Adviser's Report on pages 12 to 34.

Investment Adviser's Fees

The Board agreed to purchase or issue shares to the Investment Adviser in relation to fees payable during the year as detailed below:

Date	Issue or purchase of Ordinary Shares	Amount acquired by the Investment Adviser	Price paid per Ordinary Share (EUR)
7 February 2022	Issue	731,520	1.0383
1 June 2022	Issue	554,773	1.021075
1 June 2022	Purchase	176,300	1.0376
5 August 2022	Purchase	760,053	1.01657415
9 November 2022	Purchase	852,206	0.947292

Following year end, and as instructed by the Board, the Company's brokers purchased a further 900,340 Ordinary Shares at a price of 90 cents for Aquila Capital Investmentgesellschaft mbH in lieu of fees due to them in respect of the fourth quarter, in accordance with the Investment Advisory Agreement.

The Board believes issuing shares to the Investment Adviser in lieu of fees further aligns the interests of the Investment Adviser with the Company's Shareholders.

Dividend Guidance

During the year the Board agreed to increase the Company's dividend by 5.0% to 5.25 cents per ordinary share. Since year end, on 3 February 2023, the Board approved a further 5.0% increase to the Company's target dividend to 5.51 cents per share.

Funding Consideration

During the year the Board authorised the AIFM and Investment Adviser to negotiate an increase in the Company's Revolving Credit Facility ("RCF") following which the bank agreed to increase the Company's RCF from EUR 40 million to EUR 100 million and to extend the term until maturity to April 2024. Since then, the Board has instructed the AIFM and Investment Adviser to negotiate a further twelve month extension of the facility to April 2025. Approval to this extension was granted on 21 April 2023.

Name Change

As detailed above, on 31 October 2022, the Board agreed to change the Company's name from Aquila European Renewables Income Fund plc to Aquila European Renewables plc with effect from 3 November 2022, to maximise the appeal of the Company across a broader range of investors and other stakeholders.

Board Changes

On 2 February 2023, Dr Patricia Rodrigues replaced Kenneth MacRitchie as Chair of the Remuneration and Nomination Committee as part of the Board's ongoing commitment to ensure that they maintain suitable diversity and representation within the Board structure. The Board has begun the process of recruiting an additional Board member to further expand its skills base and to enhance its diversity.

RISK AND RISK MANAGEMENT

Principal Risks and Uncertainties

During the year the Company has carried out a robust assessment of its principal and emerging risks and the procedures in place to identify any emerging risks are described below.

Procedures to Identify Principal or Emerging Risks

The Board regularly reviews the Company's risk matrix, with a focus on ensuring that the appropriate controls are in place to mitigate each risk. The experience and knowledge of the Board is important, as is advice received from the Board's service providers, specifically the Alternative Investment Fund Manager ("AIFM"), who is responsible for the risk and portfolio management services and outsources the portfolio management to the Investment Adviser.

1. **Investment Adviser:** the Investment Adviser provides a report to the Board on a quarterly basis or periodically as required on industry trends and insight to future challenges in the renewables sector including the regulatory, political and economic changes likely to impact the renewables sector;
2. **Alternative Investment Fund Manager ("AIFM"):** following advice from the Investment Adviser and other service providers, the AIFM maintains a register of identified risks, including emerging risks, likely to impact the Company;
3. **Broker:** the Broker provides advice periodically specific to the Company on the Company's sector, competitors and the investment company market, whilst working with the Board and Investment Adviser to communicate with Shareholders;
4. **Company Secretary:** the Company Secretary briefs the Board on forthcoming legislation/regulatory change that might impact the Company; and
5. **AIC:** The Company is a member of the Association of Investment Companies, which provides regular technical updates as well as drawing members' attention to forthcoming industry and regulatory issues.

Procedure for Oversight

The Audit and Risk Committee undertakes a review of the Company's risk matrix on a regular basis and a formal review of the risk procedures and controls in place at the AIFM and other key service providers to ensure that emerging (as well as known) risks are adequately identified and, so far as practicable, mitigated.

Principal Risks

The Board considers the following to be the principal risks faced by the Company along with the potential impact of these risks and the steps taken to mitigate them.

Risks	Potential Impact/Description	Mitigation
Economic and Political		
1 **Electricity Prices**	The income and value of the Company's investments may be affected by future changes in the market price of electricity. While some of the revenues of the Company's investments benefit from fixed prices, they are also partly dependent on the wholesale market price of electricity, which is volatile and is affected by a variety of factors, including: • market demand; • generation mix of power plants; • government support for various forms of power generation; • fluctuations in the market price of commodities; and • foreign exchange. There is a risk that the actual prices received vary significantly from the model assumptions, leading to a shortfall in anticipated revenues by the Company. Increased EU goals to push green economies will lead to a ramp up of renewables and capacities with potential to lead to grid oversupply issues resulting in pricing pressures. The current energy geopolitical crisis in Europe is driving increasing energy prices and volatility which is likely to have an impact on performance. Windfall taxes, regulation and price caps introduced across Europe to curb excess profits could impact the Company's revenue.	The Company holds a balanced mix of investments that benefit from government subsidies as well as long-term fixed price PPAs. Of AER's forecast revenue for the next five years (on a present value basis), approximately 52% will be generated via government tariffs or fixed price PPAs, protecting the Company's revenue from volatile electricity prices. The Investment Adviser retains the services of market-leading energy consultants to assist with determining future power pricing for the respective regions. The underlying SPV companies may use derivative instruments such as futures, options, futures contracts and swaps to protect from fluctuations in future electricity prices. The Investment Adviser models and monitors power price curves on an ongoing basis and will recommend appropriate action. In addition, the Investment Adviser has a dedicated team which is responsible for the origination, negotiation and execution of all PPAs. The Investment Adviser reviews the hedging strategy on a deal-by-deal basis, both at time of investment and on an ongoing basis. Should changes be required to the hedging strategy, these will be recommended to the AIFM and Board.

Risks	Potential Impact/Description	Mitigation
Economic and Political continued		
2 **Act of War/ Sanctions**	As evidenced with the ongoing war in Ukraine and the various restrictions imposed, acts of war and resulting sanctions can lead to O&M supply delays, volatile energy markets and general uncertainty. This can also lead to short-term price increases and more focus on renewable energy infrastructure and increased competition for assets. With increasing competition for renewable investments, new geographies may be considered, potentially introducing additional political and regulatory risks.	The Investment Adviser, utilising its extensive experience, is constantly monitoring geopolitical and macro-economic developments. Where required, external geopolitical and risk analysis is undertaken. The Company does not have any direct exposure to Ukraine or Russia, there are also no direct business relations with counterparties from these countries.
3 **Equity Market Volatility**	Volatility in equity markets may cause the Company's shares to rise or fall and therefore to trade at a premium or a discount to its net asset value. If volatility causes the shares to trade at a discount this could impact the Company's ability to raise further equity to allow it to repay debt or to support further investments. If the shares trade at a significant discount for a period of time, the Company could become vulnerable to a takeover. In addition, loss of confidence by Shareholders may increase the likelihood of attracting votes against the continuation vote to be put to Shareholders at the AGM to be held in June 2023.	The Company's advisers monitor market conditions and report regularly to the Board. In the event that the Company is unable to raise new capital it could defer making any new investments until the stock market recovers and, in extreme circumstances, existing investments could be sold to reduce debt and raise liquidity. The Company's share price recently decreased towards a 20% discount to its net asset value. As a result, the Board introduced a share buyback programme on 3 February 2023. The discount has since narrowed and the Board and its advisers continue to monitor the share price.
4 **Global Recession**	A global recession may lead to electricity pricing volatility as a result of demand and inflationary pressures. Other possible impacts of a global recession include windfall taxes, reduction in availability of debt, reduced access to capital markets for fund raising and increased risk at counterparties as balance sheets become stressed. Inflation assumptions are built into modelling of future revenue and expenditure of investments. Thus changes in inflation can impact, positively or negatively, on individual asset valuations and the resulting net asset value performance of the Company.	The Investment Adviser has a dedicated Markets Management Group team, which is responsible for the origination, negotiation and execution of PPAs. 51.9% of AER's forecast revenue for the next five years (on a present value basis) will be generated via government tariffs or fixed price PPAs, protecting that element of the Company's revenue from volatile electricity prices. Most of the non-contracted revenues and costs of the Company's investments are either indexed or correlated to inflation.
5 **Change in Political Sentiment**	A change in political direction or regulation in one of the countries in which the Company targets investment could lead to changes, reductions, caps or withdrawals of government support arrangements, a windfall tax or potentially the nationalisation of investments. This could have a material impact on the valuation of the investments and the Company's net asset value. Environmental groups may put pressure on the government in relation to its renewables ambitions and permits due to environmental concerns and impact on the projects.	The AIFM, advised by the Investment Adviser with its 17 offices in 16 countries, continuously monitors all jurisdictions in which the Company invests. Tax, legal and ESG due diligence ("DD") is undertaken on each investment and reviewed prior to signing off any investment proposal. Additional due diligence on development and construction assets is undertaken for new investment opportunities in order to avoid or mitigate any potential issues. The Investment Adviser has significant experience in these assets and performs ongoing monitoring of these risks. Regulatory changes at the SPV level are monitored by the Investment Adviser and reported to the Board/AIFM on an ongoing basis.

Risks	Potential Impact/Description	Mitigation
Operational		
6 **Investment Performance**	There is a risk that the portfolio underperforms and, as a result, the target returns are not met over the longer term. This could lead to the dividend not being covered and an inability to pay the target dividend. Adverse weather conditions may impact investment performance through lower-than-expected production levels. Investments under development or construction have higher risk of performance due to permit and leases potential challenges, construction budget slippage and development performance.	Each quarter the Board reviews a report prepared by the Investment Adviser on the portfolio performance. In addition, a monthly production update for each investment is provided to the Board which closely monitors performance of the individual assets. The Investment Adviser has a substantial team of executives employed across various disciplines within the renewables sector in 17 offices in 16 countries who oversee and actively monitor all of the investments. New investments are reviewed and approved by the Board in line with the Company's investment policy of investing in a diversified portfolio across both geography and technology. In the case of development/construction assets, the Investment Adviser puts in place legal agreements with the developer to align all parties for a successful outcome and mitigate the risks associated with the initial phase of the investment.
7 **Environmental /Social/ Governance ("ESG")**	Failure to adhere to its ESG Policy and Impact Strategy could result in the Company being liable for damages or compensation to the extent that such losses are not covered by insurance policies. In addition, adverse publicity or reputational damage could follow. Significant ESG risks to the portfolio could include: **Environmental** – climate change, biodiversity issues or environmental impairment. **Social** – impact on local communities in which the Company's assets operate as well as employee welfare including health and safety incidents. **Governance** – lack of a strong governance framework within the Company could expose it to, among other things, the negative impact of bribery and corruption.	The Investment Adviser performs detailed due diligence on ESG factors for each asset prior to acquisition and on a periodic basis thereafter, taking into consideration each ESG risk identified by the Board and Investment Adviser. Further details on how ESG is mitigated, and the wider approach of the Investment Adviser to ESG matters, can be found on pages 35 to 39 of the Strategic Report.
8 **Competition for Assets**	With increasing numbers of investors seeking exposure to renewable assets, it is possible that new competitors will enter the market in which the Company operates. This could lead to increased pricing for the Company's target investments with corresponding lower returns and slower deployment of uninvested cash.	The track record of the Investment Adviser and its market position and penetration allow it to access potential investments that newer entrants may not have access to. Through the Investment Adviser, the Company has access to a number of assets that are in the development phase, creating a competitive advantage for the Company. The Board is mindful of pricing when it reviews new investment proposals and the need to deliver on the Company's target objective and strategy.
9 **Counterparty Risk**	The majority of the operational risk in the Company's investments is retained by the counterparty or its subcontractors. Failure to properly operate and maintain assets may result in reduction of revenues and value of assets. However, some risks will remain within the investment. Poor performance by a subcontractor may lead to the need for a replacement, which could have cost implications, impacting the performance of the investment and potentially distributions to the Company until the issue is resolved. The value of the Company's investments and the income they generate may be affected by the failure of counterparties to comply with their obligations under a PPA.	Operation and maintenance ("O&M") of assets are subcontracted to a counterparty who is responsible for ensuring effective continuing operation and maintenance of that asset. The Investment Adviser ensures that each such counterparty has the experience and resources to comply with its obligations and monitors compliance on an ongoing basis. Constant monitoring of the investments and the counterparties/service providers allows the Investment Adviser to identify and address risks early. Diversification of counterparties and service providers ensures any impact is limited. The Investment Adviser assesses the credit risk of companies against defined criteria prior to them becoming counterparties to PPAs.

Risks	Potential Impact/Description	Mitigation
Operational continued		
10 **Litigation**	The Company may be subject to litigation either directly or via its subsidiary or at SPV level.	Prior to an investment or the engagement of a third party, a detailed due diligence exercise is undertaken to identify any risks either from subcontractors or any party likely to be impacted by the Company's actions. ESG matters are considered at each investment stage. Local communities and relevant parties are consulted prior to an investment or prior to formal engagement in order to identify any potential grievance. The Company has access to legal advisers who provide advice at each stage of an investment and at each stage in the Company's life.
11 **Performance of the Investment Adviser**	The Investment Adviser manages over EUR 14.7 billion for clients worldwide; there is a risk of conflict when allocating potential new investments across various clients including the Company. The Investment Adviser employs experienced executives to identify, acquire and manage the Company's investments. There is a risk that a key person leaves the Investment Adviser.	The Company and AIFM are made aware of and review potential conflicts of interest at the time of each investment being made. The Investment Adviser procures and provides the Board with an independent fairness valuation opinion, which mitigates the risk where valuations conflict exists. When assets are bought along with other funds managed by the Investment Adviser, the price is externally validated. In addition, an investment allocation policy has been implemented by the Investment Adviser and has been agreed by the Board. The strength and depth of the Investment Adviser's resources mitigate the risk of a key person departure.
12 **IT Security**	A hacker or third party could obtain access to the Investment Adviser or any other service provider and destroy data or use it for malicious purposes. Data records could be destroyed, resulting in an inability to make investment decisions and monitor investments. The pandemic and more recently the Russian and Ukraine war has increased IT security concerns and threats being posed to the Company and operating structure by hackers which may lead to loss of information or even a cash loss.	Service providers have been carefully selected for their expertise and reputation in the sector. Each service provider has provided assurances to the AIFM and the Company on their cyber policies and business continuity plans along with external audit reviews of their procedures where applicable. The Investment Adviser and key service providers have information security policies in place and have appointed IT security officers whose tasks are to provide support for emergency events and crises, the monitoring of the resumption and repair of the IT security measures after completion of a disturbance or incident, and the ongoing development of improvements to the IT security concept. The Investment Adviser's in-house Asset Management team has reviewed the protective measures taken by the counterparties and has further increased the vigilance against cyber-attacks that could affect the performance and infrastructure of the investments. Insurance is in place to cover potential losses from direct attacks. For indirect attacks (e.g. against grid operation or transmission system) the various administrators, operation and maintenance providers are required to maintain sufficient insurance coverage to mitigate possible damages.

RISK AND RISK MANAGEMENT CONTINUED

Risks	Potential Impact/Description	Mitigation
Financial		
13 **Portfolio Valuation**	There is a risk that the Company's asset valuations and underlying assumptions such as future electricity prices and discount rates are not a fair reflection of the market, meaning that the investment portfolio could be over or under-valued.	The principal component of the Company's balance sheet is its portfolio of renewable investments. Each quarter, the AIFM is responsible for preparing a fair market value of the investments, with input and guidance from the Investment Adviser. These valuations and the key underlying assumptions are interrogated by the Board before being approved. The Investment Adviser has a strong track record in undertaking valuations of renewable assets built up over the years since it was founded in 2001. In addition, when a conflicted new investment is being proposed by the Investment Adviser, a fairness valuation opinion from an independent adviser is procured by the Investment Adviser for the AIFM and the Board. The Investment Adviser and broker monitor market competitors and provide feedback on valuation methodologies and assumptions to the valuation team.
14 **Leverage Risk/ Interest Risk**	The use of leverage creates risks including: • exposure to interest rates which can fluctuate; • covenant breaches; • enhanced loss on underperforming investments; and • the ability to refinance assets impacts asset returns and cash flows. Fluctuations in interest rates may impact discount rates which are applied to the portfolio valuations as well as affecting cost of debt in both the underlying SPVs and the Company.	The Company's investment policy restricts the use of leverage to: • Short-term debt: 25% of the prevailing GAV. • Long-term structural debt: 50% of the prevailing GAV. As at 31 December 2022, the Company's subsidiary, Tesseract Holdings Limited, had 4.0% of short-term debt and on SPV level there was 21.6% of long-term structured debt as a percentage of GAV. The AIFM monitors all debt levels against these policy restrictions and reports them to the Board on a quarterly basis. The Investment Adviser provides updates of the covenant compliance to the AIFM and to the Board periodically and looks at refinancing as early as possible. Interest rate risk on bank debt at the asset level is mitigated by the use of hedging instruments. The majority of the Company's long-term structural debt is non-recourse, largely fixed interest rates and fully amortising.
Compliance, Tax and Legal		
15 **Changes to Tax Legislation or Rates**	Changes in tax legislation, base erosion and profit shifting rules, substance, withholding tax rules and rates, could result in tax increases, resulting in a decrease in income received from the Company's investments. A windfall tax on profits from an investment levied by government.	The corporate structure of the Company is reviewed periodically by the Company and its advisers. The Board has been kept informed of the recent introduction of the windfall (and other tax arrangements) taxes introduced across Europe to curb profits of energy providers on a timely basis and has carefully considered the impact on the Company's portfolio, which is further discussed in the Investment Adviser's Report. The Investment Adviser works closely with tax and industry experts prior to providing structuring recommendations to the Company prior to investment and on an ongoing basis.

Risks	Potential Impact/Description	Mitigation
Compliance, Tax and Legal continued		
16 **Regulatory and Compliance Changes**	The Company fails to comply with section 1158 of the Corporation Tax Act to ensure maintenance of investment trust status, UK Listing Authority regulations including Listing Rules, Foreign Account Tax Compliance Act and Alternative Investment Fund Managers Directive ("AIFMD"). The Company fails to comply with relevant ESG rules and regulations and fails to monitor those such as the SFDR, changing disclosure requirements and green washing risks. Failure to comply with the relevant rules and obligations may result in reputational damage to the Company or have a negative financial impact. Possible uncertainty remains with post-Brexit negotiations and eventual trade deals agreed. Unfavourable terms can impact withholding taxes, double tax treaty limitations and various other trading concerns. Additionally, the Company operates in multiple markets throughout Europe, and some have shown signs of changes or potential in regulation as a response to high power prices.	All service providers including the broker, Company Secretary, Administrator, Investment Adviser and AIFM are experienced in these areas and provide comprehensive reporting to the Board and on the compliance of these regulations. The AIFM is experienced in compliance with the AIFMD reporting obligations and reports at least quarterly to the Board. The Investment Adviser actively monitors changes in regulation across the markets in which the Company operates. The Company complies with article 8 of the SFDR and as noted under "ESG" looks to comply with local requirements to mitigate potential risks.
Emerging Risks		
17 **Climate-related risks**	Climate-related risks can be categorised as physical or transitional risks. Physical risks are those associated with the physical effects of climate change. They can be event-driven (acute), such as cyclones, hurricanes, wildfires, heatwaves, pandemics, droughts, and floods; or longer term (chronic) shifts in climate patterns, such as sustained higher temperatures with melting of glaciers and ice sheets causing sea level rise, permafrost melting, chronic heatwaves and desertification, extreme variability in precipitation, land degradation and changes in air quality. Transitional risks are those that arise as economies transition towards less polluting, greener solutions. These include externally imposed risks such as the effect of legal and regulatory requirements or policy changes, changes in societal demands, advancements in technologies, market changes and the consequent business decisions taken to respond to such changes. Transitional risks have the potential to crystallise suddenly, for example as a result of policy changes. Physical or transitional climate-related risks could impact the operation of the Company's assets and hence the production or revenue generated by the portfolio assets.	The Company should be sufficiently protected through hedging of price risks in the event of unforeseen changes in regulatory requirements related to climate change. Insurance is usually in place in the event of acute climate risks such as physical damage due to floods or wildfires resulting in production losses. Financial model forecasts are based on P50 production (the estimated annual amount of electricity generation that has a 50% probability of being exceeded – both in any single year and over the long-term – and a 50% probability of being underachieved) data sourced from energy yield assessments provided by external service providers. The Company also mitigates the frequency of both physical and transitional risks through extensive geographical diversification of its portfolio.
18 **Financial Crises**	Risk of bank failure. On 10 March 2023, Silicon Valley Bank and Signature Bank came close to collapse, prompting US regulators to take control in an attempt to prevent contagion. On 19 March 2023, it was announced that the Swiss government had successfully negotiated the acquisition of Credit Suisse by UBS in order to prevent its collapse and prevent contagion. If either the US regulators or the Swiss Government had been unsuccessful in preventing contagion, the Company's bankers could have been affected, creating difficulties for the Company to operate.	The Company's bankers are carefully chosen based on their credit rating. Further due diligence is undertaken on each bank to ensure they are robust before they are engaged by the Company. The Company's funds are held by a number of banks in order to diversify counterparty risk. Since the 10 March 2023 announcement, the AIFM has undertaken a review of the Company's banking arrangements to identify any exposure to Silicon Valley, Signature and Credit Suisse Banks. Following this analysis, the AIFM has concluded that the Company's exposure is minimal and unlikely to negatively impact the Company.

OTHER INFORMATION

Greenhouse Gas Emissions

As the Company has outsourced operations to third parties, there are no significant greenhouse gas emissions to report in relation to the operation of the Company. The Company qualifies as a low energy user and is therefore exempt from disclosures on greenhouse gas emissions and energy consumption. Investment trusts are currently exempt from TCFD disclosure, but the Board will continue to monitor the situation.

In relation to the Company's investments, the level of greenhouse gas emissions arising from the low volume of electricity imports and from operation and maintenance activity is not considered material for disclosure purposes. Furthermore, as the assets are renewable energy generators, they reduce carbon dioxide emissions on a net basis.

Anti-Bribery, Corruption and Tax Evasion

It is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company does not tolerate the criminal facilitation of tax evasion.

The Company's AIFM, Investment Adviser, Company Secretary, Administrator and Depositary have confirmed that anti-bribery policies and procedures are in place and that they do not tolerate bribery. The Company's policy and the procedures that implement it are designed to support that commitment.

Conflicts of Interest

As required by law, a Director must avoid a situation where he or she has an interest that conflicts with the Company's interests. The Company's Articles of Association provide the Directors authority to authorise potential conflicts of interest. The Directors can impose limits or conditions when giving authorisation if they think this is appropriate. The procedure observed by the Board in considering dealing with conflicted matters is as follows:

- any Board member so conflicted must excuse themself from the discussion involving the relevant conflict;
- only Directors who have no interest in the matter being considered can debate the matter and take the relevant decision; and
- in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success.

The Directors have declared any potential conflicts of interest to the Company. These are entered into the Company's register of potential conflicts, which is reviewed regularly by the Board. The Directors are obliged to advise the Company Secretary as soon as they become aware of any potential conflicts of interest.

The Company has established procedures to deal with any potential conflicts of interest in circumstances where the Aquila Group is advising both the AIFM (for the Company) and Aquila managed funds who are counterparties to the Company. These procedures may, on a case-by-case basis, include:

- separate teams at the Investment Adviser being established in relation to any proposed transaction to represent the Company and the relevant counterparty;
- a fairness opinion on the value of the Renewable Energy Infrastructure Investments to be obtained from an independent expert;
- a due diligence and reporting package from relevant professional advisers on which the Company (or other applicable vehicles) can place reliance;
- the AIFM operating its own risk management system and internal control system as well as monitoring approved systems operated by the Investment Adviser; and

Desfina, Greece

- any conflict of interest arising during the transaction being resolved in accordance with procedures agreed between the Investment Adviser and the AIFM, subject to Board agreement.

Employees

As the Company is an investment trust it does not have any employees as all functions are carried out by third-party service providers. As at 31 December 2022, the Company had four Directors who are non-executive and receive a fixed fee remuneration, of whom three are male and one is female. The Board's policy on diversity is contained in the Corporate Governance Report (see page 63).

Viability Statement

In accordance with the UK Corporate Governance Code and the Listing Rules, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision.

In reviewing the Company's viability, the Directors have assessed the viability of the Company for the period to 31 December 2027 (the "Period").

The Board believes that the Period, being approximately five years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the long-term nature of the Company's investment strategy, which are modelled over five years and the principal risks outlined on pages 48 to 53. Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due over the period to 31 December 2027.

In considering the prospects of the Company, the Directors looked at the key risks facing the Company, HoldCo and the SPVs, focusing on the likelihood and impact of each risk as well as any key contracts, future events or timescales that may be assigned to each key risk. The Directors are satisfied that the Company would continue to remain viable under downside scenarios, including a decline in long term production and power price forecasts, taking into account tax implications and regulatory changes imposed on renewables and on those in the electricity generation market in certain jurisdictions across Europe. These risks, together with the mitigating factors of each, are shown in the Principal Risk section on pages 48 to 53.

As a sector-focused renewable energy investment company, the Company aims to produce stable dividends while preserving the capital value of its investment portfolio. As part of their analysis, the Board were mindful that the Company's portfolio assets, held via HoldCo, are predominantly fully constructed and operating renewable electricity generating facilities with asset lives significantly in excess of the period under consideration.

This assessment also included a detailed review of the issues arising following the war in Ukraine, high volatility in commodity prices, the windfall revenue clawback on inframarginal technologies (e.g. solar PV, wind, nuclear, hydro) and other taxes that currently face the Company's assets as disclosed in the Principal Risk section on pages 48 to 53 and in the Investment Adviser's Report on pages 12 to 34. The Board have also considered the impact of climate related events on the Company's assets and on its ability to continue to produce electricity. For example, based on the guidance provided in the Company's February 2023 investor presentation, the Company expects its 2023 target dividend to be fully covered even if forecast power prices decline by 30%.


Tiza, Spain

OTHER INFORMATION CONTINUED

Viability Statement continued

The Company has a low gearing level representing 25.6% as at 31 December 2022 of its Gross Asset Value, comprised of a RCF (which has an undrawn limit of EUR 65 million) and non-recourse debt at the asset level. The Company (via its subsidiaries, where applicable) is in compliance with its covenants related to the RCF and non-recourse debt. The Company has recently negotiated an extension to its RCF which now expires in April 2025. The Board and advisers have analysed the covenants of the RCF and based on stress testing the Company's RCF covenants, significant headroom exists in relation to both the Interest Coverage Ratio ("ICR") and Loan to Value Ratios. For example, based on the Company's RCF compliance certificate for Q4 2022, forward cash flows would have to reduce by over 65% in order to breach the Company's ICR ratio.

The Board have also considered the failure of Silicon Valley Bank and Credit Suisse and the Impact of contagion, and have concluded that the Company's counterparty banking relations are unaffected and are sufficiently robust.

The Directors believe that the Company is well placed to manage its business risks successfully over both the short and long term and accordingly, the Board has a reasonable expectation that the Company will be able to continue in operation and to meet its liabilities as they fall due for a Period of at least five years.

The internal control framework of the Company is subject to a formal review on at least an annual basis. On a regular basis, the Board reviews the risk report prepared by the AIFM.

The Directors do not expect there to be any material increase in the expenses of the Company over the Period. The Company's income from investments provides substantial cover to the Company's operating expenses and buyback programme, and any other costs likely to be faced by the Company over the Period of the assessment.

The Company is subject to a continuation vote at this year's AGM to be held on 14 June 2023. Following discussions with the Company's broker, Investment Adviser and a number of existing shareholders, the Directors are of the view that the continuation vote will be passed at the forthcoming AGM. The Board believes there are several significant factors that support the Director's view of a positive vote for the Company's continuation as detailed in the Going Concern Statement on pages 78 and 79. If the Continuation Resolution is not passed, then the Directors shall within six months of such Continuation Resolution not being passed, put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company.

Outlook

The outlook for the Company, including the future development and performance of the Company, is discussed in the Chairman's Statement on pages 8 to 11 and the Investment Adviser's Report on pages 12 to 34.

Strategic Report

The Strategic Report set out on pages 1 to 56 of this Annual Report was approved by the Board of Directors on 25 April 2023.

For and on behalf of the Board

Ian Nolan
Chairman of the Board

25 April 2023

GOVERNANCE

WHAT'S IN THIS SECTION

BOARD OF DIRECTORS

IAN NOLAN

Non-executive Chairman

Appointed on 8 April 2019

Ian Nolan led the team that was recruited by the UK Government in 2011 to establish the UK Green Investment Bank and was its Chief Investment Officer until 2014. Previously, Mr Nolan held the position of Chief Investment Officer at 3i Plc and was a Director of Telecity Group Plc. He is currently a Partner and Chairman of the Investment Committee of Circularity Capital LLP. Mr Nolan has three decades of experience in finance, private equity and investment management. He qualified as a chartered accountant with Arthur Andersen and graduated with a BA in Economics from Cambridge University.

Role

Chairman

KENNETH MACRITCHIE

Non-executive Director

Appointed on 8 April 2019

Kenneth MacRitchie has over 30 years' experience of advising on the financing, development and operation of independent power projects across Europe, the Middle East and Africa. He was a partner at the global law firm Clifford Chance and, thereafter, at Shearman & Sterling where he served on their Management Board. He also has experience of advising the UK Government on renewable energy policy and led the establishment of Low Carbon Contracts Company Limited, the UK Government owned company which provides subsidies for the UK renewables industry. He is a graduate of the Universities of Glasgow, Aberdeen and Manchester.

Role

Mr MacRitchie stepped down as Chair of the Remuneration and Nomination Committee on 2 February 2023 but remains a non-executive director of the Company. He is also a member of the Audit and Risk Committee.

R A

Key

R Remuneration and Nomination Committee

A Audit and Risk Committee

DAVID MACLELLAN

Non-executive Director

Appointed on 8 April 2019

David MacLellan is the founder and currently Chairman of RJD Partners, a private equity business focused on the services and leisure sectors. Previously, Mr MacLellan was the Chairman of John Laing Infrastructure Fund and an executive Director of Aberdeen Asset Managers Plc following its acquisition in 2000 of Murray Johnstone, where he was latterly Chief Executive, having joined the company in 1984. Mr MacLellan has served on the boards of a number of companies and is currently a non-executive Director of J&J Denholm Limited. He is a past council member of the British Venture Capital Association and is a member of the Institute of Chartered Accountants of Scotland.

Role

Chair of the Audit and Risk Committee and member of the Remuneration and Nomination Committee.

A R

PATRICIA RODRIGUES

Non-executive Director

Appointed on 17 April 2019

Dr Patricia Rodrigues has over two decades of leadership experience in infrastructure and real asset investment and investment banking. She is a non-executive Director for several companies and funds investing in real assets globally with a focus on ESG, including Legal & General Assurance Society Ltd, and is an Investment Committee member of GLIL Infrastructure and AIIF4 (Africa Infrastructure). She began her finance career at Morgan Stanley and subsequently worked for Macquarie, including as a Managing Director where she led new infrastructure and real asset products globally. She was Head of Portfolio Management for UK Green Investment Bank, before leading the growth strategy of the non-real estate Real Assets business for Townsend (part of AON). Dr Rodrigues graduated with an M Eng-equivalent in Engineering from the University of Porto and a PhD in Engineering from Cambridge University.

Role

Appointed Chair of the Remuneration and Nomination Committee on 2 February 2023, having been a member since IPO. She is also a member of the Audit and Risk Committee.

R A

Key

R Remuneration and Nomination Committee

A Audit and Risk Committee

INVESTMENT ADVISER

CHRISTINE BROCKWELL

Head, Partnerships and Portfolio Advisory

Energy & Infrastructure EMEA

LARS MEISINGER

Head, Client Advisory International and Corporate Development

MICHAEL ANDERSON

Senior Manager, Partnerships and Portfolio Advisory. Michael is the lead Investment Adviser to the Company.

Energy & Infrastructure EMEA

NICOLE ZIMMERMANN

Manager, Partnerships and Portfolio Advisory

Energy & Infrastructure EMEA

DANIEL METZGER

Associate, Partnerships and Portfolio Advisory

Energy & Infrastructure EMEA

PASCAL HERRMANN

Analyst, Partnerships and Portfolio Advisory

Energy & Infrastructure EMEA

CORPORATE GOVERNANCE

Introduction

This Corporate Governance Statement forms part of the Directors' Report.

The Board of the Company has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code") issued in February 2019. The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders.

The AIC Code is available on the AIC website (www.theaic.co.uk) and the UK Code can be found on the Financial Reporting Council's website (www.frc.org.uk). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Compliance

Throughout the year ended 31 December 2022 the Company complied with the recommendations of the AIC Code except, as explained below, where the Company does not believe it appropriate to comply.

The Board, being small in size and composed entirely of independent non-executive Directors, has not appointed a Management Engagement Committee.

The engagement of the Investment Adviser, the AIFM and other service providers is considered by the Board as a whole. The Board has also decided not to appoint a Senior Independent Director due to the Board being small in size.

The UK Code includes provisions relating to the role of the Chief Executive, executive Directors' remuneration and the need for an internal audit function. For reasons set out in the AIC Code, the Board considers these provisions are not relevant to the Company as it is an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees, or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board

At the date of this report, the Board consists of four independent non-executive Directors including the Chairman.

The Board believes that during the year to 31 December 2022 its composition was appropriate for an investment company of the Company's nature and size. All Directors are independent of the Investment Adviser and are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are shown on pages 58 and 59.

In line with the AIC Code, the Board has decided that each Director should be subject to annual re-election by Shareholders, although this is not required by the Company's Articles of Association.

The Directors have appointment letters. Copies of the Directors' appointment letters are available on request from the Company Secretary. Upon joining the Board, any new Director will receive an induction, and relevant training is available to Directors on an ongoing basis.

A policy of insurance against Directors' and Officers' liabilities is maintained by the Company.

A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Directors' Indemnities

Subject to the provisions of the Companies Act 2006 and certain provisions contained in the deed of indemnity issued by the Company, the Company has indemnified each of the Directors against all liabilities which any Director may suffer or incur arising out of or in connection with any claim made or proceedings taken against them, or any application made under sections 661(3), 661(4) or 1157 of the Companies Act 2006 by them, on the grounds of their negligence, default, breach of duty or breach of trust, in relation to the Company or any Associated Company.

Board Committees

The Board decides upon the membership and chairmanship of its committees.

Audit and Risk Committee

The report on page 65 provides details of the role, composition and meetings of the Audit and Risk Committee together with a description of the work of the Audit and Risk Committee in discharging its responsibilities. David MacLellan is the Chair of the Audit and Risk Committee and the other members are Kenneth MacRitchie and Patricia Rodrigues.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee will meet at least once a year or more often if required. Its principal duties include identifying and nominating to the Board new Directors, and undertaking an annual performance evaluation of the Board, led by the Committee Chair. For the year to 31 December 2022, Kenneth MacRitchie was the Chair of the Remuneration and Nomination Committee. The other members of the Remuneration and Nomination Committee were David MacLellan and Patricia Rodrigues. On 2 February 2023, Dr Rodrigues became Chair of the Remuneration and Nomination Committee. Mr MacRitchie remains a member of the Remuneration and Nomination Committee. The Committee's other responsibilities are to: (i) consider the remuneration of the Directors; (ii) identify suitable candidates to fill vacancies on the Board; (iii) determine Director nominees for each committee of the Board; (iv) consider the appropriate composition of the Board and its committees; (v) consider succession planning; (vi) consider the annual Board evaluation process and results; and (vii) consider the Company's Remuneration Policy.

Each committee has adopted formal terms of reference, which are reviewed at least annually. Copies of these are available on the Company's website or on request from the Company Secretary.

The Board as a whole also fulfils the functions of a Management Engagement Committee. The Board will annually review and consider the actions and judgements of management in relation to the Interim and Annual Financial Statements, and the Company's compliance with the UK Code, the Listing Rules, the Disclosure Guidance and Transparency Rules, and the AIC Code. It will review the role of the Investment Adviser and the AIFM and examine the effectiveness of the internal control systems of the Company's key service providers.

Meeting Attendance

Number of meetings held	Quarterly Board meetings	Audit and Risk Committee	Remuneration and Nomination Committee
Ian Nolan[1]	4/4	–	–
David MacLellan	4/4	7/7	1/1
Kenneth MacRitchie	4/4	7/7	1/1
Patricia Rodrigues	4/4	7/7	1/1

In addition, a number of ad hoc Board and committee meetings were held during the year to deal with administrative matters and the formal approval of documents and investment proposals which were considered time critical. The Board also held a Strategy day at which each Board member was in attendance.

1. Ian Nolan is not a member of the Audit and Risk Committee or the Remuneration and Nomination Committee; however, he attended each committee meeting held during the year via invitation from the Chair of each as his contribution was considered valuable.

Decision Making

The Board is responsible for the overall stewardship of the Company's affairs and has adopted a schedule of matters specifically reserved for decision by the Board. Strategic issues and all operational matters of a material nature are considered at its meetings, including reviewing the Company's performance by reference to the Company's key performance indicators. A separate Strategy Day is also held on at least an annual basis, at which key operational and marketing matters are discussed and views and opinions are considered. All Board members attend this meeting, together with key representatives of the Investment Adviser, Brokers, AIFM and Company Secretary.

The Board has access to independent advice at the Company's expense where it judges it necessary to discharge its responsibilities properly.

During the year the Board considered and recommended for approval to the Board of the HoldCo each transaction prior to investment, including, where deemed appropriate, the need for gearing, hedging and the overall structure of each transaction. Prior to being presented to the Board, each transaction was considered by the AIFM, who reviewed it against an agreed set criteria of items to ensure it was suitable for the Company's long-term success and in Shareholders' best interests.

Division of Responsibilities

The following sets out the division of responsibilities between the Chair, the Board and the Committee Chairs.

Role of the Chair includes:

- leadership of the Board;
- ensuring the Board is provided with sufficient information in order to ensure it is able to discharge its duties;
- ensuring each Board member's views are considered and appropriate action taken;
- ensuring that each committee has the support required to fulfil its duties;
- engaging the Board in assessing and improving its performance;
- overseeing the induction and development of Directors;
- supporting the AIFM, Investment Adviser and other service providers;
- seeking regular engagement with major Shareholders in order to understand their views on governance and performance against the Company's investment objective and investment policy;
- ensuring that the Board as a whole has a clear understanding of the views of Shareholders; and
- ensuring regular engagement with each service provider and keeping up to date with key developments.

Role of the Board includes:

- reviewing the Board pack ahead of the meeting;
- providing appropriate opinion, advice and guidance to the Chairman and fellow Board members;
- supporting the Board, Chairman and service providers in fulfilling their roles; and
- providing appropriate support at the AGM.

Role of Committee Chairs includes:

- ensuring appropriate papers are considered at the meeting;
- ensuring Committee members' views and opinions are appropriately considered;
- seeking engagement with Shareholders on significant matters related to their areas of responsibility;
- maintaining relationships with advisers; and
- obtaining independent professional advice where deemed appropriate.

Board Diversity

The Board recognises the benefits of diversity and supports the recommendations of the Davies Report. All Board appointments will be made on merit and have regard to diversity, including factors such as gender, skills, background and experience. As at 31 December 2022, the Company had four Directors, three of whom are male and one is female. Having considered the requirements of the Listing Rules that will shortly come into force that require certain diversity targets to be met, the Board has agreed, following the recommendation of the Remuneration and Nomination Committee, to recruit an additional Board member and have agreed to consider candidates based on merit and against set objective criteria, whilst being mindful of the new Listing Rule. The Board engaged Longwater Partners on 23 February 2023, an organisation that has no links with the Company, to help identify suitable candidates.

CORPORATE GOVERNANCE CONTINUED

Board Tenure

The Board recognises the benefits to the Company of having longer-serving Directors together with progressive refreshment of the Board. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking re-appointment but, when making a recommendation, the Board will take into account the requirements of the AIC Code. The Directors are mindful that they will reach their ninth anniversary simultaneously in April 2028. In order to ensure continuity, the Board has adopted a succession plan that allows for a gradual refreshment. The Board may decide to recommend a Director with more than nine years' service for re-election at the Company's AGM.

In line with corporate governance best practice, all of the Directors will retire and offer themselves for re-election at the AGM of the Company to be held on 14 June 2023. The Board recommends all the Directors stand for re-election.

Performance Evaluation

During the year the Board engaged Lintstock, a company independent of the Board and Company, to carry out a performance evaluation of the Board, its committees, the Chairman and the individual Directors. The evaluation required the Directors to complete detailed questionnaires on the operation of the Board and its committees, the individual contribution of Directors, and the performance of the Chair. The Remuneration and Nomination Committee then met to discuss the results of the performance evaluation and the Board also considered a list of actions resulting from the evaluation. The evaluation of the Chair was led by Kenneth MacRitchie. The evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its committees. The results of the most recent performance evaluation were positive and demonstrated that the Directors showed the necessary commitment for the effective fulfilment of their duties.

Internal Control

The AIC Code requires the Board to review the effectiveness of the Company's system of internal controls. The Board recognises its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board has undertaken a review of the aspects covered by the guidance and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations, and secretarial as being matters of particular importance upon which it requires reports from the relevant key service providers. The Board believes that the existing arrangements, represent an appropriate framework to meet the internal control requirements. The Directors review the effectiveness of the internal control system throughout the year.

Financial Aspects of Internal Control

These are detailed in the Audit and Risk Committee Report on pages 65 to 67.

Other Aspects of Internal Control

The Board holds at least four regular meetings each year, plus additional meetings as required. Between these meetings there is regular contact with the Investment Adviser, the AIFM and the Company Secretary and Administrator.

The Administrator, Apex Listed Companies Services (UK) Limited, reports separately in writing to the Board concerning risks and internal control matters within its remit, including internal financial control procedures and company secretarial matters. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The contact with the Investment Adviser, the AIFM and the Administrator enables the Board to monitor the Company's progress towards its objectives and encompass an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored regularly and a formal review, utilising a detailed risk assessment programme, takes place at least annually. This includes a review of the internal controls reports of the Administrator, the AIFM and the Registrar.

Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency, or liquidity. The principal risks and how they are being managed are set out in the Strategic Report on pages 48 to 53.

AUDIT AND RISK COMMITTEE REPORT

David MacLellan
Audit and Risk Committee Chair

Audit and Risk Committee (the "Committee")

The AIC Code recommends that the Board should establish an Audit Committee comprising at least three or, in the case of smaller companies, two independent non-executive Directors. The Board is required to satisfy itself that the Audit and Risk Committee has recent and relevant financial experience and has competence relevant to the sector in which the Company operates.

Composition

David MacLellan, Kenneth MacRitchie and Patricia Rodrigues are members of the Committee, which is chaired by Mr MacLellan. The Committee has formal written terms of reference and copies of these are available on the Company's website or on request from the Company Secretary. The Committee considers that at least one of its members has recent and relevant financial experience and competence relevant to the sector in which the Company operates.

Role and Responsibilities of the Committee

The Committee's authority and duties are set out in its terms of reference, which are available at https://www.aquila-european-renewables.com/. The Committee carried out the following activities during the year:

- a detailed analysis of the Company's quarterly NAVs, factsheets and underlying assumptions used in calculating the fair market valuation of each renewable energy asset;
- monitored and reviewed the Company's emerging and principal risks and internal controls;
- considering the ongoing assessment of the Company as a going concern;
- considered the appointment, independence, objectivity and remuneration of the auditor;
- reviewed the audit plan, annual financial statements, and half-yearly financial report; and
- considered the financial and other implications on the independence of the auditor arising from the provision of non-audit services.

Internal Audit

The Committee has considered the need for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company as an externally managed investment company with external service providers. The Committee keeps the need for an internal audit function under periodic review.

Financial Aspects of Internal Control

The Directors are responsible for the internal financial control systems of the Company and for reviewing its effectiveness. The aim of the internal financial control system is to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded.

The Board has contractually delegated to external agencies the services the Company requires, but they are fully informed of the internal control framework established by each relevant service provider, who provide reasonable assurance on the effectiveness of internal financial controls.

The Statement of Directors' Responsibilities in respect of the financial statements is on page 81 and a statement of going concern is on pages 78 and 79.

The Independent Auditors' Report is on pages 82 to 87.

AUDIT AND RISK COMMITTEE REPORT

CONTINUED

Internal Audit continued

Financial Statements and Significant Accounting Matters

The Committee reviewed the financial statements and considered the following significant accounting issues in relation to the Company's financial statements for the year ended 31 December 2022:

Valuation and Existence of Investments

The Company's accounting policy is to designate investments at fair value through profit or loss. Therefore, the most significant risk in the Company's financial statements is whether its investments are fairly valued due to the uncertainty involved in determining the investment valuations. The Committee reviewed the procedures in place for ensuring the accurate valuation and existence of investments, and approved the valuation of the Company's investments and their existence at the year end with the Investment Adviser, the AIFM and other service providers.

The Board has approved a Valuation Policy which sets out the valuation process. The process includes a valuation by the Investment Adviser using fair market valuations of the SPV companies that hold the Renewable Energy Infrastructure Investments on an annual basis as at 31 December each year. The valuations are updated as at 31 March, 30 June and 30 September each year. The valuation principles used to calculate the fair value of the assets are based on International Private Equity and Venture Capital Valuation Guidelines.

Fair value for each investment is derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts for revenues and operating costs, and an appropriate discount rate.

The Committee has satisfied itself that the key estimates and assumptions used in the valuation model are appropriate and that the investments have been fairly valued. The key estimates and assumptions include the useful life of the assets, the discount rates, the rate of inflation, the price at which the power and associated benefits can be sold and the amount of electricity the assets are expected to produce.

Recognition of Income

Income may not be accrued in the correct period and/or incorrectly allocated to revenue or capital. The Committee reviewed the Administrator's procedures for recognition of income and reviewed the treatment of income receivable in the year under review.

Tax Status

The Company may suffer tax on gains on the realisation of investments if investment trust status is not maintained. The Committee reviewed the compliance of the Company during the period with the eligibility conditions in order for investment trust status to be maintained.

Going Concern

The Committee reviewed the Company's going concern assessment and concluded that it is appropriate for the Company's financial statements to be prepared on a going concern basis as described in the Directors' Report on pages 78 and 79.

Calculation of the Investment Adviser's Fees

The Committee reviewed the Investment Adviser's fees and concluded that they have been correctly calculated. Details of the Investment Adviser's fees can be found in note 6 to the financial statements.

Conclusion with Respect to the Annual Report

The Committee has concluded that the Annual Report for the year to 31 December 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's business model, strategy and performance. The Committee has reported its conclusions to the Board. The Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the Annual Report.

Audit Arrangements

PricewaterhouseCoopers LLP ("PwC") was selected as the Company's auditor at the time of the Company's launch following a competitive process and review of the auditor's credentials. The auditor was formally appointed in November 2019. The current audit partner, Richard McGuire, was appointed on 14 September 2020. The appointment of the auditor is reviewed annually by the Committee and the Board and is subject to approval by Shareholders. In accordance with the FRC's guidance, the audit will be put out to tender within ten years of the initial appointment of PwC. Additionally, the audit partner must be rotated every five years and is next eligible for rotation in 2025.

The audit plan was presented to the Committee at its November 2022 Committee meeting, ahead of the commencement of the Company's year-end audit. The audit plan sets out the audit process, materiality scope and significant risks.

Internal Control and Risk

During the year the Committee, together with the AIFM and other service providers, carefully considered the Company's matrix of risks and uncertainties (including emerging risks) and appropriate mitigating actions. The procedure for identifying emerging risks can be found on page 48 and the Company's principal risks can be found on pages 48 to 53.

The Committee also considered the internal control reports of its AIFM, Administrator and Registrar. The Committee reviewed these reports and concluded that there were no significant control weaknesses or other issues that needed to be brought to the Board's attention.

Auditors' Independence

The Committee considered the independence of the auditor and the objectivity of the audit process and is satisfied that PwC has fulfilled its obligations to Shareholders and as independent auditor to the Company for the year. After due consideration, the Committee recommends the re-appointment of PwC and their re-appointment will be put forward to the Company's Shareholders at the 2023 AGM.

The Committee is satisfied that there are no issues in respect of the independence of the auditor.

Effectiveness of External Audit

The Committee is responsible for reviewing the effectiveness of the external audit process. The Committee received a presentation of the audit plan from the external auditor prior to the commencement of the audit, and a presentation of the results of the audit following completion of the main audit testing. Additionally, the Committee received feedback from the Company Secretary, Administrator and AIFM regarding the effectiveness of the external audit process. Following the above review, the Committee has agreed that the re-appointment of the auditor should be recommended to the Board and the Shareholders of the Company.

Provision of Non-Audit Services

The Committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditor. The Committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other non-audit services which are not restricted by the policy, and this will be judged on a case-by-case basis.

During 2021, the Company also engaged with PwC to perform reporting accountant services in relation to admission of new shares to trading on the LSE. The Committee has assessed that this non-audit service is a permissible service in accordance with FRC Ethical Standard. PwC received fees of GBP 18,000 (including VAT of GBP 3,000) for non-audit services.

PwC was not engaged to undertake non-audit services for the year ended 31 December 2022.

Committee Evaluation

The Committee's activities were considered as part of the annual performance evaluation which was completed during the year. Further details can be found on page 64. The evaluation process concluded that the Committee was operating effectively and had the appropriate balance of skills and experience.

David MacLellan
Audit and Risk Committee Chair

25 April 2023

DIRECTORS' REMUNERATION REPORT

Dr Patricia Rodrigues
Remuneration and Nomination Committee Chair

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for reviewing the remuneration payable to the Directors, taking into account the relevant circumstances of the Company, the time commitment and relevant experience and skills of the Board and the average fees paid to the boards of the Company's competitors. For the year to 31 December 2022, Kenneth MacRitchie was the Chair of the Remuneration and Nomination Committee. The other members of the Remuneration and Nomination Committee are David MacLellan and Patricia Rodrigues. On 2 February 2023, Dr Rodrigues became Chair of the Remuneration and Nomination Committee and Mr MacRitchie remains a member. The Remuneration and Nomination Committee has formal written terms of reference and copies of these are available on the Company's website or on request from the Company Secretary.

The Remuneration and Nomination Committee met once during the year under review.

Annual Chair's Statement

I am pleased to present the Remuneration Report for the year to 31 December 2022, which has been prepared in accordance with sections 420-422 of the Companies Act 2006. The law requires the Company's auditor to audit certain sections of the Remuneration Report; where this is the case the relevant section has been indicated as such.

Directors' Remuneration

During the year under review, each of the Directors were entitled to receive a fee of EUR 43,000 per annum, except for the Chairman of the Board who receives EUR 75,000 and the Chair of the Audit and Risk Committee who receives a fee of EUR 50,000 per annum. Each of the Directors' fees are in respect of their appointment as a non-executive Director of the Company and their appointment as a non-executive Director of Tesseract Holdings Limited, and are split between the Company and Tesseract Holdings Limited on a 70%/30% basis.

During the year, the Remuneration and Nomination Committee reviewed the Directors' remuneration, and it was agreed that the Board's remuneration, other than the Chairman's, be increased by 5% with effect from 1 January 2023. In carrying out its review, the Committee considered the remuneration of each Board member, taking into consideration their individual role, expected time commitment, experience and skills, and the market expectation of the remuneration paid to the Company's Board and the remuneration paid to other comparable investment trusts.

No commissions or performance-related payments were awarded or would be awarded to the Directors by the Company. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ended 31 December 2022 will be payable out of the assets of the Company.

Directors receive fixed fees and do not receive bonuses or other performance-related remuneration, share options, pension contributions or other benefits apart from the reimbursement of allowable expenses.

No Director has waived or agreed to waive any emoluments from the Company or any subsidiary undertaking.

Remuneration Consideration

The table below sets out the Directors' fees for the past three years.

Role	Annual fee from 1 January 2023 EUR	Annual fee from 1 April 2021 EUR	Annual fee from 8 April 2019 to 31 March 2021 EUR
Chairman	75,000	75,000	75,000
Audit and Risk Committee Chair	52,500	50,000	46,000
Director	45,150	43,000	41,000

AGM Approval of the Remuneration Policy and Remuneration Implementation Report

The Company's Remuneration Policy was last approved by Shareholders at the 2020 AGM. In accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the "Regulations"), the Remuneration Policy is required to be put to Shareholders for approval every three years, unless a material variation to the Remuneration Policy is proposed and in which case Shareholder approval will be sought to amend the policy. Consequently, the Remuneration Policy will be put to Shareholders at the forthcoming AGM to be held on 14 June 2023. The Policy is effective from the date of approval by Shareholders.

Remuneration Consultants

Remuneration consultants were not engaged by the Company during the year under review and in respect of the Remuneration Report.

Loss of Office

There are no agreements in place to compensate the Board for loss of office.

Remuneration Policy

All the Directors are non-executive Directors and the Company has no other employees. The components of the remuneration package for non-executive Directors, which are contained in the Remuneration Policy, are as detailed below:

Current and Future Policy

Component	Director	Purpose of Reward	Operation
Annual fee	Chairman of the Board	For services as Chairman of the Company and its subsidiary, Tesseract Holdings Limited	Determined by the Remuneration and Nomination Committee
Annual fee	Other Directors	For services as non-executive Directors of the Company and its subsidiary, Tesseract Holdings Limited	Determined by the Remuneration and Nomination Committee
Additional fee	Chair of each committee	For additional responsibility and time commitment, if deemed appropriate	Determined by the Remuneration and Nomination Committee
Expenses	All Directors	Reimbursement of expenses incurred in the performance of their duties	Submission of appropriate supporting documentation to the Chairman or a fellow Board member.

In accordance with the Company's Articles of Association, Board fees in aggregate cannot exceed EUR 500,000 per annum, unless Shareholders approve via an Ordinary resolution at an AGM or General Meeting such other sum.

DIRECTORS' REMUNERATION REPORT
CONTINUED

Directors' Service Contracts

The Directors do not have service contracts with the Company. The Directors have appointment letters which provide for an initial term of three years. In accordance with the AIC Code, the Board will seek annual re-election.

Conflicts of Interest

In accordance with section 439A of the Companies Act 2006, details of the decision-making process for the Board's determination, review and implementation and measures to avoid or manage conflicts of interest, including in considering Board fees, is set out on page 54.

Statement of Consultations

The Company has no employees. Therefore, the process of consulting with employees on the setting of the Remuneration Policy is not applicable.

Fees Payable on Recruitment

The Board will not pay any incentive fees to any person to encourage them to become a Director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors. No such external agency was engaged during the year under review. Since year end, the Board engaged Longwater on 23 February 2023 to assist in the search for an additional Board member as part of the Board's succession plan. Longwater have been instructed to consider candidates based on merit and against set objective criteria, whilst being mindful of the new Listing Rule requirements that require certain diversity targets to be met. Longwater has no links to the Company or to the Board. Fees payable to Longwater are GBP 16,000 on engagement and a further GBP 16,000 once a suitable candidate has been engaged.

Effective Date

The Remuneration Policy was effective from 8 June 2020, when it was last approved by Shareholders at the Company's AGM. The Remuneration Policy is once again scheduled to be put to Shareholders at the forthcoming Annual General Meeting to be held on 14 June 2023. If approved, the Remuneration Policy will become effective from that date.

Remuneration Implementation Report (Table only is Audited)

The table below provides a single figure for the total remuneration of each Director for the year ended 31 December 2022, including percentage increase.

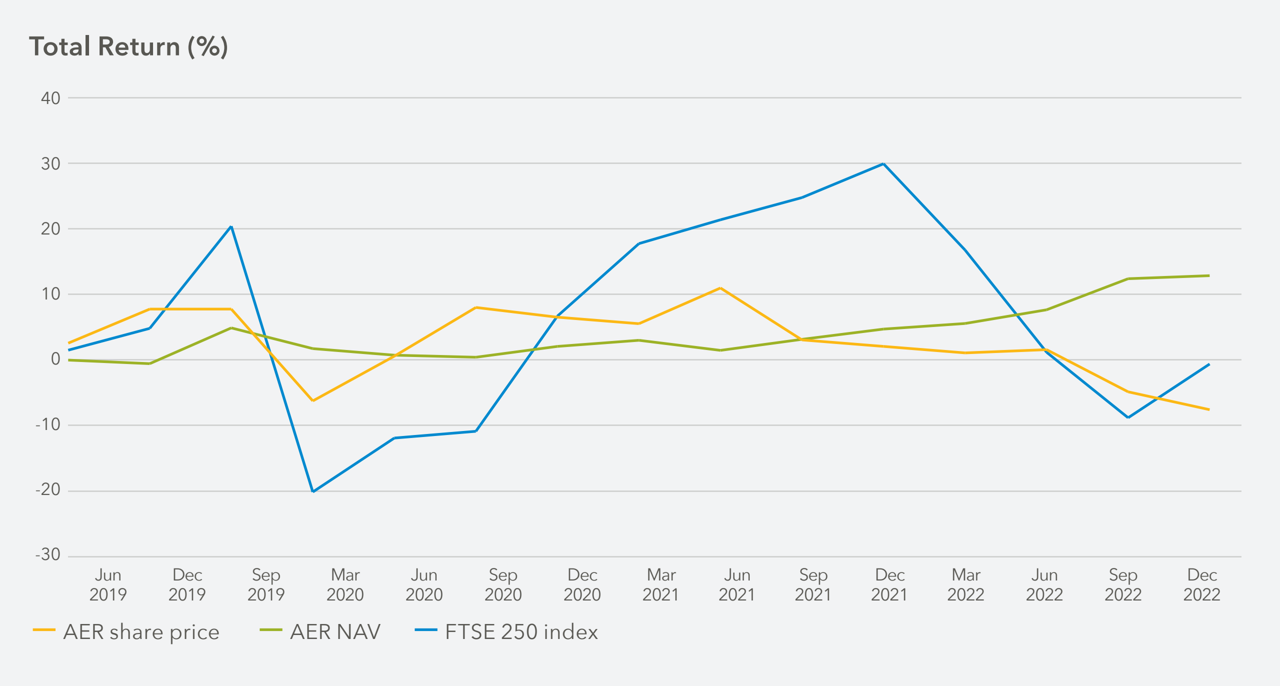
	Year ended 31 December 2022			Year ended 31 December 2021			Percentage increase[1]		
Director	**Fees EUR**	**Taxable benefits EUR**	**Total EUR**	Fees EUR	Taxable benefits EUR	Total EUR	**2022**	2021	2020
Ian Nolan	**75,000**	**–**	**75,000**	75,000	–	75,000	**0.0%**	0.0%	0.0%
David MacLellan	**50,000**	**–**	**50,000**	49,000	–	49,000	**2.0%**	6.5%	0.0%
Kenneth MacRitchie	**43,000**	**–**	**43,000**	42,500	–	42,500	**1.2%**	3.7%	0.0%
Patricia Rodrigues	**43,000**	**–**	**43,000**	42,500	–	42,500	**1.2%**	3.7%	0.0%
Total	**211,000**	**–**	**211,000**	209,000	–	209,000	**1.0%**	3.0%	0.0%

In addition to the above, the Company paid a total of EUR 12,080 in expenses to the Directors (2021: nil). None of the above was paid to third parties. There were no taxable benefits claimed during the years ended 31 December 2022 or 31 December 2021.

1. In accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, these columns have been included to show the annual percentage change over the preceding financial years in respect of each Director. The Board will publish this annual percentage change cumulatively each year until there is an annual percentage change over the five financial years preceding the relevant financial year, in accordance with the new regulation.

Performance

The following chart shows the performance of the Company's NAV and share price total return (with a starting NAV and share price of 98 cents and 100 cents respectively) by comparison to the FTSE 250 index over the period since the Company was listed to the current year end. The Company does not have a specific benchmark but has deemed the FTSE 250 index to be the most appropriate comparator for its performance.



Relative Importance of Spend on Pay

The following table sets out the total level of Directors' remuneration compared to the distributions to Shareholders by way of dividends and share buybacks, and the operating expenses and investment advisory fees incurred by the Company.

	Year ended 31 December 2022 (EUR '000)	Year ended 31 December 2021 (EUR '000)
Spend on Directors' fees	**169**	146
Company's operating expenses and advisory fees	**4,715**	4,070
Dividends paid and payable to Shareholders	**21,165**	18,146

The disclosure of the information in the table above is required under The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 with the exception of investment advisory fees and operating expenses, which have been included to show the total expenses of the Company.

DIRECTORS' REMUNERATION REPORT
CONTINUED

Directors' Holdings (Audited)

At 31 December 2022 and at the date of this report the Directors had the following holdings in the Company. There is no requirement for Directors to hold shares in the Company. All holdings were beneficially owned.

	Ordinary Shares as at 31 December 2022	Ordinary Shares as at 31 December 2021
Ian Nolan	**100,000**	100,000
David MacLellan	**75,000**	75,000
Kenneth MacRitchie	**50,000**	50,000
Patricia Rodrigues	**50,000**	50,000

In the period from 1 January 2023 to the date of this report Mr Nolan and Mr MacLellan purchased the following shares:

	Date of transaction	Price paid per share	Shares purchased	Subsequent holding in the Company
David MacLellan	3 February 2023	EUR 0.90708	50,000	125,000
Ian Nolan	3 February 2023	EUR 0.9060	1,210	150,000
		EUR 0.9075	48,790	

Voting on Remuneration Matters at the 2022 AGM and in Respect of Remuneration Policy

Shareholders have not expressed any views on the Company's Remuneration Policy or Remuneration Report.

Other Disclosures

At the last AGM, held on 9 June 2022, the following resolution, including Directors' remuneration, was approved:

Ordinary Resolution 2: To approve the Directors' Remuneration Policy Report included in the Annual Report.

	Shares voted	Percentage
In Favour	267,314,045	100%
Against	261	0%
Withheld	0	0%

Statement

On behalf of the Board, and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Remuneration Policy and Remuneration Implementation Report summarises, as applicable, for the year to 31 December 2022:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Dr Patricia Rodrigues

Remuneration and Nomination Committee Chair

25 April 2023

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2022.

Strategic Report

The Directors' Report should be read in conjunction with the Strategic Report on pages 1 to 56.

Corporate Governance

The Corporate Governance Statement on pages 61 to 64 forms part of this report.

Risk and Risk Management

The Risk and Risk Management section on pages 48 to 53 forms part of this report.

Viability Statement

The Viability Statement on pages 55 and 56 forms part of this report.

Legal and Taxation Status

The Company is an investment company within the meaning of section 833 of the Companies Act 2006. The Company conducts its affairs to meet the requirements for approval as an investment trust under section 1158 of the Corporation Tax Act 2010. The Company received initial approval as an investment trust and the Company must meet eligibility conditions and ongoing requirements for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the year ended 31 December 2022.

Market Information

The Company's Ordinary Shares are listed on the London Stock Exchange ("LSE"). The quarterly NAV per Ordinary Share is published through a regulatory information service.

Retail Distribution of Investment Company Shares via Financial Advisers and Other Third-Party Promoters

As a result of the Financial Conduct Authority ("FCA") rules determining which investment products can be promoted to retail investors, certain investment products are classified as "non-mainstream pooled investment products" and face restrictions on their promotion to retail investors.

The Company has concluded that the distribution of its shares, being shares in an investment trust, is not restricted as a result of the FCA rules described above.

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by financial advisers to retail investors and intends to continue to do so for the foreseeable future.

Articles of Association

Amendments to the Company's Articles of Association require an Ordinary Resolution to be passed by Shareholders.

Management

The Board

The independent Board is responsible to Shareholders for the overall management of the Company. The Board has adopted a Schedule of Matters Reserved for the Board which sets out the division of responsibilities between the Board and its various committees, the Chairman and the Chairs of the various committees, together with the duties of the Board. Further details can be found on page 63.

Through the committees and the use of external independent advisers, the Board manages risk and governance of the Company.

Appointment and Replacement of Board

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association. They require that a Director shall be subject to election at the first Annual General Meeting ("AGM") after appointment and re-election at least every three years thereafter. However, in accordance with the UK Code of Corporate Governance, the Board has resolved that all Directors shall stand for annual re-election at the AGM.

Alternative Investment Fund Manager

The Company is classified as an Alternative Investment Fund under The Alternative Investment Fund Managers' Directive and is therefore required to have an AIFM. FundRock Management Company (Guernsey) Limited is the AIFM of the Company.

DIRECTORS' REPORT CONTINUED

Management continued

Alternative Investment Fund Manager continued

During the year, Apex Group Limited acquired Sanne Group plc and subsequently the name of the AIFM changed from Sanne Fund Management (Guernsey) Limited to FundRock Management Company (Guernsey) Limited.

The AIFM is responsible for portfolio management of the Company, including the following services:

(i) monitoring the Renewable Energy Infrastructure Investments in accordance with the investment policy;

(ii) acquiring or disposing of Renewable Energy Infrastructure Investments (subject to Board approval and as recommended by the Investment Adviser);

(iii) evaluating investment opportunities identified by the Investment Adviser and making relevant recommendations to the Board; and

(iv) acting upon instructions from the Board, and executing transactions on behalf of the Company. Under the terms of the AIFM Agreement, the AIFM is required to provide risk management services to the Company, including:

   a. assisting the Board with the establishment of a risk reporting framework;

   b. monitoring the Company's compliance with the investment policy and the investment restrictions in accordance with the AIFM risk management policies and procedures, and providing regular updates to the Board;

   c. carrying out a risk analysis of the Company's exposures, leverage, counterparty and concentration risk; and

   d. analysing market risk and liquidity risk. The AIFM will be required to record details of executed transactions, carry out reporting obligations to the FCA and prepare investor reports. In addition, the AIFM is required to assist the Board in establishing, maintaining and reviewing valuation policies for calculating the NAV.

The AIFM is entitled to:

(i) a management fee of EUR 100,000 per annum plus an additional amount which is equal to 0.015% per annum of the NAV of the Company that exceeds EUR 300 million;

(ii) an additional fee of EUR 3,000 per annum in respect of each jurisdiction in which a marketing notification has been made in accordance with the AIFM Directive; and

(iii) the reimbursement of the Investment Adviser fee payable by the AIFM to the Investment Adviser as set out below.

An additional fee will be agreed between the AIFM and Company in the event that the AIFM is requested by, or on behalf of, the Company to undertake additional risk and duties outside the scope of the AIFM Agreement.

The AIFM Agreement is terminable by either party on not less than six months' notice in writing. The AIFM Agreement may be terminated earlier by the AIFM with immediate effect in certain circumstances.

The AIFM has the benefit of an indemnity from the Company in relation to liabilities incurred by the AIFM in the discharge of its duties other than those arising by reason of gross negligence, wilful misconduct, or fraud by the AIFM.

Investment Adviser

The AIFM has appointed Aquila Capital Investmentgesellschaft mbH as the Investment Adviser to provide investment advisory services to the AIFM in respect of the Company, pursuant to the Investment Advisory Agreement.

The Investment Adviser is responsible for certain investment advisory services to the Company, including sourcing potential opportunities in which the Company may invest, as well as ongoing monitoring of the Renewable Energy Infrastructure Investments.

The Company will benefit from the advisory services provided to the AIFM in respect of the Company and its Renewable Energy Infrastructure Investments.

The Investment Advisory Agreement will continue in force for an initial period of four years from the date of admission. The Investment Advisory Agreement will continue thereafter on a rolling basis and may be terminated following the initial period of twelve months' notice in writing.

The AIFM has also agreed to indemnify the Investment Adviser for losses that the Investment Adviser may incur in the performance of its duties pursuant to the Investment Advisory Agreement that are not attributable to the fraud, gross negligence, or wilful default of, the Investment Adviser determined by a court of competent jurisdiction.

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

- 0.75% per annum of NAV (plus VAT) of the Company up to EUR 300 million;
- 0.65% per annum of NAV (plus VAT) of the Company between EUR 300 million and EUR 500 million; and
- 0.55% per annum of NAV (plus VAT) of the Company above EUR 500 million.

During the first two years of its appointment, the Investment Adviser has undertaken to apply its fee (net of any applicable tax) in subscribing for, or acquiring, Ordinary Shares and, as announced on 6 August 2021, this arrangement was extended by an additional two years to 30 June 2023. 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 the fee due in the relevant period. The Investment Management Agreement is terminable by either the Investment Adviser or the Company giving to the other not less than six months' written notice. Such notice would not expire earlier than the third anniversary of first admission to the London Stock Exchange.

In accordance with the Investment Advisory Agreement, the Board agreed to purchase or issue shares to the Investment Adviser in relation to fees payable during the year as detailed below in the section headed "Share Capital".

Following year end, and as instructed by the Board, the Company's brokers purchased a further 900,340 Ordinary Shares at a price of 90 cents for Aquila Capital Investmentgesellschaft mbH in lieu of fees due to them in respect of the fourth quarter, in accordance with the Investment Advisory Agreement.

Company Secretary and Administrator

Apex Listed Companies Services (UK) Limited has been appointed to provide company secretarial and administration services to the Company. During the year, Apex Group Limited acquired Sanne Group plc and subsequently the name of the Company Secretary and Administrator changed from Sanne Fund Services (UK) Limited to Apex Listed Companies Services (UK) Limited.

Alternative Investment Fund Managers Directive

In accordance with the AIFMD, the AIFM must ensure that an Annual Report containing certain information on the Company is made available to investors for each financial year. The investment funds sourcebook of the FCA details the requirements of the Annual Report. All the information required by those rules is included in this Annual Report or will be made available on the Company's website which can be found at www.aquila-european-renewables.com.

Continuing Appointment of Service Providers

The Board has committed to undertake a review of the continued appointment of these service providers on an annual basis to ensure these are in the best long-term interests of the Company's Shareholders. It has undertaken a comprehensive service provider review during the year ended 31 December 2022. The Board considered the results of the service provider evaluation and concluded that each offered a satisfactory service and that their continued appointment was in the best long-term interests of the Company.

Share Capital

Shares issued during the year

Event	Date issued	Number of shares issued	Price paid per share (EUR)
Issue of Ordinary Shares to the Investment Adviser pursuant to the Investment Advisory Agreement	7 February 2022	731,520	1.0383
Issue of Ordinary Shares to the Investment Adviser pursuant to the Investment Advisory Agreement	1 June 2022	554,773	1.021075

Purchase of shares to satisfy the Investment Advisory Agreement

During the year under review the following shares were purchased on behalf of the Investment Adviser in full satisfaction of the Investment Advisory Agreement:

Date	Number of shares purchased	Price paid for shares (EUR)
1 June 2022	176,300	1.0376
5 August 2022	760,053	1.01657415
9 November 2022	852,206	0.947292

Following year end and, as instructed by the Board, the Company's brokers purchased a further 900,340 Ordinary Shares at a price of 90 cents for Aquila Capital Investmentgesellschaft mbH in lieu of fees due to them in respect of the fourth quarter, in accordance with the Investment Advisory Agreement.

DIRECTORS' REPORT CONTINUED

Management continued

Share Capital continued

Buyback of shares

No shares were bought back by the Company during the year under review. Since year end, the following shares were bought back for Treasury:

Date	Number of shares purchased	Price paid for shares (EUR)
9 February 2023	462,452	0.949384
10 February 2023	500,000	0.960000
14 February 2023	850,000	0.989962
15 February 2023	500,000	0.987500
16 February 2023	2,000,000	0.972894
20 February 2023	500,000	0.975000
21 February 2023	500,000	0.975000
22 February 2023	500,000	0.970000
24 February 2023	500,000	0.970000
27 February 2023	450,000	0.970000
28 February 2023	550,000	0.970000
1 March 2023	330,000	0.960000
2 March 2023	330,000	0.960000
3 March 2023	330,000	0.960000
6 March 2023	400,000	0.960000
7 March 2023	400,000	0.960000
8 March 2023	500,000	0.960000
9 March 2023	350,000	0.960000
10 March 2023	350,000	0.960000
13 March 2023	350,000	0.950000
14 March 2023	350,000	0.955000
17 March 2023	1,300,000	0.940000
21 March 2023	100,000	0.935000
23 March 2023	1,000,000	0.940000
24 March 2023	750,000	0.940000
27 March 2023	300,000	0.940000
29 March 2023	500,000	0.930000
03 April 2023	350,000	0.930000
04 April 2023	250,000	0.930000
05 April 2023	250,000	0.935000
11 April 2023	350,000	0.935000
12 April 2023	350,000	0.935000
17 April 2023	150,000	0.940000

Voting rights

At the year end the Company's issued share capital comprised 408,225,705 Ordinary Shares (2021: 406,939,412).

Following the above transactions, the Company held 16,652,452 Ordinary Shares in Treasury and there were 391,573,253 Ordinary Shares in circulation.

Each Ordinary Share held entitles the holder to one vote. All Ordinary Shares carry equal voting rights and there are no restrictions on those voting rights. Voting deadlines are stated in the Notice of Meeting and Form of Proxy and are in accordance with the Companies Act 2006.

Restrictions

There are no restrictions on the transfer of Shares, nor are there any limitations or special rights associated with regard to control attached to the Ordinary Shares. There are no agreements between holders regarding their transfer known to the Company, no restrictions on the distribution of dividends and the repayment of capital, and no agreements to which the Company is a party that might affect its control following a successful takeover bid.

Power to issue shares

The Directors had authority to issue up to 500 million Ordinary Shares on a non-pre-emptive basis pursuant to the Placing Programme which opened on 13 October 2020 and closed on 16 September 2021. Under this authority the Company issued 87,424,431 shares on 14 September 2021.

At the 2022 AGM the Company's Shareholders approved a renewal of the authority previously granted at the 2021 AGM to allot up to a maximum of 33% of the Company's issued shares equating to 135,876,722 Ordinary Shares and to disapply pre-emption rights when allotting up to 20% of those Ordinary Shares (equating to 81,534,186 Ordinary Shares). This authority will expire at the forthcoming AGM, where authority will be sought to renew this authority up to a maximum of 20% of the Ordinary Shares in issue as at the date of this report, excluding treasury shares. This authority will be renewed at the forthcoming AGM. Details of the proposed resolutions can be found on page 79 and the Notice of AGM on page 116.

The authority granted by Shareholders to issue Ordinary Shares will provide flexibility to grow the Company and further expand the Company's list of assets. No Ordinary Shares will be issued at a price less than the (cum-income) net asset value per existing Ordinary Share at the time of their issue. Ordinary Share issues are at the discretion of the Board.

Results and Dividend

The Company's revenue profit after tax for the year amounted to EUR 12,339,000 (2021: EUR 7,395,000). The Company made a capital gain after tax of EUR 41,765,000 (2021: EUR 19,229,000). Therefore, the total profit after tax for the Company was EUR 54,104,000 (2021: EUR 26,624,000).

	In respect of the period to	Dividend amount per Ordinary Shares in cents	Pay date	Record date	Ex-dividend date
1st interim dividend	31 March 2022	1.3125	17 June 2022	20 May 2022	19 May 2022
2nd interim dividend	30 June 2022	1.3125	2 September 2022	12 August 2022	11 August 2022
3rd interim dividend	30 September 2022	1.3125	31 October 2022	30 September 2022	29 September 2022
4th interim dividend	31 December 2022	1.3125	17 March 2023	17 February 2023	16 February 2023

Notifiable Shareholders

As at 31 December 2022, the Directors have been formally notified of the following interests in the Company's Ordinary Shares, comprising 3% or more of the issued share capital of the Company:

Shareholder	Holding	Percentage held[1]	Date notified
BlackRock Inc.	53,933,484	13.25	10 December 2021
Insight Investment Management (Global) Limited	23,616,958	5.81	15 September 2021
CCLA Investment Management Limited	20,459,182	5.03	14 December 2021
Baillie Gifford & Co	31,635,414	9.99	13 October 2020
Liontrust Asset Management plc	16,834,058	4.28	13 September 2021
Schroders plc	16,810,336	4.14	17 September 2021
Stichting Jurisdisch Eigendom Privium Sustainable Impact Fund	14,628,800	4.62	15 October 2020

Since year end, the Directors have been formally notified of the following interests in the Company's Ordinary Shares:

Shareholder	Holding	Percentage held[1]	Date notified
Baillie Gifford & Co	19,953,843	4.89	25 January 2023
BlackRock Inc.	53,600,613	13.16	14 February 2023
Stichting Jurisdisch Eigendom Privium Sustainable Impact Fund	16,690,655	4.15	6 March 2023
City Asset Management Plc	12,202,007	3.10	3 April 2023

1. Based on number of Ordinary Shares in circulation at the time of notification.

Settlement of Ordinary Share Transactions

Ordinary Share transactions in the Company are settled by the CREST share settlement system.

Shareholder Engagement

The Board is mindful of the importance of engaging with the Company's Shareholders to gauge their views on topics affecting the Company.

The Board encourage Shareholders to attend the Company's AGM on 14 June 2023 and to exercise their voting rights. Further details on how to do this can be found in the Notes to the Notice of AGM which can be found on pages 118 to 120. Proxy voting figures will be made available shortly after the AGM on the Company's website at https://www.aquila-european-renewables.com/. Here Shareholders can also find the Company's annual and half-yearly accounts, quarterly factsheets, dividend information and other relevant information.

Appointment of Auditors

The Company's auditors, PricewaterhouseCoopers LLP ("PwC"), having expressed their willingness to continue in office as auditors, will be put forward for re-appointment at the Company's AGM and the Board will seek authority to determine their remuneration for the forthcoming year.

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 Company continues to meet its day-to-day liquidity needs through its cash resources and RCF. In reaching this conclusion, the Directors have considered its cash position, income, expense flows, ongoing buyback programme and compliance with the RCF covenants. The Company's net assets as at 31 December 2022 was EUR 451.7 million (2021: EUR 417.4 million). As at 31 December 2022, the Company held EUR 19.9 million (2021: EUR 94.3 million) in cash.

The Company has a low gearing level representing 25.6% as at 31 December 2022 of its Gross Asset Value, comprised of a RCF (which has an undrawn limit of EUR 65 million) and non-recourse debt at the asset level. The Company (via its subsidiaries, where applicable) is in compliance with its covenants related to the RCF and non-recourse debt. The Company has recently negotiated an extension to its RCF which now expires in April 2025. The Board and advisers have analysed the covenants of the RCF and, based on stress testing the Company's RCF covenants, significant headroom exists in relation to both the Interest Coverage Ratio ("ICR") and Loan to Value Ratios. For example, based on the Company's RCF compliance certificate for Q4 2022, forward cash flows would have to reduce by over 65% in order to breach the Company's ICR ratio. The total expenses for the year ended 31 December 2022 were EUR 4.7 million (2021: EUR 4.1 million), which represented approximately 1.1% (2021: 1.1%) of average net assets during the year. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

The major cash outflows of the Company are the payment of dividends, costs relating to the acquisition of new investments and payment due in respect of the settlement of shares purchased in respect of the Company's buyback programme. The Directors are confident that the Company has sufficient cash balances to fund its commitments to Guillena, which as at 31 December 2022 was the Company's only remaining commitment which is intended to be funded via the Company's RCF.

This assessment has included a detailed review of the issues arising following the war in Ukraine; high volatility in commodity prices; the windfall revenue clawback on inframarginal technologies (e.g. solar PV, wind energy, nuclear, hydropower); other taxes that currently face the Company's assets, as discussed in the Chairman's Statement and Investment Adviser's Report on pages 8 to 34 and the impact of climate related events on the Company's assets.

The Directors are also satisfied that the Company would continue to remain viable under downside scenarios, including a decline in long term production and power price forecasts. For example, based on the guidance provided in the Company's February 2023 investor presentation, the Company expects its 2023 target dividend to be fully covered even if forecast power prices decline by 30%.

The underlying SPV revenues are derived from the sale of electricity, 51.9% of which is through Power Purchase Agreements which cover the Company's liabilities.

The Company is subject to a Continuation Resolution at this year's AGM to be held on 14 June 2023. Following discussions with the Company's broker, Investment Adviser and a number of existing shareholders, the Directors are of the view that the Continuation Resolution will be passed at the forthcoming AGM. The Board believes there are several significant factors that support the Director's view of a positive vote for the Company's continuation as detailed below:

- The Company's Investment Adviser is one of the largest participants in the European renewables market and provides the Company with access to a 10 GW development and construction pipeline, providing significant opportunities for long-term growth;
- The recent transformation of the Company's portfolio has resulted in high level of earnings visibility and dividend cover. This has enabled the Board to recently announce a 5% increase to its dividend target for 2023;
- The Company is trading at a forward dividend yield which compares favourably to other renewable funds providing exposure to European assets;
- The Company's portfolio is well positioned, with all of its construction projects completed, relatively low gearing levels (25.6% of Gross Asset Value) and high contracted revenue. In addition, the Investment Adviser is also undertaking due diligence in relation to asset life extensions which could realise further upside within the portfolio;

- The Company has demonstrated a proactive approach to capital allocation following the EUR 20 million share buyback programme announced in February 2023;
- The Board of Directors and Investment Adviser have demonstrated strong shareholder alignment through the commitment of the Investment Adviser to take its management fee in shares since IPO, as well as recent share purchases by select members of the Board and employees of the Investment Adviser; and
- The Company has an efficient cost structure, which is up to 30% less than peers based on its Ongoing Charges as a percentage of Net Asset Value.

If the Continuation Resolution is not passed, then according to the Company's articles, the Directors shall within six months of such Continuation Resolution not being passed, put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company. Accordingly, the Directors expect that if the Continuation Resolution is not passed, an event which the Directors consider to be unlikely, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements.

Auditor Information

Each of the Directors, at the date of the approval of this report, confirms that:

(i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(ii) the Director has taken all steps that he/she ought to have taken as Director to make himself/herself aware of any relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Annual General Meeting

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000.

The Company's AGM will be held on 14 June 2023 at the offices of the Company's lawyers, CMS Cameron McKenna Nabarro Olswang LLP. Full details of the AGM, the resolutions proposed and how to vote by proxy are described in the Notice of Meeting on pages 116 to 117 of this Annual Report and the explanatory notes on pages 118 to 120. Shareholders are welcome at any time to submit questions they may have to aquilacosecmailbox@apexfs.group.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM to be held on 14 June 2023.

Resolution 3 Remuneration Policy

The Remuneration Policy was last put to Shareholders at its AGM held in 2020. Shareholders will be asked to receive and approve the Remuneration Policy of the Company set out in full on page 69 by way of an ordinary resolution at the AGM to be held on 14 June 2023. If successfully passed, the Remuneration Policy will apply immediately following its approval at the AGM. In the event of any proposed material variation to the Remuneration Policy or should the resolutions to approve the Remuneration Policy, or the Remuneration Implementation Report, fail to be passed at the forthcoming AGM, Shareholder approval will be sought for a proposed revised Remuneration Policy.

Resolution 4 Continuation Vote

The Articles of Association require that the Directors propose an ordinary resolution at the AGM to be held in 2023, and every fourth AGM thereafter, that the Company continue its business as a closed-ended investment company for a further four-year period.

Accordingly, resolution 4 proposes that the Company continue its business as a closed-ended investment company. In the event that such a resolution is not passed, the Directors are required to draw up proposals for the reconstruction, reorganisation or liquidation of the Company for consideration by Shareholders at a General Meeting to be convened for a date not more than six months after the date of the meeting at which such ordinary resolution was not passed.

For the reasons set out in the Chairman's Statement on pages 8 to 11, the Board strongly recommends that Shareholders vote in favour of the resolution. The Directors intend to vote their own shareholdings in favour.

Resolutions 12, 13 and 14 Authority to Issue Ordinary Shares and to Dis-apply Pre-emption Rights

At the forthcoming AGM the Board is seeking to renew the authority granted to them at the AGM held on 9 June 2022 to allot up to a maximum of 33.33% of the Company's shares in issue as at the date of the Notice of AGM (equating to 130,511,365 Ordinary Shares, excluding treasury shares) and to dis-apply pre-emption rights when allotting up to 20.0% of those Ordinary Shares (equating to 78,314,650 Ordinary Shares, excluding treasury shares).

The Directors consider that the higher aggregate authority is in keeping with recent revised guidance from the Investment Association in relation to a UK investment company and the UK Pre-Emption Group adapted for the context of an investment company and is justified for the reasons set out below. However, notwithstanding the change in guidance, the Directors are aware that the combined authority to dis-apply pre-emption rights in respect of up to 20% of the Company's issued Ordinary Share capital sought under Resolutions 13 and 14 is high and, accordingly, are offering shareholders the opportunity to grant the usual 10% authority (Resolution 13) with an option to grant an additional 10% authority creating an aggregate 20% authority (Resolution 14). The Directors believe that a higher 20% authority is justified to give the Company flexibility to grow and further expand its assets, as well as to lower the Company's ongoing charges as expenses are diluted. Ordinary Shares will only be issued at a price more than the (cum-income) NAV per existing Ordinary Share at the time of issue, after costs. Ordinary Shares are issued at the discretion of the Board when it is deemed to be in the best interests of Shareholders to do so.

The authority granted under these resolutions will expire at the conclusion of the AGM to be held in 2024 unless renewed prior to this date via a General Meeting. The full text of resolutions 12, 13 and 14 is set out in the Notice of Meeting on pages 116 and 117.

Resolution 15 Renewal of Authority to Purchase own Shares

The Directors were granted authority at the AGM held on 9 June 2022 to make market purchases of up to 14.99% of the Ordinary Shares in issue as at the date of the notice of AGM (28 April 2022) equating to a maximum of 61,193,033 Ordinary shares. During the year ended 31 December 2022, the Company did not utilise its authority to purchase its own shares. Since year end, the Company purchased for treasury a total of 16,652,452 Ordinary Shares.

The authority to make market purchases will expire at the conclusion of the Company's 2023 AGM. The Directors recommend that a new authority to purchase up to 58,696,830 Ordinary Shares (subject to the condition that not more than 14.99% of the Ordinary Shares in issue, excluding treasury shares, at the date of the 2023 AGM are purchased) be granted and a resolution to that effect will be proposed at the AGM. Any Ordinary Shares purchased will either be held in treasury or, if the Directors so determine, cancelled. This authority will expire at the Company's AGM to be held in 2024 unless renewed prior to this date via a General Meeting.

The Companies Act 2006 permits companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This provides the Company with the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. No Ordinary Shares will be sold from treasury at a price less than the (cum-income) NAV per Ordinary Share at the time of their sale unless they are first offered pro rata to existing Shareholders. At the year end the Company did not hold any shares in treasury. At the date of this report, the Company held 16,652,452 Ordinary Shares in treasury.

Ordinary Shares are purchased at the discretion of the Board and when it is deemed to be in the best interests of Shareholders. Ordinary Shares will be purchased for cancellation or for treasury only when the shares are trading at a discount to the net asset value.

Resolution 16 Notice of General Meetings

The Board believes that it is in the best interests of Shareholders of the Company to have the ability to call meetings on 14 clear days' notice should a matter require urgency. The Board will therefore propose resolution 16 at the AGM to approve the reduction in the minimum notice period from 21 to 14 clear days for all General Meetings, other than AGMs.

Once approval is granted, the approval would be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. In accordance with the Shareholders' Rights Directive, the Company will offer the Shareholders the ability to vote by electronic means. This facility will be accessible to all Shareholders, should the Board call a General Meeting at 14 clear days' notice. Short notice will only be used by the Board under appropriate circumstances.

Regulatory Disclosures – Information to be Disclosed in Accordance with Listing Rule 9.8.4.

The Listing Rules require listed companies to report certain information in a single identifiable section of their Annual Report and Financial Statements. The Company confirms that only LR 9.8.4(7) (issue of shares) is applicable during the year under review. Further information can be found on page 75 on the issue of shares undertaken by the Company during the year.

By order of the Board

Jenny Thompson
For and on behalf of
Apex Listed Companies Services (UK) Limited
Company Secretary

25 April 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with international accounting standards in conformity with UK adopted international accounting standards and with the requirements of the Company's Act 2006 as applicable to companies reporting under these standards. Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

Each of the Directors, whose names and functions are listed in Corporate Governance section, confirm that, to the best of their knowledge:

- the Company financial statements, which have been properly prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Ian Nolan
Chairman

25 April 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AQUILA EUROPEAN RENEWABLES PLC

(FORMERLY AQUILA EUROPEAN RENEWABLES INCOME FUND PLC)

Opinion

In our opinion, Aquila European Renewables Plc's (formerly Aquila European Renewables Income Fund Plc's) financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our Audit Approach

Overview

Audit Scope

- The Company invests in renewable energy infrastructure investments through its investment in its wholly-owned subsidiary, Tesseract Holdings Limited.
- The Company is an Investment Trust Company and has appointed Aquila Capital Investmentgesellschaft mbH (the "Investment Adviser") to manage its assets.
- The financial statements are prepared for the Company by Apex Listed Companies Services (UK) Limited (the "Administrator") to whom the Directors delegated the provision of certain administrative functions.

Key Audit Matters

- Valuation of investments held at fair value through profit or loss.
- Ability to continue as a going concern (Continuation Resolution).

Materiality

- Overall materiality: EUR 9,033,000 (2021: EUR 8,349,000) based on 2% of net assets.
- Performance materiality: EUR 6,774,000 (2021: EUR 6,262,000).

The Scope of Our Audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key Audit Matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Ability to continue as a going concern (Continuation Resolution) is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of investments held at fair value through profit or loss	
Refer to the Report of the Audit and Risk Committee, the Accounting Policies and Note 4 to the Financial Statements. The Company has EUR 429 million of investments held at fair value through profit or loss. The fair value of the Company's investments in Tesseract Holdings Limited ("the HoldCo") is determined based on the net assets of the HoldCo and, accordingly, the fair value of the underlying investments within the HoldCo, for which there is no liquid market. The fair value of the underlying investments has principally been valued on a discounted cash flow basis, which necessitates significant estimates in respect of the forecasted cash flows and discount rates applied. Determining the valuation methodology and determining the inputs and assumptions within the valuation is subjective and complex. This, combined with the significance of the investments balance in the statement of financial position, meant that this was a key audit matter for our current year audit.	We planned our audit to critically assess management's assumptions and the investment valuation models in which they are applied. We have assessed whether the valuation methodology adopted for the underlying investments within the HoldCo was appropriate and in line with accounting standards and industry guidelines. We tested the mathematical accuracy of the valuation models. We engaged our internal valuation experts to provide audit support in reviewing and concluding on the fair valuation of a sample of the underlying investment portfolio. Our experts reviewed the appropriateness of the valuation methodology and approach. Our internal valuations experts developed an independent range to benchmark against management's discount rates for each individual asset taking into account country risk premia, gearing, merchant risk exposure and construction risk which vary depending on the asset. Where underlying investments were purchased during the year we have tested the acquisition amounts to supporting documentation. We agreed the key valuation drivers to relevant supporting documentation. Specifically, we have agreed a sample of inputs driving the revenue and expenses in the underlying models to supporting documentation such as signed contracts. No material issues were identified in our testing.
Ability to continue as a going concern (Continuation Resolution)	
The Company's articles of association include a requirement for the Directors to propose an ordinary resolution at the annual general meeting of the Company in 2023 that the Company continues its business as a closed-ended company (the 'Continuation Resolution'). If the Continuation Resolution is passed, the Company will continue its business as a close-ended company and the Directors shall propose a further Continuation Resolution at every fourth annual general meeting thereafter. If the Continuation Resolution is not passed, the Directors shall, within six months after the date of this annual general meeting, put proposals to the shareholders for the reconstruction, reorganisation or liquidation of the Company. A Continuation Resolution is due to take place at the next Annual General Meeting on 14 June 2023, which is within the going concern assessment period. As such, the Directors have considered and assessed the likelihood of the Continuation Resolution passing and the potential impact on the ability of the Company to continue as a going concern. The Directors are of the view that the Continuation Resolution will be passed at the forthcoming annual general meeting. Additionally, the Directors expect that if the Continuation Resolution is not passed, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements. The ability to continue as a going concern was identified as a key audit matter given that this is the first Continuation Resolution since the formation of the Company and there is judgement involved in management's assessment of the likelihood of the Continuation Resolution passing.	We evaluated the Directors' assessment of going concern including the impact of the Continuation Resolution on this assessment. We considered the Directors' assessment of the likelihood of the Continuation Resolution passing. As part of our analysis we also considered the impact if the Continuation Resolution did not pass on the going concern assessment. As part of this evaluation, we performed the following procedures: • We considered the composition of the shareholder register; • We held discussions with the Investment Adviser, the Company's broker, and members of the Board to understand their communications with Shareholders of the Company; • We challenged their assessment of the Shareholder base and share price performance; • We obtained and read the articles of association of the Company to understand the nature of the resolution (ordinary resolution) and the consequences of the resolution not passing. This also included challenging management's assessment that the Company would remain a going concern even in the event where the Continuation Resolution were not to pass, taking into account the likely time scale necessary for proposals to be formulated and implemented. In addition to the procedures above, we assessed the disclosures presented in the Annual Report in relation to going concern and the Continuation Resolution. Further audit procedures and our findings in respect of going concern are set out in the "Conclusions relating to Going Concern" section below.

How We Tailored the Audit Scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The Impact of Climate Risk on our Audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. As part of our valuation procedures, we obtained the third party technical advice used by management to forecast energy production. We have reviewed the appropriateness of disclosures included in the financial statements and have read the Annual Report to consider whether other climate change disclosures are materially consistent with the financial statements and our knowledge obtained in the audit. Based on our procedures performed, no significant findings have been noted.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	EUR 9,033,000 (2021: EUR 8,349,000).
How we determined it	2% of net assets
Rationale for benchmark applied	Net asset value is deemed the appropriate benchmark because Investment Trusts measure their performance on their net asset value.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to EUR 6,774,000 (2021: EUR 6,262,000) for the Company's financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

In addition, based on our judgement, we applied a specific materiality of EUR 1,058,000 (2021: EUR 851,000) to the Revenue column of the Statement of Comprehensive Income. In arriving at this judgement, we considered the fact that Revenue return is a secondary financial indicator of the Company.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above EUR 451,000 (2021: EUR 417,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions Relating to Going Concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtained the Directors' going concern assessment and corroborated key assumptions to underlying documentation and ensured this was consistent with our audit work in these areas;
- Assessed the appropriateness of the key assumptions used both in the base case and downside scenarios, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Tested the integrity of the underlying formulae and calculations within the going concern and cash flow models;
- Considered the appropriateness of the mitigating actions available to the Directors in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the Directors' control and are achievable; and
- Performed procedures over the Continuation Resolution as detailed in the 'Key Audit Matter' above.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Directors' Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

Corporate Governance Statement continued

- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, such as those governed by the Financial Conduct Authority's Listing Rules and ongoing qualification as an Investment Trust under the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (interest income and dividend income) or to increase total shareholders' funds, and management bias in accounting estimates, such as the valuation of investments held at fair value through profit or loss.

Audit procedures performed by the engagement team included:

- Enquiries of the Board of Directors, Investment Adviser and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging of assumptions and judgements made by the Board of Directors and the Investment Adviser in their significant accounting estimates, in particular in relation to the valuation of investments held at fair value through profit or loss (see related key audit matter above);
- Identifying and testing of selected journal entries;
- Reviewing relevant meeting minutes, including those of the Board of Directors and Audit and Risk Committee;
- Assessment of the Company's compliance with the requirements of Section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- Reviewing of financial statement disclosures to underlying supporting documentation; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of This Report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other Required Reporting

Companies Act 2006 Exception Reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the Directors on 5 November 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 December 2019 to 31 December 2022.

Other Matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

25 April 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		For the year ended 31 December 2022			For the year ended 31 December 2021		
	Notes	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Unrealised gains on investments	4	–	41,778	41,778	–	19,236	19,236
Net foreign exchange losses		–	(13)	(13)	–	(7)	(7)
Interest income from shareholder loans	5	15,929	–	15,929	11,783	–	11,783
Dividend income	5	1,200	–	1,200	–	–	–
Investment advisory fees	6	(3,150)	–	(3,150)	(2,682)	–	(2,682)
Other expenses	7	(1,565)	–	(1,565)	(1,388)	–	(1,388)
Profit on ordinary activities before finance costs and taxation		**12,414**	**41,765**	**54,179**	7,713	19,229	26,942
Finance costs	8	(75)	–	(75)	(318)	–	(318)
Profit on ordinary activities before taxation		**12,339**	**41,765**	**54,104**	7,395	19,229	26,624
Taxation	9	–	–	–	–	–	–
Profit on ordinary activities after taxation		**12,339**	**41,765**	**54,104**	7,395	19,229	26,624
Return per Ordinary Share – undiluted (cents)	10	**3.02**	**10.24**	**13.26**	2.15	5.59	7.74
Return per Ordinary Share – diluted (cents)	10	**3.02**	**10.24**	**13.26**	2.14	5.58	7.72

The notes on pages 92 to 111 are an integral part of these financial statements.

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

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

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	As at 31 December 2022 (EUR '000)	As at 31 December 2021 (EUR '000)
Fixed assets			
Investments at fair value through profit or loss	4	**428,641**	316,953
Current assets			
Trade and other receivables	11	**5,630**	9,298
Cash and cash equivalents		**19,893**	94,275
		25,523	103,573
Current liabilities			
Trade and other payables	12	**(2,514)**	(3,083)
		(2,514)	(3,083)
Net current assets		**23,009**	100,490
Net assets		**451,650**	417,443
Capital and reserves: equity			
Share capital	13	**4,082**	4,069
Share premium		**255,643**	254,388
Special reserve	14	**125,082**	134,393
Capital reserve		**65,618**	23,853
Revenue reserve		**1,225**	740
Total Shareholders' funds		**451,650**	417,443
Net assets per Ordinary Share (cents)	15	**110.64c**	102.58c

The notes on pages 92 to 111 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 25 April 2023 and signed on its behalf by:

Ian Nolan
Chairman

Company number 11932433

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**Share capital (EUR '000)**	**Share premium account (EUR '000)**	**Special 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 during the year[1]	13	**13**	**1,313**	**–**	**–**	**–**	**1,326**
Share issue costs		**–**	**(58)**	**–**	**–**	**–**	**(58)**
Profit for the year		**–**	**–**	**–**	**41,765**	**12,339**	**54,104**
Dividend paid	16	**–**	**–**	**(9,311)**	**–**	**(11,854)**	**(21,165)**
Closing equity as at 31 December 2022		**4,082**	**255,643**	**125,082**	**65,618**	**1,225**	**451,650**

	Notes	Share capital (EUR '000)	Share premium account (EUR '000)	Special 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 during the year[1]	13	899	91,664	–	–	–	92,563
Share issue costs		–	(1,627)	–	–	–	(1,627)
Profit for the year		–	–	–	19,229	7,395	26,624
Dividend paid	16	–	–	(10,057)	–	(6,963)	(17,020)
Closing equity as at 31 December 2021		4,069	254,388	134,393	23,853	740	417,443

The notes on pages 92 to 111 are an integral part of these financial statements.

1. During the year, the Company issued 1,286,293 new Ordinary Shares with gross proceeds of EUR 1.33 million (2021: 89,902,303 shares with gross aggregate proceeds of EUR 92.56 million).

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**Year ended 31 December 2022 (EUR '000)**	Year ended 31 December 2021 (EUR '000)
Operating activities			
Profit on ordinary activities before finance costs and taxation		**54,179**	26,942
Adjustment for:			
Unrealised gains on investments		**(41,778)**	(19,236)
Decrease/(increase) in trade and other receivables		**3,668**	(3,535)
Increase in trade and other payables		**859**	273
Net cash flow from operating activities		**16,928**	4,444
Investing activities			
Purchase of investments	4	**(71,369)**	(125,127)
Repayments during the year	4	**1,459**	19,506
Additional contingent consideration		**–**	841
Payment of contingent consideration		**(1,428)**	–
Net cash flow used in investing activities		**(71,338)**	(104,780)
Financing activities			
Proceeds of share issues	13	**1,326**	92,563
Share issue costs		**(58)**	(1,627)
Dividend paid	16	**(21,165)**	(17,020)
Finance costs	8	**(75)**	(318)
Net cash flow from financing activities		**(19,972)**	73,597
Net decrease in cash and cash equivalents		**(74,382)**	(26,739)
Cash and cash equivalents at start of year		**94,275**	121,014
Cash and cash equivalents at end of year		**19,893**	94,275

The notes on pages 92 to 111 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. General Information

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

On 3 November 2022 the Company changed its name from Aquila European Renewables Income Fund Plc to Aquila European Renewables Plc.

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

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

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

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

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

2. Basis of Preparation

The financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006, as applicable to companies reporting under those standards.

The financial statements have also been prepared as far as is relevant and applicable to the Company in accordance with the Statement of Recommended Practice issued by the AIC in April 2021.

The financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies are consistently applied.

The functional currency of the Company is euros as this is the currency of the primary economic environment in which the Company operates. Accordingly, the financial statements are presented in euros, rounded to the nearest thousand euros, unless otherwise stated. The EUR/GBP exchange rate as of 31 December 2022 was 0.8853 (2021: 0.8408).

Accounting for Subsidiary

The Company owns 100% of its subsidiary Tesseract Holdings Limited ("HoldCo" or "THL"). The Company has acquired renewable energy infrastructure investments 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" or "SHL") 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 an investment entity and as described under IFRS 10 values its SPV investments at fair value through profit or loss. SPV investments are investments held at HoldCo. Further details of the HoldCo and SPV structure and investments can be found in note 21, on pages 109 to 111.

Characteristics of an Investment Entity

Under the definition of an investment entity, the Company should satisfy all three of the following tests:

I. Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;
II. Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
III. Company measures and evaluates the performance of substantially all its investments on a fair value basis.

In assessing whether the Company meets the definition of an investment entity set out in IFRS 10 the Directors note that:

I. the Company has multiple investors and obtains funds from a diverse group of Shareholders who would otherwise not have access individually to investing in renewable energy infrastructure investments due to high barriers to entry and capital requirements;
II. the Company intends to hold these renewable energy infrastructure investments, via the HoldCo, for the remainder of their useful life for the purpose of capital appreciation and investment income. The renewable energy infrastructure investments are expected to generate renewable energy output for 25 to 30 years from their relevant commercial operation date; the Directors believe the Company is able to generate returns to the investors during that period; and
III. the Company measures and evaluates the performance of all its investments, held via HoldCo, on a fair value basis which is the most relevant for investors in the Company. Management use fair value information as a primary measurement to evaluate the performance of all the investments and in decision making.

The Directors are of the opinion that the Company meets all the typical characteristics of an investment entity and therefore meets the definition set out in IFRS 10. The Directors are satisfied that investment entity accounting treatment appropriately reflects the Company's activities as an investment trust.

The Directors have also satisfied themselves that Tesseract Holdings Limited meets the characteristic of an investment entity. Tesseract Holdings Limited has one investor, Aquila European Renewables Plc; however, in substance Tesseract Holdings Limited is investing the funds of the investors of Aquila European Renewables Plc on its behalf and is effectively performing investment management services on behalf of many unrelated beneficiary investors.

The Directors believe the treatment outlined above provides the most relevant information to investors.

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 Company continues to meet its day-to-day liquidity needs through its cash resources and RCF. In reaching this conclusion, the Directors have considered its cash position, income, expense flows, ongoing buyback programme and compliance with the RCF covenants. The Company's net assets as at 31 December 2022 was EUR 451.7 million (2021: EUR 417.4 million). As at 31 December 2022, the Company held EUR 19.9 million (2021: EUR 94.3 million) in cash.

The Company has a low gearing level representing 25.6% as at 31 December 2022 of its Gross Asset Value, comprised of a RCF (which has an undrawn limit of EUR 65 million) and non-recourse debt at the asset level. The Company (via its subsidiaries, where applicable) is in compliance with its covenants related to the RCF and non-recourse debt. The Company has recently negotiated an extension to its RCF which now expires in April 2025. The Board and advisers have analysed the covenants of the RCF and, based on stress testing the Company's RCF covenants, significant headroom exists in relation to both the Interest Coverage Ratio ("ICR") and Loan to Value Ratios. For example, based on the Company's RCF compliance certificate for Q4 2022, forward cash flows would have to reduce by over 65% in order to breach the Company's ICR ratio. The total expenses for the year ended 31 December 2022 were EUR 4.7 million (2021: EUR 4.1 million), which represented approximately 1.1% (2021: 1.1%) of average net assets during the year.

At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

The major cash outflows of the Company are the payment of dividends, costs relating to the acquisition of new investments and payment due in respect of the settlement of shares purchased in respect of the Company's buyback programme. The Directors are confident that the Company has sufficient cash balances to fund its commitments to Guillena, which as at 31 December 2022 was the Company's only remaining commitment which is intended to be funded via the Company's RCF.

This assessment has included a detailed review of the issues arising following the war in Ukraine; high volatility in commodity prices; the windfall revenue clawback on inframarginal technologies (e.g. solar PV, wind energy, nuclear, hydropower); other taxes that currently face the Company's assets, as discussed in the Chairman's Statement and Investment Adviser's Report on pages 8 to 34 and the impact of climate related events on the Company's assets. The Directors are also satisfied that the Company would continue to remain viable under downside scenarios, including a decline in long term production and power price forecasts. For example, based on the guidance provided in the Company's February 2023 investor presentation, the Company expects its 2023 target dividend to be fully covered even if forecast power prices decline by 30%.

The underlying SPV revenues are derived from the sale of electricity, 51.9% of which is through Power Purchase Agreements which cover the Company's liabilities.

The Company is subject to a Continuation Resolution at this year's AGM to be held on 14 June 2023. Following discussions with the Company's broker, Investment Adviser and a number of existing shareholders, the Directors are of the view that the Continuation Resolution will be passed at the forthcoming AGM. The Board believes there are several significant factors that support the Director's view of a positive vote for the Company's continuation as detailed below:

- The Company's Investment Adviser is one of the largest participants in the European renewables market and provides the Company with access to a 10 GW development and construction pipeline, providing significant opportunities for long-term growth;
- The recent transformation of the Company's portfolio has resulted in high level of earnings visibility and dividend cover. This has enabled the Board to recently announce a 5% increase to its dividend target for 2023;
- The Company is trading at a forward dividend yield which compares favourably to other renewable funds providing exposure to European assets;
- The Company's portfolio is well positioned, with all of its construction projects completed, relatively low gearing levels (25.6% of Gross Asset Value) and high contracted revenue. In addition, the Investment Adviser is also undertaking due diligence in relation to asset life extensions which could realise further upside within the portfolio;
- The Company has demonstrated a proactive approach to capital allocation following the EUR 20 million share buyback programme announced in February 2023;
- The Board of Directors and Investment Adviser have demonstrated strong shareholder alignment through the commitment of the Investment Adviser to take its management fee in shares since IPO, as well as recent share purchases by select members of the Board and employees of the Investment Adviser; and
- The Company has an efficient cost structure, which is up to 30% less than peers based on its Ongoing Charges as a percentage of Net Asset Value.

If the Continuation Resolution is not passed, then according to the Company's articles, the Directors shall within six months of such Continuation Resolution not being passed, put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company. Accordingly, the Directors expect that if the Continuation Resolution is not passed, an event which the Directors consider to be unlikely, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements.

2. Basis of Preparation continued

Critical Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in certain circumstances that affect reported amounts. These are judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Key Judgements

As disclosed above, the Directors have concluded that the Company and HoldCo meet 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 IFRS 10.

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of assets is managed, and performance is evaluated on a fair value basis.

The Company is primarily focused on fair value information and uses that information to assess the assets performance and to make decisions. The contractual cash flows of the Company's Shareholder loans are solely principal and interest, however, these securities are not held for the purpose of collecting contractual cash flows. The collection of contractual cash flows is only incidental to achieving the Company's business models objective. Consequently, all investments are measured at fair value through profit or loss. The Company considers the equity and Shareholder loan investments to share the same investment characteristics and risks and they are therefore treated as a single unit of account for fair value purposes (IFRS 13) and a single class for financial instrument disclosure purposes (IFRS 9).

As a result, the evaluation of the performance of the Company's investments is done for the entire portfolio on a fair value basis, as is the reporting to the key management personnel and to the investors. In this case, all equity and Shareholder loan investments form part of the same portfolio for which the performance is evaluated on a fair value basis together and reported to the key management personnel in its entirety.

Key Estimation and Uncertainty: Investments at Fair Value Through Profit or Loss

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 lives 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 rates are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different value. The discount rates applied to the cash flows are reviewed annually by the Investment Adviser to ensure they are at the appropriate level. The Investment Adviser will take into consideration market transactions, which are of similar nature, when considering changes to the discount rates used. The weighted average discount rate applied in the December 2022 valuation was 7.2% (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 used for the useful life of the wind assets is 25 to 30 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 lives of hydropower assets are estimated in accordance with their expected concession terms.

Climate risks can also impact the carrying value of the Company's underlying investments. The Company relies (via the HoldCo or relevant SPVs) on third party technical advisers to consider the impact of climate risks when assessing P50 production forecasts. For example, the impact of increasing temperatures on precipitation, evapotranspiration and its subsequent impact on P50 production was recently considered by a third party technical adviser as part of due diligence related to a refinancing for the Company's hydropower asset, Sagres.

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. Long-term power price forecasts are provided by a leading market consultant, updated quarterly, and may be adjusted by the Investment Adviser where more conservative assumptions are considered appropriate.

Specifically commissioned external reports are used to estimate the expected electrical output from the wind and hydropower farm and solar PV assets, taking into account the expected average wind speed at each location and generation data from historical operation. The actual electrical output may differ considerably from that estimated in such a report mainly due to the variability of actual wind to that modelled in any one period. Assumptions around electrical output will be reviewed only if there is good reason to suggest there has been a material change in this expectation.

The P50 level of output is the estimated annual amount of electricity generation (in MW) that has a 50.0% probability of being exceeded both in any single year and over the long term and a 50.0% probability of being under achieved.

The operating costs of the SPV companies are frequently partly or wholly subject to inflation and an assumption is made that inflation will increase at a long-term rate. The SPV's valuation assumes long-term inflation of 2.0% (2021: 2.0%). The impact of physical and transition risks associated with climate change is assessed on a project by project basis and factored into the underlying cash flows as appropriate.

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 4 to the financial statements under sensitivities.

New Standards, Interpretations and Amendments Adopted from 1 January 2022

A number of new standards and amendments to standards are effective for the annual periods beginning after 1 January 2022. None of these have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

New Standards and Amendments Issued but not yet Effective

The relevant new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. These standards are not expected to have a material impact on the Company in future reporting periods and on foreseeable future transactions.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023.

3. Significant Accounting Policies

Financial Instruments

Financial Assets

The Company's financial assets principally comprise of investments held at fair value through profit (Shareholder loan and equity investments) and trade and other receivables.

The Company's Shareholder loan and equity investments in HoldCo are held at fair value through profit or loss. Gains or losses resulting from the movements in fair value are recognised in the Company's Statement of Comprehensive Income at each measurement point. Where there is sufficient value within HoldCo, the Company's Shareholder loans are fair valued at their redeemable amounts and the residual fair value reflected within the Company's equity investments.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial Liabilities

The Company's financial liabilities include trade and other payables, and other short-term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Recognition, Derecognition and Measurement

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Gains and losses resulting from the movement in fair value are recognised in the Statement of Comprehensive Income. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Taxation

Investment trusts which have approval under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains. Shortly after listing, the Company received an approval as an investment trust by HMRC. Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited to the Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. Significant Accounting Policies continued

Deferred Taxation continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Segmental Reporting

The Chief Operating Decision Maker ("CODM"), which is the Board, is of the opinion that the Company is engaged in a single segment of business, being investment in renewable energy infrastructure assets to generate investment returns whilst preserving capital. The financial information used by the CODM to manage the Company presents the business as a single segment.

Income

Income includes investment income from financial assets at fair value through profit or loss and finance income.

Investment income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within investment income when the Company's right to receive income is established.

Interest earned on shareholder loans is recognised on an accruals basis.

Dividend income is recognised when the right to receive it is established, and is reflected in the Statement of Comprehensive Income as investment income.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses are presented as revenue as it is directly attributable to the operations of the Company.

Payment of Investment Advisory Fees in Shares

The Company issues shares to the Investment Adviser in exchange for receiving investment advisory services. The fair value of the investment advisory services received in exchange for shares is recognised as an expense at the time at which the investment advisory fees are earned, with a corresponding increase in equity. The fair value of the investment advisory services is calculated by reference to the definition of investment advisory fees in the Investment Advisory Agreement.

Further details on the Company's share issues to the Investment Adviser are disclosed in note 6 to the financial statements.

Foreign Currency

Transactions denominated in foreign currencies are translated into euros at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the Statement of Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Statement of Comprehensive Income within gains on investments.

Cash and Cash Equivalents

Cash and cash equivalents includes deposits held at call with banks and other short-term deposits with original maturities of three months or less.

Share Capital, Special Reserve and Share Premium

Ordinary Shares are classified as equity. Costs directly attributable to the issue of new shares (that would have been avoided if there had not been a new issue of new shares) are recognised against the value of the Ordinary Share premium account.

Repurchases of the Company's own shares are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4. Investments at Fair Value Through Profit or Loss

	As at 31 December 2022 Investments at Fair Value Through Profit or Loss (EUR '000)	As at 31 December 2021 Investments at Fair Value Through Profit or Loss (EUR '000)
(a) Summary of valuation		
Analysis of closing balance:		
Investments held at fair value through profit or loss	**428,641**	316,953
Total investments	**428,641**	316,953
(b) Movements during the year:		
Opening balance of investments, at cost	**293,068**	225,333
Purchases at cost	**71,369**	87,241
Repayments during the year	**(1,459)**	(19,506)
Cost of investments	**362,978**	293,068
Revaluation of investments to fair value:		
Unrealised movement in fair value of investments	**65,663**	23,885
Balance of capital reserve – investments held	**65,663**	23,885
Fair value of investments	**428,641**	316,953
(c) Gains on investments in year (per Statement of Comprehensive Income)		
Movement in unrealised revaluation of investments held	**41,778**	19,236
Gains on investments	**41,778**	19,236

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 explained in note 2, the Company has made a judgement to fair value both the equity and Shareholder loan investments together. As such, the Company's equity and the Shareholder loan investments in HoldCo have been classified as Level 3 in the fair value hierarchy.

Fair Value Measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 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 are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

	As at 31 December 2022				As at 31 December 2021			
	Level 1 (EUR '000)	**Level 2 (EUR '000)**	**Level 3 (EUR '000)**	**Total (EUR '000)**	Level 1 (EUR '000)	Level 2 (EUR '000)	Level 3 (EUR '000)	Total (EUR '000)
Investments at fair value through profit and loss	**–**	**–**	**428,641**	**428,641**	–	–	316,953	316,953
	–	**–**	**428,641**	**428,641**	–	–	316,953	316,953

4. Investments Held at Fair Value Through Profit or Loss continued

Fair Value Measurements continued

Level 3 continued

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 year ended 31 December 2022.

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

	Year ended 31 December 2022 (EUR '000)	Year ended 31 December 2021 (EUR '000)
Opening balance	**316,953**	229,982
Additions during the year	**71,369**	87,241
Repayments during the year	**(1,459)**	(19,506)
Unrealised gains on investments adjustments	**41,778**	19,236
Closing balance	**428,641**	316,953

Valuation Methodology

The Company owns 100% of its subsidiary Tesseract Holdings 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. HoldCo's cash, working capital balances and fair value of investments are included in calculating fair value of the HoldCo.

The Company acquired underlying investments in SPVs through its investment in the HoldCo.

The Investment Adviser has carried out fair market valuations of the SPV investments as at 31 December 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 held at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement. The following economic assumptions were used in the valuation of the SPVs.

Valuation Assumptions

As at 31 December 2022	
Discount rates	The discount rate used in the valuations is calculated according to internationally recognised methods. Typical components of the discount rate are risk-free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class as well as specific premia for other risks such as development and construction; this is the case for Greco, for example.
Power price	Power prices are based on captured power price forecasts from leading market analysts. The forecasts are independently sourced from providers with coverage in almost all European markets as well as providers with regional expertise. The approach applied to all asset classes (wind energy, solar PV and hydropower) remains unchanged with the first two using a blend of two power price curve providers and the third using a blend of three power price curve providers.
Energy yield/load factors	Estimates are based on third-party energy yield assessments, which consider historic production data (where applicable) and other relevant factors.
Inflation rates	Long-term inflation is based on the monetary policy of the European Central Bank. Short-term inflation assumptions are based on the first two years being sourced from Bloomberg and an interpolation for another two years to the long-term rate.
Asset life	In general, an operating life of 25 to 30 years for onshore wind energy and 30 years for solar PV is assumed. In individual cases, a longer operating life is assumed where the contractual arrangement (i.e. O&M agreement with availability guarantee) supports such an assumption. The operating lives of hydropower assets are estimated in accordance with their expected concession terms. The Investment Adviser is currently undertaking a review of its portfolio to evaluate the prospect of asset life extensions.
Operating expenses	Operating expenses are primarily based on respective contracts and, where not contracted, on the assessment of a technical adviser.

Taxation rates	Underlying country-specific tax rates are derived from due diligence reports from leading tax consulting firms.
Capital expenditure	Based on the contractual position (e.g. EPC agreement), where applicable.

Valuation Sensitivities

The fair value of the Company's investment in HoldCo is ultimately determined by the underlying fair values of the SPV investments. As such, sensitivity analysis is produced to show the impact of changes in key assumptions adopted to arrive at the SPV valuation.

For each of the sensitivities, it is assumed that potential changes occur independently of each other with no effect on any other base case assumption, and that the number of investments in the SPVs remains static throughout the modelled life.

The NAV per share impacts from each sensitivity are shown below:

(i) Discount Rates

The DCF valuation of the SPV investments represents the largest component of the NAV of the Company and the key sensitivities are considered to be the discount rate used in the DCF valuation and assumptions.

The weighted average valuation discount rate applied to calculate the SPV valuation is 7.2% at 31 December 2022.

An increase or decrease in this rate by 0.5% at project level has the following effect on valuation:

Discount rate	NAV per share impact in (EUR cents)	-0.5% change (EUR '000)	Total NAV (EUR '000)	+0.5% change (EUR '000)	NAV per share impact in (EUR cents)
Valuation as of 31 December 2022	**4.8**	**471,283**	**451,650**	**433,174**	**(4.5)**

(ii) Power Price

Long-term power price forecasts are provided by leading market consultants and are updated quarterly. The sensitivity below assumes a 10% increase or decrease in merchant power prices relative to the base case for every year of the asset life. The sensitivity considers a flat 10% movement in power prices for all years, i.e. the effect of adjusting the forecast electricity price assumptions in each of the jurisdictions applicable to the SPV down by 10% and up by 10% from the base case assumptions for each year throughout the operating life of the SPV.

Note the Company intends to renew power price hedges (e.g. in the form of PPAs or other mechanisms) before the existing contracts (PPAs and government regulated tariffs) expire. This rolling hedge strategy is not reflected in the sensitivities illustrated above. When renewing the existing hedges, the Company's power price exposure and, therefore, its sensitivity towards power prices, decreases.

A change in the forecast electricity price assumptions by plus or minus 10% has the following effect on valuation:

Power price	NAV per share impact (EUR cents)	-10.0% (EUR '000)	Total NAV value (EUR '000)	+10.0% (EUR '000)	NAV per share impact (EUR cents)
Valuation as of 31 December 2022	**(10.6)**	**408,308**	**451,650**	**495,715**	**10.8**

(iii) Energy Yield

The base case assumes a "P50" level of output. The P50 output is the estimated annual amount of electricity generation (in MW) that has a 50% probability of being exceeded both in any single year and over the long term and a 50% probability of being under achieved. Hence the P50 is the expected level of generation over the long term. The sensitivity illustrates the effect of assuming "P90 10 years" (a downside case) and "P10 10 years" (an upside case) energy production scenarios. A P90 10 years downside case assumes the average annual level of electricity generation that has a 90% probability of being exceeded over a ten-year period. A P10 10 years upside case assumes the average annual level of electricity generation that has a 10% probability of being exceeded over a ten-year period. This means that the SPV aggregate production outcome for any given ten-year period would be expected to fall somewhere between these P90 and P10 levels with an 80% confidence level, with a 10% probability of it falling below that range of outcomes and a 10% probability of it exceeding that range. The sensitivity does not include the portfolio effect which would reduce the variability because of the geographical diversification. The sensitivity is applied throughout the next ten years.

4. Investments Held at Fair Value Through Profit or Loss continued

Valuation Sensitivities continued

(iii) Energy Yield continued

The table below shows the sensitivity of the SPV value to changes in the energy yield applied to cash flows from project companies in the SPV as per the terms P90, P50 and P10 explained above.

Energy yield	NAV per share impact (EUR cents)	P90 10 years (EUR '000)	Total NAV value (EUR '000)	P10 10 years (EUR '000)	NAV per share impact (EUR cents)
Valuation as of 31 December 2022	**(8.9)**	**415,175**	**451,650**	**488,123**	**9.0**

(iv) Inflation Rates

The projects' income streams are principally a mix of government regulated tariffs, fixed-price PPAs and merchant revenues. Government regulated tariffs and fixed-price PPAs tend not to be inflation linked, whilst merchant revenues are generally subject to inflation. The current contractual life of government regulated tariffs and fixed-price PPAs are shorter than their respective asset lives, meaning, from a valuation perspective, the assets are more exposed to merchant revenues in the late asset life. As described earlier, the Company intends to renew power price hedges (e.g. in the form of PPAs or other mechanisms) before the existing contracts (PPAs and government-regulated tariffs) expire. This rolling hedge strategy is not reflected in the sensitivities illustrated above. The projects' management and maintenance expenses typically move with inflation; however, debt payments are fixed. This results in the SPV returns and valuation being positively correlated to inflation. The SPVs valuation assumes long-term inflation of 2.0% p.a.

The sensitivity illustrates the effect of a 0.5% decrease and a 0.5% increase from the assumed annual inflation rates in the financial model for each year throughout the operating life of the SPV.

Inflation rates	NAV per share impact (EUR cents)	-0.5% (EUR '000)	Total NAV value (EUR '000)	+0.5% (EUR '000)	NAV per share impact (EUR cents)
Valuation as of 31 December 2022	**(4.3)**	**434,122**	**451,650**	**470,280**	**4.6**

(v) Asset Life

In general, an operating life of 25 to 30 years for onshore wind energy and 30 years for solar PV is assumed. In individual cases, a longer operating life is assumed where the contractual set-up (i.e. O&M agreement with availability guarantee) supports such an assumption. The operating lives of hydropower assets are estimated in accordance with their concession term.

The sensitivity below shows the valuation impact from a one-year adjustment to the asset life across the portfolio.

Asset life	NAV per share impact (EUR cents)	-1 year (EUR '000)	Total NAV value (EUR '000)	+1 year (EUR '000)	NAV per share impact (EUR cents)
Valuation as of 31 December 2022	**(2.4)**	**441,663**	**451,650**	**458,869**	**1.8**

(vi) Operating Expenses

The sensitivity shows the effect of a 10.0% decrease and a 10.0% increase to the base case for annual operating costs for the SPV, in each case assuming that the change to the base case for operating costs occurs with effect from 1 January 2023 and that change is applied for the remaining life of the assets.

An increase or decrease in operating expenses by 10% at SPV level has the following effect on valuation:

Operating expenses	NAV per share impact (EUR cents)	-10.0% (EUR '000)	Total NAV value (EUR '000)	+10.0% (EUR '000)	NAV per share impact (EUR cents)
Valuation as of 31 December 2022	**3.6**	**466,393**	**451,650**	**436,281**	**(3.7)**

5. Income from Investments

Income from investments	For the year ended 31 December 2022 (EUR '000)	For the year ended 31 December 2021 (EUR '000)
Interest income from Shareholder loans	**15,929**	11,783
Dividend income	**1,200**	–
Total income	**17,129**	11,783

6. Investment Advisory Fees

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Investment advisory fees	**3,150**	**–**	**3,150**	2,682	–	2,682

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

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

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

c) 0.55% per annum of NAV (plus VAT) of the Company above EUR 500 million.

During the first two years of its appointment, the Investment Adviser has undertaken to apply its fee (net of any applicable tax) in subscribing for, or acquiring, Ordinary Shares. If the Ordinary Shares are trading at a premium to the prevailing NAV, the Company will issue new Ordinary Shares to the Investment Adviser. If, however, the Ordinary Shares are trading at a discount to the prevailing NAV at the relevant time, no new Ordinary Shares will be issued by the Company and instead the Company will instruct its broker to acquire Ordinary Shares to the value of the fee due in respect of 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 and/or travel expenses.

Share-Based Payments

The Company settled investment advisory fees by issuing or purchasing Ordinary Shares. The Company has issued and purchased the following shares to settle investment advisory fees in respect of the year under review:

In respect of the year ended 31 December 2022	Investment advisory fees (EUR)	Fair value of issue/ purchase price (cents)	Number of shares	Date of transaction	Issued/ purchased
31 March 2022	**566,465**	**102.11**	**554,773**	**1 June 2022**	**Issued**
31 March 2022	**183,233**	**103.76**	**176,300**	**1 June 2022**	**Purchased**
30 June 2022	**772,650**	**101.00**	**760,053**	**8 August 2022**	**Purchased**
30 September 2022	**812,545**	**94.73**	**852,206**	**9 November 2022**	**Purchased**
31 December 2022	**810,308**	**90.00**	**900,340**	**3 February 2023**	**Purchased**

6. Investment Advisory Fees continued

Share-Based Payments continued

In respect of the year ended 31 December 2021	Investment advisory fees (EUR)	Fair value of issue/ price (cents)	Number of shares	Date of transaction	Issued/ purchased
31 March 2021	587,524	102.13	575,271	17 May 2021	Issued
30 June 2021	587,156	100.61	583,596	11 August 2021	Issued
30 September 2021	747,975	102.28	731,301	10 November 2021	Issued
31 December 2021	759,537	103.83	731,520	9 February 2022	Issued

7. Other Expenses

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Secretary and administrator fees	**254**	**–**	**254**	227	–	227
Tax compliance	**132**	**–**	**132**	32	–	32
Directors' fees	**169**	**–**	**169**	146	–	146
Directors' other employment costs	**12**	**–**	**12**	16	–	16
Broker retainer	**87**	**–**	**87**	53	–	53
Audit fees – statutory[1]	**352**	**–**	**352**	237	–	237
AIFM fees	**147**	**–**	**147**	112	–	112
Registrar's fees	**23**	**–**	**23**	18	–	18
Marketing fees	**67**	**–**	**67**	70	–	70
FCA and listing fees	**61**	**–**	**61**	57	–	57
Legal fees	**162**	**–**	**162**	157	–	157
ESG rating fees	**33**	**–**	**33**	107	–	107
Other expenses	**66**	**–**	**66**	156	–	156
Total expenses	**1,565**	**–**	**1,565**	1,388	–	1,388

8. Finance Costs

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Interest charges	**72**	**–**	**72**	317	–	317
Bank charges	**3**	**–**	**3**	1	–	1
Total	**75**	**–**	**75**	318	–	318

1. The GBP equivalent of the statutory audit fees was GBP 246,000 (2021: GBP 201,300) including VAT of GBP 49,200 (2021: GBP 33,550). In the prior year, the auditors received an additional amount of GBP 18,000 (VAT of GBP 3,000) for non-audit services in relation to reporting accountant services for admission of new shares to trading on the London Stock Exchange, which have been treated as a capital expense and included in "share issue costs" disclosed in the Statement of Changes in Equity. There are no non-audit services in relation to the current year.

9. Taxation

(a) Analysis of Tax Charge in the Year

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Total tax charge for the year (see note 9(b))	**–**	**–**	**–**	–	–	–

(b) Factors Affecting Total Tax Charge for the Year

The effective UK corporation tax rate applicable to the Company for the year is 19%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company.

The differences are explained below:

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Profit on ordinary activities before taxation	**12,339**	**41,765**	**54,104**	7,395	19,229	26,624
Corporation tax at 19%	**2,344**	**7,935**	**10,279**	1,405	3,654	5,059
Effects of:						
Gain on investments held at fair value not (taxable)/allowable	**–**	**(7,937)**	**(7,937)**	–	(3,655)	(3,655)
Foreign exchange loss not allowable	**–**	**2**	**2**	–	1	1
Dividend income not taxable	**(228)**	**–**	**(228)**	–	–	–
Expenditure not deductible for tax purposes	**13**	**–**	**13**	10	–	10
Movement in management expenses not utilised/deferred tax not recognised	**19**	**–**	**19**	20	–	20
Impact of tax-deductible interest distributions	**(2,148)**	**–**	**(2,148)**	(1,435)	–	(1,435)
Total tax charge for the year	**–**	**–**	**–**	–	–	–

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.

The Company has unrelieved excess management expenses of EUR 1,273,191 (2021: EUR 1,121,391). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised. The unrecognised deferred tax asset calculated using a tax rate of 25% (2021: 25%) amounts to EUR 318,298 (2021: EUR 280,348). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1 April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24 May 2021 and became effective from 2 June 2021.

10. Return per Ordinary Share

Income from investments	**For the year ended 31 December 2022**	For the year ended 31 December 2021
Revenue return after taxation (EUR '000)	**12,339**	7,395
Capital profit return after taxation (EUR '000)	**41,765**	19,229
Total net return (EUR '000)	**54,104**	26,624
Weighted average number of Ordinary Shares – undiluted	**407,926,535**	344,137,679
Weighted average number of Ordinary Shares – diluted	**407,926,535**	344,869,199

10. Return per Ordinary Share continued

Weighted average number of shares used as the denominator	Number of shares For the year ended 31 December 2022	Number of shares For the year ended 31 December 2021
Weighted average number of Ordinary Shares used as the denominator in calculating basic earnings per share	**407,926,535**	344,137,679
Ordinary Shares issued after the year end in settlement of investment advisory fees earned during the year	**–**	731,520
Weighted average number of Ordinary Shares and potential Ordinary Shares used as the denominator in calculating diluted earnings per share	**407,926,535**	344,869,199

11. Trade and Other Receivables

	As at 31 December 2022 (EUR '000)	As at 31 December 2021 (EUR '000)
Interest due from Shareholder loans	**5,542**	7,811
Intercompany receivables	**–**	1,384
Prepaid expenses	**88**	103
Total	**5,630**	9,298

12. Trade and Other Payables

	As at 31 December 2022 (EUR '000)	As at 31 December 2021 (EUR '000)
Accrued expenses	**1,291**	1,078
Intercompany payable	**645**	–
Deferred consideration payable	**578**	2,005
Total	**2,514**	3,083

13. Share Capital

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

The Ordinary Shares shall carry the right to receive the profits of the Company available for distribution and determined to be distributed by way of interim or final dividends at such times as the Directors may determine in accordance with the Articles of the Company. The holders of Ordinary Shares have the right to receive notice of, and to attend and vote at, General Meetings of the Company.

During the year, the Company issued 1,286,293 new Ordinary Shares with gross proceeds of EUR 1.33 million (2021: 89,902,303 with gross aggregate proceeds of EUR 92.56 million). The current year's issuance of new Ordinary Shares relates to the settlement of the Investment Adviser's fees of EUR 1.33 million (2021: EUR 2.5 million for 2,477,872 Ordinary Shares).

For the year ended 31 December 2022	Shares in issue at the beginning of the year	Shares subscribed	Shares redeemed	Shares in issue at the end of the year
Ordinary Shares	**406,939,412**	**1,286,293**	**–**	**408,225,705**

For the year ended 31 December 2021	Shares in issue at the beginning of the year	Shares subscribed	Shares redeemed	Shares in issue at the end of the year
Ordinary Shares	317,037,109	89,902,303	–	406,939,412

Since the year end, the Company has not issued further Ordinary Shares (2021: 731,520) to the Company's Investment Adviser, in relation to advisory fees payable for the quarter ended 31 December 2022.

14. Special Reserve

As indicated in the Company's prospectus dated 10 May 2019, following admission of the Company's Ordinary Shares to trading on the London Stock Exchange, the Directors applied to the Court and obtained a judgement on 30 July 2019 to cancel the amount standing to the credit of the share premium account of the Company. The amount of the share premium account cancelled and credited to a special reserve was EUR 149,675,608.

15. Net Assets per Ordinary Share

Net assets per Ordinary Share as at 31 December 2022 is based on EUR 451,650,000 (2021: EUR 417,443,000) of net assets of the Company attributable to the 408,225,705 (2021: 406,939,412) Ordinary Shares in issue as at 31 December 2022.

16. Dividend Paid

The Company has paid the following interim dividends in respect of the year under review:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
Total dividends paid in the year	**Cents per Ordinary Share**	**Total (EUR '000)**	Cents per Ordinary Share	Total (EUR '000)
31 December 2021 interim – paid 11 March 2022 (2021: 12 March 2021)	**1.25c**	**5,096**	1.25c	3,970
31 March 2022 interim – paid 17 June 2022 (2021: 18 June 2021)	**1.3125c**	**5,351**	1.25c	3,978
30 June 2022 interim – paid 2 September 2022 (2021: 3 September 2021)	**1.3125c**	**5,353**	1.25c	3,985
30 September 2022 interim – paid 2 December 2022 (2021: 3 December 2021)	**1.3125c**	**5,365**	1.25c	5,087
Total	**5.1875c**	**21,165**	5.00c	17,020

The dividend relating to the year ended 31 December 2022, which is the basis on which the requirements of section 1159 of the Corporation Tax Act 2010 are considered, is detailed below:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
Total dividends declared in the year	**Cents per Ordinary Share**	**Total (EUR '000)**	Cents per Ordinary Share	Total (EUR '000)
31 March 2022 interim – paid 17 June 2022 (2021: 18 June 2021)	**1.3125c**	**5,351**	1.25c	3,978
30 June 2022 interim – paid 2 September 2022 (2021: 3 September 2021)	**1.3125c**	**5,353**	1.25c	3,985
30 September 2022 interim – paid 2 December 2022 (2021: 3 December 2021)	**1.3125c**	**5,365**	1.25c	5,087
31 December 2022 interim – paid 17 March 2023 (2021: 11 March 2022)[1]	**1.3125c**	**5,334**	1.25c	5,096
Total	**5.2500c**	**21,403**	5.00c	18,146

1. Not included as a liability in the year ended 31 December 2022 financial statements.

17. Financial Risk Management

The Investment Adviser, AIFM and the Administrator report to the Board on a quarterly basis and provide information to the Board which allows it to monitor and manage financial risks relating to its operations. The Company's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. These risks are monitored by the AIFM. Each risk and its management is summarised below.

Market Risk

The value of the investments will be a function of the discounted value of their expected future cash flows, and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets. The Investment Adviser carries out a full valuation on a quarterly basis, which takes into account market risks. The sensitivity of the investment valuation due to market risk is shown in note 4 on pages 97 to 100.

(i) Currency Risk

Foreign currency risk is defined as the risk that the fair values of future cash flows will fluctuate because of changes in foreign exchange rates. The Company's financial assets and liabilities are denominated in euros and substantially all its revenues and expenses are in euros. The Company is not considered to be materially exposed to foreign currency risk.

(ii) Interest Rate Risk

The Company's interest rate risk on interest bearing financial assets is limited to interest earned on Shareholder loans. The Board considers that, as Shareholder loan investments bear interest at a fixed rate, they do not carry any interest rate risk.

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2022 are summarised below:

Assets	Interest bearing (EUR'000)	Non-interest bearing (EUR'000)	Total (EUR'000)
Cash and cash equivalents	**–**	**19,893**	**19,893**
Trade and other receivables	**–**	**5,630**	**5,630**
Investments at fair value through profit or loss	**248,451**	**180,190**	**428,641**
Total assets	**248,451**	**205,713**	**454,164**
Liabilities			
Trade and other payables	**–**	**(2,514)**	**(2,514)**
Total liabilities	**–**	**(2,514)**	**(2,514)**

In the tables above, the interest bearing asset value for investments at fair value through profit or loss relates to the face value of debt investments.

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2021 are summarised below:

Assets	Interest bearing (EUR'000)	Non-interest bearing (EUR'000)	Total (EUR'000)
Cash and cash equivalents	–	94,275	94,275
Trade and other receivables	–	9,299	9,299
Investments at fair value through profit or loss	193,078	123,875	316,953
Total assets	193,078	227,449	420,527
Liabilities			
Trade and other payables	–	(3,083)	(3,083)
Total liabilities	–	(3,083)	(3,083)

(iii) Price Risk

Price risk is defined as the risk that the fair value of a financial instrument held by the Company will fluctuate. Investments are measured at fair value through profit or loss. As of 31 December 2022 the Company held investments with an aggregate fair value of EUR 428,641,000 (2021: EUR 316,953,000). All other things being equal, the effect of a 10% increase or decrease in the share prices of the investments held at the year end would have been an increase or decrease of EUR 42,864,000 (2021: EUR 31,695,000) in the profit after taxation for the year ended 31 December 2022 and the Company's net assets at 31 December 2022. The sensitivity of the investment valuation due to price risk is shown further in note 4 on pages 97 to 100.

Credit Risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfil its contractual obligations. The Company is exposed to credit risk in respect of trade and other receivables, cash at bank and Shareholder loan investments. The Company's credit risk exposure is minimised by dealing with financial institutions with investment grade credit ratings and making Shareholder loan investments which are equity in nature. The Company's Shareholder loan investments in HoldCo are secured by underlying renewal investments and as such these Shareholder loans are not exposed to credit risk. No balances are past due or impaired.

	As at 31 December 2022 (EUR '000)	As at 31 December 2021 (EUR '000)
Investments at fair value through profit or loss – Shareholder loan investments	**248,451**	193,078
Trade and other receivables	**5,630**	9,298
Cash and cash equivalents	**19,893**	94,275
Total	**273,974**	296,651

In the table above, the value for investments at fair value through profit or loss relates to the face value of debt investments.

The table below shows the cash balances of the Company and the credit rating for each counterparty:

	Rating	**As at 31 December 2022 (EUR '000)**	As at 31 December 2021 (EUR '000)
Royal Bank of Scotland	A-2 / BBB-S&P Rating	**2,170**	4,074
EFG International AG – Daily liquid fund	A / F1-Fitch Rating	**15,183**	45,203
Royal Bank of Scotland International	A– under S&P Rating	**2,540**	44,998
Total		**19,893**	94,275

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet a demand for cash or fund an obligation when due. The Investment Adviser, AIFM and the Board continuously monitor forecast and actual cash flows from operating, financing and investing activities to consider payment of dividends, repayment of the Company's Shareholder loans or further investing activities.

Financial liabilities by maturity as at 31 December 2022 are shown below:

	Less than 1 year (EUR'000)	**1-5 years (EUR'000)**	**5+ years (EUR'000)**	**Total (EUR'000)**
Trade and other payables	**(2,514)**	**–**	**–**	**(2,514)**
Total	**(2,514)**	**–**	**–**	**(2,514)**

Financial liabilities by maturity as at 31 December 2021 are shown below:

	Less than 1 year (EUR'000)	1-5 years (EUR'000)	5+ years (EUR'000)	Total (EUR'000)
Trade and other payables	(3,083)	–	–	(3,083)
Total	(3,083)	–	–	(3,083)

As at 31 December 2022, across the Company's investment portfolio there is approximately EUR 131.2 million (2021: EUR 144.3 million) of non-recourse, project debt (on a proportional basis) at the SPV level.

17. Financial Risk Management continued

Capital and Risk Management

The Company's capital management objectives are to ensure that the Company will be able to continue as a going concern while maximising the return to equity Shareholders.

In accordance with the Company's investment policy, the Company's principal use of cash (including the proceeds of the IPO and placings) is to invest in a diversified portfolio of Renewable Energy Infrastructure Investments, as well as expenses related to the share issue when they occur, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy.

The Company considers its capital to comprise Ordinary Share capital, distributable reserves and retained earnings. The Company is not subject to any externally imposed capital requirements. The Company's share capital and reserves that are shown in the Statement of Financial Position total EUR 451,650,000 (2021: EUR 417,443,000).

The Board, with the assistance of the Investment Adviser, monitors and reviews the Company's capital on an ongoing basis.

Use of distributable reserves is disclosed in note 19.

Share capital represents the 1 cent nominal value of the issued share capital.

The share premium account arose from the net proceeds of new shares.

The capital reserve reflects any increases and decreases in the fair value of investments which have been recognised in the capital column of the Statement of Comprehensive Income.

18. Transactions with the Investment Adviser and Related Party Transactions

AIFM fees for the year ended 31 December 2022 amount to EUR 147,000 (2021: EUR 112,000). As at 31 December 2022, the fee outstanding to the AIFM was EUR 30,734 (2021: EUR 8,700). The AIFM, Company Secretary and Administrator are part of the same PraxisIFM Group which was acquired by Sanne Group plc, which was then subsequently acquired by Apex Group. The Company Secretary and Administrator fees for the year ended 31 December 2022 amount to EUR 254,000 (2021: EUR 227,000) and the total fees paid to Apex Group amount to EUR 401,000 (2021: EUR 339,000).

Fees payable to the Investment Adviser are shown in the Statement of Comprehensive Income. As at 31 December 2022, the fee outstanding to the Investment Adviser was EUR 815,581 (2021: EUR 759,537).

Fees are payable to the Directors, effective from 1 April 2021, at an annual rate of EUR 75,000 to the Chairman, EUR 50,000 to the Chair of the Audit and Risk Committee and EUR 43,000 to the other Directors. Directors' fees paid during the year were EUR 169,000. With effect from 1 January 2023, fees were increased by 5% for Mr MacLellan, Dr Rodrigues and Mr MacRitchie.

Director	**Year ended 31 December 2022 (EUR)**	Year ended 31 December 2021 (EUR)
Ian Nolan	**75,000**	75,000
David MacLellan	**50,000**	49,000
Kenneth MacRitchie	**43,000**	42,500
Patricia Rodrigues	**43,000**	42,500

During the year, the Company advanced Shareholder loans to HoldCo of EUR 248,451,000 (2021: EUR 193,078,000). The accrued interest and the Shareholder loans outstanding at the year end was EUR 253,993,000 (2021: EUR 200,889,000).

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

Director	**Ordinary Shares at 31 December 2022**	Ordinary Shares at 31 December 2021
Ian Nolan	**100,000**	100,000
David MacLellan	**75,000**	75,000
Kenneth MacRitchie	**50,000**	50,000
Patricia Rodrigues	**50,000**	50,000

Since year end, Mr Nolan and Mr MacLellan purchased a further 50,000 Ordinary Shares each in the Company.

19. Distributable Reserves

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

The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed within these financial statements of EUR 1,225,000 as at 31 December 2022 (2021: EUR 740,000).

20. Commitments and Contingencies

As at 31 December 2022, the Company (via its wholly owned subsidiary, Tesseract Holdings Limited), has the below future investment obligations relating to the Spanish construction project Greco.

Following the completion of construction assets Albeniz, The Rock and Jaén, all held via HoldCo and the first of the two assets of the Spanish solar PV portfolio Greco, Guillena, the second asset of the portfolio, was the only asset under construction in the Company's portfolio as at 31 December 2022. The remaining commitments for the funding of Guillena amount to EUR 47.5 million. On 5 April 2023, the Company announced the completion of Guillena which has become fully operational.

21. Unconsolidated Subsidiaries and Associates

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

Subsidiary entity name and registered address	Effective ownership %	Investment	Country of incorporation	**Profit/(loss) for the year ended 31 December 2022 (EUR million)**	Profit/(loss) for the period ended 31 December 2021 (EUR million)	**Total assets balances as at 31 December 2022 (EUR million)**	Total assets balances as at 31 December 2021 (EUR million)
Tesseract Holdings Limited Leaf B, 20th Floor, Tower 42 Old Broad Street London EC2N 1HQ	100.0	HoldCo Subsidiary entity, owns underlying SPV investments	United Kingdom	**43.0**	19.2	**180.2**	123.9

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

Subsidiary entity name and registered address	Effective ownership %	Investment	Country of incorporation	**Profit/(loss) for the year ended 31 December 2022 (EUR million)**	Profit/(loss) for the period ended 31 December 2021 (EUR million)	**Total assets balances as at 31 December 2022 (EUR million)**	Total assets balances as at 31 December 2021 (EUR million)
Holmen II Wind Park ApS Københavnsvej 81 4000 Roskilde Denmark	100.0	Subsidiary entity, owns investment in Holmen II	Denmark	**4.3**	0.5	**27.2**	24.0
Aalto Wind No 2 Ltd. Oy c/o Intertrust (Finland) Oy Bulevardi 1, 6th floor FI-00100 Helsinki, Finland	100.0	Subsidiary entity, owns investment in Olhava	Finland	**(0.0)**	0.0	**53.0**	52.3
Prettysource Lda Avenida Fontes Pereira de Melo, n.º 14 11.º floor, 1050 121 Lisbon	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	**0.1**	(0.1)	**4.2**	4.5
Astros Irreverentes Unipessoal Lda Avenida Fontes Pereira de Melo, n.º 14 11.º floor, 1050 121 Lisbon	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	**0.1**	(0.1)	**4.2**	4.5
Contrate o Sol Unipessoal Lda Rua Filipe Folque no. 10J, 2 Dto, 1050-113 Lisbon	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	**0.2**	0.1	**2.1**	2.1

21. Unconsolidated Subsidiaries and Associates continued

Subsidiary entity name and registered address	Effective ownership %	Investment	Country of incorporation	**Profit/(loss) for the year ended 31 December 2022 (EUR million)**	Profit/(loss) for the period ended 31 December 2021 (EUR million)	**Total assets balances as at 31 December 2022 (EUR million)**	Total assets balances as at 31 December 2021 (EUR million)
Argeo Solar S.L. Paseo de la Castellana 259D, 14S-15, Madrid Spain	100.0	Subsidiary entity, owns investment in Albeniz	Spain	**(1.7)**	(0.2)	**40.2**	34.3
Vector Aioliki Desfinas S.A. Salaminos Str. 20 15124 Maroussi Attica, Greece	89.0	Subsidiary entity, owns equity investment in Desfina	Greece	**2.2**	8.5	**56.7**	69.4
Ega Suria S.L. Paseo de la Castellana 259D Floors 14 and 15 28046 Madrid	100.0	Subsidiary entity, owns investment in Tiza	Spain	**0.4**	(0.3)	**24.1**	20.0
Azalent Investment S.L. Paseo de la Castellana 259D Floors 14 and 15 28046 Madrid	100.0	Subsidiary entity, owns investment in Greco	Spain	**(0.4)**	(0.1)	**52.4**	19.6
Svindbaek Vindkraft HoldCo ApS Gyngemose Parkvej 50 2860 Søborg Denmark	100.0	Subsidiary entity, owns investment in Svindbaek	Denmark	**2.1**	(2.1)	**37.5**	33.8
Svindbaek Vindkraft GP ApS Gyngemose Parkvej 50 2860 Søborg Denmark	100.0	Subsidiary entity, General partner to Svindbaek Vindkraft HoldCo ApS	Denmark	**0.0**	0.0	**0.0**	0.0

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

Associate entity name and registered address	Effective ownership %	Investment	Country of incorporation	**Profit/(loss) for the year ended 31 December 2022 (EUR million)**	Profit/(loss) for the period ended 31 December 2021 (EUR million)	**Total assets balances as at 31 December 2022 (EUR million)**	Total assets balances as at 31 December 2021 (EUR million)
Palea Solar Farm Ourique S.A. Avenida Fontes Pereira de Melo, no. 14, 11. Andar 1050-121 Lisbon Portugal	50.0	Associate entity, owns equity investment in Ourique	Portugal	**(0.4)**	(1.3)	**51.3**	48.7
Midtfjellet Vindkraft AS Sandvikvågvegen 45 N-5419 Fitjar, Norway	25.9	Associate entity, owns equity investment in Tesla	Norway	**132.0 NOK**	24.0 NOK	**1,069.7 NOK**	1,094.1 NOK

As disclosed in note 4, 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 10.375%.

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.

22. Post Balance Sheet Events

Share Buyback Programme

On 3 February 2023, the Company announced the introduction of a Share Buyback Programme for up to EUR 20 million.

Since year end, the Company has purchased for treasury a total of 16,652,452 Ordinary Shares at an aggregate price of EUR 15,946,950 at an average price per Ordinary share of 95.8 cents.

Revolving Credit Facility ("RCF")

On 21 April 2023, the Company's RCF was extended for a further twelve-month period which will expire in April 2025.

Guillena Completion

On 5 April 2023, the Company announced the completion of Guillena which is now fully operational.

The Rock: Engineering, Procurement and Construction Management Agreement

On 5 April 2023, the Company announced that the takeover under the Engineering, Procurement and Construction Management Agreement had been achieved.

Dividend Payment

A fourth interim dividend for the year to 31 December 2022 of 1.3125 cents per Ordinary Share was paid on 17 March 2023.

Purchase of Shares for the Investment Adviser

On 3 February 2023, the Company purchased 900,340 Ordinary Shares at an average price of 90 cents per Ordinary Share for the Investment Adviser in satisfaction of the Company's Investment Advisory Agreement in respect of the Investment Adviser's fees for the quarter ended to 31 December 2022.

ALTERNATIVE PERFORMANCE MEASURES ("APMS")

In reporting financial information the Company presents 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 Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Annual Report. An additional Dividend Cover calculation has been added which is based on the consolidated cashflow of the Company and its HoldCo. This additional calculation has been included to provide an alternative method to interpret and challenge the Company's dividend. This year's APMs also include annualised NAV return which has been included to provide investors with an indication of the return if they had invested at the time of IPO.

(Discount)/Premium

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

		Page	**As at 31 December 2022**	As at 31 December 2021
NAV per Ordinary Share (cents)	a	2	**110.6**	102.6
Share price (cents)	b	2	**92.3**	102.0
Discount	(b÷a)-1		**(16.6%)**	(0.6%)

Ongoing Charges

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

		Page	**Year ended 31 December 2022**	Year ended 31 December 2021
Average NAV (EUR '000)	a	n/a	**438,421**	366,101
Annualised expenses (EUR '000)[1]	b	n/a	**4,715**	4,070
Ongoing charges	(b÷a)		**1.1%**	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 31 December 2022		**Page**	**Share price**	**NAV**
Opening at 1 January 2022 (cents)	**a**	**2**	**102.00**	**102.58**
Dividend adjustment (cents)	**b**		**5.19**	**5.19**
Closing at 31 December 2022 (cents)	**c**	**2**	**92.25**	**110.64**
Total return	**((c+b)÷a)-1**		**(4.5%)**	**12.9%**

As at 31 December 2021		Page	Share price	NAV
Opening at 1 January 2021 (cents)	a	n/a	106.50	99.96
Dividend adjustment (cents)	b		5.00	5.00
Closing at 31 December 2021 (cents)	c	2	102.00	102.58
Total return	((c+b)÷a)-1		0.5%	7.6%

		Page	**As at 31 December 2022**	As at 31 December 2021
NAV per Ordinary Share (cents) at IPO	a	n/a	**98.0**	98.0
NAV per Ordinary Share (cents) at 31 December 2022	b	2	**110.6**	102.6
Cumulative dividend paid	c	n/a	**14.4**	9.3
Annualised total NAV return since IPO	(((b+c)/a)^(1/years since IPO))-1[2]	3	**7.1%**	5.3%

1. Expenses consist of investment advisory fees of EUR 3,150,000 (2021: EUR 2,682,000) and other recurring expenses of EUR 1,025,000 (2021: EUR 1,388,000) in accordance with the AIC methodology.
2. Years since IPO: 3.5 in 2022 and 2.5 in 2021.

Dividend Cover

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

		Page	**Year ended 31 December 2022**	Year ended 31 December 2021
Net result generated at the SPVs (EUR '000)	a	22	**29,093**	19,554
Dividend paid (EUR '000)	b	22	**21,165**	17,020
Dividend cover ratio	a÷b	22	**1.4**	1.1

Dividend cover ratio calculation based on the revenue account of the Company:

		Page	**Year ended 31 December 2022**	Year ended 31 December 2021
Profit on ordinary activities (EUR'000)	a	88	**12,339**	7,395
Dividend paid (EUR'000)	b	90	**21,165**	17,020
Dividend cover ratio	a÷b		**0.6**	0.4

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

		page	**Year Ended 31 December 2022**	Year Ended 31 December 2021
Adjusted net cash flow from operating activities (EUR'000)	a	23	**25,320**	4,223
Dividend paid (EUR'000)	b	23	**21,165**	17,020
Dividend cover ratio	a÷b	23	**1.2**	0.3

Gross Asset Value

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

		Page	**31 December 2022**	31 December 2021
Net Asset Value (EUR '000)	a	2	**451,650**	417,443
Debt at the SPV level (EUR '000)	b	26	**131,203**	144,327
RCF drawn (EUR '000)[1]	c	26	**24,000**	–
Gross Asset Value (EUR '000)	a+b+c		**606,853**	561,770

Gearing

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

		Page	**31 December 2022**	31 December 2021
Gross asset value (EUR '000)	a	n/a	**606,853**	561,770
Debt at the SPV level (EUR '000)	b	26	**131,203**	144,327
RCF drawn (EUR '000)[1]	c	26	**24,000**	–
Gearing ratio	(b+c)÷a		**25.6%**	25.7%

1. Revolving Credit Facility received by the HoldCo excluding bank guarantees.

GLOSSARY

AIC
Association of Investment Companies

Alternative Investment Fund or "AIF"
An investment vehicle under AIFMD. Under AIFMD (see below) Aquila European Renewables 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 in which they are invested.

the Company
Aquila European Renewables Plc.

CREST
The central securities depository for markets in the United Kingdom.

Dividend
Income receivable from an investment in shares.

EPC
Engineering, procurement and construction ("EPC") is an agreement that provides end-to-end services for designing the system, procuring the components and installing the project.

EU
European Union

Ex-dividend date
The date on or after which a security is traded excluding a recently declared dividend, set one business day prior to the relevant record date. if you purchased shares on or after this date you will not receive the dividend to which the ex-dividend date relates.

Financial Conduct Authority or "FCA"
The independent body that regulates the financial services industry in the UK.

Gearing
See "leverage" below.

GWh
Gigawatt hour.

The HoldCo
Tesseract Holdings Limited, the wholly owned Subsidiary of the Company.

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

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

Investment trust
An investment company that is based in the UK which meets certain tax conditions that enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.

IPO
Initial Public Offering

Leverage
An alternative word for "gearing".

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

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

MWh
Megawatt hour.

Net assets or net asset value ("NAV")
An investment company's assets less its liabilities.

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

O&M
Operation and Maintenance.

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

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.

Record Date
The cut-off date established by a company in order to determine which shareholders are eligible to receive a dividend or distribution. If you owned shares in the Company up to an including this date you will receive the dividend through which the record date relates. If you owned shares after this date you will not receive the dividend.

Share buyback
A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.

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

SPV
A Special Purpose Vehicle.

Total return
A measure of performance that takes into account both income and capital returns. This may take into account capital gains, dividends, interest and other realised variables over a given period of time.

COMPANY INFORMATION

Directors (all non-executive)

Ian Nolan (Chairman)
David MacLellan
Kenneth MacRitchie
Patricia Rodrigues

Registered Office[1]

6th Floor, 125 London Wall
London EC2Y 5AS

AIFM

FundRock Management Company (Guernsey) Limited
(formerly Sanne Fund Management (Guernsey) Limited)
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Investment Adviser

Aquila Capital Investmentgesellschaft mbH
Valentinskamp 70
D-20335
Hamburg
Germany

Broker

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Administrator and Company Secretary

Apex Listed Companies Services (UK) Limited
(formerly Sanne 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
LondonSE1 2RT

Legal Advisers

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place, 78 Cannon Street
London EC4N 6AF

1. Registered in England and Wales No. 11932433.

AQUILA EUROPEAN RENEWABLES PLC NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Aquila European Renewables Plc will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF on 14 June 2023 at 1.00pm for the following purposes:

To consider and, if thought fit, pass the following resolutions of which resolutions 1 to 12 will be proposed as ordinary resolutions and resolutions 13 to 16 will be proposed as special resolutions.

Ordinary Resolutions

1. To receive the Company's Annual Report and Financial Statements for the year ended 31 December 2022, with the reports of the Directors and auditors thereon.
2. To approve the Directors' remuneration report included in the Annual Report for the year ended 31 December 2022.
3. To approve the Company's Remuneration Policy set out on page 69 of the Directors' Remuneration Report included in the Annual Report for the year ended 31 December 2022.
4. To approve the continuation of the business of the Company as a closed-ended investment company.
5. To re-elect Ian Nolan as a Director of the Company.
6. To re-elect Patricia Rodrigues as a Director of the Company.
7. To re-elect David MacLellan as a Director of the Company.
8. To re-elect Kenneth MacRitchie as a Director of the Company.
9. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company.
10. To authorise the Directors to fix the remuneration of the auditors until the conclusion of the next Annual General Meeting of the Company.
11. To authorise the Directors to declare and pay all dividends of the Company as interim dividends.
12. That the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined in section 551 of the Companies Act 2006) up to an aggregate nominal amount equal to EUR 1,305,113 (representing 33.3 per cent. of the Company's issued share capital, excluding treasury shares, at the date of the notice of this meeting) PROVIDED THAT the Directors may not allot relevant securities of an aggregate nominal amount more than 33.33 per cent. of the nominal value of the issued share capital (excluding Treasury Shares) at the date of the Annual General Meeting and that this authority shall expire (unless previously varied, revoked or renewed by the Company at a general meeting of the Shareholders of the Company) at the conclusion of the Annual General Meeting of the Company to be held in 2024 or, if earlier, on the expiry of 15 months from the passing of this resolution (the "section 551 period") but so that the Directors may, at any time prior to the expiry of the section 551 period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the section 551 period and the Directors may allot relevant securities in the pursuance of such an offer or agreement as if the authority granted by this resolution had not expired.

Special Resolutions

13. That, subject to the passing of resolution 12 in the notice convening the meeting at which this resolution is to be proposed (the ''notice of meeting''), the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the ''Act'') to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 12 in the notice of meeting as if section 561 of the Act did not apply to any such allotment, provided that this power:
    (i) expires at the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months from the date this resolution is passed, provided that the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and
    (ii) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of EUR 391,573 (representing 10 per cent. of the Company's issued share capital, excluding treasury shares, at the date of this notice of meeting).

This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words ''subject to the passing of resolution 12 in the notice convening the meeting at which this resolution is to be proposed (''the notice of meeting")'' and ''pursuant to the authority under section 551 of the Act conferred by resolution 12 in the notice of meeting'' were omitted.

14. That, in addition to the authority granted in resolution 13 and subject to the passing of resolution 12 in the notice convening the meeting at which this resolution is to be proposed (the ''notice of meeting''), the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the 'Act') to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 12 in the notice of meeting as if section 561 of the Act did not apply to any such allotment, provided that this power:
    (i) expires at the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months from the date this resolution is passed, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and
    (ii) shall be limited to the allotment of equity securities for cash in connection with the Company's discount control mechanism up to an aggregate nominal amount of EUR 391,573 (representing 10 per cent. of the issued share capital, excluding treasury shares, at the date of this notice of meeting, which together with the authority under Resolution 13, is in aggregate approximately 20% of the issued share capital of the Company at the date of this notice of meeting).

This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words ''subject to the passing of resolution 12 in the notice convening the meeting at which this resolution is to be proposed (''the notice of meeting'')'' and ''pursuant to the authority under section 551 of the Act conferred by resolution 12 in the notice of meeting'' were omitted.

15. That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1 cent each, provided that:
    (i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 58,696,830 (representing 14.99 per cent. of the Company's issued Ordinary Share capital at the date of the notice of this meeting);
    (ii) the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1 cent;
    (iii) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of (a) 5 per cent. above the average of the middle market quotations for the Ordinary Shares for the five business days immediately before the day on which it purchases that share and (b) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares;
    (iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2024 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and
    (v) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

16. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 days' notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

Registered Office:
6th Floor, 125 London Wall
London EC2Y 5AS

By order of the Board

Jenny Thompson
Company Secretary:
Apex Listed Companies Services (UK) Limited
6th Floor, 125 London Wall
London EC2Y 5AS

25 April 2023

NOTES TO THE NOTICE OF MEETING

1. Holders of Ordinary Shares of one cent each in the capital of the Company ("Shares") are entitled to attend, speak and vote at the Annual General Meeting. A Shareholder entitled to attend, speak and vote at the Annual General Meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the Annual General Meeting. A proxy need not be a Shareholder of the Company. Shareholders are advised to return the Form of Proxy irrespective of whether they are expecting to attend the AGM. If multiple proxies are appointed, they must not be appointed in respect of the same Shares. To be effective, the enclosed Form of Proxy ("Form of Proxy"), together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 1.00pm on 12 June 2023.
2. If you return more than one proxy appointment, either by paper or electronic communication, that which was validly received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
3. As an alternative to completing the Form of Proxy, Shareholders can appoint a proxy electronically via the Registrar's online voting portal www.investorcentre.co.uk/eproxy. For an electronic proxy appointment to be valid, your appointment must be received by the Registrar no later than 1.00pm on 12 June 2023.
4. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 1.00pm on 12 June 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
5. The appointment of a proxy will not prevent a Shareholder from attending the Annual General Meeting, speaking and voting in person if he/she so wishes. The Articles provide that (subject to certain exceptions) at the Annual General Meeting each Shareholder present in person or by proxy shall have one vote on a show of hands and on a poll every Shareholder present in person or by proxy shall have one vote for every Share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing by no later than 1.00pm on 12 June 2023. Amended instructions must be received by the Registrar by the deadline for receipt of proxies. Where you have appointed a proxy using the Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact the Registrar's helpline on 0370 703 0020 (or +44 370 703 0020 from outside the UK). Lines are open 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales).
6. To appoint more than one proxy, Shareholders will need to complete a separate Form of Proxy in relation to each appointment, stating clearly on each Form of Proxy the number of Shares in relation to which the proxy is appointed. A failure to specify the number of Shares to which each proxy appointment relates or specifying an aggregate number of Shares in excess of those held by the Shareholder will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. If you require additional Forms of Proxy, please contact the Registrar's helpline on 0370 703 0020 (or +44 370 703 0020 from outside the UK). Lines are open 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales). All Forms of Proxy must be signed and should be returned together in the same envelope if possible.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holders (the first named being the most senior).

8. Only those Shareholders registered in the register of members of the Company as at 1.00pm on 12 June 2023 (the "specified time") shall be entitled to vote at the Annual General Meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the relevant register of securities after 1.00pm on 12 June 2023 shall be disregarded in determining the rights of any person to vote at the Annual General Meeting. If the Annual General Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of Shareholders to vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the Annual General Meeting is adjourned for a longer period then, to be so entitled, Shareholders must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting, or if the Company gives notice of the adjourned meeting, at the time specified in that notice.
9. Shareholders who hold their Shares electronically may submit their votes through CREST. Instructions on how to vote through CREST can be found by accessing the following website: **www.euroclear.com**.
10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by following the procedures described in the CREST manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual (available via www.euroclear.com). The message, in order to be valid, must be transmitted so as to be received by the Company's agent ID, 3RA50 by the latest time for receipt of proxy appointments specified in note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.
13. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
15. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or
    (ii) any circumstance connected with any auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.

    The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to under section 527 of the Companies Act 2006 to publish on a website.

NOTES TO THE NOTICE OF MEETING CONTINUED

16. A person to whom this Notice of Annual General Meeting is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in note 1 above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered Shareholders of the Company.
17. Nominated Persons are reminded that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
18. As at 25 April 2023, the Company's issued share capital amounted to 408,225,705. Of this amount, 16,652,452 Ordinary shares were held in treasury and 391,573,253 were in circulation. Therefore, the total voting rights of the Company as at the date of this Notice of Annual General Meeting were 391,573,253.
19. Any corporation that is a Shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same Shares. However, before deciding to elect to appoint a corporate representative, corporate Shareholders may also appoint one or more proxies in accordance with note 1.
20. Any question relevant to the business of the Annual General Meeting may be asked at the meeting by anyone permitted to speak at the meeting or can be submitted in advance by email to aquilacosecmailbox@apexfs.group by the close of business on 12 June 2023. The Company must answer any questions asked by a Shareholder relating to the business being dealt with at the meeting unless:
    (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    (ii) the answer has already been given on a website in the form of an answer to a question; or
    (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
21. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chair of the meeting as his/her proxy is to ensure that both he/she and his/her proxy comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules. Shareholders are directed to the guidance on voting by proxy set out in the Annual Report and in these Notes.
22. This Notice of Annual General Meeting, the information required by section 311A of the Companies Act 2006 and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of Annual General Meeting, will be available on the Company's website at **https://www.aquila-european-renewables.com**.
23. Shareholders may not use any electronic address provided either in the Notice of Annual General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

Read more about our
commitment to sustainability

www.aquila-capital.de/en/sustainability

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

www.aquila-european-renewables.com