AQUILA EUROPEAN RENEWABLES PLC

Quarterly Factsheet | Q4 2023



Key Statistics

Listing:	**London Stock Exchange**
Ticker:	**AERI**
ISIN/WKN:	**GB00BK6RLF66**
Investment Advisor:	**Aquila Capital Investment-gesellschaft mbH**
2023 dividend in EUR cents/share:	**5.51**

Key Performance Figures[1]

as at 31 December 2023

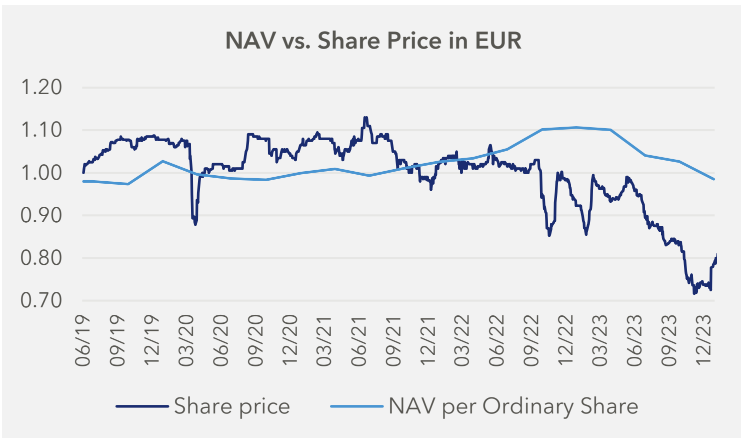
Share price in EUR	NAV per share in EUR (unaudited)	NAV in EUR millions (unaudited)	GAV in EUR millions (unaudited)
0.7850	**0.9852**	**372.5**	**567.4**
No. of shares on issue in millions	Market capitalisation in EUR millions	Discount to NAV per share in %	Total shareholder return over quarter in %[2]
378.1	**296.8**	**-20.3%**	**-4.1%**
Total shareholder return since IPO in %[2,3]	NAV total return over quarter in %[2]	NAV total return since IPO in %[2,3]	Dividend (YTD) approved for 2023 in EUR cents/share[5]
-1.6%	**-2.6%**	**20.8%**	**5.51**
Dividend (Q4) approved in EUR cents/share	Dividend yield (2023)[4]	Dividend (Q4) record date	Dividend (Q4) payment date
1.3775	**7.0%**	**16.02.2024**	**18.03.2024**

Investment Strategy and Objective

Aquila European Renewables Plc's (the Company) objective is to provide investors with an attractive long-term, income-based return in EUR through a diversified portfolio of wind, solar PV and hydropower investments across continental Europe and Ireland.

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

In addition, a balance is maintained between government supported revenues, fixed price power purchase agreements (PPAs) and market power price risk.



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Overview

The Company has completed a significant transformation of its portfolio, both in terms of growth in operating capacity, as well as achieving a more balanced mix between both wind and solar PV technologies. The result is a more efficient balance sheet and a diversified operating portfolio which offers strong cash flow to support a progressive dividend, which remains well covered. The Company also maintains a modest gearing level, currently at c.34.3% of Gross Asset Value (GAV). In addition to the previously announced share buyback programme, the Company is pursuing a variety of other initiatives to ensure the value of the underlying portfolio is fully reflected in the share price.

Dividends

- Target dividend for 2023 of 5.51 cents per Ordinary Share (+5% vs. 2022) was met and covered.
- Dividend approved for Q4 2023 of 1.3775 cents per Ordinary Share.

Financial and Operational Highlights

- The Company's Net Asset Value (NAV) as at 31 December 2023 was 372.5 million euros or 98.52 cents per Ordinary Share (30 September 2023: 389.6 million euros or 102.6 cents per Ordinary Share). Over Q4 2023, this represents a NAV total return of -2.6% (-4.1 cents per Ordinary Share plus a dividend of 1.3775 cents per Ordinary Share).

- Key drivers of the NAV movement in Q4 2023 were:
  - Impact of changes to Norway's taxation of onshore wind farms, which impacted both Tesla and The Rock (-4.4 cents per Ordinary Share);
  - Medium to long-term increase in power prices in the Nordics due to higher winter demand, lower renewable output, lower hydrologic conditions and delayed offshore wind build-out in northern Europe, offset by a decrease in power prices in Iberia due to lower demand resulting from milder than expected weather and lower projected commodity prices (-0.5 cents per Ordinary Share);
  - Following completion of external due diligence, an asset life extension was applied to the Company's Finnish wind farm Olhava (+2.5 years to a total of 30 years, +0.5 cents per Ordinary Share);
  - Decrease in portfolio discount rate from 7.4% to 7.2% (excludes the impact of the RCF), largely due to a decrease in the risk-free rate which was partially offset by an increase in the market risk premium.

- Production for the solar portfolio was in line with budget and the hydro portfolio was significantly above plan due to higher-than-forecast water availability. However, this was offset by underperformance from the wind portfolio, resulting in total portfolio production being 9.6%[6] below budget over the quarter.
- The wind portfolio's production was impacted by lower-than-forecast wind speeds in the Nordics, partially offset by higher wind resource in Greece.
- Total weighted average technical availability for the quarter increased to 97.3%[6] (Q3 2023: 96.9%).
- Asset technical availability during the quarter was impacted by the completion of repair works at the Finnish wind farm Olhava and gearbox and anti-icing system repairs at the Norwegian wind farm The Rock. The Rock's anti-icing system (AIS) is now operational at 69 out of 72 turbines. The AIS of the remaining three turbines is expected to be installed after the current winter season has ended. 10 turbine gearboxes have been replaced as of November 2023; one is expected to be replaced after the end of the current winter season.
- In December, the Company was compensated by an availability guarantee under the existing O&M contract for Olhava. A claim for The Rock's availability losses (experienced throughout 2023) has been submitted and compensation is expected later in 2024.
- An agreement was reached between the Storheia Wind Farm of Fosen Vind (non-AER Norwegian wind farm) and the Fosen Sami district on 18 December. This is a welcome development for the broader wind industry which bodes well for an amicable settlement in the ongoing appraisal case between The Rock and the Sami community.
- As at 31 December 2023, the Company had total debt of 194.8 million euros (including RCF, drawn to 74.7 million euros), of which 60.7% was fixed rate (98.5% of project-level debt is fixed rate whilst the RCF is floating rate). The Company's euro-denominated debt, including the RCF, had a total weighted average interest rate of 3.9%.
- In October 2023, the Company acquired a further 1.5 million shares, equivalent to EUR 1.2 million, at an average price of 81.7 cents per Ordinary Share under the share buyback programme.
- In aggregate, the Company has acquired EUR 27.8 million in shares in 2023 under its share buyback programme, reducing its shares in issue by 7.4%.
- A sensitivity of NAV against discount rates, inflation and power prices is shown below:

Assumption		Impact on NAV per Ordinary Share
Discount rate	+0.5%	-5 cents
	-0.5%	+6 cents
Inflation	+0.5%	+5 cents
	-0.5%	-5 cents
Power price	+10.0%	+11 cents
	-10.0%	-11 cents

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Key Initiatives

- The Company is continuing to make progress on previously announced initiatives, including entering into a EUR 50 million five-year non-recourse debt facility with ING Bank N.V. Sucursal en España, secured by the Company's wholly owned Spanish solar PV portfolio (180 MWp of unlevered operating assets). The Company has been able to secure the loan at attractive terms. Net proceeds from the debt facility, which was drawn in January 2024, were used to repay the RCF, resulting in available capacity under the RCF of EUR 68.2 million (current facility limit: EUR 100 million). Consequently, the Company's overall gearing level remains unchanged at approximately 34.3% of its GAV.
- In December 2023, the Board confirmed receipt of unsolicited proposals from Octopus Renewables Infrastructure Trust plc in relation to a possible combination on a (to be defined) formula asset value for formula asset value basis. In connection with this, the Board has committed to consider broader options for the future of the Company, including the possible combination with another listed investment company by way of a section 110 of the Insolvency Act 1986.
- The Company's inaugural ESG report was released in January 2024 on the Company´s website, highlighting key metrics, environmental and social initiatives.
- The Company's Investment Adviser, Aquila Capital Investmentgesellschaft, announced a strategic partnership with Commerzbank AG on 18 January 2024 aimed at significantly accelerating the Investment Adviser's growth into one of the leading asset managers for sustainable investment strategies in Europe. Commerzbank is a major listed European banking institution serving around 26 thousand corporate client groups and nearly 11 million private and corporate clients with a global presence in more than 40 countries. Commerzbank will acquire a 74.9% stake in the Investment Adviser, whilst ensuring the continued managerial independence of the Investment Adviser, which will remain autonomous in terms of operations, investment decisions, product development and brand representation. The existing fund management and asset management teams responsible for AER will remain unchanged. The transaction is subject to regulatory approvals and is expected to close in the second quarter of 2024.

CO_2 Equivalent Avoidance

- A total of 68.5 thousand tonnes of CO_2eq was avoided in the fourth quarter of 2023.[6,7]
- The renewable energy production in Q4 2023 would be equivalent to the average energy consumption of approximately 67.1 thousand[6] households in the EU.

Market Developments

- The Nordics electricity system spot price averaged 57.8 EUR/MWh in Q4 2023 versus 27.6 EUR/MWh in Q3 2023, a 109.1% increase. Spot prices in Iberia traded on average at 75.3 EUR/MWh in Q4 2023, as opposed to 96.6 EUR/MWh in Q3 2023, a 22.1% decline. In Greece, spot prices declined slightly by 1.6%, averaging 106.3 EUR/MWh in Q4 2023 against 108.0 EUR/MWh in Q3 2023.
- As at 31 December 2023, power price forecasts for 2024 were revised down in the Nordic price zones that the Company is invested in by 3.1% and Iberia by 12.4% from the levels forecasted in the third quarter.
- Power price forecasts over the next 5 years were revised down in the Nordics by 2.7% and in Iberia by 7.4% relative to the levels forecasted in the third quarter.
- The valuation methodology continues to assume an average of at least two power price curves from independent market analysts over the lifetime of each asset.

Regulatory Update

- On 14 December, the European Parliament and Council reached an agreement to reform the European Union's electricity market design. The agreement will support long-term contracts such as PPAs, improve liquidity in forward markets and mandate two-way contracts for difference for public investments in renewable power-generating facilities. The agreement is expected to be formally adopted by the European Parliament and Council in early 2024.
- On 19 December, following an extensive consultation process which received input from the Investment Adviser, the Norwegian Parliament passed a series of legislative changes to taxes applicable to existing and new onshore wind farms, effective from 1 January 2024. A resource rent tax of 25% on all onshore wind farms has been introduced, lower than the 40% rate initially proposed. An increased base for tax depreciation (up to a maximum 85% of the historical investment cost) was also included. A natural resource tax and a high-price contribution tax have been discontinued, whereas a production tax was marginally increased from 0.02 NOK/kWh to 0.023 NOK/kWh. The Q4 valuation for The Rock and Tesla reflects all tax changes. Note the analyst power price forecasts used to support the Q4 valuations of The Rock and Tesla do not include any potential impact of Norway's resource rent tax on the country's medium and long-term power price forecasts, considering that the tax is expected to result in a reduction in the much-needed build-out of renewable energy in the country.
- The Spanish government re-introduced a generation tax in 2024 onwards of 3.5% to 7.0% applicable to renewable generation assets. The impact of the tax (including the impacts on forecast power prices) is expected to be reflected in the Q1 2024 valuation of the Spanish solar PV portfolio.

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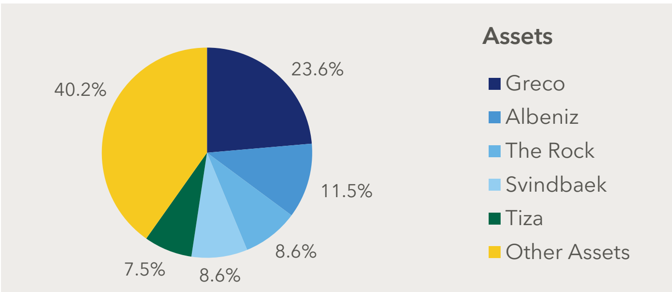
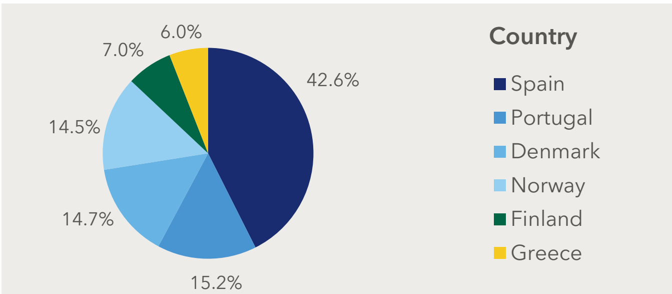
Summary of Operating & Financial Performance (Unaudited, AER Share)

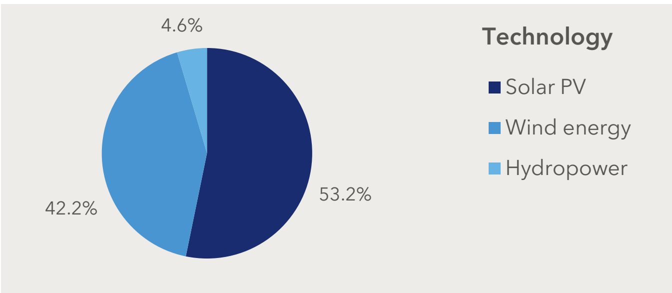
Q4 2023[6]	Solar PV	Wind	Hydropower
Number of Assets	5	6	1
Capacity (MW(p))	230.7	213.7	19.4
Technical Availability (%)	99.8	94.5	97.6
Production (GWh)	72.7	145.7	25.8
Revenues (EUR million)	4.2	10.0	2.5
Operating Expenditure (EUR million)[8]	0.9	2.3	0.1

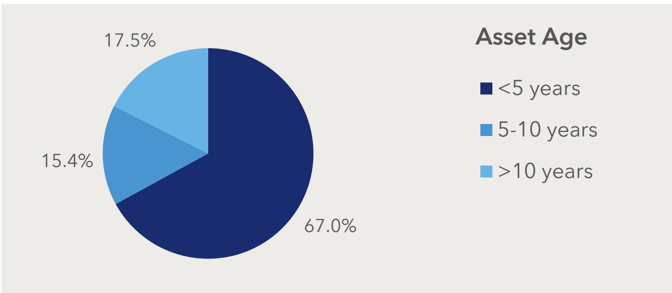
Q4 2022	Solar PV	Wind	Hydropower
Number of Assets	5	6	1
Capacity (MW(p))	180.7	213.7	19.4
Technical Availability (%)	99.8	95.5	99.2
Production (GWh)	43.8	143.4	20.1
Revenues (EUR million)	2.2	13.5	2.1
Operating Expenditure (EUR million)[8]	1.0	2.4	0.2

Portfolio Breakdown Based on Fair Value[9] as at 31 December 2023









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AIFM

FundRock Management Company (Guernsey) Limited

Administrator

Apex Listed Companies Services (UK) Limited

Contact

AER-Contact@aquila-capital.com

Investment Advisor

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

Portfolio Map

Notes

1. All calculations which use Ordinary Shares exclude shares held in treasury.
2. Calculation includes dividends paid during the period.
3. Total shareholder return is based on an opening share price of EUR 1.00 and NAV total return is based on an opening NAV after launch expenses of EUR 0.98 per Ordinary Share.
4. Dividend yield is calculated by dividing the target annual dividend per share of 5.51 cents/share for 2023 by the market share price as at 31 December 2023.
5. Cumulative with respect to 2023 in EUR cents/share.
6. Data is subject to further change.
7. The CO_2 equivalent avoidance is an approximation and does not necessarily reflect the exact impact of the renewable energy projects. The cited sources of information are believed to be reliable and accurate, however, the completeness, accuracy, validity and timeliness of the information provided cannot be guaranteed and Aquila Capital accepts no liability for any damages that may arise directly or indirectly from the use of this information.
8. Excludes fund level costs.
9. Allocation is based on fair value of the assets, equal to 438.0 million euros (excluding cash and any other fund level items), unless stated otherwise.

Disclaimer

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Appendix – Portfolio Summary (Unaudited)

Project	Technology	Country	Ownership (%)	Capacity (MW)[1]	Energy Offtaker[2]	Offtake Expiry	Offtake Price (EUR/MWh)[5]	Production Subject to an Offtake (%)[6]	Load Factors (%)		Revenue (EUR m)[7]		Revenue (EUR/MWh)[7]	
									2023	2022	2023	2022	2023	2022
Benfica III	Solar PV	PRT	100.0	19.7	PPA	Dec 2025	Undisclosed[8]	60.0-80.0	18.5	17.5	1.7	2.2	54.4	73.6
Albeniz	Solar PV	ESP	100.0	50.0	PPA	Apr 2027			23.4	22.8	3.5	3.1	34.3	53.2
Greco	Solar PV	ESP	100.0	100.0	PPA	Jun 2030			21.2	7.3	9.8	0.4	59.9	66.8
Tiza	Solar PV	ESP	100.0	30.0	PPA	Dec 2028			21.6	21.4	3.5	3.7	61.8	83.6
Tesla	Wind	NOR	25.9	150.0	PPA	Dec 2028			26.9	32.6	3.3	8.4	35.6	76.1
The Rock	Wind	NOR	13.7[3]	400.0	PPA	Oct 2036			25.6	37.2	4.6	2.1	37.6	71.6
Ourique	Solar PV	PRT	50.0	62.1	CfD	Dec 2024			17.8	18.1	4.8	2.8	99.8	56.8
Olhava	Wind	FIN	100.0	34.6	FiT	Sep 2025	53.5-83.5	100.0	30.0	32.1	6.7	11.3	74.1	116.4
Holmen II	Wind	DNK	100.0	18.0	FiP	Feb 2025	33.6-77.9		38.4	41.5	5.0	8.1	81.9	123.8
Svindbaek	Wind	DNK	99.9	32.0	FiP	Oct 2028			21.8	22.1	4.7	8.4	77.1	135.4
Desfina	Wind	GRC	89.0[4]	40.0	FiP	May 2041	98.0		25.4	24.3	7.8	7.8	98.6	103.4
Sagres	Hydro	PRT	18.0	107.6	FiT	Dec 2031	110.0-120.0	50.0-60.0	35.8	22.5	6.1	4.8	100.8	126.6

[1]Installed capacity at 100% ownership. [2]PPA = Power Purchase Agreement, FiT = Feed-in tariff. FiP = Feed-in premium, CfD = Contract for Difference. [3]Majority of remaining shares are held by entities managed and/or advised by Aquila Capital. [4]Represents voting interest. Economic interest is c.91.2%. [5]The offtake price shown for Holmen II, Svindbaek and Olhava refers to the floor and ceiling subsidy prices. [6]Average percentage value calculated yearly for 2023. [7]Based on AER share of ownership. 2023 data sourced from management accounts. [8]Commercially contractually sensitive.