# Aquila European Renewables Plc

## 2022 Results

2022 Results

Tiza (Spain)

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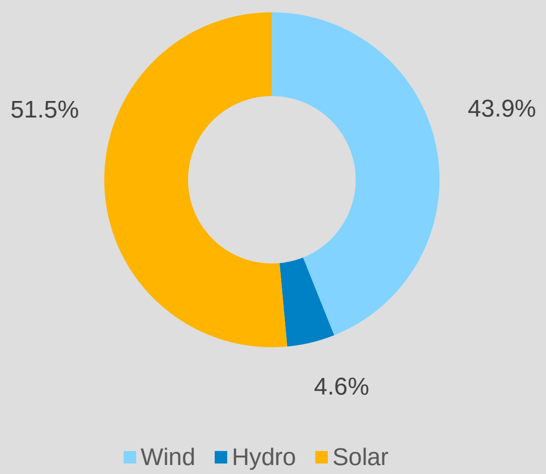
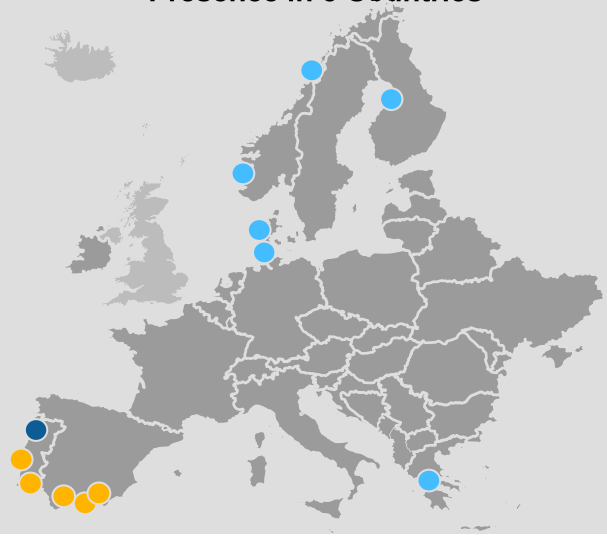
# Introduction to Aquila European Renewables Plc ("AER")

**464 MW Portfolio of Operating Assets[1]**




**European Focused, Presence in 6 Countries**



| Key Metrics | |
|---|---|
| Market capitalisation[2] | EUR 369 million |
| Net Asset Value ("NAV")[2] | EUR 430 million |
| Discount to NAV[2] | (14.2%) |
| Dividend yield[2] | 5.8% |
| Annualised total NAV return per ordinary share since IPO[3] | 7.1% |
| Listing | LSE: AERI / AERS |

- Investment objective is to provide investors with an attractive long-term income-based return in EUR through a diversified portfolio of wind, solar PV and hydropower investments across continental Europe and Ireland
- Diversification by combining different technologies and geographies minimises risks by balancing the seasonality profile of production and reducing reliance on any single power market
- High level of contracted revenues to ensure earnings visibility – 52%[4] of revenue contracted with Government entities, utilities and corporates

*[1]Current pro forma allocation assuming the final payments for Greco are completed. [2]Share price as at 14 April 2023. Note Q4 2022 NAV has been adjusted for the Q4 dividend and the ongoing share buyback programme. [3]Annualised total NAV return per ordinary share since IPO assumes an opening NAV per share of 0.98 and no reinvestment of dividends. [4]Calculated on a present value basis over 5 years as at 31 December 2022.*

# Why Invest?

## Market Opportunity

- Opportunity to participate in Europe's green energy transition
  - Significant capital required to meet green energy targets
  - 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
  - By 2030, Aquila Capital is targeting its clean energy portfolio to avoid 1.5 billion tonnes of $CO_2$ during its lifetime[1]

## AER Positioning

- European focused (excl. UK), diversified by geography and technology
- High contracted revenues (PPAs, Regulated Tariffs) to ensure earnings visibility
- Fully invested
- Low gearing levels (25.6%)
- 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)
- Current trading discount to NAV of 14.2%[2]
- Total NAV return of 12.9% in 2022 (7.1% annualised since IPO)[3]
- Two consecutive increases in annual dividend by 5% in 2023 and 2022

*[1]According to the "GHG Accounting for Grid Connected Renewable Energy Projects" of the "International Financial Institutions Technical Working Group on Greenhouse Gas Accounting", the feed-in of electricity produced by renewable energies leads to a theoretical avoidance of $CO_2$ emissions from fossil fuels. https://www.aquila-capital.de/en/disclaimer-co2-lifetime-avoidance-clock. [2]As at 14 April 2023. [1]Includes dividends and assumes no reinvestment. Annualised total NAV per share return since IPO assumes an opening NAV per share of 0.98 and no reinvestment of dividends.*

# Strong Shareholder Focus

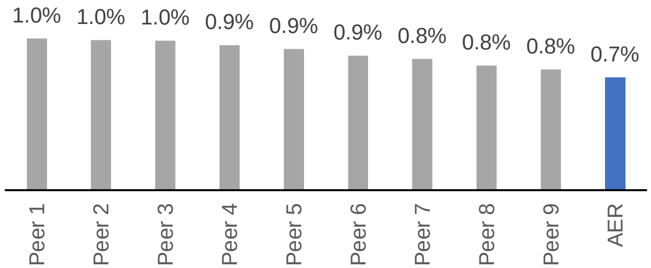
## Strong Alignment of Interests

- Aquila Capital has received 100% of its Investment Advisory fee in AER shares since the IPO in 2019 (matures in June 2023)
  - Shares bought on-market when trading at a discount to NAV
- Aquila Capital currently owns 8.2 million AER shares (2.1% of shares on issue)[1]
- Members of the Board of Directors and Investment Adviser announced their commitment to buy shares in February 2023

## Low Cost Vehicle

- Ongoing charges 1.1% of NAV
- Low Investment Adviser fee compared to peers

**Investment Adviser Fee as a % of NAV**




## Capital Allocation Focused on Shareholder Returns

- EUR 20 million share buyback programme announced in February 2023 in response to share price discount to NAV
  - EUR 15.8 million spent to date[1]
  - Ordinary shares on issue reduced by 4.0% since 31 December 2022[1]
  - Accretive to NAV per ordinary share

[1]*As at 14 April 2023.*

# Environmental, Social and Governance Highlights

AQUILA CAPITAL

| | Households supplied with green energy | | Tonnes of $CO_2$ emissions avoided annually | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| AER[1] | 183k[2] | 143k | 192k[2] | 156k |
| Aquila Capital[1] | 2,036k | 1,660k | 2,232k | 1,850k |

GREEN ECONOMY LONDON STOCK EXCHANGE

GRESB®

NOR

**Portfolio**

- 2022 portfolio production equated to 192k[2] metric tonnes of $CO_2$ equivalent greenhouse gas emissions avoided
- Annual Global Real Estate Sustainability Benchmark ("GRESB") assessment completed: score of 88 out of 100 (2020: 84 of 100)
- Currently rated article 8 SFDR & evaluating classification to article 9

**Assets**

- Norway: Tesla awarded Community Builder 2022 award from Norwea in recognition for regularly hosting activities with the local community
- Greece: kick-off of a reforestation plan in Parnassos National Park, neighbouring Desfina
- Portugal: organisation of workshops with high school students in Tapadas and Azambuja, promoting employment in renewables
- Spain: integration of flora into construction projects

**Other**

- AER Non-Executive Director search underway to add a 5th member to the existing independent Board of Directors
- Angela Wiebeck appointed Chief Sustainability Officer at Aquila Capital in 2022

*[1]AER contribution for the year 2022. The $CO_2$ equivalent avoidance, the average European households supplied and household emissions are approximations and do not necessarily reflect the exact impact of the renewable energy projects. The cited sources of information are believed to be reliable and accurate, however, the completeness, accuracy, validity and timeliness of the information provided cannot be guaranteed and Aquila Capital accepts no liability for any damages that may arise directly or indirectly from the use of this information.*
*[2]Figures reported in the former version of the presentation were based on an inaccurate calculation.*

# Aquila Capital Achievements in 2022 – Leading the Energy Transition in Europe

## EUR 1.0 billion debt financing closed for Iberian pipeline, led by the European Investment Bank

- Landmark transaction which will significantly increase renewable energy generation capacity in the Iberian Peninsula
- Financing closed in August 2022
- The debt facility will support the development and construction of 2.6 GW of renewable energy projects in Spain and Portugal
- Consortium of eight banks, including the European Investment Bank
- IJGlobal Award for the transaction[1]


## First European battery storage project reaches completion in Belgium

- Stand-alone 25 MW / 100 MWh, one of the largest connected batteries in Belgium
- Joint venture with Nippon Koei Energy Europe


(Ruien, Belgium)

[1] *https://www.aquila-capital.de/en/investments/details/aquila-clean-energy-wins-ijglobal-award-for-best-renewable-energy-solar-deal-in-europe-in-2022.*

# Record 2022 Performance for AER

(Sagres, Portugal)

| KPIs (EUR cents, unless stated otherwise) | 2022 | 2021 |
|---|---|---|
| Dividend per ordinary share | 5.25 | 5.00 |
| NAV per ordinary share | 110.6 | 102.6 |
| Total NAV per ordinary share return for the year | 12.9% | 7.6% |

- 2022 total NAV return of 12.9%[1], the highest one-year return since IPO
- Annualised total NAV return of 7.1%[2] since IPO, at the top end of long-term targeted range of 6.0 to 7.5%
- 2022 revenue +24.2%[3] ahead of budget. Strong pricing environment is also favourable for PPA activity
- Strong dividend cover of 1.4x (1.9x excluding debt repayments)
- Low gearing of 25.6%, predominantly fixed interest rate. EUR 13.1 million (AER share) of project level debt repaid in 2022
- Over EUR 150 million of capital deployed or committed during 2022
- Production capacity increasing by over 80% during 2022, resulting in a step-change in earnings capacity and strong dividend cover going forward

*[1]Includes dividends and assumes no reinvestment. [2]Annualised total NAV per ordinary share return since IPO assumes an opening NAV per share of 0.98 and no reinvestment of dividends. [3]Current figure based on SPV financial statements. A figure of 19.4% was published in the February 2023 investor presentation which was based on management estimates at the time.*

# Subsequent Events – Positive Start to 2023

**1**

**+5% Increase in Target Dividend for 2023[1]**

February 2023

**2**

**Completion of Guillena (Greco) & The Rock**

April 2023

**3**

**12-month Extension of Revolving Credit Facility**

April 2023

**4**

**AER Board and Investment Adviser On-market Share Purchases**

February 2023

**5**

**EUR 20 million Share Buyback Programme**

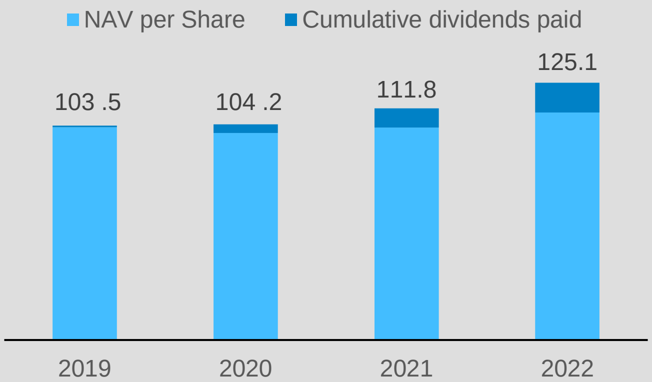
February 2023

[1]*Dividend target subject to portfolio performing in-line with expectations. 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.*

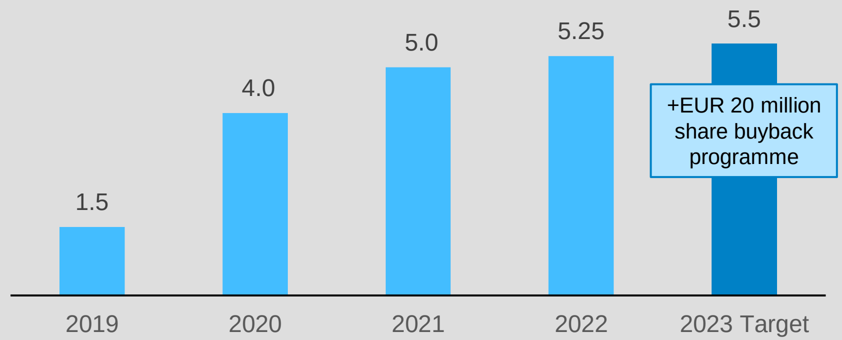
# Track Record Since IPO

**27.6% total NAV return per ordinary share since IPO (7.1% annualised)[1]**

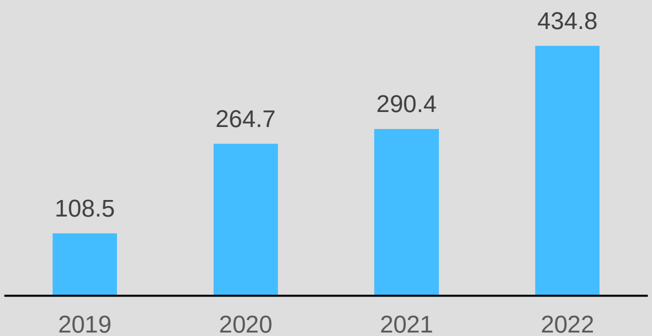
**Total NAV Development**
**(Cents per ordinary share)**



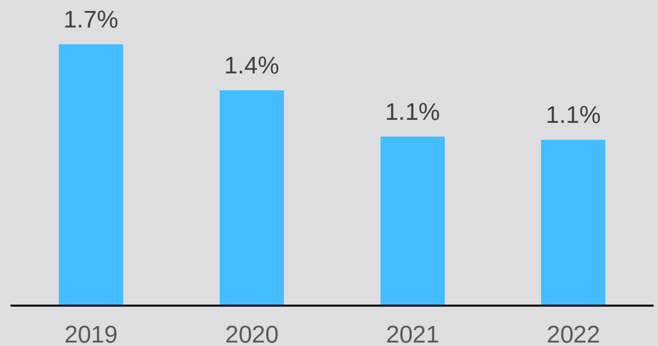

**Dividends**
**(Cents per ordinary share)[2]**




**Capital Deployed or Committed (EUR m)[3]**




**Ongoing Charges (% of NAV)[4]**




*[1]Annualised and total NAV per ordinary share return since IPO assumes an opening NAV per share of 0.98 and no reinvestment of dividends. [2]Represents dividends declared and paid since IPO. 2019 dividend equivalent to 3 cents annualised. [3]Includes assets under construction. [4]Calculation based on average NAV over the period and recurring annual operating costs for AER.*

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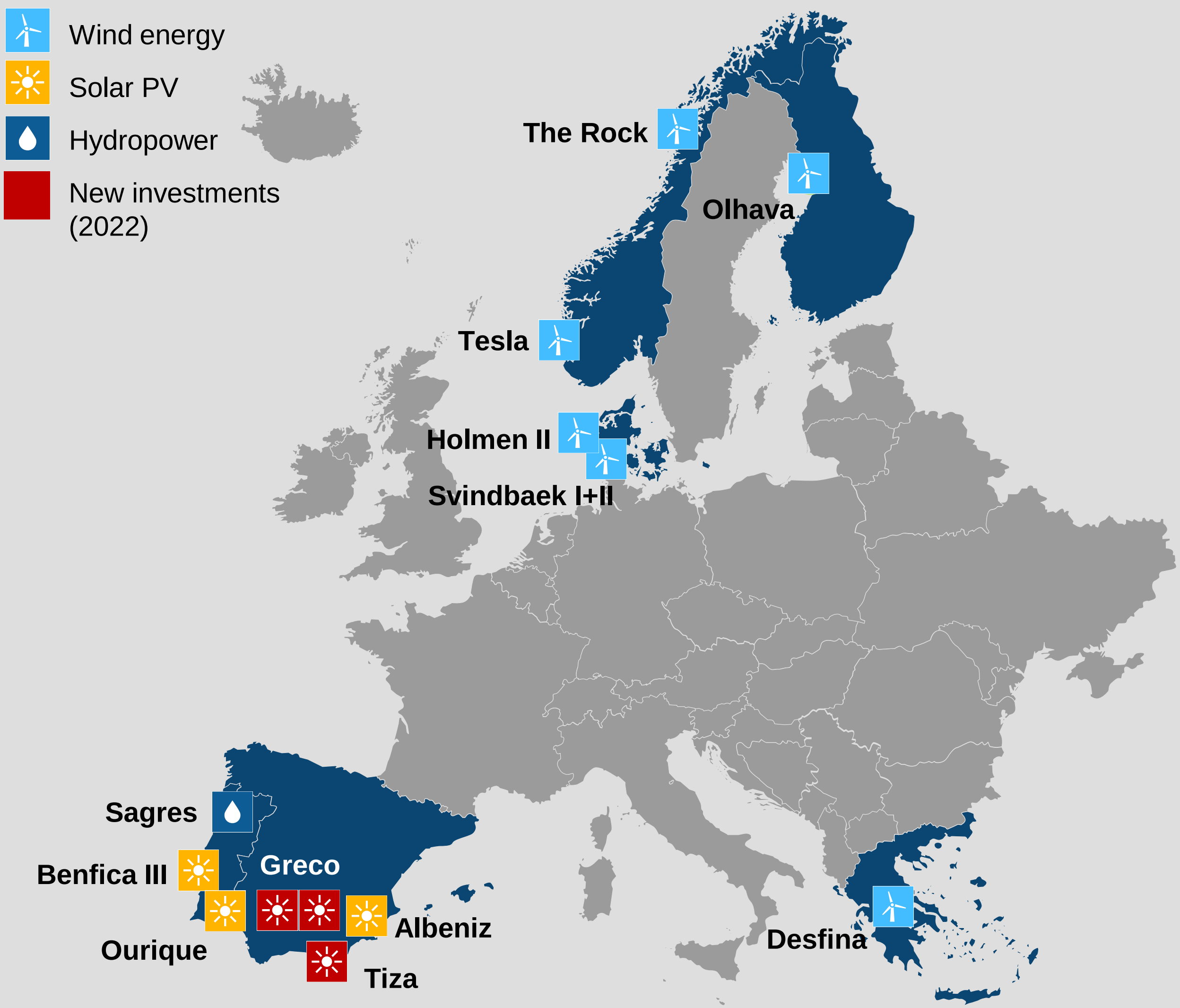
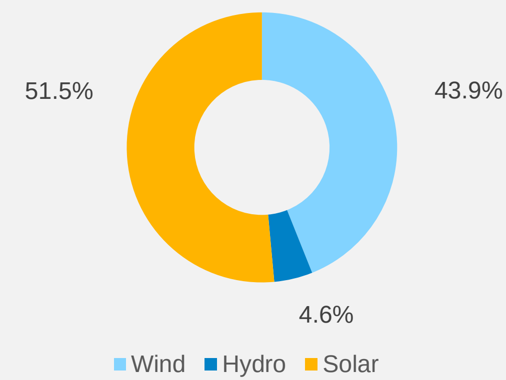
# Portfolio Snapshot




## Key Statistics (31 Dec 2022)[1]

| | |
|---|---|
| **464 MW** Total capacity | **12** Investments |
| **6** Countries and Power Markets | **~25** Remaining asset life, before extensions (years)[2] |
| **52%** Contracted revenue[3] | **26%** Leverage (~31% post Guillena)[4] |

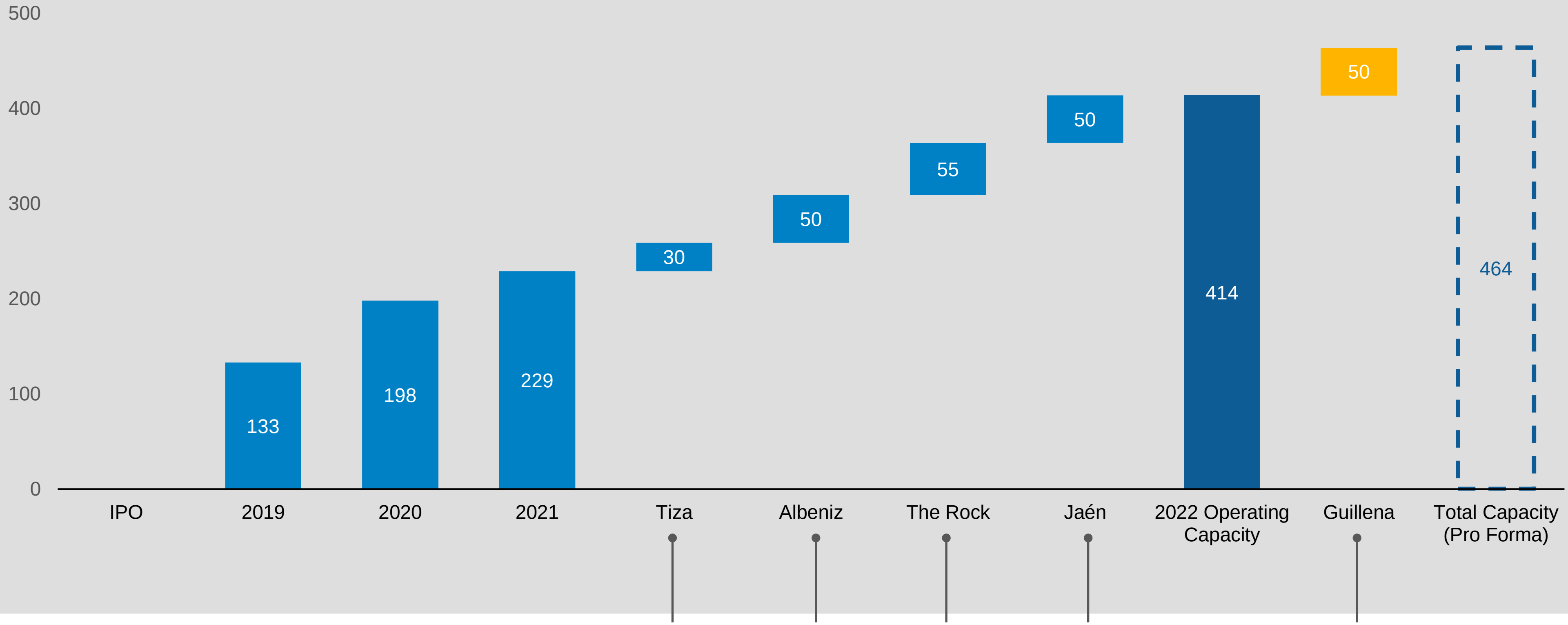
## Portfolio Allocation by Technology (31 Dec 2022)[5]




*[1]Data based on AER share. [2]Weighted average remaining asset life, based on net full load years. Assumes Guillena has been completed. [3]Calculated on a present value basis over 5 years as at 31 December 2022. [4]Leverage based on AER share of debt as a percentage of total Gross Asset Value. AER share of Desfina debt based on voting interest. [5]Current pro forma allocation assuming the final payments for Greco are completed.*

# Portfolio Transformation in 2022 – 80%+ Growth in Operating Capacity

**Total Generating Capacity – AER Share (MW / MWp)**




Completion Date: Jun 22 | Jun 22 | Nov 22 | Dec 22 | Apr 23 (now completed)

185 MW in operating assets have been added during 2022

**2023 revenue contribution from new operating assets**

**EUR 30 million[1]**

[1]*Assuming P50 production and analyst captured power price curves. Revenue based on Q4 2022 forecast assumptions.*

# Portfolio Expected to Deliver Strong Dividend Cover

– Portfolio growth underpins robust dividend cover (net of project debt repayments)

– Dividend cover supports progressive dividend policy

– Dividend fully covered under a range of downside scenarios – supported by contracted revenues

– Significant surplus cash flow expected after existing dividend commitments over the next 5 years which provides significant optionality

**Dividend Cover Sensitivities (x)[1]**

| | 2023 | 5 Year Average[2] |
|---|---|---|
| Base Case (P50 Production) | 1.8x | 1.6x |
| • Power Price -10% | 1.6x | 1.5x |
| • Power Price -20% | 1.4x | 1.3x |
| • Power Price -30% | 1.2x | 1.2x |
| P90 Production[3] | 1.5x | 1.4x |
| • Power Price -10% | 1.3x | 1.2x |
| • Power Price -20% | 1.2x | 1.1x |
| • Power Price -30% | 1.0x | 1.0x |

**2023 Dividend Cover Forecast**

**1.8x[1]**

**5 Year Average Dividend Cover Forecast[2]**

**1.6x[1]**

**Surplus cash flow after dividend commitments over 5 years[2]**

**EUR 73 million[1]**

**Surplus cash flow after dividend commitments available for:**

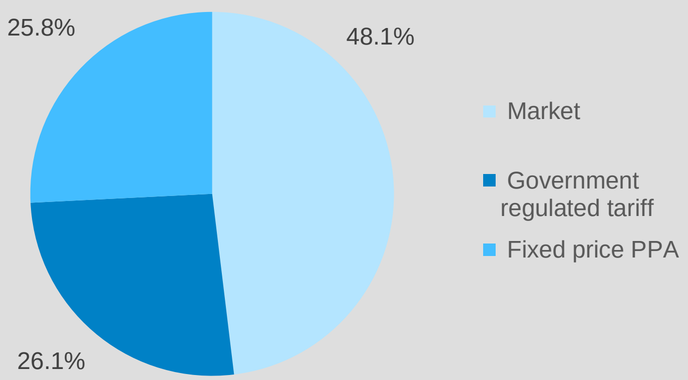
- **Reinvestment opportunities**
- **Discretionary debt repayments**
- **Returning capital to shareholders**

*[1]All forecasts as at 31 December 2022, as communicated in the February 2023 investor presentation. 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. Refer to the Appendix for further details of assumptions. [2]Average calculated from 2023 to 2027. [3]P90 production assumption is a conservative measure which means a 90% chance production will be equal to or greater than the estimated level.*

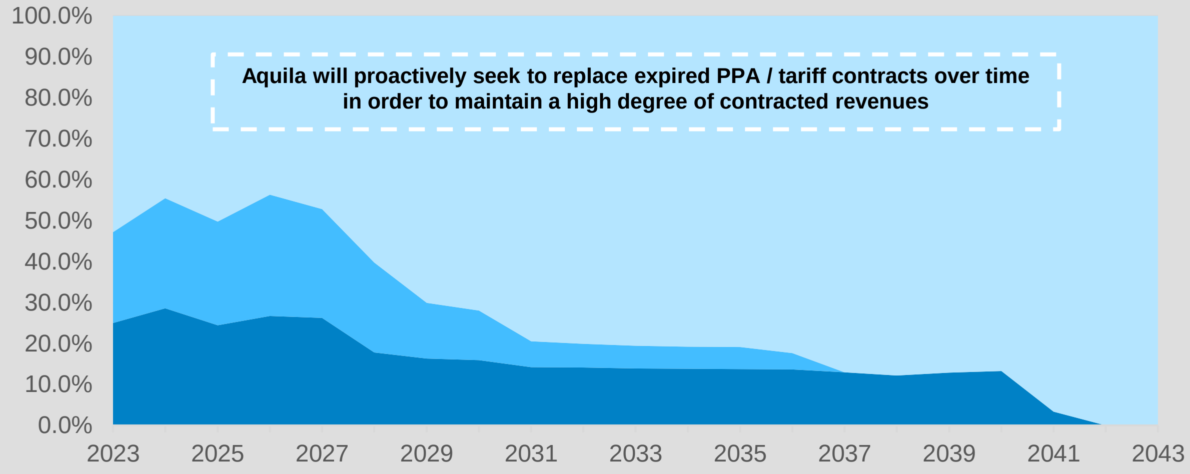
 

# Attractive Contracted Revenue Base

**Present Value of Contracted vs. Non-Contracted Revenue (5 Years)[1,2]**




**Revenue Mix[2]**




- Contracted revenue expected to cover 120% of AER's 2023 dividend target[3]
- Lower contracted revenue percentage compared to 2021 (68.5%) as a result of:
  - Higher merchant prices reduce percentage contribution from contracted revenue
  - Expiry of existing tariff / PPAs within next 5 years (Olhava, Benfica III, Ourique)
- High quality counterparties: Government entities, investment grade utilities & corporates

**EUR 292 million[4]**
Contracted revenue (Net Present Value)

**51.9%[1,2]**
Contracted revenue over the next 5 years

**EUR 411 million[5]**
Contracted revenue (aggregate over asset life)

**7.4 years[6]**
Weighted average contracted revenue life

*[1]Asset revenues are discounted by the weighted average portfolio discount rate as at 31 December 2022 and are taken from 1 January 2023 onwards. [2]Includes replacement PPA assumed to be secured for Olhava once the FiT runs out from 2025 for a tenor of 3 years. [3]Net of operating costs, fund level costs, interest. Excludes project debt amortisation. [4]Contracted revenue as at 31 December 2022, discounted by the weighted average portfolio discount rate. [5]Aggregate contracted revenue over entire asset life (not discounted). [6]Weighted based on investment value and based on production hedged.*

# Active Portfolio Management – Value Enhancing Initiatives

| Initiative | Comment | Status |
|---|---|---|
| **Active PPA Management** | • 3 x PPAs entered into in Spain in 2022 at peak market pricing – equivalent to ~15% of total portfolio annual production<br>• PPA price of > EUR 60 / MWh achieved for 5-7 years, almost double observed pricing in prior years | ✓ |
| **Sagres Optimisation** | • Upgrades to control systems, unit refurbishments, replacements, improvements in supervision and response times performed throughout 2019 to 2022 led to an improvement in asset production capacity<br>• +1.1% increase in annual average production (+1.8% to asset valuation[1]), as confirmed by a technical advisor in 2022 | ✓ |
| **Asset Debt Refinancings** | • Completed refinancings of Sagres (October 2022) and Desfina (May 2022)<br>• Extension of tenor, improvement in overall pricing, more favourable amortisation profile. Accretive to returns | ✓ |
| **RCF Optimisation** | • RCF facility limit increased from EUR 40 million to EUR 100 million (June 2022)<br>• RCF extended by a further 12 months from April 2024 to April 2025. No change in pricing (April 2023) | ✓ |
| **Ourique Storage Co-location** | • 20 MW two-hour battery co-location opportunity<br>• In-house development being undertaken by Aquila Capital | Ongoing |
| **Asset Life Extensions** | • Progressing due diligence to apply asset life extensions (up to +10 years) across the portfolio<br>• Initial work focused on recently acquired / completed solar PV assets (40.7% of the total portfolio fair value[2]) | Ongoing |
| **Sustainability** | • Ongoing engagement with local communities, outdoor activities, workshops (Norway, Portugal)<br>• Implementing improvements in response to GRESB rating assessment, despite strong score received | Ongoing |

*[1]Assumes no change in any other valuation assumptions. [2]Current pro forma fair value assuming the final payments for Greco are completed.*

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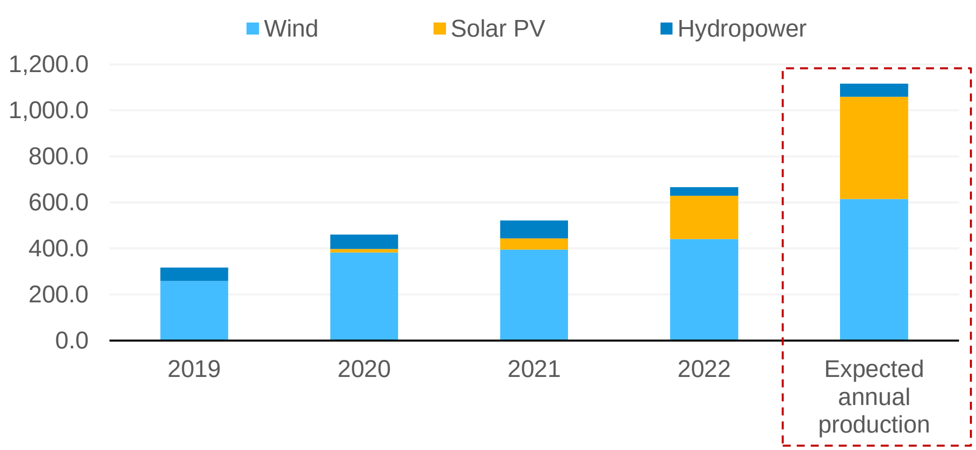
# Production

| Technology | Country[1] | Electricity Production (AER Share, GWh) | | | Load Factors (%) | | Technical Availability[3] (%) | |
|---|---|---|---|---|---|---|---|---|
| | | **2022[2]** | **2021** | **Variance (%)** | **2022** | **2021** | **2022** | **2021** |
| Wind | Denmark, Finland, Norway, Greece | 440.8 | 395.0 | 11.6% | 31.9% | 28.0% | 96.6% | 98.6% |
| Solar PV | Portugal, Spain | 187.5 | 79.0 | 137.3% | 15.9% | 18.1% | 99.9% | 94.4% |
| Hydropower | Portugal | 38.2 | 48.4 | (21.1%) | 22.5% | 29.9% | 99.2% | 98.6% |
| **Total** | | **666.4** | **522.3** | **27.6%** | **25.9%** | **26.7%** | **97.5%** | **98.2%** |

**Annual Production Development Since IPO (AER Share, GWh)[4]**




- 2022 production was 6.9% below budget
  - Lower-than-expected wind levels in the Nordics and drought conditions at Sagres
  - Pleasing performance from newly built & acquired assets
- Overall technical availability remains high at 97.5%
- **Overall portfolio production capacity has significantly increased to 1TWh+ given portfolio transformation**

*[1]Region refers to 2022. [2]Tiza from March 2022, Albeniz from June 2022 and The Rock & Jaén from November 2022. [3]Average technical availability based on weighted installed capacity (AER share). [4]Expected annual production assumes a full-year contribution from each of AER's operating assets.*

# Power Prices and Revenue

| Technology | Country[1] | Average Captured Price (EUR / MWh) (Merchant Only) | | | Total Revenue[1] (AER Share, EUR m) | | |
|---|---|---|---|---|---|---|---|
| | | **2022** | **2021** | **Variance (%)** | **2022** | **2021** | **Variance (%)** |
| Wind | Denmark, Finland, Norway, Greece | 96.5 | 53.2 | 81.6% | 46.2 | 33.6 | 37.6% |
| Solar PV | Portugal, Spain | 82.5 | 65.2 | 26.5% | 12.2 | 4.2 | 190.1% |
| Hydropower | Portugal | 158.0 | 82.1 | 92.4% | 4.8 | 4.5 | 8.0% |
| **Total** | | **97.1** | **59.3** | **63.8%** | **63.2** | **42.2** | **49.6%** |

– 2022 revenue was 24.2% above budget
  - Outperformance driven by high electricity prices throughout Europe, particularly in the Nordics
  - Sagres delivered revenue above budget, despite drought conditions which have now subsided

[1]*Includes merchant revenue, contracted revenue & other revenue (e.g. Guarantees of Origin, Electricity Certificates). Desfina contribution based on economic interest (93.0%). Revenue figures sourced from financial statements at the SPV level.*

# Underlying Financial Performance (Unaudited)

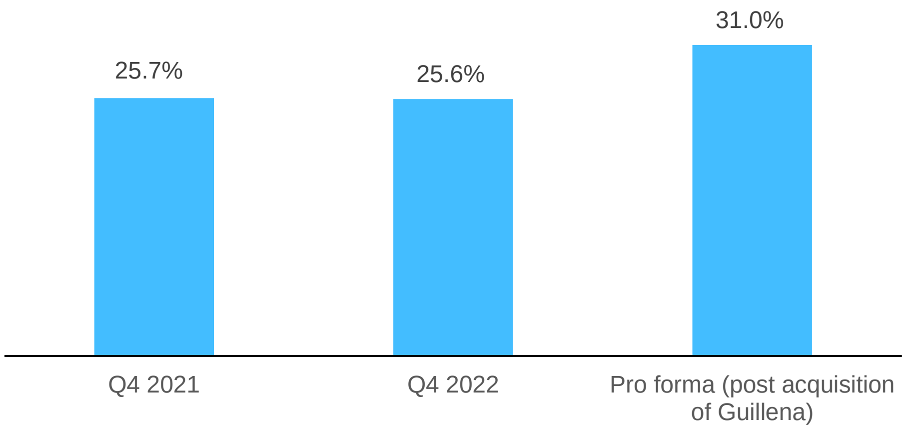
| Asset Underlying Financial Performance (AER Share)[1] | | | |
|---|---|---|---|
| **EUR m** | **2022** | **2021** | **Variance (%)** |
| Asset income | 63.2 | 42.2 | 49.6% |
| Asset operating costs | (12.3) | (7.9) | 57.0% |
| Interest and tax | (6.0) | (4.5) | 32.3% |
| **Asset underlying earnings** | **44.9** | **29.9** | **50.3%** |
| Asset debt amortisation | (10.9) | (12.2) | (10.3%) |
| Fund expenses, other[2] | (4.9) | 1.9 | nmf[3] |
| **Total underlying earnings** | **29.1** | **19.6** | **48.8%** |
| Dividends paid | 21.2 | 17.0 | 24.4% |
| **Dividend cover** | **1.4x** | **1.1x** | **nmf[3]** |

- Dividend cover of 1.4x reported in 2022 (2021: 1.1x). 1.9x excluding debt repayments
- Robust dividend coverage, despite:
  - No meaningful contribution from Greco in 2022, representing AER's single largest asset (22.6% of portfolio value upon completion)
  - Partial contributions from Albeniz, The Rock and Tiza given timing of acquisition or construction completion during the year
  - Production under budget by 6.9%
- Improvement in underlying earnings primarily driven by elevated power prices and higher production
- Asset operating costs in 2022 affected by a one-off PPA penalty incurred at Albeniz due to completion delays (EUR 1.5 million)
- Lower debt amortisation as a result of Sagres and Desfina refinancings completed in 2022

*[1]Calculation is based on AER's share of asset revenue and operating costs. [2]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. 2021 includes income accrued by AER in relation to shareholder loans provided to construction assets. [3]nmf = not meaningful.*

# Low Gearing with Significant Firepower

## Debt / Gross Asset Value (31 December 2022)[1]




## Key Debt Metrics (31 December 2022, EUR m)[1]

| | 2022 | 2021 | Variance |
|---|---|---|---|
| NAV | 451.7 | 417.4 | 8.2% |
| Debt[2] | 155.2 | 144.3 | 7.5% |
| **GAV** | **606.9** | **561.8** | **8.0%** |
| Total debt (% of GAV) | 25.6% | 25.7% | (0.1 bps) |
| Weighted average maturity (years) | 14.6 | 13.9 | 0.7 years |
| Weighted average interest rate[3] | 2.5% | 2.5% | 0.0 bps |
| RCF interest rate[4] | 1.9% | 1.9% | 0.0 bps |

- Low gearing level (26%) unchanged since 2021. EUR 13 million[5] of asset debt (AER share) repaid during 2022, offset by RCF utilisation
- Potential firepower of up to EUR 300 million available based on current gearing restrictions (50% of Gross Asset Value)[6]
- EUR 250 million fair value solar PV portfolio (incl. Guillena) is unlevered which provides significant flexibility
- Project level debt is non-recourse, largely fully amortising and with fixed interest rate. Attractive weighted average interest rate of 2.5%[3]
- No debt maturities until 2025 (RCF) and 2026 (The Rock Green Bond, which is non-recourse)
- Current surplus liquidity of approximately EUR 32 million (cash on hand plus undrawn RCF) after existing funding commitments (Guillena) and assuming full completion of the share buyback

*[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]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%). [4]Margin over EURIBOR. [5]Includes repayment of debt via new equity associated with the refinancing of Sagres, which is excluded from the dividend cover calculation. Desfina contribution based on economic interest (93.0%). [6]The Company may take on long-term structural debt provided that it does not exceed 50.0% of the prevailing Gross Asset Value. Any short-term debt will be subject to a separate gearing limit of up to 25.0% of the Gross Asset Value.*

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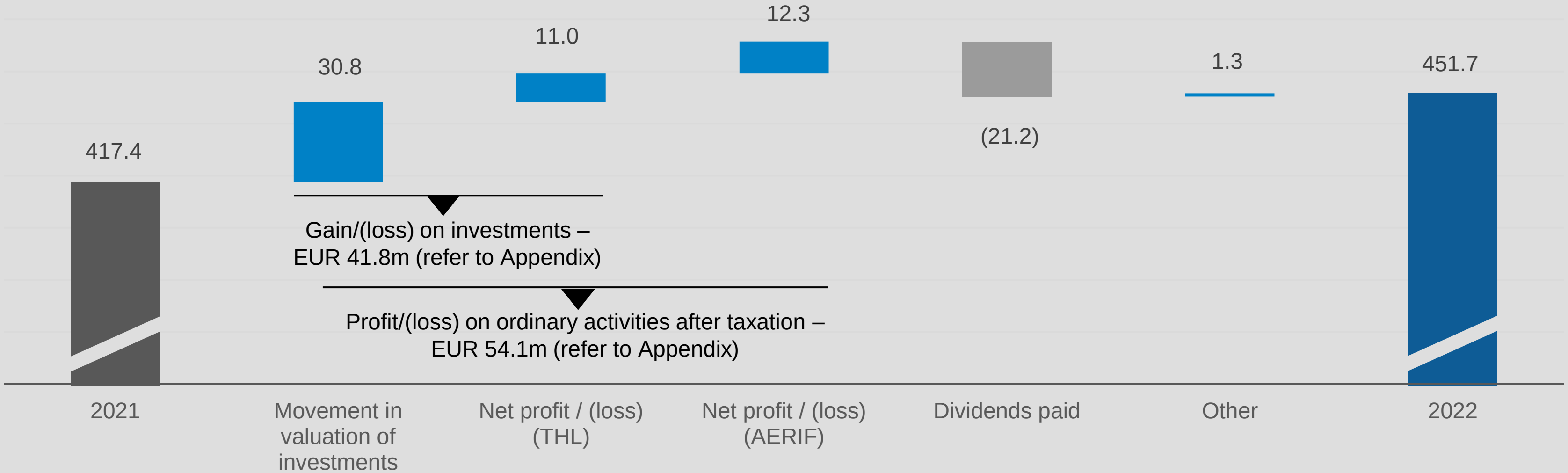
# 2022 Net Asset Valuation Bridge

**Net Asset Value Bridge[1]**
**(EUR m)**




| NAV per ordinary share | 102.6 cents | 110.6 cents |
|---|---|---|

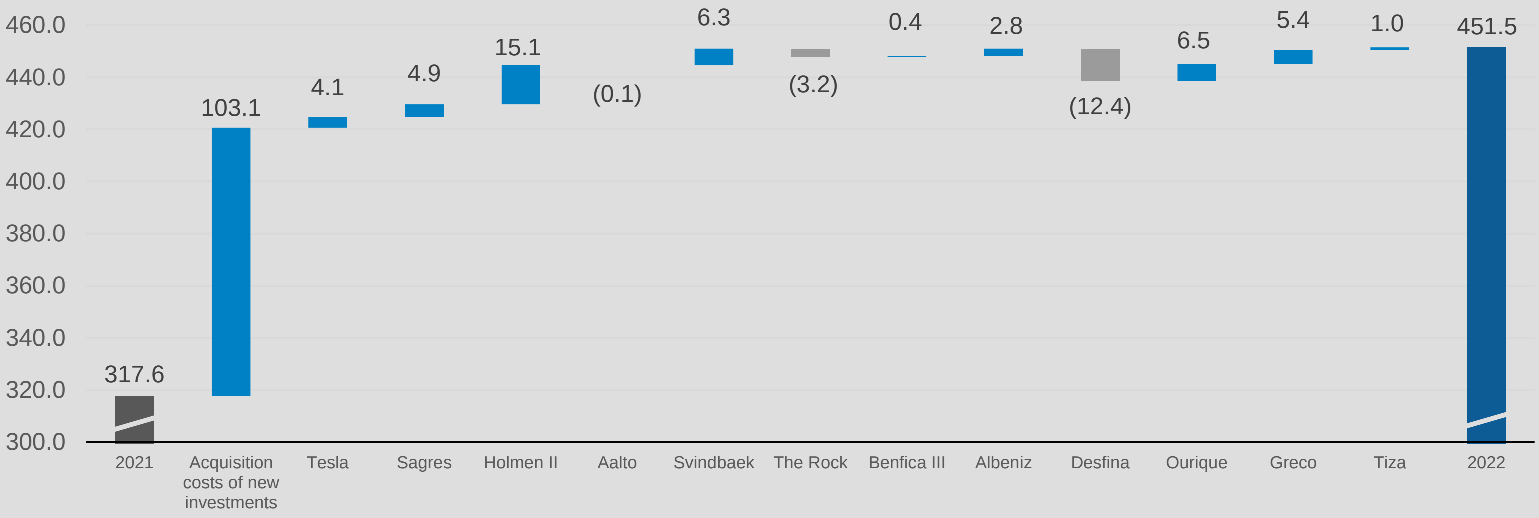
– Q4 NAV +7.8% or 8.0 cents per ordinary share after dividends (total NAV return of 12.9% including dividends)

- Increase in short-term electricity price forecasts across the portfolio (+13.2 cents)[2]
- Increase in short-term CPI forecasts (+6.9 cents). Medium and long-term assumptions remain unchanged[3]
- Norwegian onshore wind taxes for Tesla and The Rock (-1.7 cents)[4]
- Discount rate increased by 70 bps to 7.2% (2021: 6.5%), following the increase in risk-free rates across the portfolio

*[1]Other: Includes share issue costs (-EUR 0.06 million), settlement of Investment Advisory fees (EUR 1.3 million) and FX losses (-EUR 0.01 million). Movements in valuation of investments exclude the impact of capital contributions. [2]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. [3]Short-term inflation forecasts sourced from Bloomberg. [4]Includes production tax, high-price contribution tax (clawback) and natural resources tax. Refer to the Appendix for further details.*

# 2022 Portfolio Valuation

**Portfolio Valuation Bridge (EUR m)[1]**




**Portfolio Valuation (EUR m)[1]**

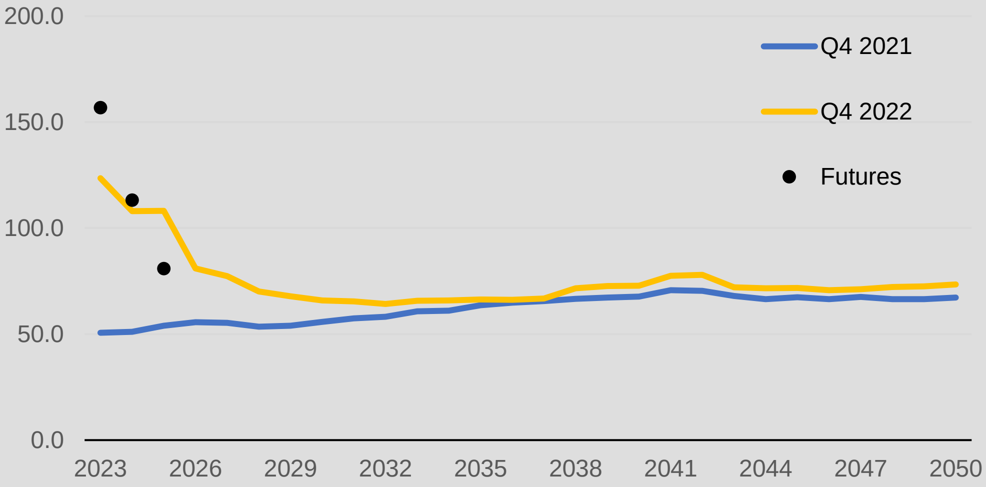
| | 2022 | 2021 | Var.(%) |
|---|---|---|---|
| Tesla | 35.5 | 31.4 | 13.1 |
| Sagres | 23.0 | 15.8 | 45.5 |
| Holmen II | 39.5 | 24.5 | 61.7 |
| Olhava | 27.2 | 27.3 | (0.5) |
| Svindbaek | 46.9 | 40.6 | 15.5 |
| The Rock | 41.7 | 45.0 | (7.3) |
| Benfica III | 17.1 | 16.7 | 2.2 |
| Albeniz | 55.1 | 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. |
| **Total** | **451.5** | **317.6** | **42.2%** |

- Portfolio valuation increased by 7.3% or EUR 30.8 million (excluding capital contributions)
  - Nordic wind assets largest contributor given substantial increases in short-term power prices as a result of interconnection with Continental Europe
  - Notable valuation increase in construction projects Albeniz and Greco (8.2 EUR million) – construction premia unwind and power price increases
  - Desfina decreased due to a significant cash distribution made during first half 2022 (first distribution since AER ownership)
  - The Rock negatively impacted by changes in tax assumptions following regulatory changes

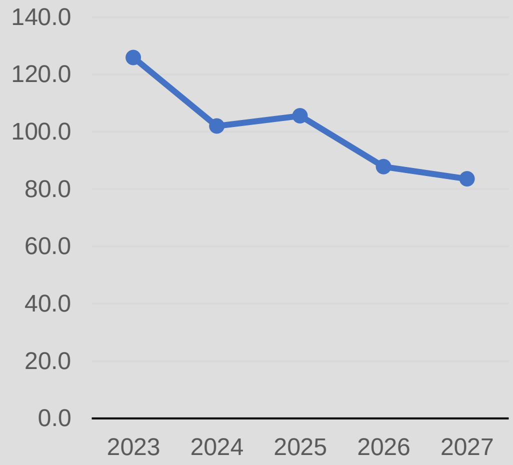
*[1]Includes capital contributions related to construction assets (Albeniz: EUR 6.25 million), new investments (Greco, Tiza combined EUR 94.3 million), capital injection (Sagres: EUR 2.2 million) and other (EUR 0.3 million). Excluding assets and liabilities on fund level.*

# Captured Power Price Forecasts (Nominal, EUR / MWh)

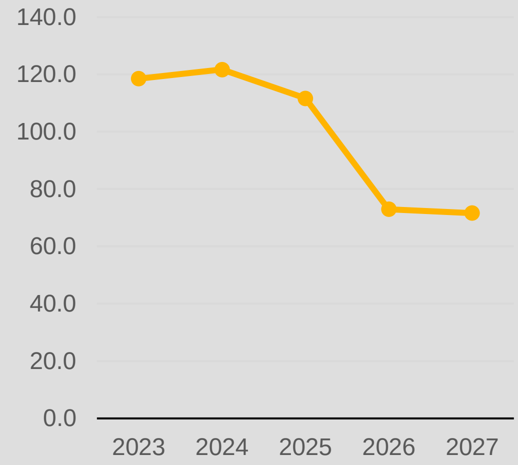
**Portfolio Weighted Average[1]**




**Nordics Weighted Average (Wind)[1]**




**Iberia Weighted Average (Solar PV, Hydro)[1]**



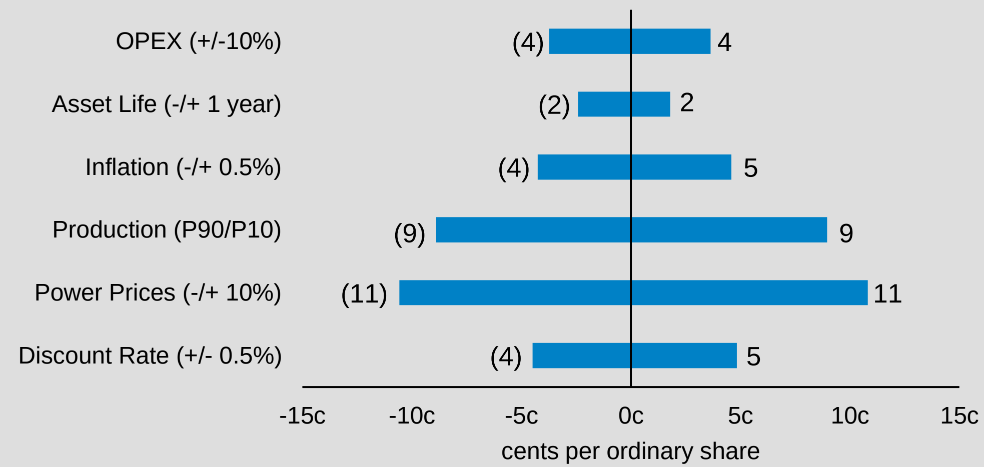

- Power price forecasts sourced from (no change in methodology):
  - Wind & solar PV: average of two curve providers
  - Hydro: average of three curve providers
- Backwardation across key markets
- No significant movement in long-term real power prices compared to Q4 2021

*[1]Data reflects latest pricing forecast as at 31 December 2022. All power prices are as at 31 December 2022 and reflect the captured price. The calculation 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 to forecast power price curves.*

# Power Prices, Inflation and NAV Sensitivities

## Impact on NAV per Ordinary Share

| Year | | 2023 (1 Year) | 2023 – 2027 (5 years) | 2023 – 2032 (10 years) | Over Asset Life |
|---|---|---|---|---|---|
| Power Prices | +10.0% | +0.9 cents | +3.4 cents | +5.9 cents | +10.8 cents |
| | -10.0% | -0.9 cents | -3.2 cents | -5.6 cents | -10.6 cents |
| Inflation | +50 bps | +0.4 cents | +1.8 cents | +3.0 cents | +4.6 cents |
| | -50 bps | -0.4 cents | -1.7 cents | -2.9 cents | -4.3 cents |



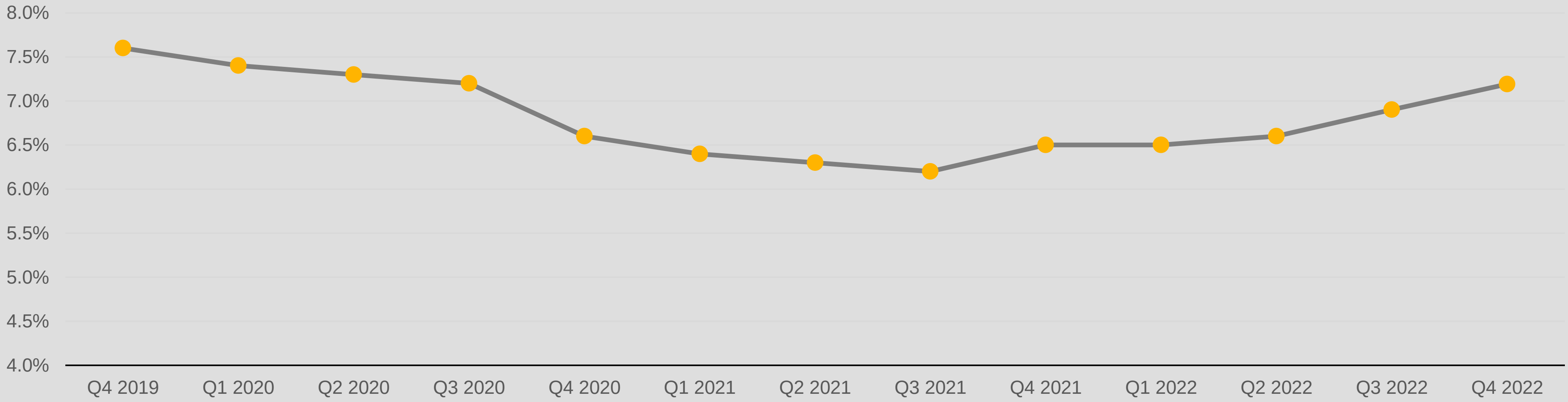

## Inflation Assumptions

| Year | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| Eurozone | 6.05% | 2.12% | 2.08% | 2.04% | 2.00% | 2.00% |
| Denmark | 4.04% | 2.06% | 2.04% | 2.02% | 2.00% | 2.00% |
| Norway | 3.90% | 2.26% | 2.17% | 2.09% | 2.00% | 2.00% |
| Source | Bloomberg[1] | Bloomberg[1] | Bloomberg[1] | Interpolation | Interpolation | Long-term assumption |

[1] *As at 23 December 2022.*

# Discount Rate Evolution

**Portfolio Discount Rate Evolution**




**Q4 2019**

| | |
|---|---|
| # of assets | 5 |
| # of markets | 4 |
| Portfolio allocation | |
| Wind | 85.7% |
| Solar PV | 0.0% |
| Hydro | 14.3% |
| Contracted revenue | FiT, FiP |
| Gearing | 34.8% |

**Q4 2022**

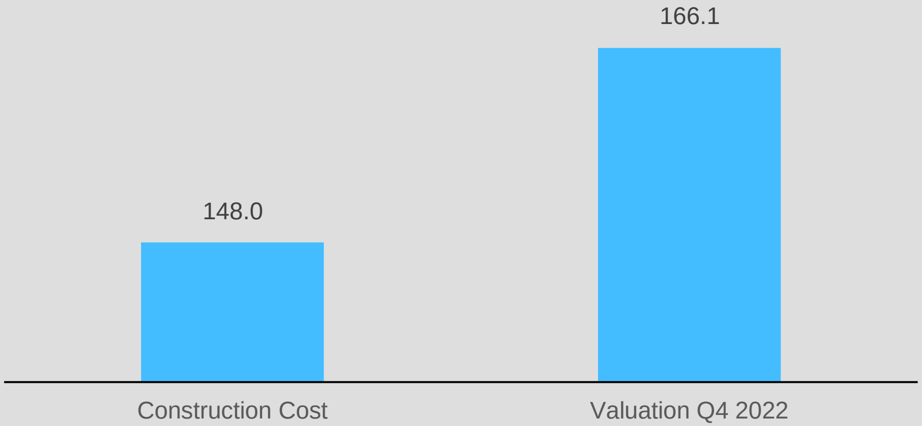
| | |
|---|---|
| # of assets | 12 |
| # of markets | 6 |
| Portfolio allocation | |
| Wind | 43.9%[1] |
| Solar PV | 51.5%[1] |
| Hydro | 4.6%[1] |
| Contracted revenue | FiT, FiP, PPA, CfD |
| Gearing | 25.6% |

- Discount rate has reduced by ~40 bps since Q4 2019, portfolio has de-risked materially over this period
  - Greater diversification by markets and technology, lower gearing levels
- Increases in risk free rates have been partially offset by de-risking of construction projects

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

# AER has Benefitted from Managing Construction Risk

**Construction Assets at Cost vs. Q4 Valuation (EUR m)[1]**




**Aggregate valuation uplift from construction assets currently reflected in the NAV:**

**18.1** million

**4.4** cents per ordinary share

**Up to 50 bps construction premia remain in place. Equivalent to:**

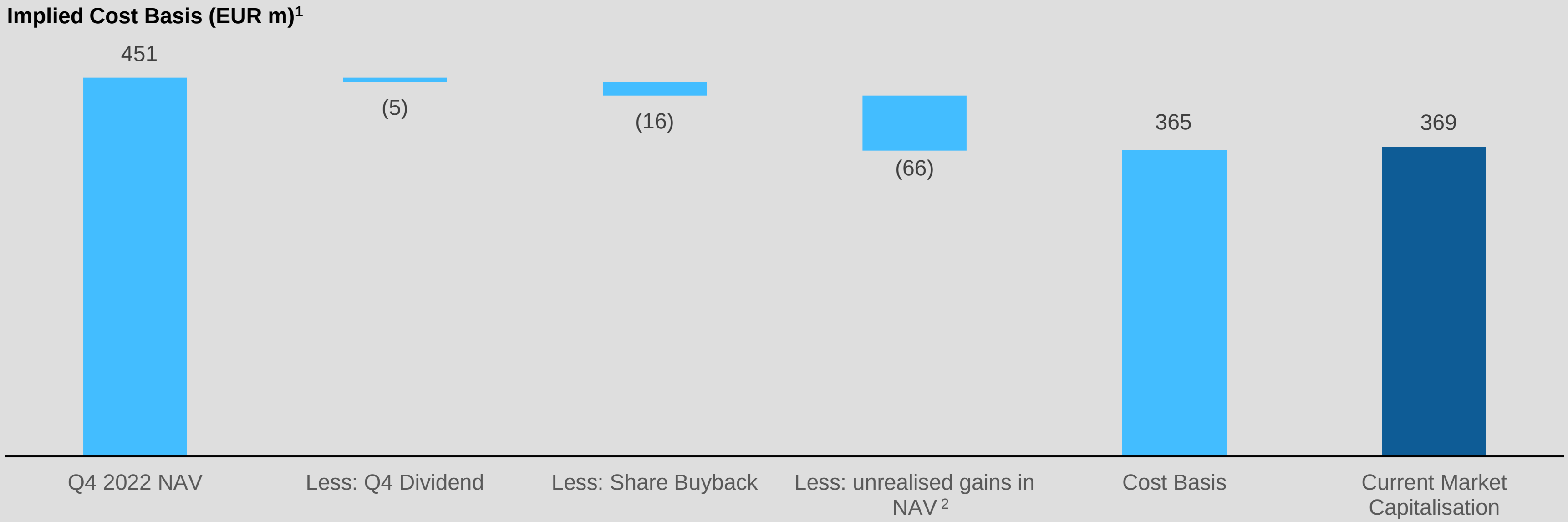
**+7.8** million

**+1.9** cent per ordinary share

- Construction assets (Albeniz, The Rock and Greco) have generated +EUR 18.1 million, with further upside remaining
- AER can allocate up to 30% of Gross Asset Value in construction assets
- Access to Aquila Capital's 10 GW development and construction pipeline, opportunity for significant value creation over time

[1] *Includes distributions received.*

# AER is Currently Trading at its Historic Cost Basis

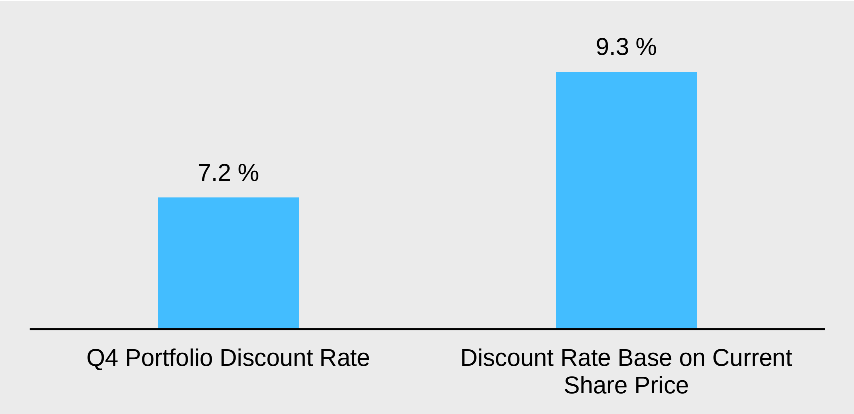



- AER is trading at its implied cost basis for the portfolio, despite the completion of EUR 150[3] million in construction projects which are now operational
- EPC costs have increased over the last few years which suggest that the implied cost basis is below current replacement cost
- Pre-construction prices for post-construction risks

*[1]Pro forma estimate of cost basis, which includes cash on hand. Buyback and market data as at 14 April 2023. [2]Refer slide 46 for further details. [3]Refers to the total cost of Albeniz, The Rock and Greco (purchase price plus capital expenditure) funded by AER equity as at 31 December 2022.*

# Attractive Forward Returns, Potential for Upside

**Indicative Forward Returns[1]**




+

**Indicative Upside from Asset Life Extensions**

| Technology | Asset Life Assumption (Years) | Sensitivity (Years) | Impact on NAV per Ordinary Share[2] | | Implied Pro Forma NAV Per Ordinary Share |
|---|---|---|---|---|---|
| | | | NAV per Ordinary Share | % | |
| Wind | 26 | 35 | +10 cents | +8.6% | 1.20 |
| Solar PV | 30 | 40 | +3 cents | +3.2% | 1.14 |
| **Total (cumulative)** | | | **+13 cents** | **+11.8%** | **1.24** |

- Indicative forward returns are based on low gearing levels and do not factor in reinvestment opportunities or potential asset life extensions
- Current asset life assumptions are lower compared to what is observed in the market (e.g. wind: up to 35 years, solar PV: up to 40 years)
- ~75% of the portfolio is less than 5 years old
- Investment Adviser currently progressing due diligence on a select group of assets. Extensions to be rolled out progressively, subject to due diligence

*[1]Excludes fund level costs. As at 14 April 2023 and based on shares outstanding. [2]Excludes any potential changes to opex / capex assumptions, which would offset against some of the potential increase in NAV. Subject to further due diligence and advisor recommendations.*

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# Regulatory & Market Update

**European (“EU”) Commission**

- EU Market Design Reform
  - No change to existing pay-as-clear market design
  - Promotion of long-term PPAs, including through guarantee schemes to reduce offtaker payment defaults
  - Enhancing industrial competitiveness through two-way CfDs
  - Boosting liquidity for forward contracts through virtual hubs
- Net-Zero Industry Act
  - 40% of annual solar PV deployment and up to 85% of batteries and wind energy deployment to utilise EU manufacturing by 2030
  - Power demand reduction targets (15%) extended until March 2024

**Country-specific Regulations**

- Norway: following public consultation process, decision of tax changes to be announced in June 2023
- Denmark: implementation of EUR 180 / MWh revenue cap on inframarginal generators subject to ongoing public consultation
- Refer to the Appendix for further details

# Pipeline – Substantial Opportunities for Future Expansion

| Area | Existing AER Portfolio (AER Share)[1] | Aquila Capital Development Portfolio[1] |
|---|---|---|
| Nordics | 178.2 MW | 0.4 GW |
| Iberia | 200.2 MW | 4.3 GW |
| Greece | 35.6 MW | 2.2 GW |
| Italy | – | 2.5 GW |
| Germany | – | 0.9 GW |
| Baltics | – | 0.4 GW |
| Other EU | – | 0.4 GW |
| Forward Commitments | 50.0 MW | – |
| **Total** | **463.8 MW** | **10.0 GW+** |

- Aquila Capital manages one of the largest early stage clean energy portfolios in Europe
- ~EUR 10 billion of capital required to realise the opportunity and meaningfully contribute to Europe's energy transition
- Significant growth opportunity for AER and a pathway for ongoing value creation (+EUR 18 million delivered to date across the portfolio)
- Opportunities for further portfolio diversification (Italy, Baltics, Greece and Germany)

*Source: Aquila Capital Investmentgesellschaft mbH, as at 31 December 2022. [1]Numbers may not sum due to rounding. Capacity figures are indicative only and subject to change.*

# Conclusion and Outlook

- Strong performance in 2022, delivering a record total NAV return of 12.9% and healthy dividend cover of 1.4x (1.9x excluding debt repayments)
- Growth in operating capacity has transformed the portfolio, now 100% operational with strong dividend cover expected over the next 5 years
- Low gearing provides flexibility to fund future growth
- Asset life extension due diligence ongoing
- The Board and its advisers continue to explore a number of different initiatives in response to the current share price discount to NAV
- In-line with the prospectus, scheduled shareholder continuation vote to take place on 14 June 2023 – the AER Board recommend that shareholders vote in favour of continuation

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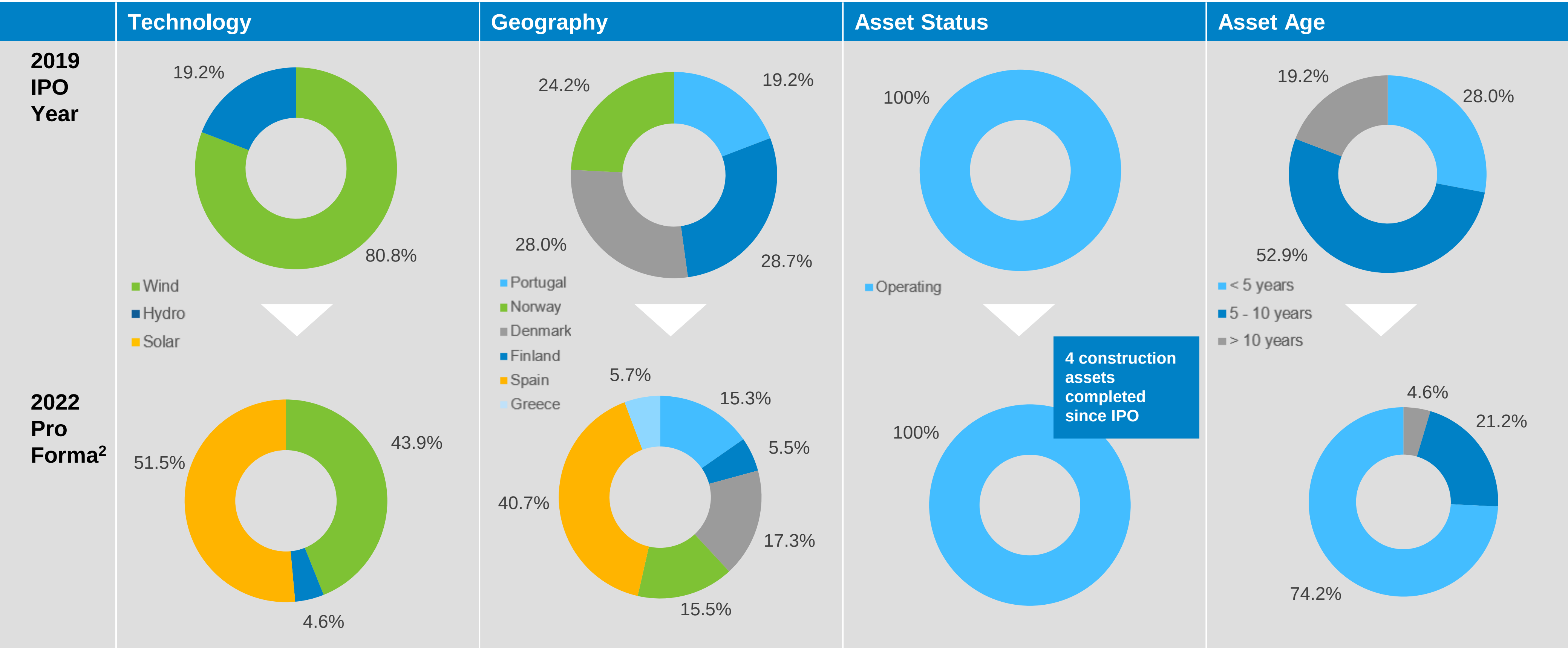
# Portfolio Summary

| Project | Technology | Country | Capacity[1] | Status | COD[2] | Asset Life from COD | Equipment Manufacturer | Energy Offtaker[3] | Offtaker | Ownership in Asset | Leverage[4] | Acquisition Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Tesla** | Wind energy | Norway | 150.0 MW | Operational | 2013, 2018 | 25y | Nordex | PPA | Statkraft | 25.9%[6] | 20.2% | July 2019 |
| **Sagres** | Hydropower | Portugal | 107.6 MW | Operational | 1951-2006 | n.a.[5] | Various | FiT | EDP/Renta | 18.0%[6] | 23.4% | July 2019 |
| **Holmen II** | Wind energy | Denmark | 18.0 MW | Operational | 2018 | 25y | Vestas | FiP | Energie.dk | 100.0% | 25.6% | July 2019 |
| **Olhava** | Wind energy | Finland | 34.6 MW | Operational | 2013-2015 | 27.5y | Vestas | FiT | Finnish Energy | 100.0% | 41.4% | September 2019 |
| **Svindbaek** | Wind energy | Denmark | 32.0 MW | Operational | 2018 | 25y | Siemens | FiP | Energie.dk | 99.9% | 14.2% | December 2019 & March 2020 |
| **The Rock** | Wind energy | Norway | 400.0 MW | Operational | 2022 | 30y | Nordex | PPA | Alcoa | 13.7%[6] | 50.6% | June 2020 |
| **Benfica III** | Solar PV | Portugal | 19.7 MW | Operational | 2017, 2020 | 30y | AstroNova | PPA | Axpo | 100.0% | 0.0% | October 2020 |
| **Albeniz** | Solar PV | Spain | 50.0 MW | Operational | 2022 | 30y | Canadian Solar | PPA | Statkraft | 100.0% | 0.0% | December 2020 |
| **Desfina** | Wind energy | Greece | 40.0 MW | Operational | 2020 | 25y | Enercon | FiP | DAPEEP | 89.0%[7] | 52.9%[8] | December 2020 |
| **Ourique** | Solar PV | Portugal | 62.1 MW | Operational | 2019 | 30y | Suntec | CfD | ENI | 50.0%[6] | 0.0% | June 2021 |
| **Greco** | Solar PV | Spain | 100.0 MW | Construction / Operational | 2023 | 30y | Jinko | PPA | Statkraft | 100.0% | 0.0% | March 2022 |
| **Tiza** | Solar PV | Spain | 30.0 MW | Operational | 2022 | 30y | Canadian Solar | PPA | Axpo | 100.0% | 0.0% | June 2022 |
| **Total (AER share)** | | | **463.8 MW** | | | | | | | | | |

*[1]Installed capacity at 100% ownership. [2]COD = Commissioning date. [3]PPA = Power Purchase Agreement, FiT = Feed-in tariff. FiP = Feed-in premium, CfD = Contract for Difference. [4]Leverage level calculated as a percent of debt plus fair value as at 31 December 2022. [5]21 individual assets. Approximately 10 years remaining asset life when calculated using net full load years. [6]Majority of remaining shares are held by entities managed and/or advised by Aquila Capital. [7]Represents voting interest. Economic interest is approximately 91.6%. [8]Calculation based on voting interest.*

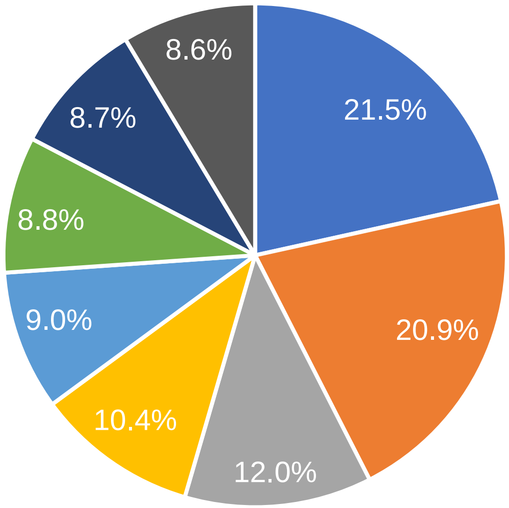
# Portfolio Evolution Since IPO[1]



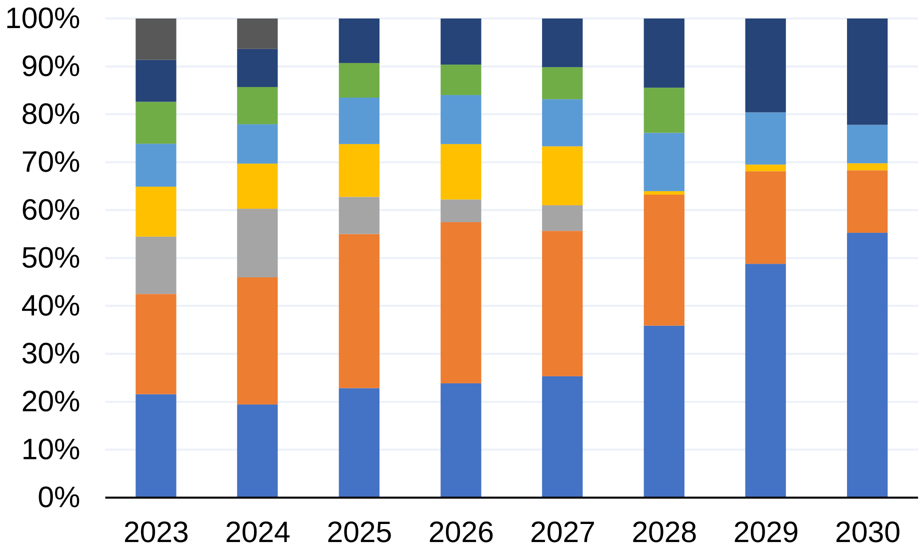

*[1]Allocation is based on fair value of the assets (excluding fund level assets and liabilities). [2]Current pro forma allocation assuming the final payments for Greco are completed.*

# Counterparty Exposure

**2023 Counterparty Exposure by Total Contracted Revenue (AER Share, %)**




**Counterparty Exposure by Total Contracted Revenue 2023 – 2030 (AER Share, %)**




DAPEEP ▪ Statkraft ▪ Finnish Energy ▪ Energie.dk ▪ EDP / Renta ▪ Axpo ▪ Alcoa Norway ▪ ENI

# Valuation Assumptions

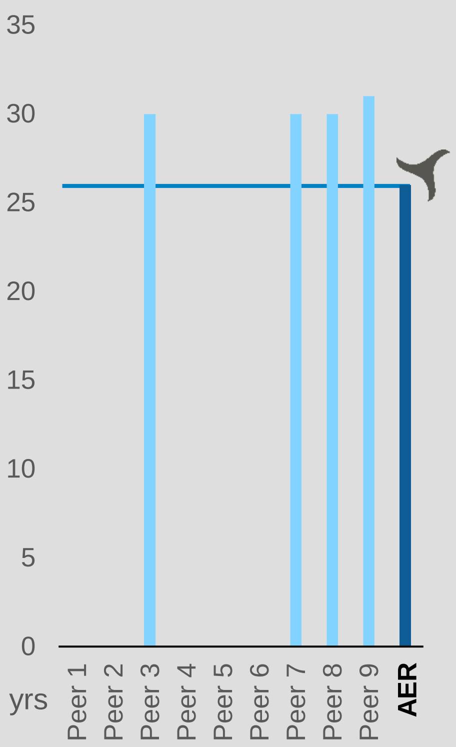
| Metric | | 2022 | 2021 |
|---|---|---|---|
| **Discount rate** | Weighted average | 7.2% | 6.5% |
| **Remaining asset life (Weighted Average)**[1] | Wind energy | 22 years | 23 years |
| | Hydropower | 10 years | 11 years |
| | Solar PV | 29 years | 27 years |
| **Operating life (Weighted Average)**[2]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

| Risk Free Rate by Region | % of Portfolio Fair Value[3] | Risk-free Rate (%)[4] |
|---|---|---|
| Norway | 15.5% | 2.9% |
| Denmark | 17.3% | 2.6% |
| Finland | 5.4% | 2.4% |
| Portugal | 15.4% | 3.0% |
| Spain | 40.7% | 3.2% |
| Greece | 5.7% | 4.1% |
| **Portfolio weighted average** | **100.0%** | **3.0%** |

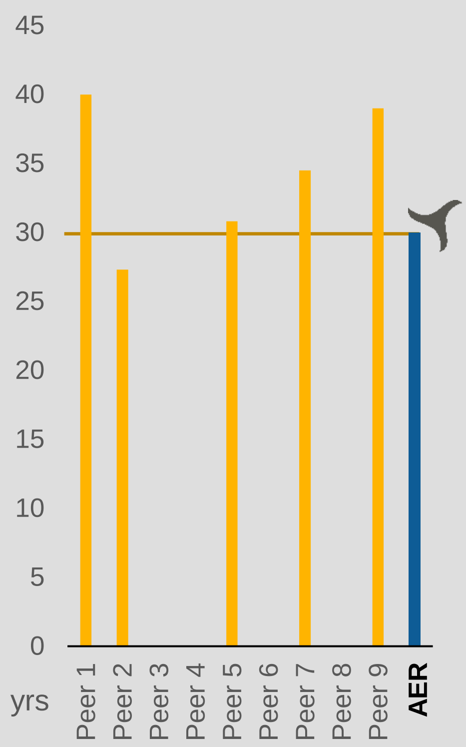
*[1]Remaining asset life based on net full load years. Does not consider any potential asset life extensions. Includes Greco deferred consideration payment. [2]Asset life assumption from date of commissioning. [3]Allocation is based on a fair value of the assets (excluding fund level assets and liabilities) and assumes the final payments for Greco are completed. [4]10-year government bond yields as of end of March 2023, note this is shown for comparison purposes only.*

# Valuation Assumption Benchmarking

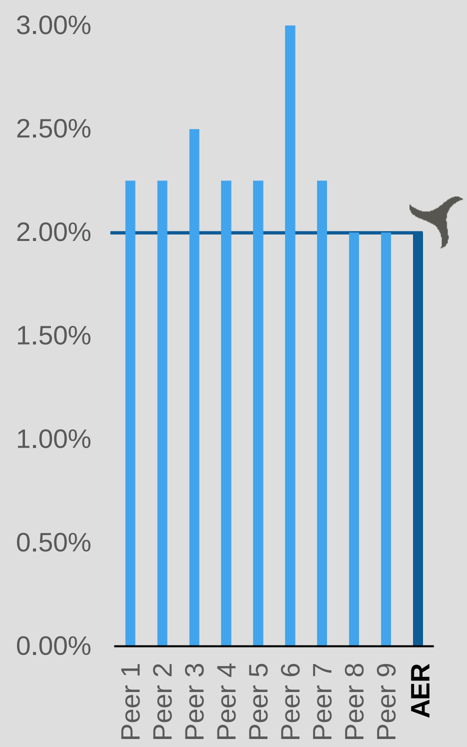
**Asset life – Wind energy[1]**




**Asset life – Solar PV[1]**




**Long-term inflation[1,2]**




**Discount rate[3]**


*[1]Average asset life and inflation assumption disclosed by listed peers, based on latest available data. [2]Note geographic and currency differences may apply. [3]Discount rate based on latest available data, note presentation reflects a combination of levered and unlevered discount rates depending on peer disclosure.*

# Board of Directors

**Ian Nolan**
Non- Executive Chairman

- Led the team which was recruited by the UK Government in 2011 to establish the UK Green Investment Bank and was its Chief Investment Officer until 2014
- Previously, Ian 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
- Has over three decades of experience in finance, private equity and investment management

**Dr. Patricia Rodrigues**
Chair of the Remuneration and Nomination Committee and member of the Audit and Risk Committee

- Over two decades of leadership experience in infrastructure and real asset investment and investment banking
- Was Head of Portfolio Management for UK Green Investment Bank before leading the growth strategy of the non-real estate Real Assets business for The Townsend Group and Macquarie Infrastructure and Real Assets
- Is currently serving as a non-executive director of Legal & General Assurance Society Ltd and as an IC member of GLIL Infrastructure and AIIF4 (Africa Infrastructure)

**David McLellan**
Chair of the Audit and Risk Committee and member of the Remuneration and Nomination Committee

- Founder and currently Chairman of RJD Partners, a private-equity business focused on the services and leisure sectors
- Previously, David 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
- Has served on the boards of several companies and is currently a non-executive director of J&J Denholm Limited and Chairman of Stone Technologies Group Limited

**Kenneth MacRitchie**
Member of the Remuneration and Nomination Committee and member of the Audit and Risk Committee

- Has over 30 years' experience of advising on the financing, development and operation of independent power projects across Europe, Middle East and Africa
- Was a partner at the global law firm, Clifford Chance and, thereafter, at Shearman & Sterling where he served on their Management Board
- Has experience of advising the UK Government on renewable energy policy and led the establishment of Low Carbon Contracts Company Limited, which provides subsidies for the UK renewables industry

# Summary Income Statement

| EUR k | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Revenue (EUR k)** | **Capital (EUR k)** | **Total (EUR k)** | **Revenue (EUR k)** | **Capital (EUR k)** | **Total (EUR k)** |
| Unrealised gains on investments | - | 41,778 | 41,778 | - | 19,236 | 19,236 |
| Net foreign exchange losses | - | (13) | (13) | - | (7) | (7) |
| Interest income | 15,929 | - | 15,929 | 11,783 | - | 11,783 |
| Dividend income | 1,200 | - | 1,200 | - | - | - |
| Investment advisory fees | (3,150) | - | (3,150) | (2,682) | - | (2,682) |
| Other expenses | (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 | (75) | - | (75) | (318) | - | (318) |
| Taxation | - | - | - | - | - | - |
| **Profit on ordinary activities after taxation** | **12,339** | **41,765** | **54,104** | **7,395** | **19,229** | **26,624** |
| Return per ordinary share (cents) | 3.02 | 10.24 | 13.26 | 2.15 | 5.59 | 7.74 |

# Summary Balance Sheet

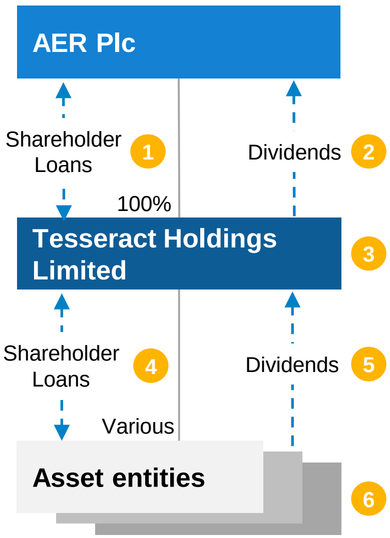
| EUR k | 2022 | 2021 |
| --- | --- | --- |
| **Assets** | | |
| Cash and cash equivalents | 19,893 | 94,275 |
| Trade and other receivables | 5,630 | 9,298 |
| Investments at fair value through profit or loss | 428,641 | 316,953 |
| | | |
| **Liabilities** | | |
| Other creditors | (2,514) | (3,083) |
| | | |
| **Net assets** | **451,650** | **417,443** |
| Net assets per ordinary share (cents) | 110.64 | 102.58 |

# Summary Cash Flow

| EUR k | 2022 | 2021[1] |
|---|---|---|
| **Operating activities** | | |
| Profit on ordinary activities before finance costs taxation | 54,179 | 26,942 |
| Adjustment for unrealised losses / (gains) on investments | (41,778) | (19,236) |
| Working capital adjustments | 4,527 | (3,262) |
| **Net cash flow from / (used in) operating activities** | **16,928** | **4,444** |
| | | |
| Purchase of investments | (71,369) | (125,127) |
| Repayments during the year | 1,459 | 19,506 |
| Contingent consideration | (1,428) | 841 |
| **Net cash flow used in investing** | **(71,338)** | **(104,780)** |
| | | |
| **Financing activities** | | |
| Proceeds of share issues | 1,326 | 92,563 |
| Share issue costs | (58) | (1,627) |
| Dividend paid | (21,165) | (17,020) |
| Finance costs | (75) | (318) |
| **Net cash flow from financing activities** | **(19,972)** | **73,597** |
| Decrease in cash | (74,382) | (26,739) |
| **Cash and cash equivalents at end of period** | **19,893** | **94,275** |

*[1]Slight variation in 2021 due to reclassification of contingent consideration.*

# Reconciliation – Income Statement




- Given AER Plc is classified as an 'investment entity' in accordance with IFRS 10, it is required to hold its subsidiary (Tesseract Holdings Limited) at fair value and accordingly does not consolidate its accounts
- AER's audited accounts are presented on a stand-alone basis (representing Aquila European Renewables Plc)

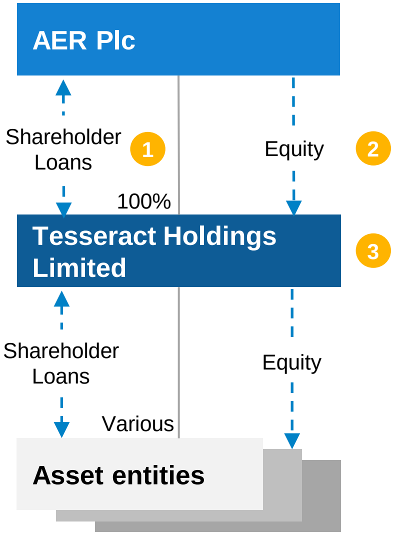
**Aquila European Renewables (AER Plc)**

| | Income Statement (EUR k) | 2022 | 2021 |
|---|---|---|---|
| 3 | Gains/(losses) on investments | 41,778 | 19,236 |
| | Net foreign exchange losses | (13) | (7) |
| 1 | Interest income | 15,929 | 11,783 |
| | Investment advisory fees | (3,150) | (2,682) |
| | Other expenses | (1,565) | (1,388) |
| 2 | Dividends | 1,200 | - |
| | **Profit/(loss) on ordinary activities before finance costs and taxation** | **54,179** | **26,942** |
| | Finance costs | (75) | (318) |
| | Taxation | - | - |
| | **Profit/(loss) on ordinary activities** | **54,104** | **26,624** |

**Tesseract Holdings Limited**

| | Income Statement (EUR k) | 2022 | 2021 |
|---|---|---|---|
| 4 | Interest income | 14,327 | 11,219 |
| 5 | Dividend income | 4,988 | 721 |
| 6 | Gains/(losses) on investments | 41,313 | 19,658 |
| | Expenses | (333) | (563) |
| | Currency gains/(losses) | (6) | - |
| 1 | **Profit/(loss) on ordinary activities before finance costs and taxation** | **60,289** | **31,035** |
| | Finance costs | (17,311) | (11,799) |
| | Taxation | - | - |
| | **Profit/(loss) on ordinary activities** | **42,978** | **19,236** |
| | Dividend payments | (1,200) | - |
| | **Profit/(loss) on ordinary activities** after dividend payments | **41,778** | **19,236** |

# Reconciliation – Balance Sheet




**Aquila European Renewables (AER Plc)**

| | Balance Sheet (EUR k) | 2022 | 2021 |
|---|---|---|---|
| | **Assets** | | |
| | Cash | 19,893 | 94,275 |
| | Trade and other receivables | 5,630 | 9,298 |
| 3 | Portfolio value | 428,641 | 316,953 |
| | | | |
| | **Liabilities** | | |
| | Creditors | (2,514) | (3,083) |
| | | | |
| | **Net assets** | **451,650** | **417,443** |

| | Portfolio Value Breakdown (EUR k) | 2022 | 2021 |
|---|---|---|---|
| 2 | Equity investments | 114,527 | 99,990 |
| | Unrealised gains/(loss) | 65,663 B | 23,885 A |
| 1 | Shareholder loans | 248,451 | 193,078 |
| 3 | **Total** | **428,641** | **316,953** |
| | Movement in unrealized gains/(loss) (AER P&L) A — B | 41,778 | 19,236 |

# Dividend Cover Assumptions

| Item | Assumptions (as at Q4 2022) |
|---|---|
| General | • P50 production<br>• Average of analyst power price curves (captured rate) used in the Q4 2022 NAV<br>• Guillena assumed to be operational by April 2023<br>• Assumes no additional investments |
| Dividend & Buyback | • Dividend of 5.51 cents per ordinary share<br>• Assumes no share buyback |
| Gearing | Project debt – amortised in-line with contractual commitments<br><br>RCF<br>• Drawn amount of EUR 72 million post acquisition of Guillena[1]<br>• Refinanced every 2 years at 1.50% upfront cost<br>• EURIBOR 3-month forecast assumed (source: Bloomberg)<br>• No hedging assumed |
| Other | • Investment Adviser fee 100% funded by cash from July 2023 and onwards<br>• No interest received on surplus cash assumed |

[1]*Excluding drawdowns for bank guarantees.*

# Regulatory Update Summary

| | Measure | Timeframe | Comment |
|---|---|---|---|
|  | Clawback for market revenues and PPAs above EUR 67 MWh threshold constraining market revenue capture prices to EUR 85 to 100 / MWh | Sep 2021 – Dec 2023 | • Existing PPAs unaffected<br>• Reflected in Q4 2022 valuation model |
|  | Gas cap with starting at EUR 40 / MWh set to reach 70 / MWh in May<br><br>Tax measures: 7% generation tax suspended; VAT tax rate reduced from 10% to 5%; electricity tax reduction from 5% to 0.5% | Jun 2022 – May 2023<br><br>Sep 2021 – Dec 2023 | • Extension to Dec 2024 set at EUR 45 – 50 / MWh subject to European Commission approval. Minimal impact given hedging position<br><br>• Reflected in Q4 2022 valuation model |
|  | Clawback tax of 23% for electricity prices exceeding EUR 70 / MWh<br><br>Resource rent tax on existing and new onshore wind farms of 40%<br><br>Increase in production tax (to about EUR 2 / MWh)<br><br>Natural resources tax (about EUR 1 – 2 / MWh) | Jan 2023 – Dec 2024<br><br>Final decision Jun 2023<br><br>Permanent<br><br>Decision Jun 2023 (indicative date) | • NO4 (The Rock) prices lower than threshold but higher for NO2 (Tesla). No impact on hedged revenue<br><br>• Reflected in Q4 2022 valuation model except for outstanding Norwegian tax changes to be finalized in June 2023 |
|  | Clawback for inframarginal generators (EUR 180 / MWh) | Dec 2022 – Jun 2023 | • Legislation would have retrospective effect from 1 Dec 2022<br>• Reflected in Q4 2022 valuation model |
|  | Clawback (30% of net income)<br><br>Reduction of VAT on electricity from 24% to 10% | Jan 2023 – Dec 2023<br><br>Dec 2022 – Apr 2023 | • No material impact based on initial tax assessment<br>• Reflected in Q4 2022 valuation model |
|  | Clawback (EUR 85 / MWh price threshold) | Jul 2022 – Jun 2023 | • Desfina revenue not impacted given FiT |

# Debt Summary (31 December 2022)

| Project | | AER Share | Drawn Debt (EUR million)[1] | Currency | Bullet / Amortisation | Maturity | Hedged % | Type |
|---|---|---|---|---|---|---|---|---|
| Tesla | | 25.9% | 9.0 | EUR | Partly amortising | Mar 2029 | 100.0% | Bank Debt |
| Sagres | | 18.0% | 7.0 | EUR | Fully amortising | Jun 2033 | 70.0% | Bank Debt |
| Olhava | | 100.0% | 19.2 | EUR | Fully amortising | Dec 2030 / Sep 2031 | 100.0% | Bank Debt |
| Holmen II | | 100.0% | 13.6 | DKK | Fully amortising | Dec 2037 | 93.2% | Bank Debt |
| Svindbaek I | | 99.9% | 7.8 | DKK | Fully amortising | Dec 2037 | 100.0% | Bank Debt |
| The Rock | USPP Bond | 13.7% | 31.8 | EUR | Fully amortising | Sep 2045 | 100.0% | Debt Capital Markets |
| | Green Bond | 13.7% | 11.0 | EUR | Bullet | Sep 2026 | 100.0% | Debt Capital Markets |
| Desfina | | 89.0% | 31.9 | EUR | Fully amortising | Jun 2035 | 100.0% | Bank Debt |
| **Subtotal** | | | **131.2** | | | | **97.7%** | |
| RCF | | 100.0% | 24.0 | EUR | | Apr 2024 | 0.0% | Bank Debt |
| **Total** | | | **155.2** | | | | **82.6%** | |

*[1]Foreign currency values converted to EUR as at 31 December 2022. Data represents AER share of debt. AER share of Desfina debt based on voting interest.*

# Structure

Ownership

Relationship

**Shareholders**

**Independent Board of Directors**
4 x Non-executive Board of Directors

**Service Providers**

**Broker and Placing Agent**: Numis Securities

**Legal adviser**: CMS

**Auditors:** PriceWaterhouseCoopers

**Media contacts:** Edelman Smithfield

**Investment Adviser:** Aquila Capital

**Company AIFM and Secretary:** FundRock Management Company (Guernsey) Limited

**Aquila European Renewables Plc**

**Banks:** RCF lenders RBS and ING

**Tesseract Holdings Limited ("THL")**

**Banks:** Non-recourse financing (various)

**Asset SPVs**

*Source: Aquila Capital Investmentgesellschaft mbH, as at 31 December 2022.*

# Key Terms

| Aquila European Renewables Plc | |
|---|---|
| **Fund structure** | UK-domiciled closed-end investment company |
| **Listing** | Premium Segment of the London Stock Exchange |
| **Ticker / ISIN in EUR / SEDOL** | AERI / GB00BK6RLF66 / BK6RLF6 |
| **Ticker / ISIN in GBP / SEDOL** | AERS / GB00BK6RLF66 / BJMXQK1 |
| **Currency** | Fund raising, reporting and investor distributions will be Euro-denominated |
| **Target dividend profile[1]** | 2023: not less than 5.51 cents per ordinary share, subject to the portfolio performing in-line with expectations |
| **Target returns[1]** | Total return target of 6.0 – 7.5% (net of fees and expenses) over the long-term |
| **Governance** | Independent board of 4 directors |
| **Investment adviser** | Aquila Capital Investmentgesellschaft mbH |
| **AIFM** | FundRock Management Company (Guernsey) Limited (formerly International Fund Management Limited) |
| **Advisory agreement** | Initial term: 4 years with 1 year termination notice period |
| **Investment advisory fees + applicable taxes** | < EUR 300m: 0.75% of NAV (+ VAT)<br>≥ EUR 300m ≤ EUR 500m: 0.65% of NAV (+ VAT)<br>> EUR 500m: 0.55% of NAV (+ VAT) |
| **Shareholder alignment** | – Continuation vote after 4 years and every 4 years thereafter<br>– Discount triggered buyback subject to free cashflow<br>– Advisory fee settled in shares until 30 June 2023 |
| **Key elements of investment policy/limits** (% of portfolio by value at time of acquisition) | <25% in a single asset<br><20% in energy infrastructure technologies outside onshore wind, solar PV and hydropower<br><30% assets under development/construction<br><=50% of Gross Asset Value is long-term structural debt<br>– Geographical allocation: throughout continental Europe and the Republic of Ireland |
| **Risk management** | – Power production sold to creditworthy counterparties<br>– An appropriate hedging policy in relation to interest rates will be adopted<br>– No currency hedging |

*[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. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in ordinary shares or assume that the company will make any distributions at all.*

## Summary

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **Market capitalisation (EUR m)** | 167 | 338 | 415 | 377 |
| **NAV (EUR m)** | 159 | 317 | 417 | 452 |
| **# investments** | 5 | 9 | 10 | 12 |
| **# countries** | 4 | 6 | 6 | 6 |
| **MW capacity (AER share)** | 110 | 301 | 332 | 464 |
| **Contracted revenue (%)** | 72.5% | 73.9% | 68.5% | 51.9% |
| **Total shareholder return per ordinary share (%)** | 8.6% | 2.0% | 0.5% | (4.5%) |
| **Total NAV return per ordinary share (%)** | 5.6% | 0.7% | 7.6% | 12.9% |
| **Dividend per ordinary share (EUR cents)** | 1.5 | 4.0 | 5.0 | 5.3 |
| **Dividend cover** | 1.6x[1] | 1.1x | 1.1x | 1.4x |

[1]*Dividend cover excludes Sagres as the asset had an economic transfer date of 18 months prior to the acquisition date.*

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