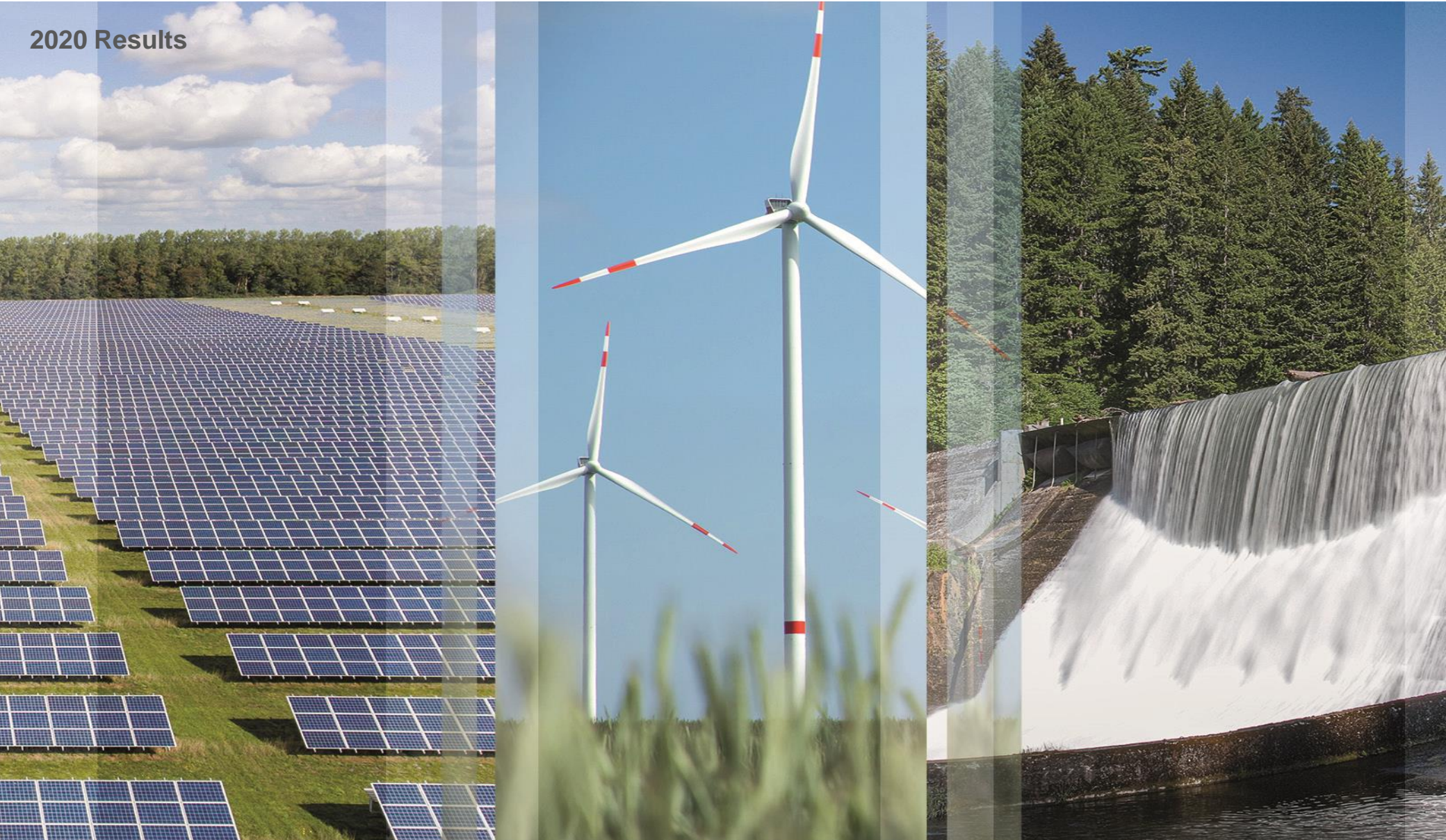


## 2020 Results



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# Aquila European Renewables Income Fund Plc (“AERIF”)

## Portfolio Strategy & Targets

### Diversification to Secure Income

#### Technology



30 – 50%



30 – 50%



15 – 25%

#### Geography



Continental Europe + Ireland

#### Contracted Revenue






~70% fixed-price

- ✓ 5 cents per ordinary share
- ✓ Quarterly dividend
- ✓ Euro-denominated

- ✓ Complimentary production seasonality
- ✓ Regulated tariffs & Power Purchase Agreements
- ✓ Up to 30% construction project exposure



## Investment and Asset Management

Pipeline	Asset Management	Merchant Market Desk
		
<b>53 professionals</b>	<b>31 professionals</b>	<b>13 professionals</b>
Deal sourcing, project development, portfolio management	Operations and maintenance of assets, technical and commercial management	PPA sourcing & structuring, energy & market risk management, market & pricing analysis, hedging
<ul style="list-style-type: none"> <li>– Total installed capacity in MW/MWp: 10,778</li> <li>– Total investment volume: EUR 11.4bn</li> <li>– Significant number of opportunities screened</li> </ul>	<ul style="list-style-type: none"> <li>– Number of solar PV parks: 224</li> <li>– Number of WTGs: 818</li> <li>– Number of hydro power plants: 179</li> </ul>	<ul style="list-style-type: none"> <li>– Active in PPA market since 2013</li> <li>– Structured &gt;1,800 MW PPAs</li> <li>– Strong experience in Nordics &amp; Iberia</li> </ul>

Source: Aquila Capital Investmentgesellschaft mbH. Data Includes all asset acquisitions and sell-offs as of 31 December 2020.

## AERIF Contribution to the Green Economy<sup>1</sup>

**More than  
203,000**

Households supplied  
with green energy  
annually



**More than  
238,000**

Tonnes of CO<sub>2</sub>  
emissions offset  
annually

## Proactive ESG Initiatives

- Sagres: recently rated by external ESG assessment, GRESB – scored 2nd in the annual GRESB asset assessment among its peer group
- Tesla: local community ski event organized, accompanied with ski tracks
- Benfica III: recently introduced sheep into the area as a form of vegetation control in order to avoid the use of machines and pesticides



## Corporate Structure and Governance

### Board of Directors

Investment Proposal ↑↓ Investment Decision

### AIFM: International Fund Management Limited

Investment Advice ↑↓ Confirmation

Investment Adviser: Aquila Capital Investmentgesellschaft mbH

Ian Nolan | David MacLellan | Kenneth MacRitchie | Dr. Patricia Rodrigues



**Independent**



**Significant experience**



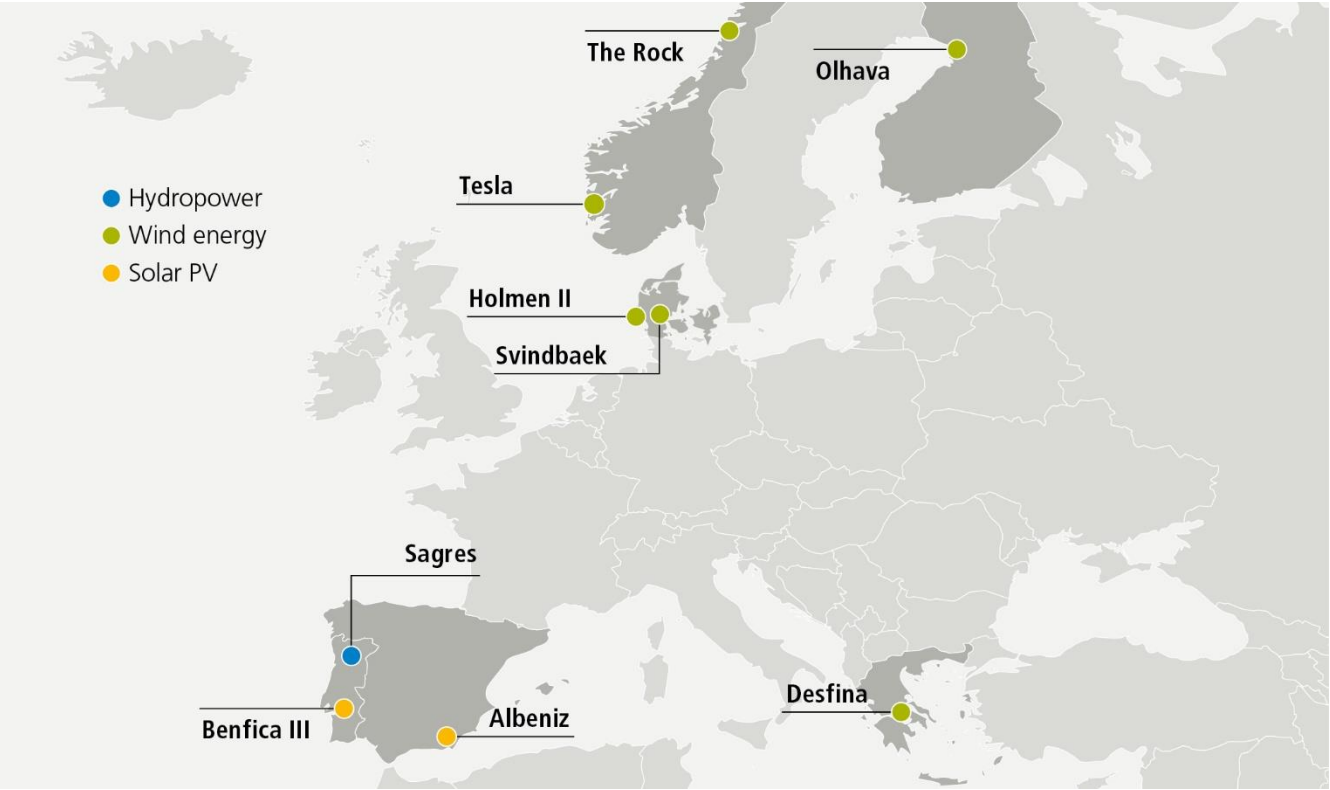
**Aligned interests**

<sup>1</sup>Data represents AERIF share. Calculations follow the methodology of the Greenhouse Gas Protocol. CO<sub>2</sub> savings of European assets are based on the European average. Household data represents potential number of households which could be powered by AERIFs share of electricity generated by its portfolio on an annual basis.

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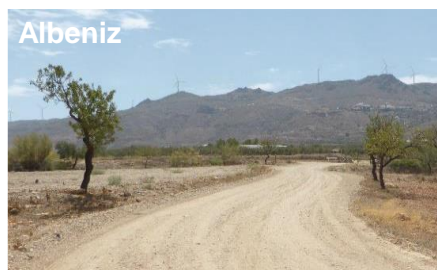
# Portfolio Snapshot



Key Statistics – 31 December 2020 <sup>1</sup>	
<b>9</b> Investments	<b>31</b> Operating assets <sup>2</sup>
<b>2</b> projects under construction	<b>6</b> Countries
<b>301 MW</b> Operating capacity	<b>~23</b> Remaining asset life (years) <sup>3</sup>
<b>73.9%</b> Contracted revenue <sup>4</sup>	<b>26.3%</b> Leverage <sup>5</sup>

<sup>1</sup>Data based on AERIF share, where applicable. <sup>2</sup>Sagres includes 21 separate plants and Benfica III consists of three separate solar parks. <sup>3</sup>Weighted average remaining asset life, based on net full load years. <sup>4</sup>Approximately 73.9% of revenue contracted over the first five years (on a present value basis). Weighting based on purchase price or equity invested. <sup>5</sup>Leverage based on AERIF share of debt as a percentage of total Gross Asset Value. AERIF share of Desfina debt based on voting interest.

## Acquisitions – EUR 156 million<sup>1</sup> closed in 2020



	Svindbaek II	The Rock	Benfica III	Albeniz	Desfina
<b>Technology</b>	Wind	Wind	Solar	Solar	Wind
<b>Country</b>	Denmark	Norway	Portugal	Spain	Greece
<b>Capacity</b>	10 MW	400 MW	19 MW	50 MWp	40 MW
<b>Status</b>	Operational	Construction	Operational	Construction	Operational
<b>COD</b>	2018	Q4 2021 (expected)	2017, 2020	Q4 2021 (expected)	2020
<b>Energy Offtake</b>	FiP (8 years)	PPA (15 years)	PPA (1-5 years)	PPA (5 years)	FiP (20 years)
<b>Acquisition Date</b>	March 2020	June 2020	October 2020	December 2020	December 2020
<b>Consideration</b>	EUR 13 million	Undisclosed	EUR 16 million	Undisclosed	Undisclosed
<b>Ownership</b>	99.9%	13.7%	100.0%	100.0%	89.0% <sup>2</sup>

<sup>1</sup>Includes commitments relating to future capital expenditure (EUR 42 million). <sup>2</sup>Economic interest is approximately 94%.



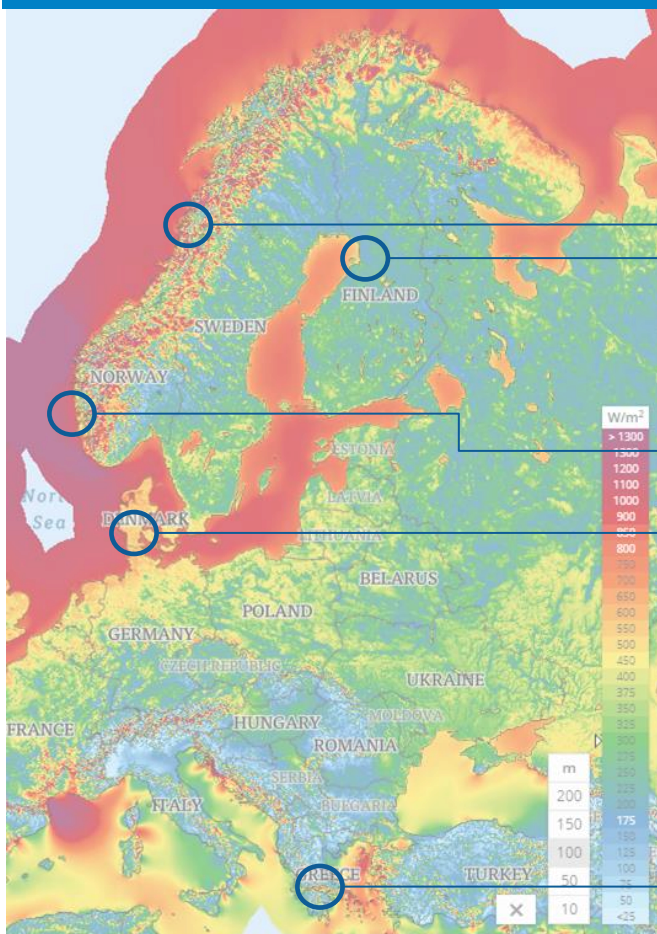
# Current Portfolio

Project	Technology	Country	Capacity <sup>1</sup>	Status	COD <sup>2</sup>	Asset Life from COD	Equipment Manufacturer	Energy Offtaker <sup>3</sup>	Ownership in Asset	Leverage <sup>4</sup>	Acquisition Date
Tesla	Wind energy	Norway	150 MW	Operational	2013, 2018	25y	Nordex	PPA / Spot	25.9% <sup>6</sup>	29.5%	July 2019
Sagres	Hydropower	Portugal	103 MW	Operational	1951-2006	n.a. <sup>5</sup>	Various	FiT / Spot	18.0% <sup>6</sup>	46.1%	July 2019
Holmen II	Wind energy	Denmark	18 MW	Operational	2018	25y	Vestas	FiP / Spot	100.0%	43.8%	July 2019
Olhava	Wind energy	Finland	35 MW	Operational	2013-2015	27.5y	Vestas	FiT / Spot	100.0%	52.3%	September 2019
Svindbaek I + II	Wind energy	Denmark	32 MW	Operational	2018	25y	Siemens	FiP / Spot	99.9%	20.0%	December 2019 & March 2020
The Rock	Wind energy	Norway	400 MW	Construction	2021	30y	Nordex	PPA / Spot	13.7% <sup>6</sup>	0.0%	June 2020
Benfica III	Solar PV	Portugal	19 MW	Operational	2017/2020	30y	AstroNova	PPA / Spot	100.0%	0.0%	October 2020
Albeniz	Solar PV	Spain	50 MW	Construction	2021	30y	Canadian Solar	PPA / Spot	100.0%	0.0%	December 2020
Desfina	Wind energy	Greece	40 MW	Operational	2020	25y	Enercon	FiP / Spot	89.0% <sup>7</sup>	48.5% <sup>8</sup>	December 2020

<sup>1</sup>Installed capacity at 100% ownership. <sup>2</sup>COD = Commissioning date. <sup>3</sup>PPA = Power Purchase Agreement, FiT = Feed-in tariff. FiP = Feed-in premium. <sup>4</sup>Leverage drawn (AERIF share) as a percent of investment fair value as at 31 December 2020. <sup>5</sup>21 individual assets. Approximately 12 years remaining asset life when calculated using net full load years. <sup>6</sup>Majority of remaining shares are held by entities managed and/or advised by Aquila Capital. <sup>7</sup>Represents voting interest. Economic interest is approximately 94%. <sup>8</sup>Calculation based on voting interest.

## Current Portfolio (cont'd)

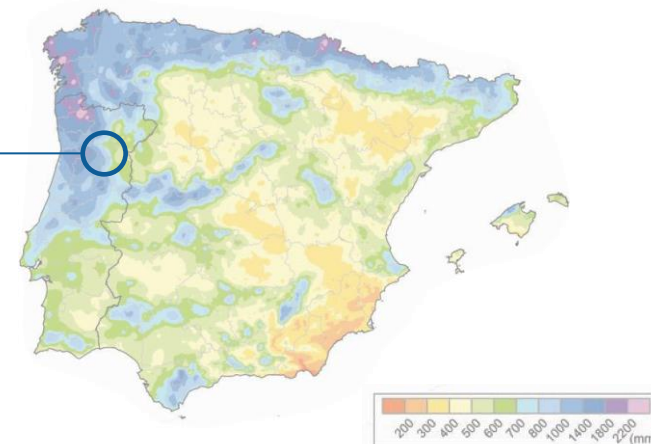
### Wind Power Density – Nordics<sup>1</sup>



Our investment approach is to target opportunities in resource rich locations



### Hydrology – Iberia<sup>2</sup>



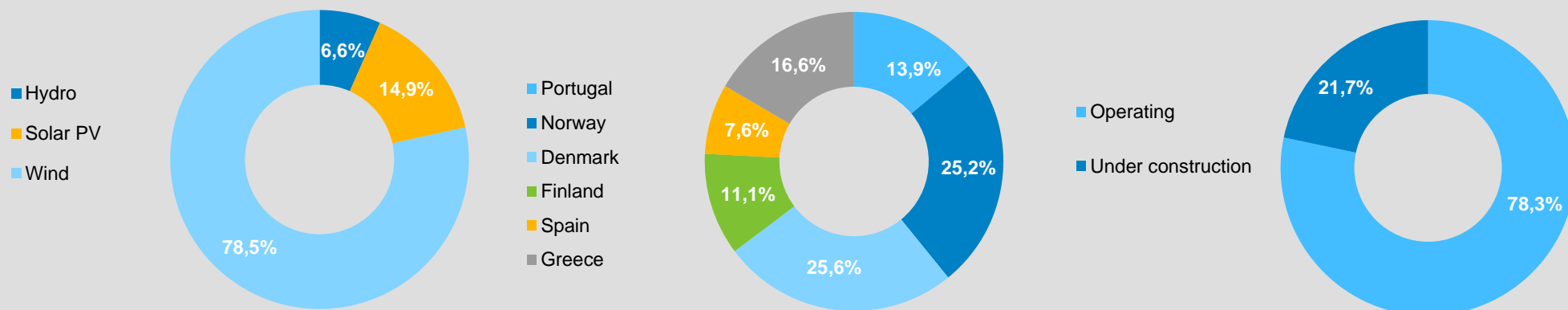
### Solar Power Irradiation – Iberia<sup>3</sup>



Source: Global Wind Atlas (2020), Global Solar Atlas (2020), AEMET (2020). <sup>1</sup>Mean wind power density. <sup>2</sup>Average total precipitation in the Iberian Peninsula (1971-2000). <sup>3</sup>Global horizontal irradiation.

# Portfolio Allocation<sup>1</sup>

Technology	Geography	Asset Status
------------	-----------	--------------

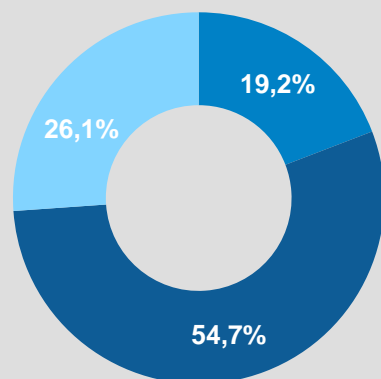


- AERIFs diversification goals are starting to materialise with further scale achieved
- Following the investments in Benfica III and Albeniz, AERIFs portfolio is now invested across all three targeted renewable technologies
  - Long-term goal is to achieve an asset allocation of 15-25% hydropower, 30-50% solar PV and 30-50% wind
- Attractive country diversification
  - Nearly equal weightings of investments in the Nordics and Southern Europe
  - The countries with the largest exposure include Denmark (AAA rated<sup>2</sup>) and Norway (AAA rated<sup>2</sup>), each with over 25%
- Construction exposure derived from two assets (Albeniz and The Rock), representing less than 22%
- Minimal asset concentration – largest single asset exposure is Desfina with 17% (corresponding to 12% of the Company's NAV)

<sup>1</sup>Allocation is based on fair value of the assets, equal to EUR 228.5 million (excluding cash and any other fund level items), unless stated otherwise. <sup>2</sup>Standard & Poor's rating.

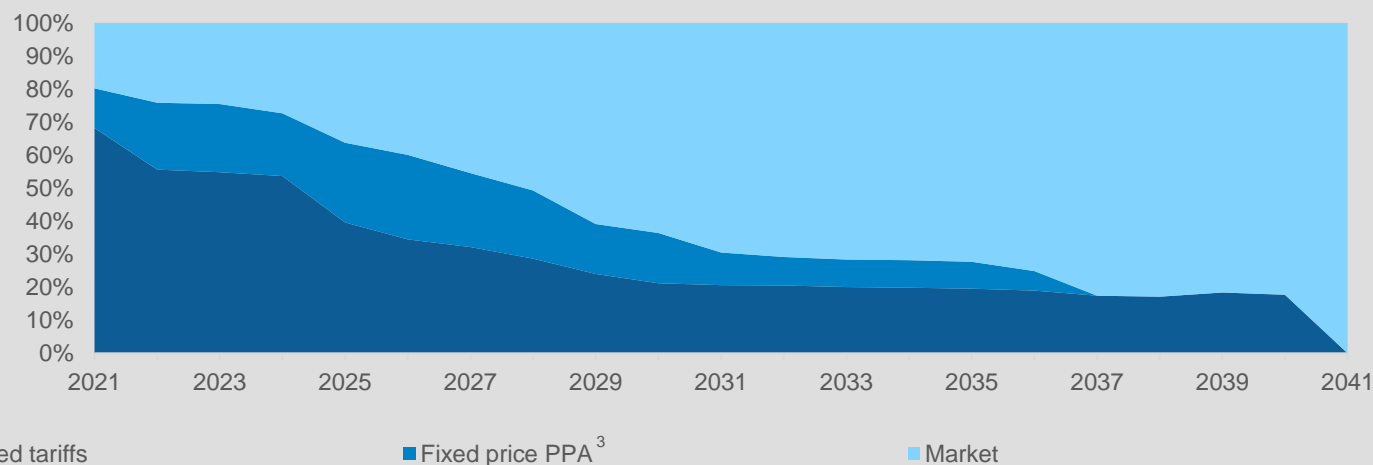
## Attractive Contracted Revenue Base

### Present Value of Contracted vs. Non-Contracted Revenue (5 Years)<sup>2</sup>



■ Governmental regulated tariffs

### Revenue Mix – Existing Contracts Only



■ Fixed price PPA<sup>3</sup>

■ Market

- Attractive contracted revenue position
  - Significant earnings visibility underpinned by a large contracted revenue base
  - Approximately 73.9% of revenue contracted over the first five years (on a present value basis)
  - Remaining weighted average contract life<sup>1</sup> of approximately 9.5 years as at 31 December 2020
  - Attractive counterparty credit rating exposure
- Pro-active Management of Merchant Price Exposure
  - In-house Merchant Market Desk enables a pro-active, holistic approach to managing merchant risk
  - Seek to replace expiring contracts in order to maintain a high degree of contracted revenues

<sup>1</sup>Based on production. Weighting based on purchase price or equity invested. <sup>2</sup>Asset revenues are discounted by the weighted average portfolio discount rate as of 31 December 2020.

<sup>3</sup>0.3% of the 19.2% fixed price PPA has upside and downside sharing with the offtaker.



# Strong Counterparty Exposure

## Asset Production Subject to a PPA or Government Regulated Tariff (GWh per Annum, 100% Interest)<sup>1,2</sup>



## Counterparty Credit Rating

<b>S&amp;P</b>	A-	AAA	AAA	BB-	AA+	BBB	A-	AAA
<b>Moody's</b>		Aaa	Aaa	Ba3	Aa1	Baa3		Aaa
<b>Fitch</b>	BBB+	AAA	AAA	BB	AA+	BBB	BBB+	AAA
<b>Other</b>	A-							

<sup>1</sup>Data shown represents annual production subject to a contract (e.g. a PPA or government regulated tariff). For construction assets, data is shown upon CoD. <sup>2</sup>Credit ratings reflect parent entity or country long-term credit rating (which may not reflect the actual counterparty entity for a given contract), where applicable. <sup>3</sup>Excludes a short-term contract which expires in Q4 2021. Credit rating of Axp0 Holding AG sourced from fedafin. <sup>4</sup>Net production shown. Credit ratings reflect Norway Sovereign Credit Rating by virtue of the Norwegian Export Credit Guarantee for a percentage of production under the PPA.

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## 2020 Highlights

- Demonstrated defensive performance during challenging market conditions
- 2020 power generation 6.5% above budget
- Five investments concluded for EUR 156 million<sup>1</sup>
- Total generation capacity of 301 MW<sup>2</sup>
- Further portfolio diversification – solar PV, entry into Spanish and Greek markets
- Construction projects remain on track for scheduled completion
- Portfolio operations largely unaffected by COVID-19
- Achieved 2020 dividend target
- 2020 dividend cover of approximately 1.1x (2.3x excl. asset level debt amortisation)
- Positive shareholder and NAV return, despite difficult economic climate
- Ongoing charges reduced to 1.4% of NAV
- Over EUR 167 million in new equity raised
- Reached contractual close of a EUR 40 million revolving credit facility
- Conservative gearing level – 26.3% of Gross Asset Value (“GAV”)

## 2020 KPIs

Metric	2020	2019
Dividend per ordinary share (EUR cents)	4.0 cents	1.5 cents
NAV per ordinary share (EUR cents)	99.96	102.7
Share price per ordinary share (EUR cents)	106.5	107.8
Ongoing charges (% of NAV)	1.4%	1.7%
Total shareholder return	2.0%	8.6%
Total NAV return	0.7%	5.6%

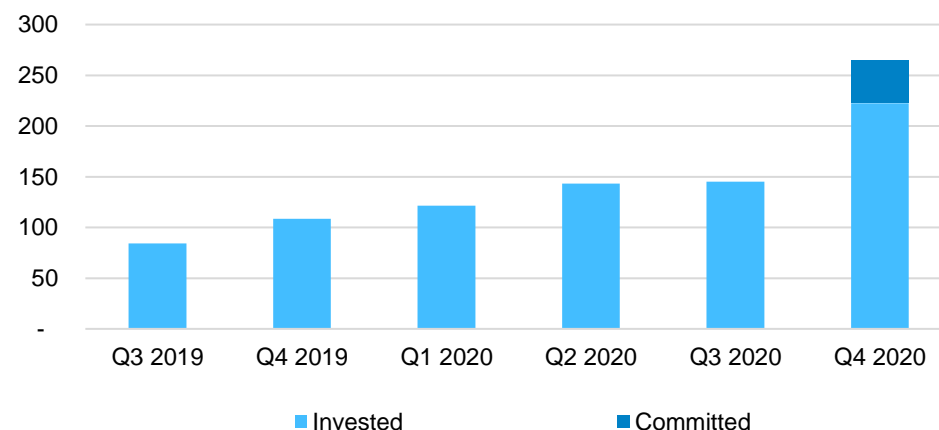
<sup>1</sup>Includes commitments relating to future capital expenditure (EUR 42 million). <sup>2</sup>AERIF share. Desfina contribution based on voting share.

# Track Record since IPO

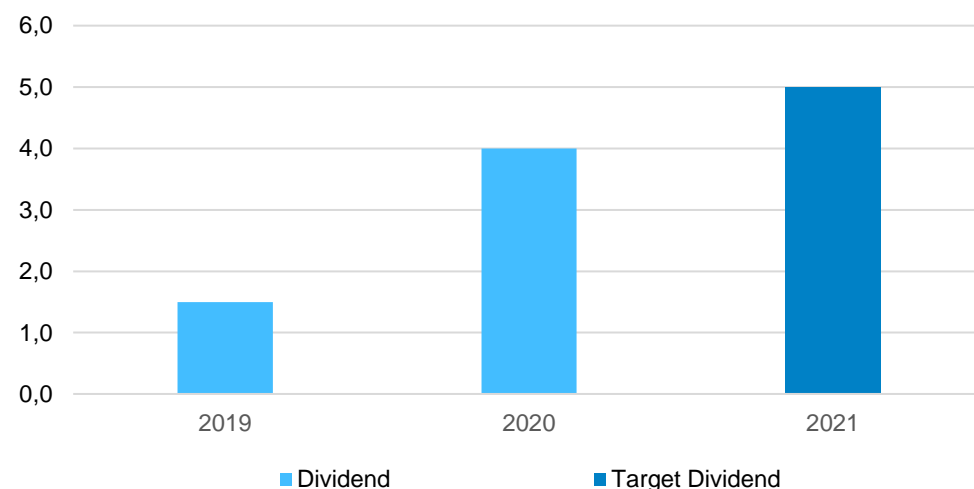
## Summary

- Further gains in scale achieved – aggregate investments of over EUR 220 million concluded since IPO
- Steady growth in capital deployed since IPO
- Dividend targets achieved in 2019 and 2020
- Transitioning to 5 cents per Ordinary Share in 2021 onwards
- Positive NAV return
- Demonstrated resilience following challenging market conditions in 2020

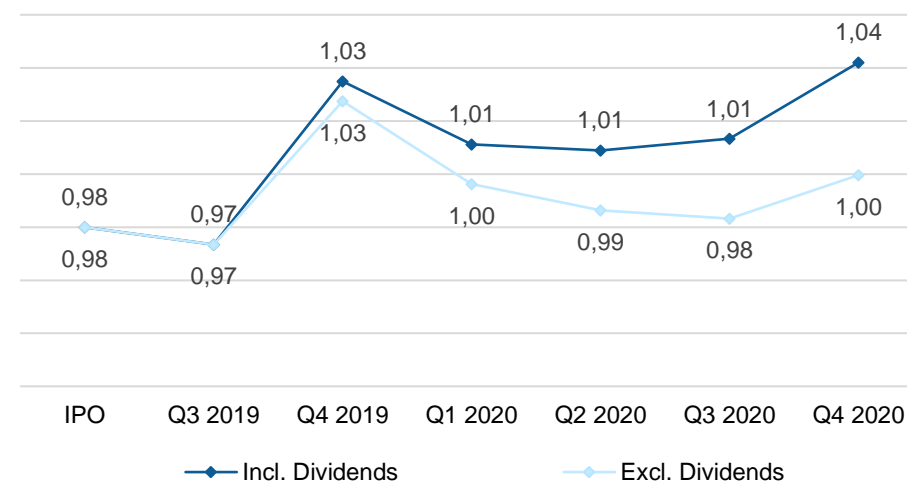
## Capital Deployment (EUR m)<sup>1</sup>



## Dividends per Ordinary Share (Cents per Ordinary Share)



## NAV per Ordinary Share Development (EUR per Ordinary Share)

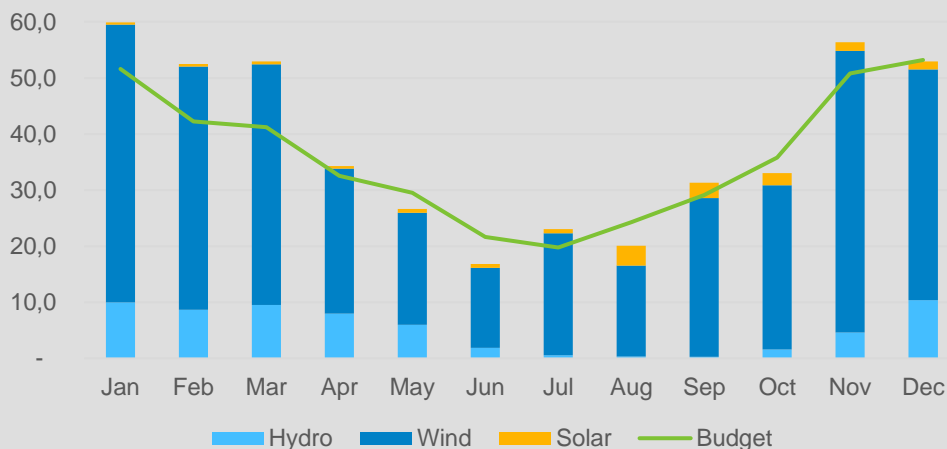


<sup>1</sup>Only reflects the current commitment as of 31 December 2020.



## Asset Performance

### 2020 Monthly Production Performance vs. Budget (AERIF Share, GWh)



### Production by Technology (AERIF Share)

Technology	Region <sup>1</sup>	Electricity Production (GWh) <sup>1</sup>		Variance (2020 actual vs budget) <sup>3</sup>
		2020	2019 <sup>2</sup>	
Wind	Denmark, Finland, Norway, Greece	382.6	200.1	6.3%
Hydropower	Portugal	62.0	58.4	10.4%
Solar	Portugal	15.3	0.0	(2.3%)
<b>Total</b>		<b>459.9</b>	<b>258.5</b>	<b>6.5%</b>

### 2020 production volume exceeded budget (P50) by 6.5%

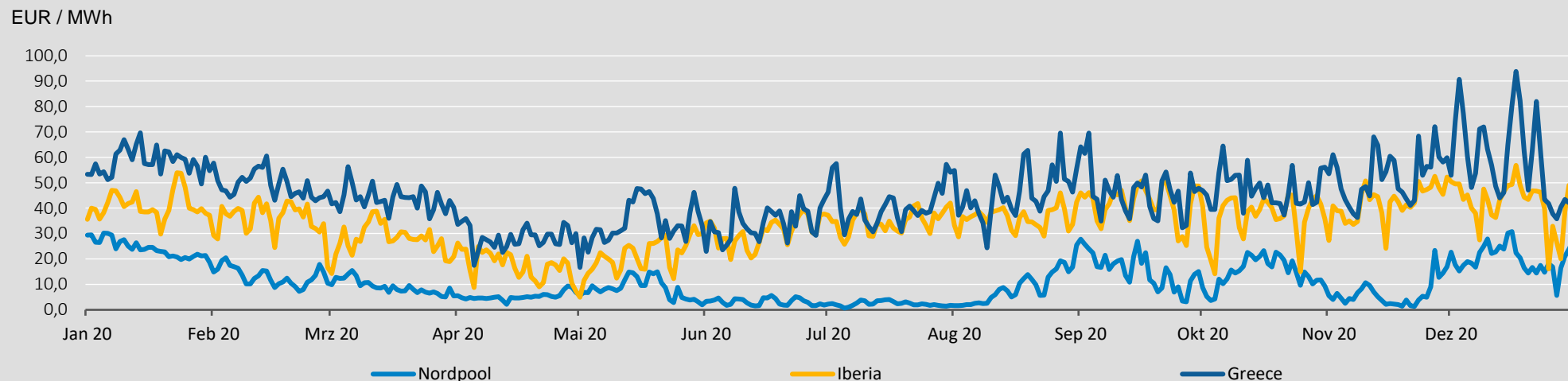
- Above-average wind conditions in the Nordics, particularly Q1 2020
- Outperformance in hydropower (Sagres) in Q1 and Q4 2020
- Solar marginally below budget for the year
- Year on year production volume 459.9 GWh
- Contribution from new investments (Svindbaek, Benfica III)
- Full year contribution from Olhava
- Albeniz and the Rock are expected to reach CoD in late 2021

Technology	Load Factors	
	2020	2019
Wind	34%	31%
Hydropower	38%	36%
Solar	17%	n/a

<sup>1</sup>Region refers to 2020 only. Refer to the Appendix for further details of asset acquisition and economic transfer dates. <sup>2</sup>Whilst Sagres had an economic transfer date of 1 January 2018, only 2019 data is shown for comparative purposes. Adding back Sagres 2018 production to 2019 data equates to total electricity production of 318.5 GWh (as reported in FY19). <sup>3</sup>Desfina contribution (Nov and Dec) assumes budget is equal to actual for the purposes of the table.

## Asset Performance (cont'd)

### 2020 Daily Average Power Price<sup>1</sup>



- Reduction in economic output led to a significant reduction in electricity prices as a result of COVID-19
- Mild winter and excessive hydrology in the Nordics depressed Nordpool prices further
- Generally a strong rebound observed in the second half of the year as economies begin to reemerge from the crisis
  - Trend observed across most European geographies
  - Increase was more pronounced in Continental Europe than the Nordics as a result of a hydrological surplus
- Electricity prices in Q4 2020 influenced by:
  - Persistent cold weather in Europe
  - European Commission approval of a new 2030 greenhouse gas reduction target of 55%
  - Continued recovery in commodity prices (gas, coal and oil) as a result of higher demand and supply side limitations
- **AERIF asset diversification and contracted revenue strategy minimize earnings volatility and risk**

<sup>1</sup>Source: European Network of Transmission System Operators for Electricity (ENTSO-E), Nordpool.

## Underlying Financial Performance

### Asset Underlying Financial Performance (AERIF Share)<sup>1</sup>

EUR m	2020	2019 <sup>2</sup>
Production (GWh)	459.9	258.5
Average Revenue per MWh	54.6	61.0
Asset income	25.1	15.8
Asset operating costs	6.6	4.4
Interest and tax	2.1	2.8
<b>Asset underlying earnings</b>	<b>16.4</b>	<b>8.6</b>
Asset debt amortisation	8.2	3.6
Fund expenses, other <sup>3</sup>	0.9	1.7
<b>Total underlying earnings</b>	<b>7.3</b>	<b>3.3</b>
Dividends paid	6.5	1.2
Dividend cover	1.1	2.8

- Expansion in production more than offset a significant reduction in wholesale power prices
  - Higher than budget production
  - Contribution from new investments
  - Full year contribution from certain assets acquired in 2019
- Contracted revenue strategy helps to insulate the portfolio against power price movements
- Strong operating leverage in asset base with respect to production and operating costs
- Tesseract Holdings Limited received cash distributions of EUR 7.5 million for 2020

<sup>1</sup>Calculation is based on AERIFs share of asset revenue and operating costs, sourced from asset level, audited accounts (non audited for Sagres SPVs). Non-euro currencies converted to EUR as at 31 December 2020. <sup>2</sup>Sagres contribution reflects 2019 only, for comparison purposes (noting that the economic transfer date was 1 January 2018). <sup>3</sup>Includes income derived through forward funding construction finance.

## Summary Income Statement

EUR k	FY20	FY19
(Loss)/gain on investments	(3,959)	8,608
Net foreign exchange losses	(12)	(13)
Interest income	6,194	1,609
Investment advisory fees	(1,671)	(654)
Other expenses	(1,340)	(810)
<b>(Loss)/profit on ordinary activities before finance costs and taxation</b>	<b>(788)</b>	<b>8,740</b>
Finance costs	(399)	(199)
Taxation	-	-
<b>(Loss)/profit on ordinary activities after taxation</b>	<b>(1,187)</b>	<b>8,541</b>
Return per Ordinary Share (cents)	(0.56c)	7.07c

- Loss on investments (EUR 4.0 million in FY20) relative to a EUR 8.6 million gain in the prior period
  - Consists of a EUR 5.6 million decline in investments, EUR 2.4 million in dividend income and other – refer slide 34 for further details
- FY19 data represented a partial period for the Company following its Initial Public Offering in July 2019
- Increase in interest income (EUR 4.6 million) as a result of the completion of further acquisitions since 2019 (which are typically funded in part by shareholder loans)
- Increased investment advisory expenses as a result of NAV growth since the IPO



## Summary Balance Sheet

EUR k	FY20	FY19
<b>Assets</b>		
Cash	121,014	38,862
Trade and other receivables	5,763	1,927
Portfolio value	229,982	118,660
<b>Liabilities</b>		
Creditors	(39,856)	(532)
<b>Net assets</b>	<b>316,903</b>	<b>158,917</b>
Net assets per Ordinary Share (cents)	99.96c	102.7c

- Significant cash balance at end of year following two successful capital raisings (EUR 168 million)
  - Approximately EUR 42 million of AERIFs existing cash on hand will be used to fund future capital calls in connection with the construction of The Rock and Albeniz
  - Cash balance excludes cash held at Tesseract Holdings Limited and project companies
- EUR 38 million liability relating to the timing of the acquisition of Desfina which closed shortly after the end of the reporting period
- Receivables mainly include interest payments from the shareholder loans that AERIF has issued to its subsidiary, Tesseract Holdings Limited

## Summary Cash Flow

EUR k	FY20	FY19
<b>Operating activities</b>		
Profit on ordinary activities before taxation	(1,187)	8,541
Adjustment for unrealized losses / (gains) on investments	3,959	(8,608)
Working capital adjustments	(2,398)	(1,395)
<b>Net cash flow from / (used) in operating activities</b>	<b>374</b>	<b>(1,462)</b>
<b>Purchase of investments</b>	<b>(77,394)</b>	<b>(110,052)</b>
<b>Financing activities</b>		
Proceeds of share issues	168,889	154,659
Share issue costs	(3,228)	(3,123)
Dividends paid	(6,488)	(1,160)
<b>Net cash flow from financing activities</b>	<b>159,173</b>	<b>150,376</b>
Movement in cash	82,153	38,862
<b>Closing cash balance</b>	<b>121,014</b>	<b>38,862</b>

- Operating cash flow impacted by timing of dividends and interest payments from Tesseract Holdings Limited
- Purchase of investments relates to the acquisition cost of Svindbaek II, The Rock, Benfica III and Albeniz. Desfina closed at the start of FY21
- Dividends of EUR 6.5 million paid in respect of Q4 2019 to Q3 2020. Increase relative to FY19 reflecting a higher dividend target and full year of dividends paid
- FY20 dividend cover of approximately 1.1x

## Gearing and Liquidity (31 December 2020)

Key Debt Metrics (EUR m) <sup>1</sup>		Liquidity and Project Commitments (EUR m)	
Company level debt	0.0	Cash balance (excl. asset-level cash holdings)	
Asset level debt	113.0	AERIF Plc	121.0
<b>Total debt</b>	<b>113.0</b>	Tesseract Holdings Limited	7.2
NAV	316.9	<b>Total cash balance</b>	<b>128.2</b>
<b>GAV</b>	<b>429.9</b>	Less: existing commitments	
Total debt as a % of GAV	26.3	Estimated capital expenditure to CoD (The Rock, Albeniz)	(42.1)
Investment restriction – maximum debt as a % of GAV	50.0	Desfina (acquisition closed on 4 January 2021)	(37.9)
Weighted average debt maturity	12.8	Other contingent consideration	(1.2)
		<b>Available cash balance</b>	<b>47.0</b>

- Total debt increased to EUR 113.0 million (30 June 2020: EUR 81.9 million), largely as a result of the acquisition of Desfina
- Current gearing level of 26.3% well within maximum limit of 50.0% of GAV
- Majority of debt is fully amortising and hedged
- No imminent debt maturities – current weighted average debt maturity of 12.8 years
- Recently reached contractual close in relation to a EUR 40 million revolving credit facility
- Strong liquidity position – well positioned to pursue additional investment opportunities

<sup>1</sup>Foreign currency values converted to EUR as at 31 December 2020. Data represents AERIFs share of debt. AERIF share of Desfina debt based on voting interest.

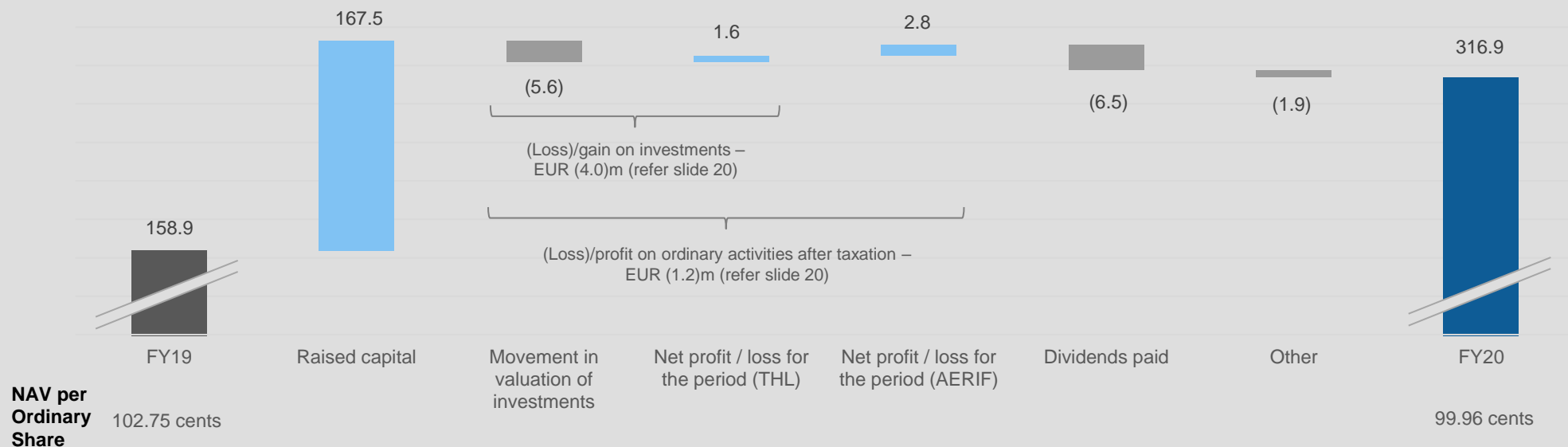
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# Net Asset Valuation

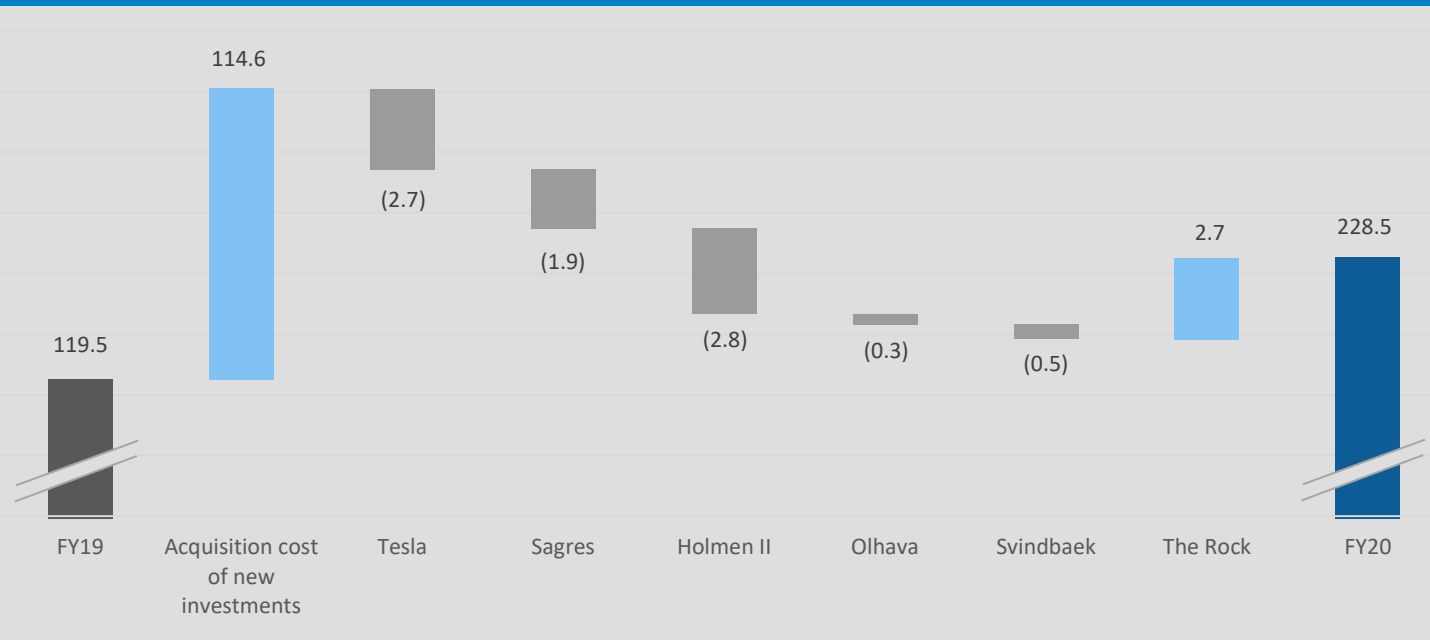
## Net Asset Value Bridge (EUR m)



- Total NAV return per ordinary share (including dividends) of 0.7% as at 31 December 2020
- EUR 2.8 million net profit comprising interest income from shareholder loans (EUR 6.2 million), partially offset by Investment Advisory fees (EUR -1.7 million), other expenses (EUR -1.3 million) and finance costs (EUR -0.4)
- Minor accretion in NAV per Ordinary Share following two share capital issuances at a premium to the Company's NAV

# Portfolio Valuation

Portfolio Valuation Bridge (EUR m)



Portfolio Value Split (EUR m)

	FY20	FY19
Tesla	25.4	28.0
Sagres	15.2	17.1
Holmen II	21.5	24.3
Olhava	25.3	25.6
Svindbaek	37.0	24.4
The Rock	32.2	n/a
Benfica III	16.7	n/a
Albeniz	17.4	n/a
Desfina	37.9	n/a
<b>Total</b>	<b>228.5</b>	<b>119.5</b>

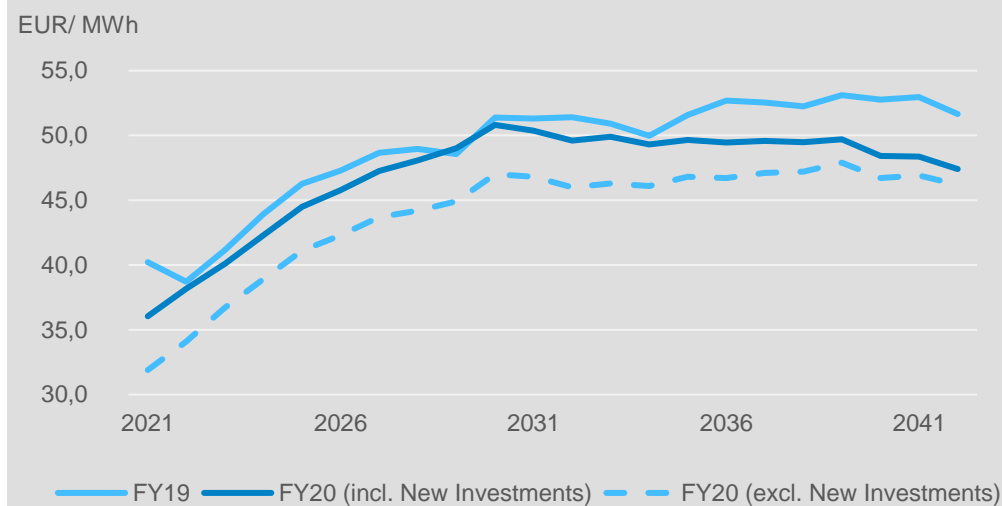
- EUR 5.6 million decline in valuation of investments predominantly attributable to a reduction in forecast electricity prices
- EUR 7.5 million in asset cash distributions (interest and dividends) from the portfolio in 2020, in line with expectations
- Largest movements include Tesla (EUR -2.7 million), Sagres (EUR -1.9 million), Holmen II (EUR -2.8 million) and The Rock (EUR 2.7 million)
- Negative asset level movements in fair value also driven by:
  - Adverse movements in the NOK:EUR exchange rate (Tesla)
  - Slightly lower inflation expectations in Portugal (Sagres)
  - Downward production adjustment according to the final Energy yield assessments (Holmen II) – THL compensated via a purchase price adjustment
- Portfolio value remains above acquisition cost (EUR 4.6 million in unrealised gains on the balance sheet)

# Key Assumptions

Metric		FY20	FY19
Discount rate	Weighted average	6.6%	7.6%
Long-term inflation	Weighted average	2.0%	2.0%
Remaining Asset life (Weighted Average) <sup>1</sup>	Wind	~24 years	~22 years
	Hydropower	~12 years	~13 years
	Solar	~27 years	n/a

- More conservative power price curve forecast adopted in the Q4 2020 NAV
  - Prior to Q4 2020: rolling average of a single power price curve forecast<sup>3</sup>
  - Q4 2020: average of two power price curve providers forecasts containing most recent information<sup>2</sup>
- Adopted approach better reflects current market expectations about power prices
- Reduction in forecast prices partially offset by new portfolio additions in higher price regions (e.g. Southern Europe)
- Reduction in discount rate reflects the more conservative cashflow assumptions under the new power price curve forecast which, all other things being equal, have in aggregate no material impact on the NAV of the period
- Key assumptions with regards to inflation and asset lifetime remained unchanged

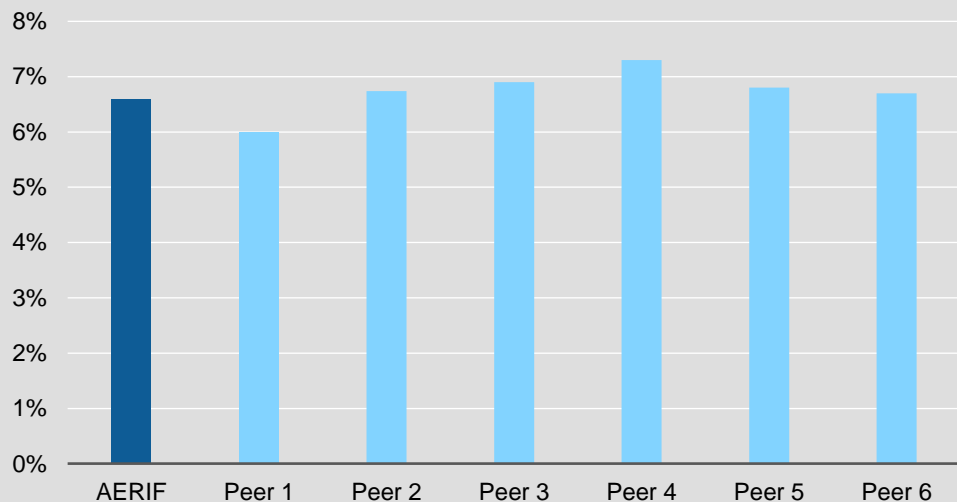
## Real Electricity Price Forecasts – (Weighted Average)<sup>3</sup>



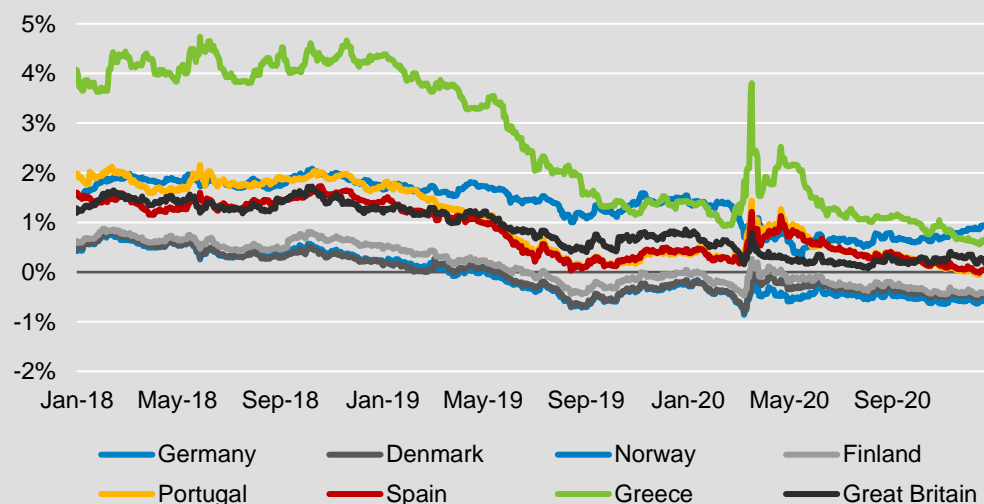
<sup>1</sup>Remaining asset life based on net full load years. Does not consider any potential asset life extensions. <sup>2</sup>Excluding Sagres and Desfina due to asset specific considerations. <sup>3</sup>FY20 data reflects pricing forecast under the new methodology used from Q4 2020 onwards (i.e. average of two power price curves). All power prices are in real 2020 terms. FY19 data reflects pricing forecast under the methodology used prior to Q4 2020 (i.e. rolling average of a single power price curve). All power prices are in real 2020 terms.

# Discount Rate

## Peer Discount Rate Benchmarking<sup>2</sup>



## 10 Year Government Bond Yields<sup>3</sup>



- 70bps reduction in portfolio discount rate from 7.3% to 6.6% between Q3 2020 and Q4 2020 respectively (Q4 2019 discount rate: 7.6%)
- Fair value of recent acquisitions has been calculated using the same power price curve methodology<sup>1</sup> and corresponds to purchase price
- Major drivers of downside movement are ongoing yield compression and more conservative business plan due to change in power price curve mix
- Discount rate further supported by market trends:
  - Continued decline in Government bond yields
  - Strong demand for renewables as an asset class
  - In-line with peer group
- Return objectives unchanged – targeting a total return of 6.0 – 7.5% (net of fees and expenses) over the long-term

<sup>1</sup>Excluding Desfina where only one curve provider is available. <sup>2</sup>Source: latest available company announcements. Listed peers are typically denominated in GBP. <sup>3</sup>Source: Bloomberg.






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## Market Observations

- Power prices
  - Prices across Europe continue to recover from COVID-19
  - COVID-19 impact was not homogenous across markets – benefits of diversification
- Yield compression
  - Declining in discount rates observed amongst listed peers, combined with asset life extensions
  - Competitors attempting to acquire earlier stage assets and/or targeting emerging markets to enhance returns
  - Growing appetite from industry participants for merchant risk exposure
- Evolving PPA market
  - Corporate buyers are becoming more sophisticated
  - Shorter tenor PPAs becoming more popular (10 years or less)
- Increased competition in Europe
  - Many listed UK peers broadening their investment mandates to invest in European renewables
  - Oil majors shifting focus towards renewables
- Counterparty Risk
  - Retrospective tariff cuts observed in certain jurisdictions (e.g. France)
  - Increasing focus by industry participants on counterparty exposure as a result of COVID-19

## AERIFs Response

-  Continue to target investment opportunities supported by high degree of contracted revenues with strong counterparties
-  Maintain investment discipline – total return of 6.0 to 7.5% (net of fees and expenses) over the long-term
-  Continue to pursue diversification strategy across Europe
-  Maintain an appropriate mix of operating versus construction assets within the portfolio
-  Maintain a conservative gearing position (<50% of GAV restriction) and look for opportunities to optimize the gearing structure

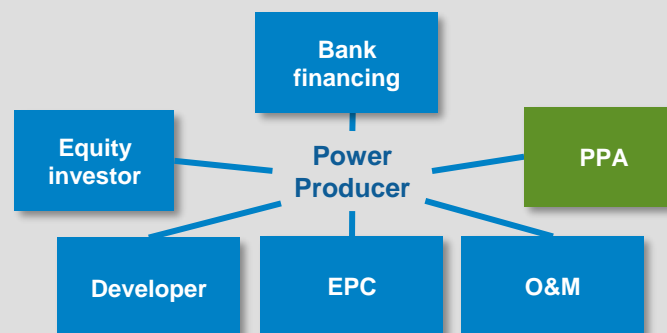


# The Importance of Power Purchase Agreements



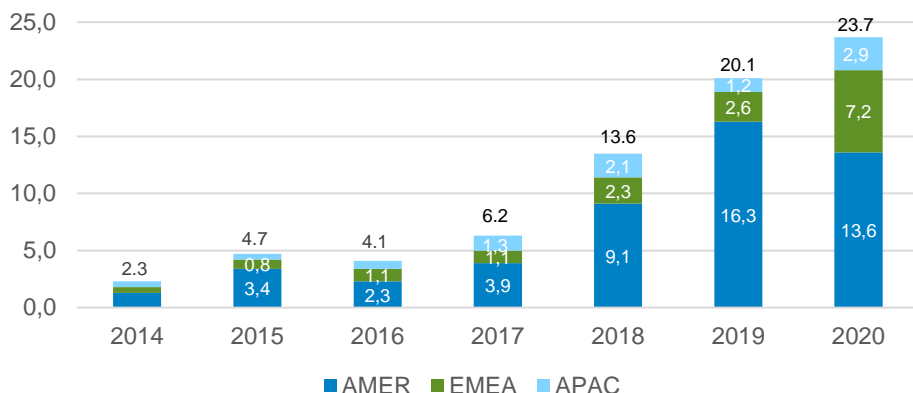
## PPAs are one of the main building blocks of any renewables investment

- Decreasing levelized costs of energy<sup>1</sup> and improved efficiencies mean that subsidies will become less relevant over time
- Subsidies have a finite life – PPAs are an important mechanism to regulate merchant exposure



## PPAs have been booming since 2014. Significant expansion in EMEA<sup>2</sup>

Annual (GW)



## AERIF Benefits from Aquila Capital's Extensive PPA Expertise

- A dedicated PPA-team, responsible for sourcing and structuring PPAs and other hedge products
- A Europe-wide team with local origination in target markets
- The MMD offers services throughout the lifetime of a project and is the hub for hedging activities across the Aquila Group

Active in PPA market

**Since 2013**

PPA structuring track record  
**>1,800 MW**

Strong experience in

**Nordics & Iberia**

<sup>1</sup>The levelized cost of energy ("LCOE") is a measure of a power source that allows comparison of different methods of electricity generation on a consistent basis. The LCOE can also be regarded as the minimum constant price at which electricity must be sold in order to break even over the lifetime of the project. <sup>2</sup>Source: BNEF.



## 2020 performance

- Robust performance despite challenging market conditions
- 2020 power generation 6.5% above budget
- Additional scale following rapid capital deployment, five investments concluded for EUR 114 million
- Total generation capacity of 301 MW
- Further portfolio diversification – solar PV, entry into Spanish and Greek markets
- Portfolio operations unaffected by COVID-19
- Continued focus on health and safety

## Low risk, defensive asset portfolio

- Diversification by location and technology
- High earnings visibility with contracted revenues
- Attractive pipeline of investment opportunities
- Ongoing commitment to achieving scale and delivering on our investment objectives
- Low financing risk – long-term, amortising, hedged debt profile

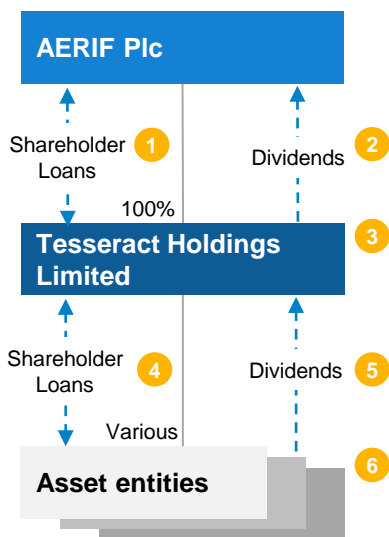
## Unique proposition for investors

- Continental Europe focused
- Targeting exposure across wind, solar and hydro
- Euro denominated, London Stock Exchange listing

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## Reconciliation – Income Statement



- Given AERIF 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
- AERIFs audited accounts are presented on a stand-alone basis (representing Aquila European Renewables Income Fund Plc)

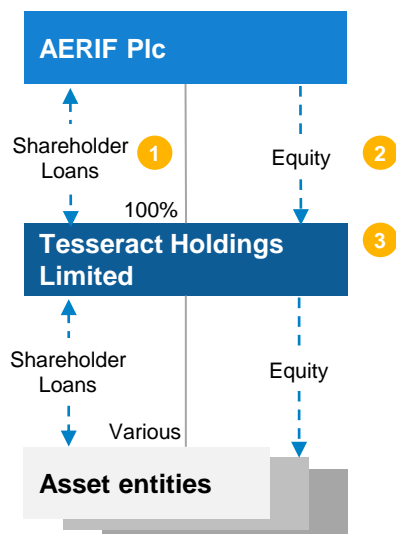
### Aquila European Renewables Income Fund (AERIF Plc)

Income Statement (EUR k)	FY20	FY19
(Loss)/gain on investments	(3,959)	8,608
Net foreign exchange losses	(12)	(13)
Interest income	6,194	1,609
Investment advisory fees	(1,671)	(654)
Other expenses	(1,340)	(810)
Dividends	-	-
<b>(Loss)/profit on ordinary activities before finance costs and taxation</b>	<b>(788)</b>	<b>8,740</b>
Finance costs	(399)	(199)
Taxation	-	-
<b>(Loss)/profit on ordinary activities after taxation</b>	<b>(1,187)</b>	<b>8,541</b>

### Tesseract Holdings Limited

Income Statement (EUR k)	FY20	FY19
Interest income	5,726	1,353
Dividend income	2,431	540
(Loss)/gain on investments	(5,623)	9,068
Expenses	(284)	(744)
<b>(Loss)/profit on ordinary activities before finance costs and taxation</b>	<b>2,250</b>	<b>10,217</b>
Finance costs	(6,194)	(1,609)
Taxation	(15)	-
<b>(Loss)/profit on ordinary activities after taxation</b>	<b>(3,959)</b>	<b>8,608</b>

# Reconciliation – Balance Sheet



## Aquila European Renewables Income Fund (AERIF Plc)

Balance Sheet (EUR k)	FY20	FY19
<b>Assets</b>		
Cash	121,014	38,862
Trade and other receivables	5,763	1,927
Portfolio value	229,982	118,660
<b>Liabilities</b>		
Creditors	(39,856)	(532)
<b>Net assets</b>	<b>316,903</b>	<b>158,917</b>

Portfolio Value Breakdown (EUR k)	FY20	FY19
Equity investments	51,286	42,471
Unrealised (loss)/gains	4,649 <b>B</b>	8,608 <b>A</b>
Shareholder loans	174,046	67,581
<b>Total</b>	<b>229,982</b>	<b>118,660</b>
Movement in unrealized (loss)/gains (AERIF P&L) <b>A</b> — <b>B</b>	(3,959)	8,608

## Reconciliation – Portfolio Value and NAV

EUR k	FY20	FY19
Operating assets	181,211	118,660
Construction assets	48,771	-
<b>Fair value of investments</b>	<b>229,982</b>	<b>118,660</b>
Cash	121,015	38,862
<b>Total assets</b>	<b>350,996</b>	<b>157,522</b>
Other assets and liabilities	(34,093)	1,394
<b>Net Asset Value</b>	<b>316,903</b>	<b>158,917</b>
Ordinary Shares on issue	317,037	154,668
Net Asset Value per Ordinary Share	99.96	102.75

EUR k	FY20	FY19
Portfolio value (THL)	228,509	119,497
Other assets and liabilities (THL)	1,473	(837)
<b>Fair value of investments (AERIF)</b>	<b>229,982</b>	<b>118,660</b>

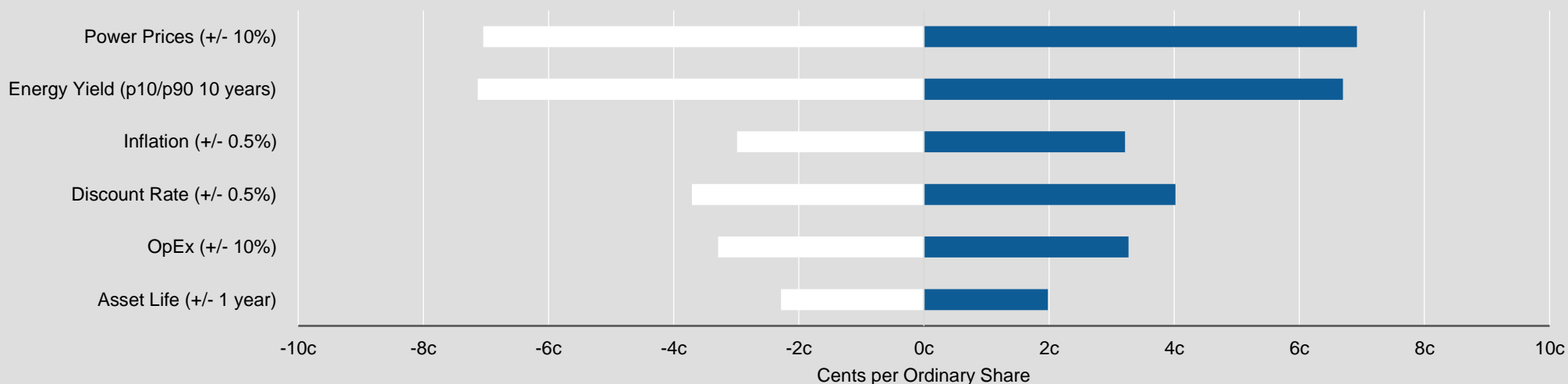


## Asset Acquisition and Economic Transfer Dates

Asset	Acquisition Date	Economic Transfer Date
Tesla	Jul 2019	Jan 2019
Sagres	Jul 2019	Jan 2018
Holmen II	Jul 2019	Jan 2019
Olhava	Sep 2019	Aug 2019
Svindbaek I	Dec 2019	Jan 2020
Svindbaek II	Mar 2020	Jan 2020
The Rock	Jun 2020	Jun 2020
Benfica III	Oct 2020	Dec 2019 – Jul 2020
Albeniz	Dec 2020	Dec 2020
Desfina	Dec 2020	Nov 2020

# Net Asset Value Sensitivity

## Impact on NAV per Ordinary Share (31 December 2020)



- Note the financial model forecasts generally do not assume replacement PPA or other forms of hedging after the expiry of any existing PPA or government regulated tariff arrangements<sup>1</sup>
  - AERIF intends to renew and implement replacement PPAs (or other forms of hedging) before existing contracts expire
  - This rolling hedge strategy is not reflected in these sensitivities
- Lower NAV sensitivity across all metrics relative to 1H 2020 and 2019 data as a result of higher cash balance following recent capital raising
- Addition of Desfina significantly reduces portfolio merchant exposure given length of tariff (20 years)
- Additional solar investments also decrease production sensitivity given lower volatility relative to wind

<sup>1</sup>With the exception of Olhava, where a PPA replacement has been assumed, in accordance with the conditions of the existing debt financing in place.

## Ourique - Solar PV in Portugal<sup>1</sup>



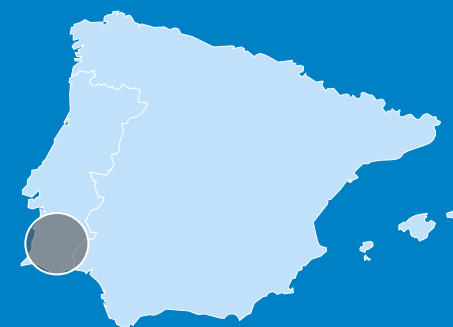
Capacity  
**62.1 MWp**

Status  
**Operational**

Project ownership  
**50%**

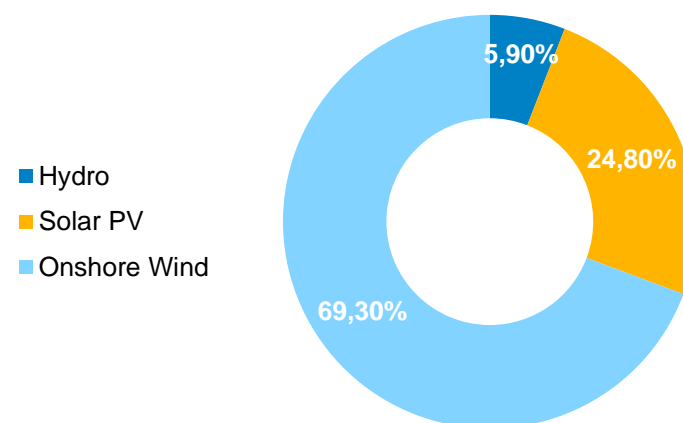
Expected acquisition date  
**April 2021**

Acquisition price  
**Undisclosed**



- Photovoltaic park in the south of Portugal
- Attractive location with excellent irradiation values
- Unlevered investment that directly contributes to the dividend cover
- Subsidy-free investment
- 100% of the electricity production is hedged for approximately 5 years

### Indicative Portfolio Allocation by Technology – Post Ourique<sup>2</sup>



Source: Aquila Capital Investmentgesellschaft mbH, as of 09.04.2021. <sup>1</sup>Share purchase agreements signed on 31 March 2021. <sup>2</sup>Based on technology allocation as at 31 December 2020 and the assumption that the Ourique transaction is closed.

## Pipeline Overview<sup>1</sup>

#	Asset Technology	Country	Capacity (MW(p))	COD	Initial remuneration	Project status
1	Wind	NOR	400	2021	PPA	Managed by Aquila
2	Solar	POR	145	2022-2023	PPA	Managed by Aquila
3	Solar	ESP	143	2021	PPA	Managed by Aquila
4	Solar	POR	70	2021	PPA	Managed by Aquila
5	Solar	ITA	48	2023	PPA	Managed by Aquila
6	Wind	FIN	43	2021	PPA	Managed by Aquila
7	Wind	LTU	192	2022-2023	PPA	Under negotiation
8	Wind	SWE	121	2022	PPA	Under negotiation
9	Wind	FIN	55	2023	PPA	Under negotiation
10	Wind	DEN	45	2021	PPA	Under negotiation
11	Wind	GRE	15	2020	Gov. reg. subs.	Under negotiation

<sup>1</sup>Although certain assets have been identified by the Investment Adviser as being potentially available for acquisition by the company, no assets have contracted to be acquired by the company, there are no binding commitments or agreements to acquire any of these assets and the company does not have a right of first refusal over any of the assets in the pipeline.

# Aquila Group corporate credentials

## Renewable energy

### Installed and developed capacity<sup>1</sup>

Wind energy  
**2,202 MW**  
**>591 WTGs**

Solar PV  
**6,205 MWp**  
**>209 PV parks**

Hydropower  
**775 MW**  
**179 plants**

### ESG<sup>5</sup>

Overall reduction of  
CO<sub>2</sub> emissions in 2020  
**1.7m tonnes**

Green energy  
Produced in 2020  
**5.4 TWh**

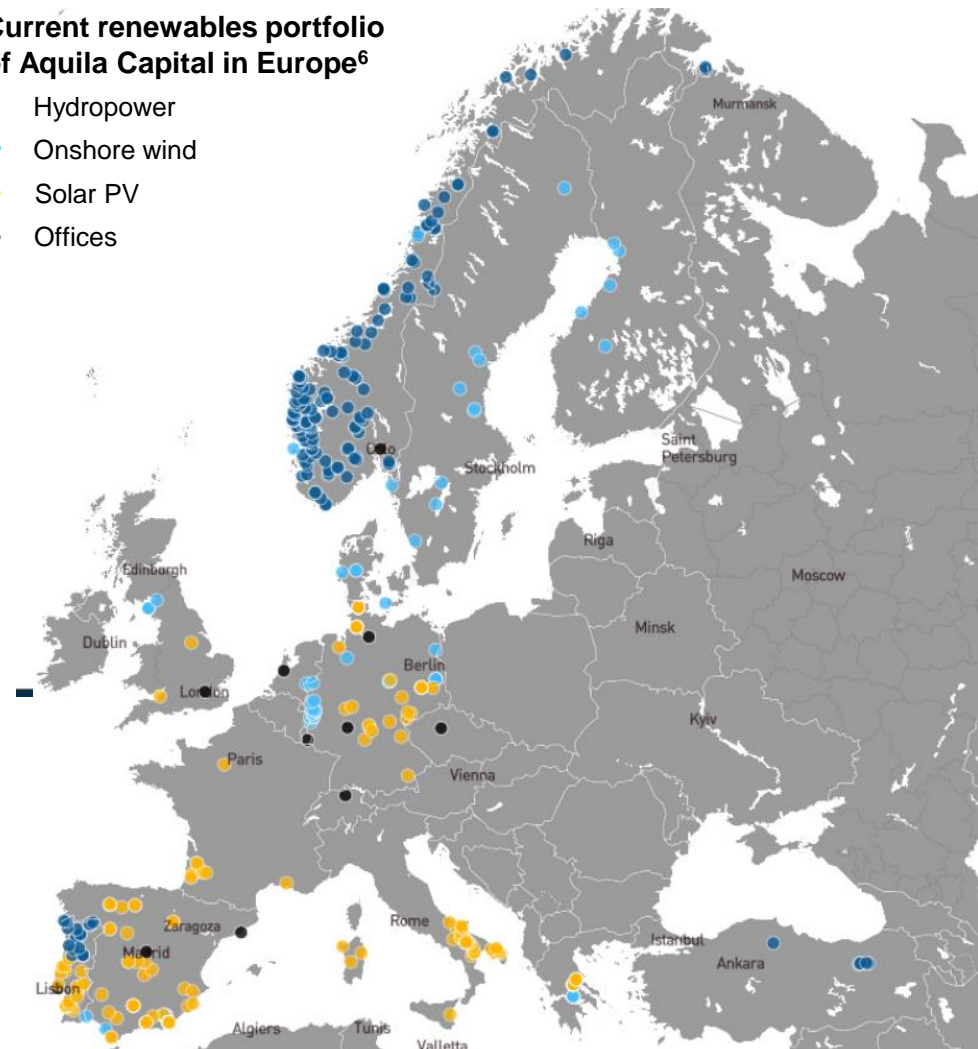
Households supplied  
in 2020  
**1.5m**

### 19 years of experience in alternative investments and close proximity to our assets and our investors

- Over EUR 12.5 billion AuM and AuA<sup>2</sup>
- Over EUR 11.4 billion transaction volume in actively managed renewable energies<sup>3</sup>
- Independently owned and operated
- Fully regulated with BaFin and CSSF<sup>4</sup>
- More than 450 employees across Europe and Asia
- Multi technology focus on wind energy, solar PV and hydropower
- Covering the whole value chain

### Current renewables portfolio of Aquila Capital in Europe<sup>6</sup>

- Hydropower
- Onshore wind
- Solar PV
- Offices



Source: Aquila Capital Investmentgesellschaft mbH. <sup>1</sup>Operational portfolio including the development-pipeline, as of 31 December 2020. <sup>2</sup>EUR 10.0bn AuM / EUR 2.5bn AuA as at 31.12.2020. <sup>3</sup>Includes all asset acquisitions and sell-offs as of 31 December 2020. <sup>4</sup>Aquila Capital Investmentgesellschaft mbH is fully regulated and is supervised by the BaFin. Alceda Fund Management S.A. is fully regulated and supervised by the CSSF. <sup>5</sup>Calculations follow the methodology of the Greenhouse Gas Protocol. CO<sub>2</sub> savings of European assets are based on the European average. CO<sub>2</sub> savings of international assets are based on country-specific values. Calculations include approximations. As at 31 December 2020. <sup>6</sup>For illustrative purposes only. Exact locations of offices and assets might deviate. Points indicate one or more assets and are not indicative of size. As at 31 December 2020.

### PPA market is getting competitive

- Our competitors are looking for PPAs in our target markets
- Corporate buyers are becoming more professional
- Smaller corporate buyers require more effort and new solutions
- Limited risk demand from utilities

### Non-PPA products are becoming important

- Power exchanges try to substitute part of PPA market
- Cross-border/virtual PPAs are seeing interest from corporates
- Elcerts and GoOs have been very volatile and requires active management and research expertise

### Aquila's Response

#### A strategic and in-house expert approach towards the PPA market

- A dedicated PPA-team, responsible for sourcing and structuring PPAs and other hedge products
- A Europe-wide team, but with local origination in target markets
- Strategic PPA sourcing (“PPAs first, assets second”)

#### Building capabilities in energy risk management

- Short- and medium-term power sale
- Sale and hedging of green products
- Energy Portfolio Management
- Power valuation and risk assessments
- Active hedging and optimisation through project lifetime
- Derivative structures



# Terms of the Fund

## Aquila European Renewables Income Fund Plc

<b>Fund structure</b>	UK-domiciled closed-end investment company
<b>Listing</b>	Premium Segment of the London Stock Exchange
<b>Ticker / ISIN in EUR / SEDOL</b>	AERI / GB00BK6RLF66 / BK6RLF6
<b>Ticker / ISIN in GBP / SEDOL</b>	AERS / GB00BK6RLF66 / BJMXQK1
<b>Currency</b>	Fund raising, reporting and investor distributions will be Euro-denominated
<b>Target dividend profile<sup>1</sup></b>	<ul style="list-style-type: none"> <li>– Year to 31 December 2020: minimum of 4 cents per ordinary share</li> <li>– Year to 31 December 2021: minimum of 5 cents per ordinary share, with the aim of growing progressively thereafter</li> </ul>
<b>Governance</b>	Independent board of 4 directors
<b>Investment adviser</b>	Aquila Capital Investmentgesellschaft mbH
<b>AIFM</b>	International Fund Management Limited
<b>Advisory agreement</b>	Initial term: 4 years with 1 year termination notice period
<b>Investment advisory fees + applicable taxes</b>	<p>&lt; EUR 300m: 0.75% of NAV (+ VAT)</p> <p>≥ EUR 300m ≤ EUR 500m: 0.65% of NAV (+ VAT)</p> <p>&gt; EUR 500m: 0.55% of NAV (+ VAT)</p>
<b>Shareholder alignment</b>	<ul style="list-style-type: none"> <li>– Continuation vote after 4 years and every 4 years thereafter</li> <li>– Discount triggered buyback subject to free cashflow</li> <li>– Advisory fee settled in shares in first 2 years</li> </ul>
<b>Key elements of investment policy/limits</b> (% of portfolio by value at time of acquisition)	<p>&lt;25% in a single asset</p> <p>&lt;20% in energy infrastructure technologies outside onshore wind, solar PV and hydropower</p> <p>&lt;30% assets under development/construction</p> <p>≤50% of Gross Asset Value is long-term structural debt</p> <ul style="list-style-type: none"> <li>– Geographical allocation: throughout continental Europe and the Republic of Ireland</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>– Power production sold to creditworthy counterparties</li> <li>– An appropriate hedging policy in relation to interest rates will be adopted</li> <li>– No currency hedging</li> </ul>

<sup>1</sup>These are targets only and not forecasts. There can be no assurance that these targets can or will be met and they should not be seen as an indication of the Company's expected or actual results or returns.

## Contact details

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