Aquila Capital

AQUILA EUROPEAN RENEWABLES INCOME FUND PLC

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

INVESTING IN A BRIGHTER FUTURE
ANNUAL REPORT 2020

Aquila Capital

Contents

For more information please visit our website
www.aquila-european-renewables-income-fund.com

HIGHLIGHTS

Investment Objective

Aquila European Renewables Income Fund Plc (the "Company" or "AERIF") seeks to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of renewable energy infrastructure investments in the continent of Europe and Ireland.

Highlights for the year[1]

- During the year, the Company successfully completed five new investments for EUR 156.2 million[2]:
  - Three additional wind investments in Denmark, Norway and Greece
  - First solar additions to the portfolio, with two acquisitions in Spain and Portugal
- As at 31 December 2020, the portfolio consisted of 31 assets[3] (31 December 2019: 25 assets) with a total generating capacity of 301.3 MW (31 December 2019: 132.3 MW)
- Over EUR 167.5 million (31 December 2019: EUR 154.3 million) of new equity raised, the majority of which has already been deployed or committed in 2020
- As at 31 December 2020, the Company's portfolio provides electricity to over 203,000 households annually (93,300 households as of 2019), as well as saving over 238,700 tonnes of CO_2 annually (112,700 tonnes as of 2019)[4]
- During the year, the Company's portfolio produced 459.9 GWh[5], which was 6.5% above budget (258.5 GWh for 2019)
- 2020 dividend cover of approximately 1.1x[10] (2.3x excl. asset level debt amortisation) (31 December 2019: 2.8x)
- Ongoing efficiencies realised, with a reduction in Ongoing Charges to 1.4%[10] of the Net Asset Value ("NAV") (31 December 2019: 1.7%)
- Asset production and availability largely unaffected by the COVID-19 pandemic
- In line with the prospectus, the Company declared or paid dividends of 4.0 cents[6] per Ordinary Share during the year (31 December 2019: 1.5 cents per Ordinary Share)
- The Company's NAV as at 31 December 2020 was EUR 316.9 million or 99.96 cents per Ordinary Share (31 December 2019: EUR 158.9 million or 102.7 cents per Ordinary Share)
- 2020 NAV total return of 0.7%[10] per Ordinary Share (including dividends) (31 December 2019: 5.6%)
- Long term, non-recourse debt[7] as of 31 December 2020 was EUR 113.0 million[8] (31 December 2019: EUR 85.0 million), representing a gearing ratio of 26.3%[10] (31 December 2019: 34.8%) based on the Company`s Gross Asset Value[9] ("GAV")

Financial Information	As at 31 December 2020	As at 31 December 2019
NAV per Ordinary Share (cents)	99.96	102.7
Ordinary Share price (cents)	106.5	107.8
Ordinary Share price premium to NAV[10]	6.5%	4.9%
Net assets (EUR million)	316.9	158.9

Financial Information	01 January 2020 - 31 December 2020	05 June 2019 - 31 December 2019
Dividends per Ordinary Share (cents)[11]	4.0	1.5
Ongoing charges[10,12]	1.4%	1.7%
NAV total return per Ordinary Share[10,13]	0.7%	5.6%
Total shareholder return per Ordinary Share[10,14,15]	2.0%	8.6%

1 *Data based on AERIF share, where applicable.*
2 *Includes commitments relating to future capital expenditure (EUR 42 million).*
3 *21 assets belong to the Sagres hydropower portfolio. Benfica III consists of three separate solar parks.*
4 *CO_2 savings are based on the Company's proportionate share. Calculations follow the methodology of the Greenhouse Gas Protocol. CO_2 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.*
5 *AERIF share.*
6 *All references to cents are in Euros, unless stated otherwise.*
7 *Represents the Company's proportionate share of total debt at the asset special purpose vehicle ("SPV") level across its existing investments as of 31 December 2020.*
8 *Leverage reflects AERIFs voting interest in Desfina (89%).*
9 *GAV is the sum of the Company's NAV and share of debt.*
10 *This disclosure is considered to represent the Company's alternative performance measures ("APM"). Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated, can be found in page 93.*
11 *Dividends paid and declared relating to the period.*
12 *Calculation based on average NAV over the period and regular recurring annual operating costs of the Company, can be found in page 93.*
13 *Opening NAV at IPO after launch expenses: EUR 0.98 per Ordinary Share price total return for 2019 has been adjusted to reflect dividend payment of 0.75 cents per Share.*
14 *Total returns based on Ordinary Share price in Euro plus dividends paid for the period. Opening share price at IPO: EUR 1.00. Share. NAV total return for 2019 has been adjusted to reflect dividend payment of 0.75 cents per Share.*
15 *Source: Bloomberg.*

CHAIRMAN'S STATEMENT

Introduction

On behalf of the Board, I am pleased to present the annual report of Aquila European Renewables Income Fund Plc for the year ended 31 December 2020.

2020 was a year in which your Company showed its resilience in the face of the COVID-19 pandemic, and also achieved significant further milestones in its continuing growth and development. AERIFs total electricity generation for the year was 6.5% above budget, reflecting high asset availability during the pandemic. Whilst market electricity prices declined in the early stages of the pandemic, the impact was partially mitigated by the high degree of contracted, fixed price revenues and diversified asset base (noting that the impact of COVID-19 was not homogenous across all markets in which we operate). Despite a challenging year for the global economy, the portfolio delivered a total NAV return of 0.7%[16] per Ordinary Share (including dividends) over the reporting period.

In addition, we were also successfully able to deliver on a number of important initiatives and targets for the Company, including:

- In line with the prospectus the target dividend of 4.0 cents per Ordinary Share was declared or paid in 2020
- Over EUR 167.5 million of new equity raised at a premium to NAV per Ordinary Share, expanding our investor base and improving liquidity
- Completed five new investments, totalling approximately EUR 156.2 million
- Two solar photovoltaic ("PV") investments completed in Portugal and Spain
- Entered two new investment jurisdictions in Spain and Greece

Our investment strategy remains unchanged since the Initial Public Offering ("IPO") in 2019 and accordingly we remain committed to developing a diversified multi-technology portfolio of wind, hydropower and solar PV assets across Europe (excluding the United Kingdom). We target assets which have long operating lives and are supported by a high degree of contracted revenues in the form of power purchase agreements and governmental subsidies, supported by high quality counterparties. Our investment restrictions help to maintain a diversified approach to portfolio construction, taking into account single asset and single country exposure. Accordingly, the Company's portfolio has a high degree of earnings visibility whilst offering attractive risk adjusted returns for investors.

Dividends and Returns

For the year ended 31 December 2020, the Company declared or paid dividends in line with its dividend target of 4.0 cents per Ordinary Share, an increase from 1.5 cents (3.0 cents on an annualised basis) in the period ended 31 December 2019. The Company is targeting a dividend of 5.0 cents per Ordinary Share for the year ended 31 December 2021, with the aim of increasing the dividend progressively over the medium term. During the year, the Company has paid approximately EUR 6.5 million in dividends and its dividend cover was approximately 1.1 times[16, 17].

As at 31 December 2020, the Company's NAV was EUR 316.9 million or EUR 99.96 cents per Ordinary Share. With a share price of EUR 106.5 cents per Ordinary Share as at 31 December 2020, the Company trades at a 6.5%[16] premium to NAV per Ordinary Share. During the year ended 31 December 2020, the portfolio delivered a total NAV per Ordinary Share return (including dividends) of 0.7%[16], whilst the Company's Ordinary Shares delivered a total shareholder return of 2.0%[16] (including dividends). Since the IPO, the Company has delivered a 10.8% total shareholder return.

Portfolio and Performance[18]

During the year, the Company and its Investment Adviser have been focused on deploying capital in select opportunities which meet our strict criteria and investment restrictions (as set out in the latest Company prospectus). Since 31 December 2019, the Company has successfully expanded its portfolio to nine separate investments (comprising 31 separate assets), increasing total generation capacity to 301.3 MW[19], compared to 132.3 MW as at 31 December 2019. During the year, we entered two new investment jurisdictions in Spain and Greece, whilst also adding solar PV investments into the portfolio for the first time (consisting of two separate investments). Our assets are typically located in areas which correspond to a strong matching natural resource. Our wind assets are located in areas with high wind speeds and strong capacity factors (such as the Nordics), whilst our solar assets are typically located in Southern Europe, where irradiation levels are high. Likewise our hydropower asset Sagres is located in one of the most precipitous areas of Portugal. Our investment portfolio now spans six countries across Europe.

As we announced in 2020, a significant reduction in global economic activity due to the COVID-19 pandemic led to reduced demand for electricity and other commodities, which also resulted in a significant reduction in electricity prices. This also had a negative impact on forecast electricity prices, particularly in the short-term. These negatively impacted the Company's investments at Tesseract Holdings

[16] These are APMs used by the Company, together with how these measures have been calculated, can be found in page 93.
[17] Calculation based on AERIFs share of asset underlying earnings, adjusted for asset debt amortisation and the Company's expenses. Dividends based on those paid during the report period, can be found in page 93.
[18] All figures quoted in this section are presented on a proportional basis.
[19] Assumes completion of the Rock and Albeniz.

Limited ("HoldCo"), which declined by EUR 5.6 million during the year.

In combination with the release of our Q4 2020 Fact Sheet, the Company also announced that for the Q4 2020 NAV calculation, the Investment Adviser had adopted a more conservative approach to power price forecasts by using a blend of two curve providers forecasts, rather than a rolling average from a single power price curve provider[20]. This change in methodology was considered more conservative as it more accurately reflects actual power prices and reduces the overall volatility around future forecast levels. Commensurate with this change in methodology, a reduction in portfolio discount rate (6.6% weighted average as at 31 December 2020) was also applied to certain assets where applicable, in order to reflect the more conservative power price assumptions used. The impact of these changes on our Q4 2020 NAV was largely neutral, relative to the prior quarter.

We were particularly pleased with the performance of the portfolio over the reporting period given the implications of the COVID-19 pandemic. Whilst we recorded a EUR 4.0 million loss on investments (further details provided below), the Company was able to generate a positive NAV total return of 0.7%[21] per Ordinary Share for investors. This reflected the portfolio's resilience, underpinned by high quality assets and contracted revenues with strong counterparties. In the year ended 31 December 2020, the portfolio produced approximately 459.9 GWh of electricity, which was 6.5% above budget, largely due to Sagres and Olhava's strong performance, which were both up 10.4% and 16.1% respectively relative to budget. Despite above budget production performance, our underlying asset revenue for the reporting period was lower than expected, as a result of depressed power prices experienced in 2020, particularly in the first half of the year.

The effect of the pandemic on power prices and underlying asset earnings was partially mitigated by the high degree of contracted revenues across the portfolio (at fixed prices), the diversified asset base and the sustained market demand for renewables as an asset class. Diversification helps to manage our exposure to any single power market or technology, noting that the impact of COVID-19 during the reporting period was not homogenous across the markets in which we operate. Diversification by geography also helps to limit the portfolio's reliance on local weather conditions and regulatory risk.

The Company recorded a loss after tax of approximately EUR 1.2 million for the year (2019: EUR 8.5 million profit after tax), equivalent to a Loss per Ordinary Share (diluted) of EUR 0.56 cents (2019: Return per Ordinary Share EUR 7.05 cents per Ordinary Share (diluted)). This was largely attributable to a loss on investments of approximately EUR 4.0 million (2019: gain of EUR 8.6 million), driven by the impact of COVID-19 and power prices on existing asset valuations. When combined with the Company's operating expenses, this more than offset the income generated from AERIF's investments for the year. Importantly, the portfolio remains above its acquisition cost, with EUR 4.6 million in unrealised gains recorded on AERIF's balance sheet. Further details can be found in the Investment Adviser's report and Financial Statements.

The Company's ongoing charges, which represents the Company's expenses as a percentage of the NAV were 1.4%[21] for the year ended 31 December 2020, compared to 1.7%[21] in the prior corresponding period. We are pleased with this result, which reflects the ongoing realised efficiencies from the Company's larger scale as a result of successful capital raisings and deployment since the IPO.

The portfolio continues to benefit from long duration assets and contracted revenues. As at 31 December 2020, the portfolio had a weighted average remaining operating life of approximately 23 years, whilst our contracted revenues have a weighted average contract life of 9.5 years[22]. As at 31 December 2020, approximately 73.9% of the Company's revenue is contracted over the first five years (on a present value basis[23]).

Equity Raising and Acquisitions

Similar to 2019, the Company has been very active in raising and deploying capital. In March 2020, we raised a further EUR 40.0 million in new equity in order to fund further investment opportunities, including Svindbaek II, The Rock and Benfica III.

Subsequently, in September 2020, the Company announced its intention to raise further equity in order to take advantage of a pipeline of opportunities which had been sourced from the Investment Adviser. The Board was delighted to announce that the Company had successfully raised EUR 127.5 million at EUR 103.75 cents per Ordinary Share, representing a premium of 5.2% to the Company's NAV as at 30 June 2020. On behalf of the Board, I thank both existing and new shareholders for supporting the Company's capital raising initiatives in 2020 and look forward to your continued support in the future.

Since the successful capital raising, AERIF and its advisers have worked diligently to close a number of new acquisition opportunities, including a 100.0% interest in Albeniz, a 50.0 MWp solar PV project under construction in Spain, as well as an 89.0% interest in Desfina, a 40.0 MW operational wind farm in Greece. Both projects are supported by long-term revenue contracts including a five year Power Purchase Agreement ("PPA") for Albeniz and a 20 year feed-in premium for Desfina. Both investments are aligned with our investment criteria and represent an attractive fit within the investment portfolio.

Leverage

The Company continues to maintain a conservative level of leverage across its investment portfolio. As at 31 December 2020, the Company had approximately EUR 113.0 million of non-recourse debt on a proportional basis at the asset level, equivalent to approximately 26.3% of GAV, well within the Company's maximum gearing exposure of 50.0%. The Company's leverage ratio[21] has declined marginally since 31 December 2019 (34.8%) as a result of the capital raising, ongoing scheduled debt amortisation, as well as the addition of a number of unlevered investment opportunities to the portfolio, including Svindbaek II, Benfica III and Albeniz. The Company`s debt at the SPV level has a weighted average maturity of 12.8 years and is predominantly hedged and amortising.

[20] Excluding Sagres and Desfina due to asset specific considerations.
[21] These are APMs used by the Company, together with how these measures have been calculated, can be found in page 93.
[22] Based on production. Weighting based on purchase price or equity invested.
[23] Based on the portfolio discount rate.

We are also pleased to report that the Company recently reached contractual close in relation to a two year revolving credit facility ("RCF"), with a facility limit of EUR 40.0 million in 2021. The RCF is an important milestone for the Company as it provides us with substantial flexibility to finance our future investments in a capital efficient manner. The facility also benefits from an accordion option which enables the Company to upsize the facility limit to EUR 100.0 million, as well as the ability to extend the RCF tenor beyond the existing two year term, subject to lender consent.

Environmental, Social and Governance

The Company's 301.3 MW portfolio has the potential to power approximately 203.1 thousand households and offset approximately 238.8 thousand tonnes of CO_2 emissions annually[24]. We are proud of our contribution towards the green economy and the United Nations Sustainable Development Goals, including:

- Ensuring access to affordable, reliable, sustainable and modern energy for all
- Building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation
- Taking urgent action to combat climate change and its impacts

Our goal is to be a responsible investor, ensuring that ESG criteria are incorporated into our day-to-day investment decisions as well as generating a positive impact for society. This is reflected across our investment philosophy and approach. Our Investment Adviser, Aquila Capital Investmentgesellschaft mbH ("Aquila Capital"), is dedicated to the green energy transition. As a signatory to the United Nations' Principles for Responsible Investments, Aquila Capital has integrated ESG risk in the opportunity assessment process across every single stage of its investment process, including any investments the Company participates in. I would encourage our shareholders to review Aquila Capital's annual ESG report, which is published on Aquila Capital's website at https://www.aquila-capital.de/en/responsibility/esg-reports.

Our assets are typically located in remote regions of Europe, where the resource factor is high. In some cases, our assets are closely linked to a local community within proximity. Our assets continue to support local communities through a variety of measures, including contracting with local service providers, payment of local taxes and land lease payments.

Our Board composition is unchanged since the IPO and consists of four, non-executive Directors. The Board continues to uphold a stringent level of corporate governance. AERIF benefits from both an independent Board of Directors, as well as an Alternative Investment Fund Manager ("AIFM"), International Fund Management Limited (part of PraxisIFM Group). The Board of Directors supervise the AIFM, who is responsible for making recommendations in relation to any investment proposals put forward by the Investment Adviser. The Investment Adviser is fully regulated and supervised by The Federal Financial Supervisory Authority ("BaFin") in Germany.

The Annual General Meeting will be held on 9 June 2021 at the Company's registered office. However, due to the ongoing restrictions on large gatherings, it will not be possible for shareholders to attend in person. I would therefore strongly encourage shareholders to vote instead by proxy. Full details of the Annual General Meeting, the resolutions proposed and how to vote by proxy are described in the Notice of Meeting and supporting explanatory notes on pages 98 to 99. Shareholders who have questions that they would have raised at the Annual General Meeting, should submit them by close of business on 7 June 2021 to the Company's email address, AquilaCosec@PraxisIFM.com. Answers will be published on the Company's website in advance of the meeting. If circumstances were to change, the Board will notify the market of any alteration to the Annual General Meeting arrangements.

Conclusion and Outlook

While the European Union is aiming for a climate-neutral economy by 2050, a gradual move away from carbon-based fuels can be observed in most countries. In order to achieve the goals, significant investment is required by both public and private markets. AERIF is contributing directly to these goals and offers investors a unique opportunity to participate in the European energy transition and the future green economy.

The Board is pleased with the performance of the portfolio during the year, which has demonstrated resilience during a challenging period for the global economy. Whilst there was some downward pressure on electricity prices observed during the year (as a result of the COVID-19 pandemic), market prices for electricity have begun to show signs of varying levels of improvement, which we expect to continue as economies begin to re-emerge from the crisis, combined with positive vaccine developments. The Company's strategy to target assets with high levels of contracted revenues in the form of fixed-price PPAs or government subsidies help to hedge the Company's revenues against such fluctuations in market prices.

Whilst the COVID-19 vaccine is a positive development for the global economy, considerable uncertainty remains and it is important to remain vigilant. Our focus beyond 2020 remains unchanged and we, along with our advisers will continue to seek out investment opportunities which adhere to our strict investment criteria and complement the existing portfolio. I therefore look forward to reporting to you on another year of further progress in 2021.

Ian Nolan, Chairman

19 April 2021

[24] *Based on the Company's proportionate interest share. Calculations follow the methodology of the Greenhouse Gas Protocol. CO_2 savings of European assets are based on the European average.*

INVESTMENT ADVISER`S REPORT

Investment Adviser Background

The Company's AIFM, International Fund Management Limited (part of PraxisIFM Group), has appointed Aquila Capital Investmentgesellschaft mbH as the Investment Adviser to the AIFM in respect of the Company. Its key responsibilities are to originate, analyse, assess and recommend suitable renewable energy infrastructure investments, and advise the AIFM accordingly. Additionally, the Investment Adviser performs asset management services in relation to the operational assets in the portfolio or, to the extent asset management is delegated to third parties, oversees and monitors such asset management.

Aquila Group is a leading investment manager in real asset solutions. Its sustainable investment strategy focuses on investments in renewable energy, energy efficiency, infrastructure, residential real estate, green logistics as well as timber and agriculture. Founded in 2001 by Dieter Rentsch and Roman Rosslenbroich as one of the first German alternative investment firms, Aquila Group manages EUR 12.5 billion for institutional investors worldwide (as at 31 December 2020).

Over the last decade, Aquila Group has built a truly pan-European asset portfolio with investments in the renewable energy sector amounting to a total capacity of 9 GW and over 1.4 million square metres of sustainable real estate and green logistics projects completed or under development. In 2019, Aquila Group entered a strategic partnership with Daiwa Energy & Infrastructure of Japan, opening up new growth opportunities for Aquila Group in the highly attractive Asia-Pacific region.

As a responsible investor, Aquila Group is committed to contributing to the European energy transition through the financing of sustainable investments and by providing investment solutions that reduce carbon emissions. To this end, Aquila Group has also founded KlimaInvest Green Concepts, the leading German energy and climate protection agency.

Aquila Group employs a fully integrated investment and asset management approach and integrates ESG criteria throughout the entire investment process. Aquila Group's dedicated expert investment teams draw on their sector networks and experience to screen, develop, finance, manage and operate investments along the entire value chain. As this business model requires local management teams, Aquila Group is represented with 14 investment offices in 12 countries.

Aquila Group's two AIFMs in Luxembourg and Germany are subject to strong European regulatory standards, ensuring comprehensive service and security for Aquila Group's investors and business partners.

Current renewables portfolio of Aquila Capital in Europe

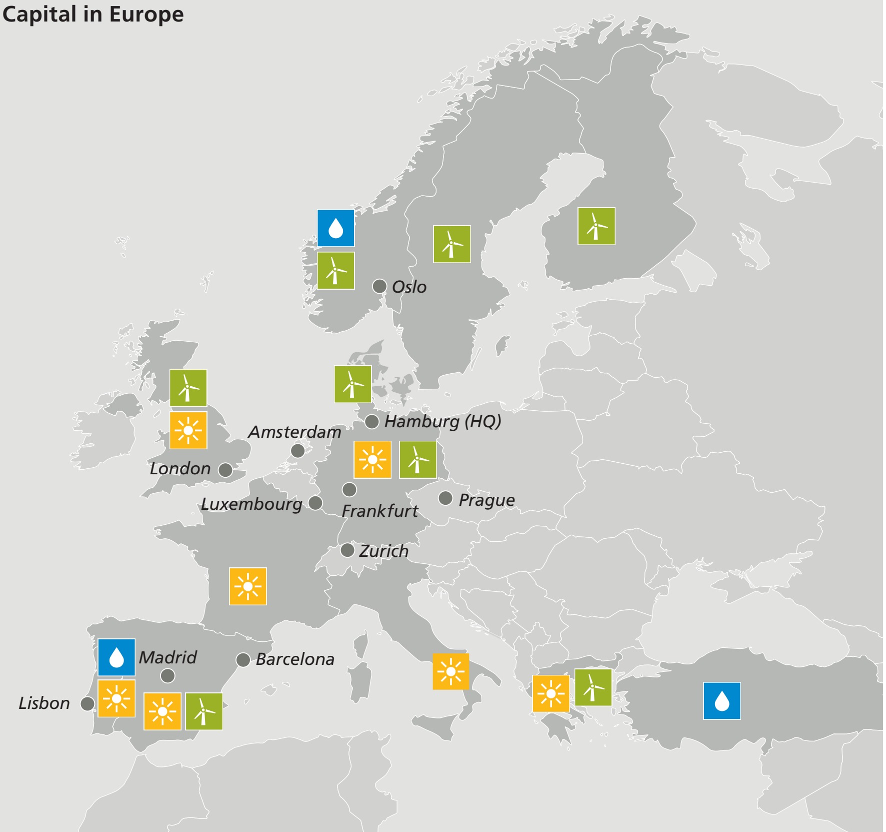
Portfolio capacity

Wind energy
2,202 MW, >591 WTGs

Solar PV
6,205 MWp, >209 PV parks

Hydropower
775 MW, 179 plants

Offices



ESG
Overall reduction of CO_2 emissions
173.4m tons

Green energy produced
544.4 TWh

Households supplied
149.6m

Map is shown for illustrative purposes only. Exact locations of offices and assets might deviate. Points indicate one or more assets and are not indicative of size. Data as at 31 December 2020. ESG data based on lifetime of the current portfolio.

MANAGEMENT

Whilst the entire Aquila Group has over 450 employees worldwide, the Company benefits from a core team that is dedicated to the management and ongoing performance of the Company.

Christine Brockwell
Head Partnerships and Portfolio Advisory Energy & Infrastructure EMEA

Christine Brockwell is responsible for Aquila Capital's investment partnerships and for the overall performance of Energy & Infrastructure EMEA's long-term funds. Christine has more than 15 years of relevant experience. Prior to joining Aquila Capital in 2018, she held positions at Global Capital Finance and UK Green Investment Bank, the world's first green bank. As Head of Offshore Wind at the UK GIB, she had overall responsibility for the offshore wind sector and its related investments. Under her management, UK GIB invested for the first time in construction-phase offshore wind assets and made investment commitments of 600m euros. Christine holds a master's degree in economics from the New York University and a bachelor's degree in biology from the Georgia Institute of Technology.

Michael Anderson
Senior Manager Partnerships and Portfolio Advisory Energy & Infrastructure EMEA

Michael Anderson, Senior Manager within Aquila Capital, is responsible for the management of AERIF and its new energy infrastructure opportunities. Prior to joining Aquila Group in 2020, he worked in the corporate finance and treasury team at Transurban Group in Australia, where he focused on the execution of financing and M&A activities. Before that, he was an associate at Greenhill, an independent investment bank. Michael holds a bachelor's degree in economics and a bachelor's degree in business management, from the University of Queensland, in Australia.

Nicole Zimmermann
Manager Partnerships and Portfolio Advisory Energy & Infrastructure EMEA

Nicole Zimmermann is responsible for ensuring that documents comply with the legal and economic requirements that apply to funds or mandates. She is also responsible for the management of investment structures and structural entities. Nicole has worked in the areas of fund controlling, asset and structure management since 2012. She graduated as a State-Certified Business Manager with focus on Controlling from the Economic and Social Academy in Bremen. She is also a trained banker.

Daniel Metzger
Associate Partnerships and Portfolio Advisory Energy & Infrastructure EMEA

Daniel Metzger is responsible for the assessment of new investment opportunities and the coordination of the investment process. Prior to joining Aquila Group in 2019, he worked in the auditing and consulting industry with a focus on auditing, M&A, and restructuring projects in the energy as well as the mechanical engineering sector. Daniel holds a bachelor's degree in business informatics from the University of Applied Sciences Mittelhessen (THM) and a Master of Science with finance specialisation from the Hamburg School of Business Administration (HSBA).

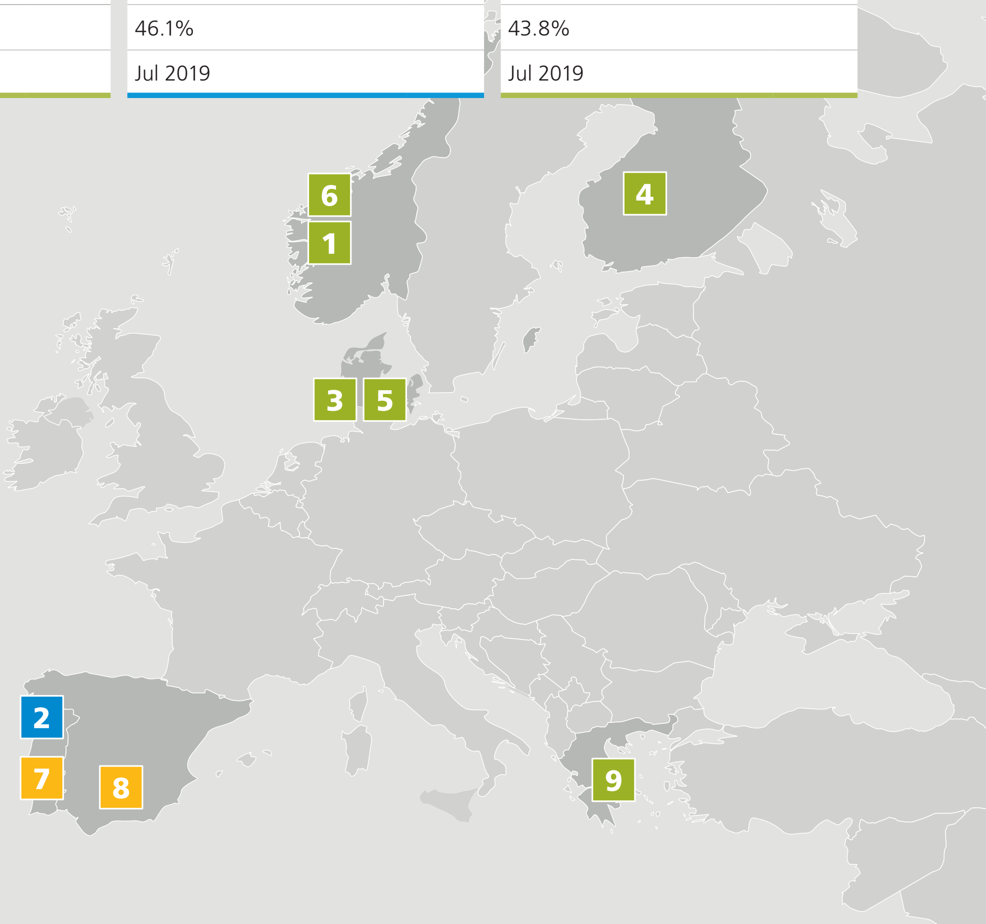
INVESTMENT ADVISER`S REPORT

INVESTMENT PORTFOLIO
AS AT 31 DECEMBER 2020

Wind energy | Hydropower | Solar PV



	1. Tesla	2. Sagres	3. Holmen II
Country	Norway	Portugal	Denmark
Capacity[25]	150.0 MW	102.7 MW	18.0 MW
Status	Operational	Operational	Operational
COD[26]	2013-2018	1951-2006	2018
Asset life from COD	25y	n.a.[29]	25y
Equipment Manufacturer	Nordex	Various	Vestas
Energy offtaker[27]	PPA / Spot	FiT / Spot	FiP / Spot
Ownership in asset	25.9%[30]	18.0%[30]	100.0%
Leverage[28]	29.5%	46.1%	43.8%
Acquisition date	Jul 2019	Jul 2019	Jul 2019



25 Installed capacity at 100% ownership.
26 Commissioning date ("COD").
27 PPA = Power Purchase Agreement, FiT = Feed-in tariff. FiP = Feed-in premium.
28 Leverage drawn (AERIF Share) as a percent of investment fair value as at 31 December 2020.
29 21 Individual assets; Approximately 12 years remaining asset life when calculated using net full load years.
30 Majority of remaining shares are held by entities managed and/or advised by Aquila Capital.

INVESTMENT PORTFOLIO
CONTINUED

Wind energy | Hydropower | Solar PV

4. Olhava


5. Svindbaek I + II


6. The Rock


	4. Olhava	5. Svindbaek I + II	6. The Rock
Country	Finland	Denmark	Norway
Capacity[25]	34.6 MW	32.0 MW	400.0 MW
Status	Operational	Operational	Construction
COD[26]	2013-2015	2018	2021
Asset life from COD	27.5y	25y	30y
Equipment Manufacturer	Vestas	Siemens	Nordex
Energy offtaker[27]	FiP / Spot	FiP / Spot	PPA / Spot
Ownership in asset	100.0%	99.9%	13.7%[30]
Leverage[28]	52.3%	20.0%	0.0%
Acquisition date	Sep 2019	Dec 2019, Mar 2020	June 2020

7. Benfica III


8. Albeniz


9. Desfina


	7. Benfica III	8. Albeniz	9. Desfina
Country	Portugal	Spain	Greece
Capacity[25]	19.1 MW	50.0 MW	40.0 MW
Status	Operational	Construction	Operational
COD[26]	2017/2020	2021	2020
Asset life from COD	30y	30y	25y
Equipment Manufacturer	AstroNova	Canadian Solar	Enercon
Energy offtaker[27]	PPA / Spot	PPA / Spot	FiP / Spot
Ownership in asset	100.0%	100.0%	89.0%[31]
Leverage[28]	0.0%	0.0%	48.5%[32]
Acquisition date	October 2020	December 2020	December 2020

25 *Installed capacity at 100% ownership.*
26 *Commissioning date ("COD").*
27 *PPA = Power Purchase Agreement, FiT = Feed-in tariff. FiP = Feed-in premium.*
28 *Leverage drawn (AERIF Share) as a percent of investment fair value as at 31 December 2020.*
29 *21 Individual assets; Approximately 12 years remaining asset life when calculated using net full load years.*
30 *Majority of remaining shares are held by entities managed and/or advised by Aquila Capital.*
31 *Represents voting interest. Economic interest is approximately 94%.*
32 *Calculation based on voting interest.*

INVESTMENT ADVISER`S REPORT

ACQUISITIONS

During the year, the Company successfully completed the following acquisitions.

Svindbaek II

By acquiring the outstanding three turbines of the wind park in March 2020 the acquisition of all wind turbines associated with the Svindbaek wind farm has been completed in 2020. Svindbaek is an onshore wind farm located on the west coast of Denmark with 32.0 MW of installed capacity. The asset comprises ten Siemens Gamesa wind turbines of 3.2 MW each. The wind park has been developed by European Energy, one of the largest independent wind project developers in Denmark. The wind farm was fully operational in January 2019. Svindbaek is in an excellent location and benefits from a Danish Premium tariff (feed-in premium structured as a Contract for Difference) for a fixed volume of production, which will last until 2028.

The Rock

The Rock is a 400.0 MW construction-phase wind energy project with an expected commissioning date in the fourth quarter of 2021. In the first year of operation, approximately 91% of the production will be hedged by a fixed price PPA. For the following 14 years, approximately 70% of production is covered by PPAs. The turbine supplier is the stock exchange-listed German manufacturer Nordex SE and the developer is Eolus Vind Norge Holding AS, a 100% subsidiary of Eolus Vind AB.

In Norway, there has been a (so far unsuccessful) tendency in recent years by local interest groups to seek court injunctions against wind turbines under construction in order to prevent their construction. In the case of the Rock, the local reindeer herdsmen (the Sami) followed a similar approach and sought an injunction which the court declined to grant. The Sami's subsequent appeal was also unsuccessful. The Sami could now appeal to the surpreme court. Advice from external legal counsel is that there are no new facts in the case suggesting an appeal to the supreme court is unlikely to be successful and to deliver a different judgement.

The local reindeer herdsmen have also appealed the detailed project plan for the construction and completion of the wind farm ("MTA Plan") at the administrative level (ie not in front of the courts). This appeal is currently being reviewed by the Ministry of Petroleum and Energy ("MPE"). At the same time the Norwegian Parliament has initiated a review of the license (as is the case for any other wind park in Norway) which will be undertaken by the MPE.

There is no current indication that any of the aforementioned reviews will lead to a negative outcome for the Rock and it is expected that in the near future MPE will revert with a final decision on the MTA Plan as well as a confirmation of the effectiveness of the license itself.

Benfica III

Benfica III is a portfolio of three solar parks with a total capacity of 19.1 MWp located in Portugal. All three solar parks in the portfolio utilise a fixed-tilt ground-mounted structure. One of the parks (Montes Novos) is located in central Portugal and started operations in October 2017. The other two parks (Tapadas and Azambuja) are located to the north of Lisbon and were recently connected to the grid and commissioned. The project sites provide high solar irradiation of around 1550 - 1650 kWh/kWp. The majority of the P50 production is contracted via a PPA with a subsidiary of Axpo Holding AG.

Albeniz

Albeniz is part of a cluster of four separate solar parks in various stages of development and construction, owned by funds managed by Aquila Capital. The portfolio is located in the south of Spain, benefitting from high irradiation and yields and advanced solar PV technology. Albeniz is expected to be commissioned in the fourth quarter of 2021. The asset benefits from a 5 year PPA with a subsidiary of The Statkraft Group.

Desfina

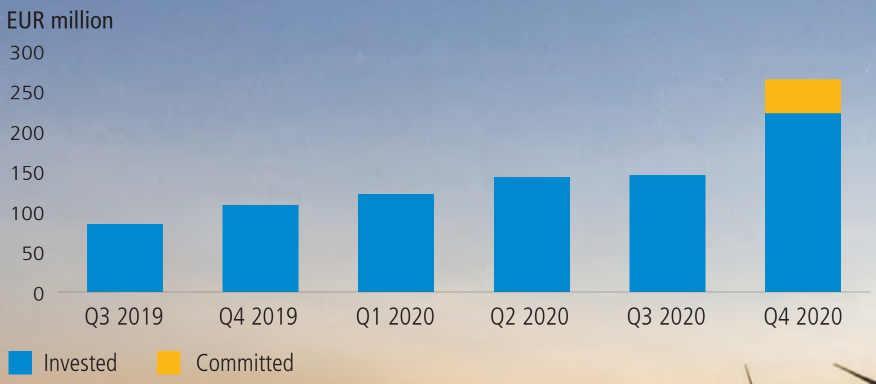
Desfina was developed in Greece by Enercon and comprises five Enercon E82-2.35 MW as well as 12 Enercon E92-2.35 MW wind turbines that have an assumed operating life of at least 25 years. The turbines were connected to the grid in February 2020. The asset is entitled to receive a 20 year feed-in premium, which is structured as a contract for difference to 98 EUR/MWh, for 100% of the energy produced from grid connection. The operating licences for the asset were recently awarded in March 2021. The developer and turbine supplier is also the contractual partner for operations and maintenance as well as for the technical and commercial management.

PORTFOLIO CONSTRUCTION
AS AT 31 DECEMBER 2020

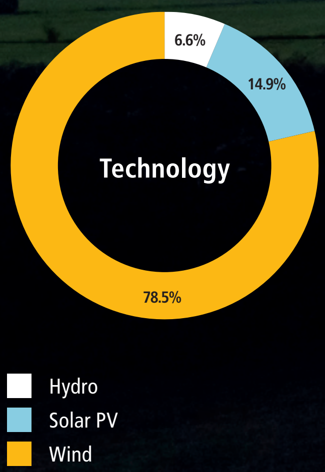
Capital Deployment Profile Since IPO[33]

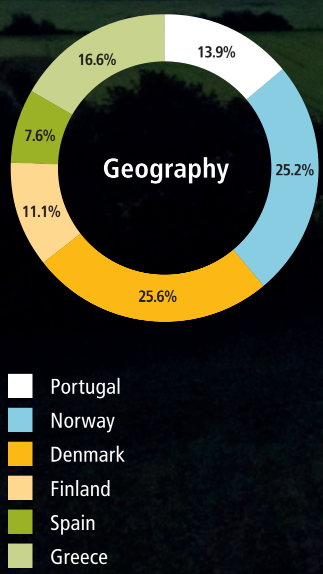
Total capital invested and committed has increased materially since 2019 following two successful capital raisings and ongoing investment activity (as described earlier). Investment commitments relate to the Company's share of total projected funding required in relation to the construction of The Rock and Albeniz, both of which are expected to be commissioned in Q4 2021. Construction of The Rock is also expected to be supported by construction debt finance at the asset level subject to fulfilling two conditions subsequent in relation to the legal claims against The Rock (further information can be found in page 9). Albeniz's construction commitments are expected to be fully equity funded.

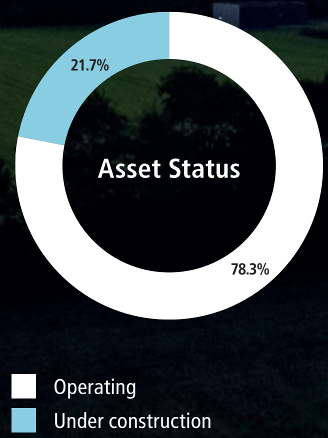
The Company maintains an adequate liquidity position to fund its future capital commitments. As at 31 December 2020, the Company had a surplus cash balance (net of future capital commitments) of approximately EUR 47.0 million.



Current Portfolio Allocation[34]







[33] *Only reflects the current commitment as of 31 December 2020.*
[34] *Allocation is based on fair value of the assets (excluding cash and any other the Company level items), unless stated otherwise.*

Asset Status

During 2020, the Company has made further progress in relation to its diversification goals, both in terms of asset classes and geography. At the end of 2020, the portfolio consisted of 31 assets in 9 investments, wind power, hydropower and solar PV, located across six countries in Northern and Continental Europe.

The Company successfully closed the acquisition of Benfica III and Albeniz, representing the first solar investments in the portfolio. Following this, the portfolio is now fully invested across all three targeted renewables technologies. Over the long-term, our goal is to achieve an asset allocation of 15-25% hydropower, 30-50% solar PV and 30-50% wind. During the year, the Company also expanded its geographic footprint with investments in new jurisdictions, including Spain (Albeniz) and Greece (Desfina).

As at 31 December 2020, the portfolio's largest exposure is in Denmark and Norway (both over 25%), both of which have a long-term credit rating of AAA, with a stable outlook by Standard and Poor's.

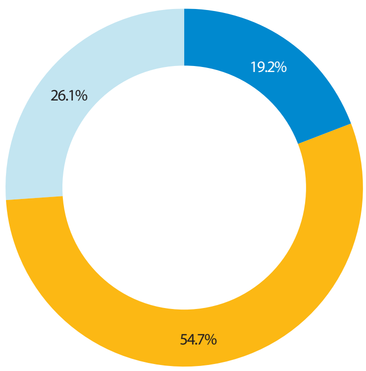
The portfolio has minimal concentration risk, with Desfina representing the largest single asset exposure, equating to 16.6% (asset fair value), or 12.0% of the Company's NAV.

Naturally the portfolio is largely weighted towards operating assets (78.3% of asset fair value), in line with the Company`s stated objective to secure a stable and growing dividend for investors. Construction exposure (21.7%) relates to the Company's interest in both The Rock and Albeniz. This exposure will continue to increase as both projects advance construction and are expected to be completed by Q4 2021.

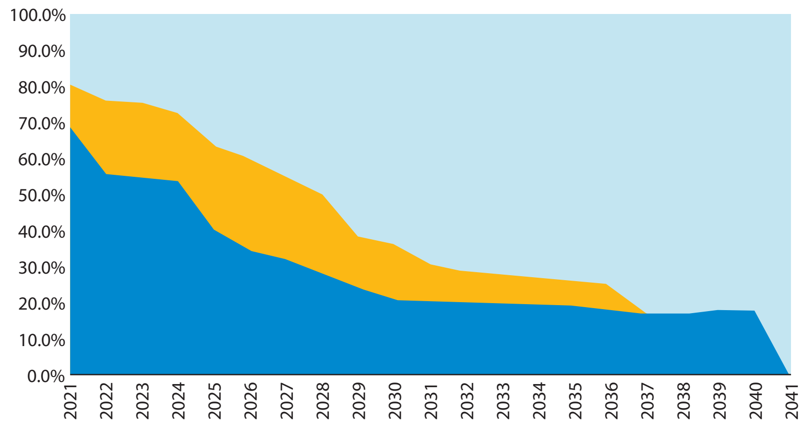
The portfolio allocation remains within the Company's stated investment restrictions, which are designed to promote asset diversification and minimise risks.

Contracted Revenue Position

Present Value of Revenues[35] (Five Years)



Revenue Mix – Existing Contracts Only



Fixed price PPA[36] | Government regulated tariffs | Market

The objective of the investment strategy is, among other things, to generate a stable cash flow through investments that benefit from a high level of contracted revenues in the form of government regulated tariffs or fixed price PPAs. At the end of 2020, approximately 73.9% of the present value of revenue generated by our investments was contracted over the first five years[37].

Our contracted revenues have a weighted average contract life[38] of approximately 9.5 years as at 31 December 2020, providing strong earnings visibility. In addition, our contracted revenue counterparty exposure also boasts an attractive risk profile, represented by a combination of investment grade corporates (PPAs) and highly rated sovereign entities (Government regulated tariffs).

Our contracted position reflected in the graphs below represents a snapshot of our existing PPAs and Government regulated tariffs as at 31 December 2020[39] and does not assume any replacement PPA or other forms of hedging after the expiry of these contracts. In accordance with the investment strategy, in practice AERIF intends to renew and implement replacement PPAs (or other forms of hedging as required) before any existing contracts expire, in order to maintain a high degree of contracted revenues.

35 Asset revenues are discounted by the weighted average of all discount rates used for the asset valuations as of 31 December 2020.
36 0.3% of the 19.2% fixed price PPA has upside and downside sharing with the offtaker
37 Calculated based on a present value of revenue as at 31 December 2020, based on the Company's portfolio discount rate.
38 Weighting based on purchase price or equity invested.
39 With the exception of Olhava, where a PPA replacement has been assumed, in accordance with the conditions of the existing debt financing in place.

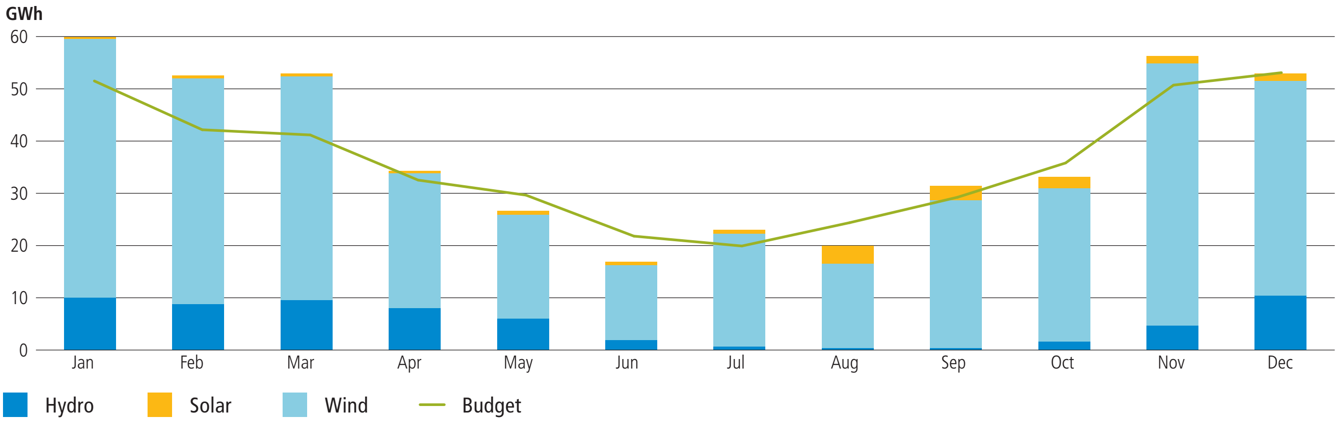
FINANCIAL PERFORMANCE

Production by Technology (AERIF share)

		Electricity Production (GWh)			
Technology	**Region**	**2020**	**2019[41]**	**Variance (2020 actual vs budget)[44]**
Wind	Denmark, Finland, Norway, Greece	382.6	200.1	6.3%
Hydropower	Portugal	62.0	58.4	10.4%
Solar	Portugal	15.3[40]	0.0	(2.3%)
Total		**459.9**	**258.5**	**6.5%**

	Load Factors	
Technology	**2020**	**2019**
Wind	34.4%	30.8%
Hydropower	38.2%	36.0%
Solar	16.8%	n/a

Actual production 2020 vs. Budget (AERIF share)



The electricity production of the portfolio was 459.9 GWh in the reporting year and exceeded the budget (P50) by 6.5%. This is mainly due to the outperformance of the Company's wind assets in Norway and Finland which benefited from above-average wind conditions, particularly during the first quarter of 2020. The portfolio also benefitted from excellent production conditions from the hydropower portfolio (Sagres) in Portugal, which experienced relatively large amounts of precipitation during the period.

Compared to 2019, an increase in production of 77.9% was recorded. This is attributable to the acquisition of Svindbaek and Benfica III, as well as the inclusion of a full 12 month contribution from the Olhava wind farm in 2020, which was acquired in Q3 2019.

Asset Level Performance (AERIF Share)[42]

	2020	**2019[43]**
Production (GWh)	459.9	258.5
Average Revenue per MWh (EUR)	54.6	61.0
Asset income (EUR m)	**25.1**	**15.8**
Asset operating costs (EUR m)	6.7	4.4
Interest and tax (EUR m)	2.1	2.8
Asset underlying earnings	**16.4**	**8.6**
Asset debt amortisation (EUR m)	8.2	3.6
Company and HoldCo expenses, other (EUR m)[45]	0.9	1.7
Total underlying earnings (EUR m)	**7.3**	**3.3**
Dividends paid (EUR m)	6.5	1.2
Dividend cover	1.1	2.8

Revenues from the sale of produced electricity are generated from government regulated tariffs and contractually fixed compensation (PPAs), as well as from the sale of the generated electricity on the spot market. Despite production volumes being higher than budget (6.5%), AERIFs share of revenue recorded at the asset level was below budget levels as a result of lower realised market prices in relation to the unhedged portion of our revenues. This was mainly due to lower demand for electricity as a result of the COVID-19 pandemic, as well as lower carbon prices. Asset revenue increased year on year, largely attributable to the full year contribution from Olhava and additional investments which are operating (Svindbaek, Benfica III). Despite the adverse market conditions, the Company was able to maintain adequate dividend target for the year, reinforcing the Company's investment strategy which is focused on diversification and a high degree of contracted revenues.

Operating costs in the reporting year were marginally above budget for the year, commensurate with higher than expected production over the period. Our operating cost position also benefited from the successful

40 2020 solar production reflects Benfica III whose production is shown as of the economic transfer date 1 January 2020 (one of the three companies) / 1 August 2020 (two of the three companies).

41 2019 wind and hydropower production data shown as of the economic transfer date (Tesla & Holmen II – 1 January 2019, Olhava – 9 August 2019). 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.

42 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.

43 Sagres contribution reflects 2019 only, for comparison purposes (noting that the economic transfer date was 1 January 2018).

44 Desfina contribution (November and December) assumes budget is equal to actual for the purposes of the table.

45 Includes income derived through forward funding construction finance.

implementation of efficiency improvement programs (including software and automation) at Sagres, which led to higher efficiency and cost savings in the technical management of the power plants. Aquila Capital's Asset Management team continue to explore initiatives to further optimise the Company's assets throughout their operating life.

Operational Highlights

- **Tesla:** Good wind conditions led to a 7.9% overrun of planned production in 2020, particularly in Q1 and Q4 2020. However, sustained weak market prices for electricity and certificates were recorded. Given approximately 30% of the production volume is not secured via PPAs and is sold on the spot market, this had a strong impact on revenues, which were down 24.3% against budget in the reporting year.

- **Sagres:** The production of the Portuguese hydropower portfolio was 10.4% above plan in the past reporting year. This is due to improvements implemented by the new Operations and Maintenance ("O&M") provider and above-average precipitation in Q1 and Q4. Whilst the third quarter was particularly dry, this had a negligible impact on production for the year. Despite depressed electricity prices experienced throughout the year, overall revenue was up 6.3% above budget for the year.

- **Holmen II:** 2020 started with very pleasing strong wind conditions, however, this trend was not observed over the remainder of the year and as a result, overall performance was approximately 4.5% below budget. In addition, high hydropower volumes, the COVID-19 pandemic and low carbon costs significantly depressed the electricity price for the majority of the year. Short-term hedges were introduced to ultimately stabilise prices towards the end of the year. Revenue was down approximately 36.6% against budget for the year.

- **Olhava:** Except for May and June, the wind conditions in Finland were generally above average and accordingly the wind farm performed 16.1% above budget in production while revenues exceeded the budget by 22.2%.

- **Svindbaek:** Svindbaek was originally acquired in December 2019. We acquired the remaining turbines on the wind farm in March 2020. Similar to Holmen II, the year 2020 for Svindbaek started with a productive first quarter, followed by three very weak quarters with poor wind conditions. December in particular was characterised by extremely low wind conditions, however 2020 closed 1.3% over budget. Due to high amounts of hydropower in the region, combined with low carbon costs and the COVID-19 pandemic, power prices dropped significantly for the majority of 2020. Towards the end of year, these conditions started to subside and higher prices were observed, however this was not sufficient to offset revenue for the year which was down 32.4% against budget.

- **The Rock:** In the second quarter of 2020, the Company completed its acquisition of a 13.7% stake in The Rock, which is currently under construction and is expected to be connected to the grid in the fourth quarter of 2021. The overall schedule for construction works (civil engineering works, electrical works and turbine erection) has been on track. In the fourth quarter, the project moved towards a new phase when Nordex entered the site and the planning was intensified.

- **Benfica III:** The Portuguese solar portfolio was acquired in October 2020. Production was marginally below expectations (2.3%), however this was offset by better than expected pricing, resulting in total revenue down 1.0% against budget.

- **Albeniz:** Albeniz started construction works at the beginning of 2021 following the issuance of a notice to proceed in December 2020. Procurement orders for the main equipment have been launched and preliminary works for the topography and temporal facilities have been commenced. Construction works in relation to the shared substation are ongoing and ahead of schedule.

- **Desfina:** The Greek asset was only purchased by the Company at the end of December 2020. The operating licenses for the asset were recently awarded in March 2021, which reflects the final milestone towards commercial operations and commencement of the feed-in premium. In the months of November and December 2020, which are economically attributable to the fund, the park produced 15.5 GWh of electricity and generated revenues of EUR 0.8 million.

- **Other:** We are pleased to report that there were no major health or safety incidents during the year.

Leverage

EUR million	As at 31 December 2020	As at 31 December 2019
NAV	316.9	158.9
Debt-SPV level	113.0	85.0
GAV	**429.9**	**243.9**
Debt (% of GAV)	26.3	34.8

The Company continues to maintain a conservative gearing position, which reduced from 34.8% to 26.3% as at 31 December 2020, largely as a result of ongoing amortisation of existing project level debt, additional capital raisings and further investments into unlevered assets, including Svindbaek II, Benfica III and Albeniz. The Company continues to operate well within the maximum gearing limit of 50.0% of GAV, as outlined in the prospectus.

The Company's share of total debt at the SPV level increased to EUR 113.0 million (30 June 2020: EUR 81.9 million), largely as a result of the acquisition of Desfina in late 2020. Debt associated with the Rock is expected to be drawn progressively as construction progresses, subject to fulfilling the outstanding two conditions subsequent in relation to the legal claims (further information can be found in page 9).

The majority of the Company's debt is fully amortising and hedged. The Company benefits from long dated project finance debt at the asset level, with a weighted average maturity of 12.8 years.

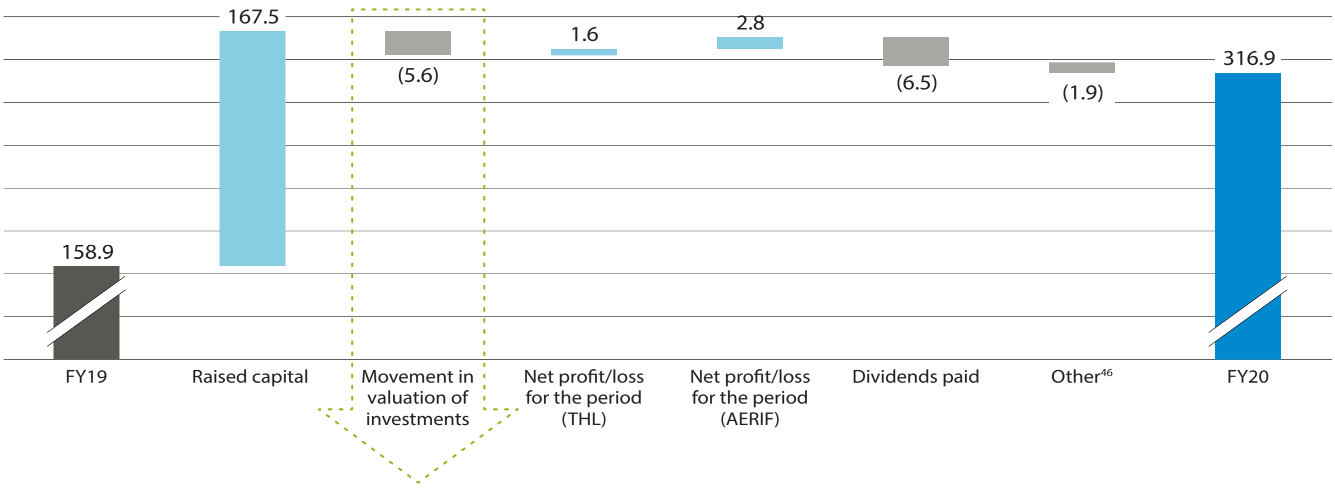
FINANCIAL PERFORMANCE
CONTINUED

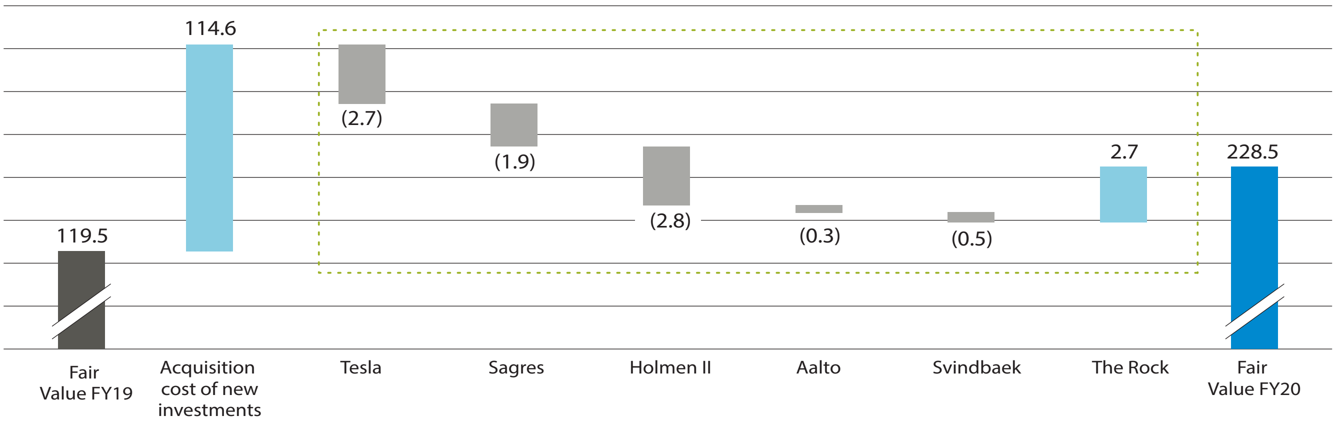
Valuation

A summary of the Company's underlying SPV investments at HoldCo level, recorded at fair value is provided below.

Fair Value (EUR million)	As at 31 December 2020	As at 31 December 2019
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
Total	**228.5**	**119.5**

NAV Bridge (EUR million)

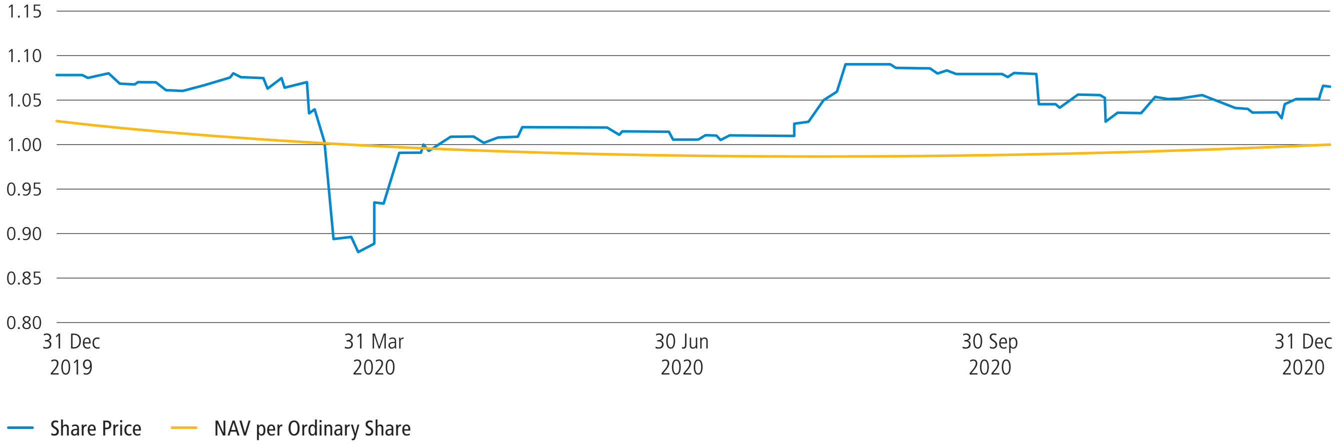




[46] *Other: Includes share issue costs (EUR -3.2m), settlement of Investment Advisory fees (EUR 1.4m) and FX losses (EUR -0.1m)*

- The Company's NAV as at 31 December 2020 was EUR 316.9 million or 99.96 cents per Ordinary Share. Compared to 31 December 2019 this represents a NAV total return of 0.7% per Ordinary Share (including dividends).
- Dividends of EUR 6.5 million (3.5 cents per Ordinary Share) were paid during the year with respect to the fourth quarter of 2019 to the third quarter of 2020. In addition, the Company declared a further 1.25 cents per Ordinary Share in relation to the fourth quarter of 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).
- Others relate to the settlement of Investment Advisory expenses, share issuance costs and foreign exchange losses.
- The movements in the valuation of the SPV assets at the HoldCo of EUR -5.6 million (following a EUR 9.1 million increase in the period from IPO to 31 December 2019) resulted mainly from a reduction in forecast electricity prices, particularly in the short-term as a result of the mild winter experienced in the Nordics, combined with lower oil prices and the COVID-19 pandemic. Longer-term price forecasts across the Company`s portfolio declined marginally, reflecting the structural shock of the COVID-19 pandemic and changes in commodity prices.
- EUR 7.5 million in cash distributed from the assets to the HoldCo (in the form of interest and dividends) in 2020, in line with expectations.
- In addition to the negative effect from power price curves, the following further events had an impact on the fair values of the assets:
  - Tesla (EUR -2.7 million): valuation was negatively impacted by adverse movements in the NOK:EUR exchange rate
  - Sagres (EUR -1.9 million): Slightly lower inflation expectations for Portugal
  - Holmen II (EUR -2.8 million): Negative effect due to production adjustment according to the final Energy yield assessments. The negative effect on the asset fair value was counterbalanced by the purchase price adjustment compensation payment received by the Company's wholly owned subsidiary, Tesseract Holdings Limited in Q4 2020
  - The Rock (EUR 2.7 million): Positive impact on the valuation as a result of continued construction progress and improved financing conditions
- Minor accretion in NAV per Ordinary Share following two share capital issuances throughout the year at a premium to the Company's NAV (EUR 40.0 million in March 2020 at EUR 1.05 per Ordinary share, which represented a premium of 2.9% and EUR 127.5 million in October 2020 at EUR 1.0375 per Ordinary share, which represents a premium of 5.2% to the Company`s share price)
- Despite the reduction in existing asset values, portfolio value remains above acquisition cost (EUR 4.6 million in unrealised gains on the balance sheet).
- 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[47] and corresponds to purchase price.
- Major drivers of reduction in discount rate are ongoing yield compression and a 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.

The chart below shows the Company's share price performance since the IPO against the Company's reported NAV in the reporting year.



[47] *Excluding Desfina where only one curve provider is available.*

FINANCIAL PERFORMANCE
CONTINUED

Valuation methodology

The Company owns 100% of its subsidiary Tesseract Holdings Limited. The Company meets the definition of an investment entity as described by IFRS 10, as such the Company's investment in the HoldCo is valued at fair value.

The Company acquired underlying investments in Special Purpose Vehicles ("SPVs") through its investment in the HoldCo.

The Investment Adviser has carried out fair market valuations of the SPV investments as at 31 December 2020, reviewed by the AIFM, and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All SPV investments are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement. The following economic assumptions were used in the valuation of the SPVs.

Valuation Assumptions

As at 31 December 2020	
Discount rates	The discount rate used in the valuations is derived according to internationally recognized methods. Typical components of the discount rate are risk free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class as well as specific premia for other risks such as development and construction, such as is the case for the Rock, for example.
Power price	Power prices are based on power price forecasts from leading market analysts. The forecasts are independently sourced from a provider with coverage in almost all European markets as well as providers with regional expertise. During the year, for solar PV and wind assets, the Company has moved from a rolling average of a single power price curve forecast and adopted a blend of two curve provider's forecasts. This change results in a more conservative approach as it better reflects actual power prices and reduces the overall volatility around future forecast levels. Commensurate with this there has been a reduction in discount rates to reflect the more conservative cashflow assumptions. The approach for hydro assets remains unchanged from 2019 (i.e. three power price curve providers).
Energy yield	Estimated based on third party energy yield assessments as well as operational performance data (where applicable) by taking into account regional expertise of a second analyst.
Inflation rates	Long-term inflation is based on central bank targets for the respective jurisdiction.
Asset life	In general, an operating life of 25 years for onshore wind and 30 years for Solar PV is assumed. In individual cases a longer operating life is assumed where the contractual set-up (i.e. O&M agreement with availability guarantee) supports such assumption. The operating life of hydropower assets is in accordance with their expected concession term.
Operating expenses	The operating expenses are primarily based on the respective contracts and, where not contracted, on the assessment from a technical adviser.
Taxation rates	The underlying country-specific tax rates are derived from due diligence reports from leading tax consulting firms.
Capital expenditure	Based on the contractual position (e.g. engineering, procurement and construction agreement), where applicable.

Key Assumptions

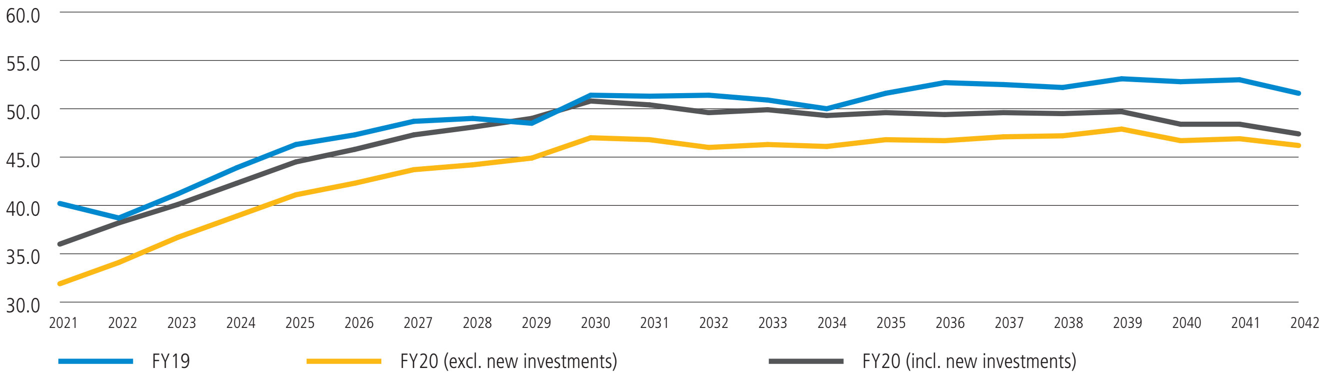
Metric		FY20	FY19
Discount rate	Weighted average	6.6%	7.6%
Long-term inflation	Weighted average	2.0%	2.0%
Remaining Asset life (Weighted Average)[48]	Wind	~24 years	~22 years
	Hydropower	~12 years	~13 years
	Solar	~27 years	n/a

[48] *Remaining asset life based on net full load years. Does not consider any potential asset life extensions.*

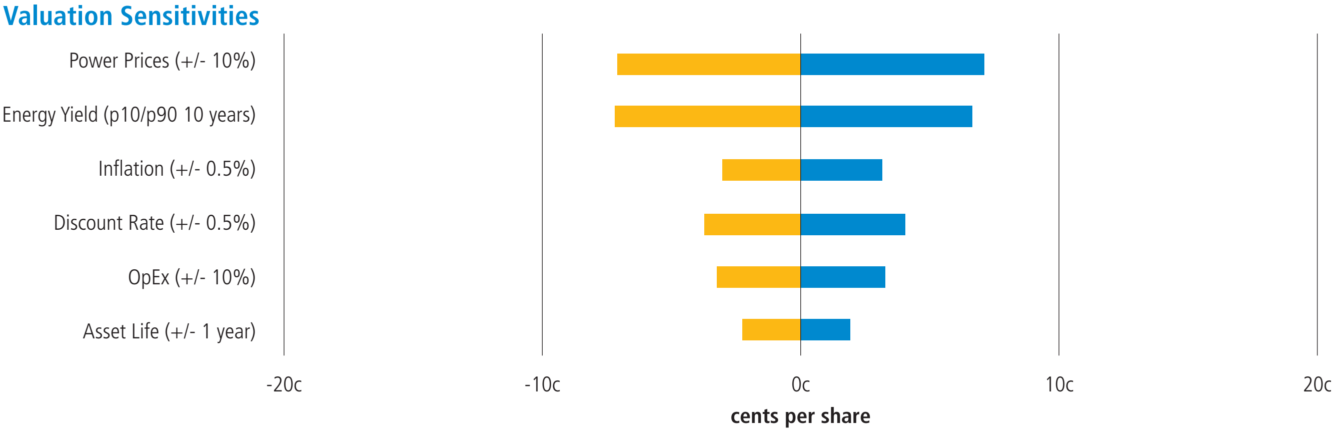
A more conservative power price curve forecast has been adopted in the Q4 2020 NAV:

- Prior to Q4 2020: rolling average of a single power price curve forecast
- Q4 2020: average of two power price curve providers forecasts containing most recent information[49]
- 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)[50]



Valuation Sensitivities



The fair value of the Company's investment in HoldCo is ultimately determined by the underlying fair values of the SPV investments. As such sensitivity analysis is produced to show the impact of changes in key assumptions adopted to arrive at the SPV valuation.
For each of the sensitivities, it is assumed that potential changes occur independently of each other with no effect on any other base case assumption, and that the number of investments in the SPVs remains static throughout the modelled life.

Please refer to pages 79 to 81 in the Financial Statements for further details of the sensitivities.

Leverage

In the course of the second half of the reporting year, the Company was able to reduce its moderate leverage ratio at the SPV level. As of 31 December 2020, the Company had non-recourse debt of approximately EUR 113.0 million at the SPV level (EUR 85.0 million as of 31 December 2019), which corresponds to approximately 26.3% of the GAV (34.8% as of 31 December 2019). The weighted average maturity of the debt financing was approximately 12.8 years at the end of the year and was predominantly hedged and amortising.

[49] *Excluding Sagres and Desfina due to asset specific considerations.*

[50] *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.*

MARKET COMMENTARY AND OUTLOOK

Market Prices

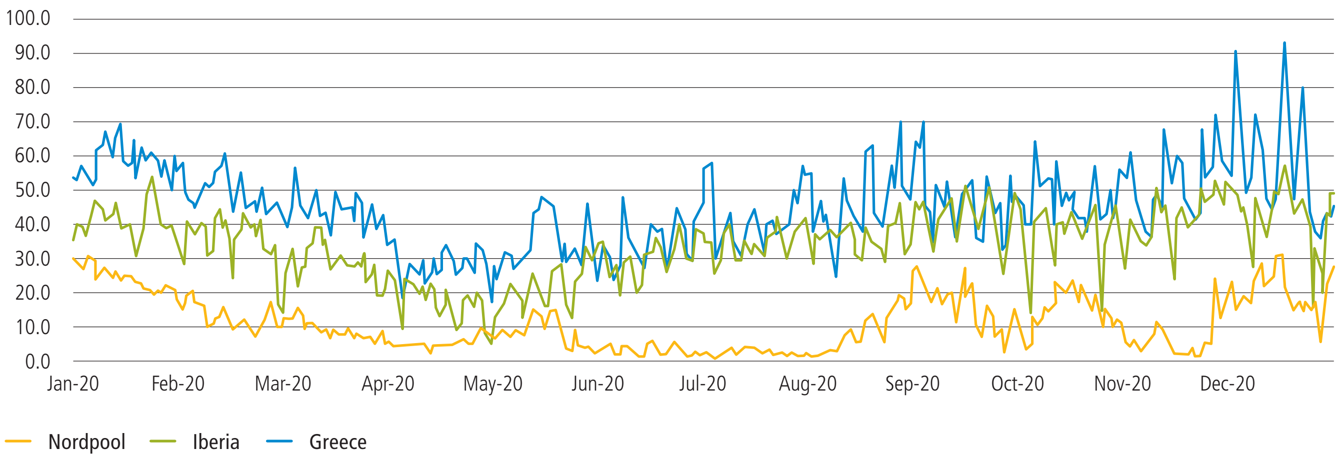
2020 was a difficult year for the European power sector, which suffered from a reduction in economic output and oil prices which had significant implications for electricity prices, including the markets in which our assets are located. As shown in the graph below, average daily power prices reached record lows in Q2 2020. Mild winter and excessive hydrology in the Nordics depressed Nordpool prices further for an extended period throughout the year. As we observed later in 2020, market prices for electricity began to show signs of varying levels of improvement, which we expect to continue as economies begin to re-emerge from the crisis, further supported by positive vaccine developments.

This observation is also reflected in the price forecasts sourced from our independent market analysts.

The recovery in power prices towards the end of the year was influenced by a number of factors, including:

- 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

2020 Average Daily Power Price – AERIFs Electricity Markets[51]



Whilst crises such as these are rare and unpredictable, the resilient performance of the portfolio during the year demonstrated the efficacy of the Company's investment philosophy, which is focused on diversification by technology and geography, supported by a high degree of contracted revenues.

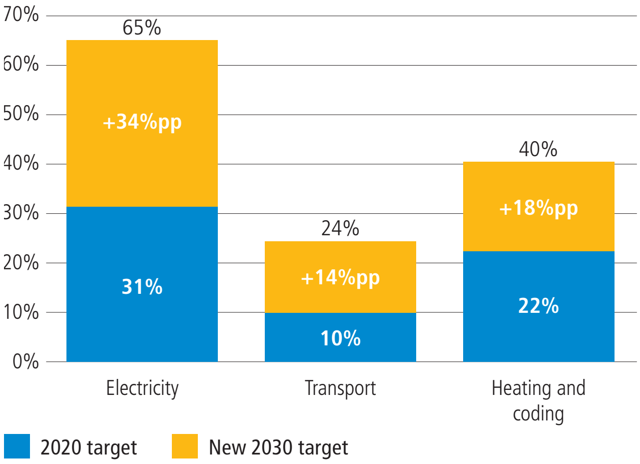
The crisis caused by the COVID-19 pandemic, especially the resulting restrictions, sets new standards in terms of negative economic ramifications. Nevertheless, it can be observed that the current situation is not only presenting our society with new challenges but is also acting as a catalyst to accelerate already existing trends. Already at the beginning of the crisis, calls under the leadership of the Green Recovery Alliance to focus economic and financial stimulus efforts on the establishment of new green standards became increasingly clear.

EU Stimulus Package[52]

In response to the crisis, the EU put together an economic stimulus package that was historic in its scale, with a financial envelope of over EUR 1.8 trillion. The financial framework envisaged by the EU consists of the long-term budget for the period 2021-2027 (EUR 1,074 billion) and the Next Generation EU programme (EUR 750 billion). 30% of the financial framework is to be invested exclusively in green projects, while 70% is subject to do-no-harm regulation. In addition, the 2030 emissions targets were raised to a new level. The emission reduction target was increased to 55% and the target for the share of renewable electricity production was raised to 65%.

[51] *Source: European Network of Transmission System Operators for Electricity (ENTSO-E), Nordpool*
[52] *International Institute for Sustainable Development (2020); EU Commission (2021)*

EU raised 2030 targets for renewable generation[53]



According to a study by Bloomberg New Energy Finance, the goal of increasing the share of renewable electricity generation to 65% alone requires investments in renewable generation capacities amounting to EUR 350 billion per year until 2030. Such an estimate suggests the allocation from the Next Generation EU programme covers one year's worth of investment needs. Success is thus largely dependent on the activation of private capital. While the demand for sustainable alternative investments continues to rise, it is up to governments ensuring stable framework conditions in order to maintain or increase the resilience and attractiveness of investment in the sector.

Renewable energies are the cornerstone of the energy transition. Solar PV and wind power are already the cheapest sources of new energy generation and thus highly competitive. In order to steadily increase private investment in the future, stable and predictable cash flows are critical. However, the fluctuating generation of renewable energies, which is dependent on weather conditions, continues to lead to high volatility in electricity prices, which will tend to increase as the share of renewable production rises. It is therefore advisable, as experience from previous crises shows, to maintain and expand existing and functioning subsidy schemes. The announcement of a 15 GW tender for renewable energies by the EU gives reason to expect stable and reliable framework conditions in this context. Opportunities will arise especially in Southern Europe, which was hit particularly hard by the COVID-19 pandemic. Supported by the planned allocation mechanisms, these countries will benefit above average from the EU budget. Based on the particularly positive effects on the labour markets, the expansion of renewable energies could offer a sustainable way out of the economic crisis.

The still less established renewable markets, such as Poland, the Czech Republic and Romania, among others, all have less than a fifth of total power sector capacity accounted for by renewables. Here, access to capital would significantly improve the conditions and thus accelerate the expansion. Opportunities arise in this area through EU backed co-financing, guarantees, loans from development banks and the issuance of green bonds.

In the long term, however, renewable energies will benefit in particular from investments in other areas of the energy system with the aim of smoothing volatile production profiles. The planned grid expansion will reduce bottlenecks and increase connectivity between countries. This will create opportunities to smooth out seasonal fluctuations. Planned investments in storage capacities, such as the announced European hydrogen strategy and the expansion of electromobility, are the basis for a long-term transformation of our energy system. Digital and smart applications also contribute to making demand more flexible and thus form the cornerstone for the further integration of renewable energies. In addition, the expansion of emissions trading and increasing sector coupling directly increases the demand for renewable energy and opens up further growth potential in the market for private power purchase agreements, which is clearly gaining in importance.

The crisis can thus mark a turning point, in the valley of which a holistic approach and the associated financial framework will create stable and reliable framework conditions for private investors and at the same time reduce the long-term need for subsidies.

Power Purchase Agreements

The Investment Adviser has a dedicated Merchant Markets Desk ("MMD") responsible for the origination, negotiation and execution of PPAs. The MMD team works with the off takers to structure delivery obligation profiles and alternative hedging solutions.

As shown in the figures below, a sophisticated approach to PPAs enables generators to optimise their risk-return profiles through stable cash flows and access to potential upside:

- The common PPA structures (e.g. tenor, fixed price vs floating price) in each market are largely dependent on liquidity of the forward market and the type of renewable subsidy available
- Fixed price PPAs provide a strong base of stability and are often considered a risk management instrument for all parties involved
- PPAs with stricter delivery obligations tend to be balanced with a more attractive remuneration for the generator
- The appetite for merchant exposure is often the deciding factor when considering an optimal structure for PPAs
- Views on market risk and outlook are therefore the key drivers of the approach adopted to power purchase, given the trade-off between security and a potential upside

[53] *BNEF (2021)*

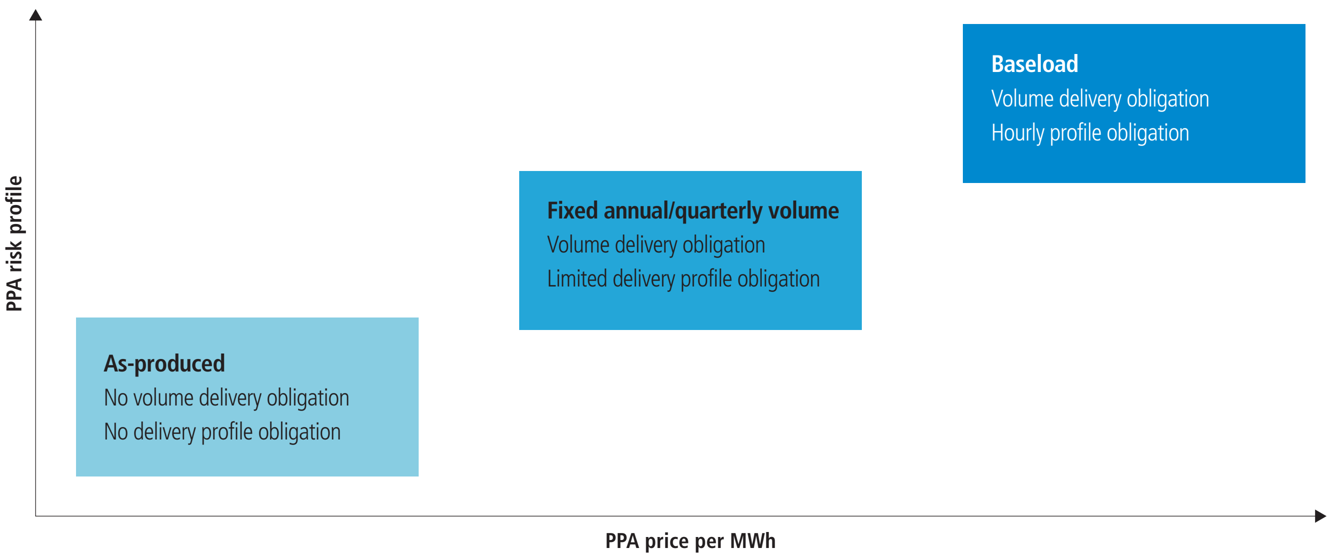
MARKET COMMENTARY AND OUTLOOK
CONTINUED

PPA Structure Comparison

	Types of PPA	Volume delivery obligation & delivery profile	Volume risk	Production profile risk	Merchant risk
Fixed Volume	**Baseload**	■ Predefined volumes according to a predefined hourly profile ■ Delivery profile obligations for every hour ■ Pre-agreed fixed or floor price	✓	✓	✗
Fixed Volume	**Fixed Volume for defined period**	■ Annual/quarterly/monthly pre-defined volumes ■ Delivery profile obligation within the predefined timeframe but no matter when ■ Pre-agreed fixed or floor price	✓	✗	✗
Variable Volume	**As-Produced ("As-Produced")**	■ Pre-agreed % of production at a pre-agreed fixed or floor price ■ No volume delivery obligation or delivery profile obligation	✗	✗	✗
Variable Volume	**Route-to-Market**	■ Pre-agreed % of production at market spot price ■ No volume delivery obligation or delivery profile obligation ■ No fixed or floor price	✗	✗	✓

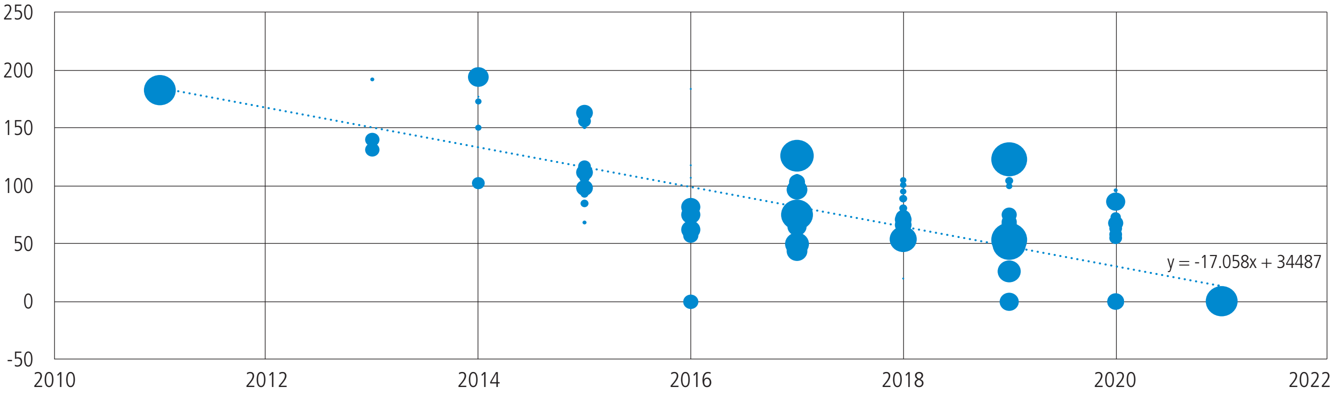
Merchant exposure depends on the percentage of production covered by the PPA

PPA Risk Profile



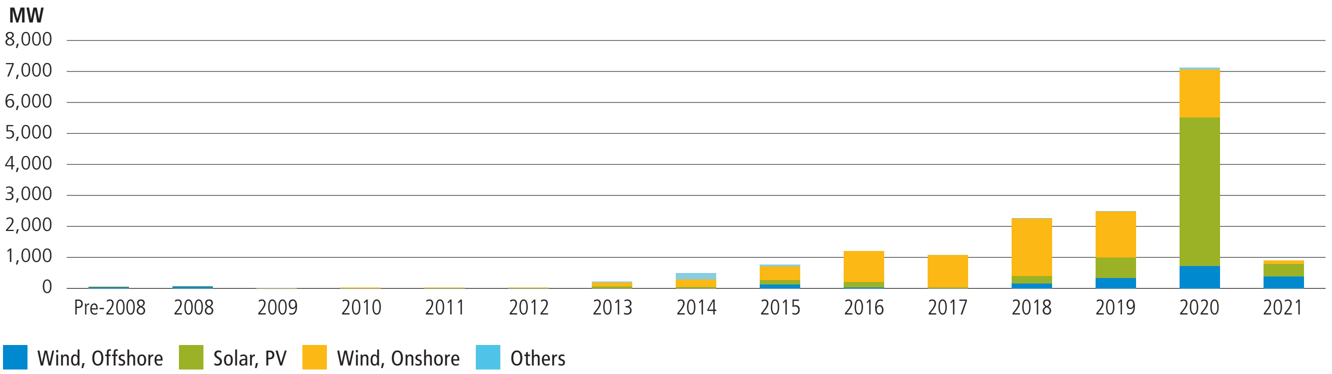
The continuing decline in levelized costs of energy ("LCOE") for wind and solar PV energy is increasingly finding its way into the markets. The resulting high competitiveness is reflected in the decreasing need for subsidies in Europe. The graph below illustrates this development. While subsidies paved the way for renewable energies, auctions are increasingly being recorded that completely dispense state support. In particular, solar PV systems in combination with ideal weather conditions in Southern Europe show LCOEs significantly below the electricity price level.

European average auction price (USD/MWh)[54]



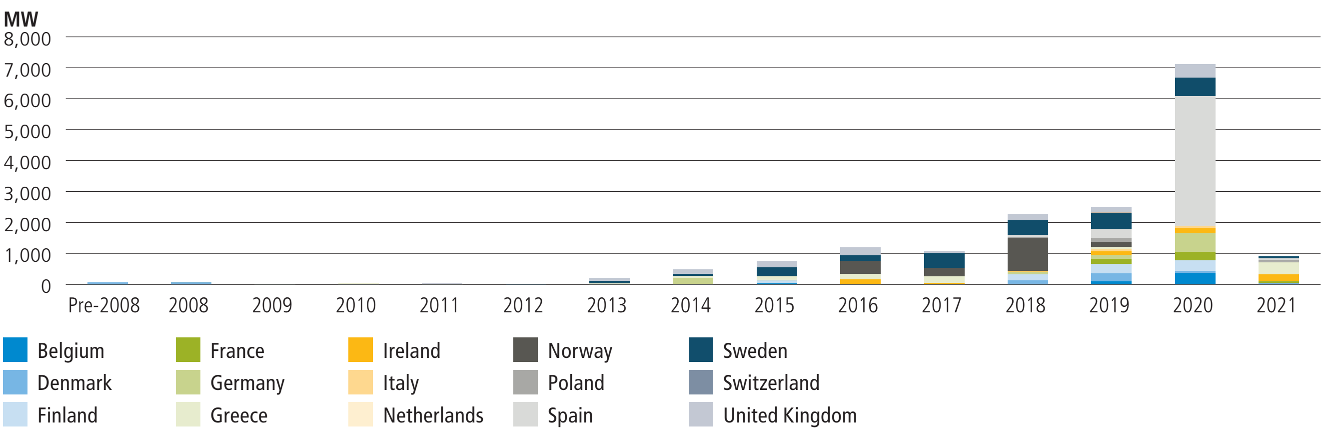
The private markets, on the other hand, are gaining in importance. Private PPAs showed enormous growth in 2020 despite the tense economic situation. Compared to 2019, the contractually fixed capacity between companies and electricity producers increased by more than 170%. The sharp increase in 2020 was significantly influenced by solar PV contracts – which exceeded the capacities of onshore wind plants for the first time – on the Iberian Peninsula.

European PPA capacity (MW; by estimated signing year, broken down by technology)[54]



The adaptation of private markets in this context is not primarily due to a change in environmental awareness, but rather provides obvious proof of the economic advantages of renewable energy. Investors and operators of renewable generation sources benefit from a reduction in regulatory risks and stable cash flows in the long term. In addition, there are positive influences on bankability and thus on the cost of debt capital, which in turn supports the further expansion of renewable energies.

European PPA capacity (MW; by estimated signing year, broken down by country)[54]



[54] *BNEF (2021)*

MARKET COMMENTARY AND OUTLOOK
CONTINUED

The COVID-19 pandemic

Whilst the COVID-19 pandemic has had far reaching implications for the global economy and uncertainty remains, the Company's investment philosophy and capital allocation strategy remains unchanged since the IPO in June 2019.

As a result of the pro-active asset management practices implemented by Aquila Group, all of the Company`s assets continue to be operated and maintained to the highest industry standards. The Company's existing operating investments are connected to the power grid and continue to produce electricity regardless of current market conditions. Our construction projects are closely monitored by Aquila Group, working in collaboration with the appointed project's construction partners. To date there have been no observed delays to construction progress as a result of the COVID-19 pandemic.

The Company's Investment Adviser and other stakeholders have implemented procedures to ensure the safety and wellbeing of all employees involved in the Company's assets and projects, as well as preserving business continuity.

Conclusion

A cornerstone to the investment philosophy is diversification, which the Company has set out to achieve in terms of the technologies we invest in (wind, solar PV and hydropower), but also the regions and energy markets in which our assets are located. In addition, the portfolio has been constructed with conservative gearing levels and a high degree of contracted revenues with creditworthy counterparties. These characteristics not only increase earnings visibility but also reduce volatility and minimise exposure to any single asset or market. As a result, the Company and its investment portfolio is well positioned to withstand external shocks such as those experienced during the COVID-19 pandemic.

Aquila Capital Investmentgesellschaft mbH

19 April 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental

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

UN Sustainability Development Goals

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

40.0%

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

32.0%

A 32.0% renewables share of the energy system

32.5%

A 32.5% improvement in energy efficiency

Aquila Capital believes that sustainability is a core value for fiduciary managed portfolios. Real asset investments, especially generation of renewable energy, contribute directly to the achievement of the ambitious EU climate goals and we are proud to provide our investors with smart investment solutions that tackle climate change directly. Having achieved a renewables portfolio of 10 GW shows that institutional investors are willing to be part of the energy transition and we're looking forward to showing our commitment to sustainability over the coming years.

Taoufik Saoudi

Director of ESG at Aquila Capital

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

The Company Contribution to the UN Sustainable Development Goals

Ensure access to affordable, reliable, sustainable and modern energy for all.

- The Company's portfolio produces renewable energy which contributes towards Europe's electricity mix
- Renewable energy is a cost effective source of energy compared to alternative options
- The Company's investments in renewable assets help to support and encourage further investment in the industry

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

- The Company targets renewable investments which are supported by high quality components and infrastructure in order to optimize the energy yield and subsequent return for investors
- The Company's investments help to support the construction of shared infrastructure (e.g. substation) which enables further expansion of renewable energy sources
- The Company's Investment Adviser, is responsible for monitoring and optimizing the Company assets' day to day asset performance. This process also involves actively exploring how new technologies and other forms of innovation can be utilised to enhance asset performance and sustainability (energy yield, O&M, asset life)

Take urgent action to combat climate change and its impacts.

- The Company's 301.3 MW portfolio has the potential to power more than 203 thousand households and offset approximately 239 thousand tonnes of CO_2 emissions annually. The Company has ambitious goals to expand its portfolio which will be accretive to further CO_2 reduction over time
- As a signatory to the UN Principles for Responsible Investments (UN PRI), the Company's Investment Adviser has integrated ESG criteria along the investment process for the Company`s assets, which includes considerations for climate change

Social

Our assets are typically located in remote regions of Europe, where the resource factor is high. In some cases, our assets are closely linked to a local community within proximity. Active engagement with local communities is an integral part of our investment philosophy. Our assets continue to support communities through contracting with local service providers, payment of local taxes, as well as lease payments for the land our assets utilise.

Skiing at Tesla (Midtfjellet Vindkraft AS)

The Midtfjellet peaks have become available to the public after Midtfjellet Vindkraft AS opened the roads up to the turbines. This simple means of access has led to far more people being able to enjoy the excellent cross-country ski trails. The winter season is no exception even if the enormous amounts of snow this year presented Midtfjellet Vindkraft´s staff with an extra challenge when preparing the popular cross-country ski trails. It was a challenge they rose to with pleasure, opening up the mountain to skiers from across the entire region.

The local 3000-strong community makes the most of its relationship with the wind park, using it as a recreational area throughout the year. The miles of paths and trails slide seamlessly into the landscape and are widely used by young and old alike. This year's beautiful winter weather with enduring snow on the ground meant the area became almost too popular but, as they say, together we were able to find an answer: one of the turbines was temporarily stopped so that the car park could be extended while the mayor helped out as parking attendant.

Midtfjellet Vindkraft AS is more than just aware of its social role in relation to the local community; it has pride in the wind park always looking its best. This is no less the case when winter comes roaring in with masses of snow. The fantastic, beautifully prepared ski-trails stretch for miles across the peaks, providing tremendous enjoyment for the local population.

The response from wind park visitors this winter has been overwhelming. 'Winter wonderland', 'the best ski trails in the country' and 'magical mountain snow' are just a few of the reactions to be found on social media, which have been full of pictures of sun, snow, mountains and wind turbines. And, come the spring, it will be off with the ski-boots and on with the hiking shoes. Up on the mountain, wonderful new experiences of nature await.

Midtfjellet Vindkraft AS prepares popular cross country ski trails.

Winter fun for families.

Midtfjellet Vindkraft AS has made the mountain available to the public.

Governance

Our goal is to be a responsible investor, ensuring that environmental, social and governance criteria are incorporated into our day-to-day investment decisions as well as generating a positive impact for society. This is reflected across our investment philosophy and approach, including our Investment Adviser, who is dedicated to the green energy transition. The Investment Adviser is dedicated to environmental protection through various sponsorships and partnerships, as highlighted below.

The Company and its Investment Adviser operate with a structured screening, due diligence and investment process. This process is designed to ensure that investments are reviewed and compared on a consistent basis. Typically, due diligence for new investment opportunities is led by Investment Adviser's in-house functions (including investment management, structuring & tax, risk management, leal, valuation and compliance), combined with external advisers.

WWF Germany

Aquila means "eagle" in latin. Accordingly, Aquila Capital partnered with WWF Germany in order to become sponsors of an eagle couple: Eddie and Carmen.

WWF has been committed to the protection and conservation of eagles in Germany since 1972. The foundation has the overarching goal of stopping the destruction of nature and the environment and building a future in which people live in harmony with nature.

With our donation, WWF Germany was able to acquire an ideal piece of forest and land in Schleswig-Holstein, Germany last year and convert it into a protected area. In addition to Eddie and Carmen, this territory also provides a natural habitat for numerous other animals and thus contributes directly to the preservation of biodiversity in our region.

Protection of endangered wild bees

Wild bees are vital for our ecosystem as well as biodiversity. In light of the shrinking bee population, they urgently need protection. Aquila Capital started a project to colonise wild bees on selected solar parks. Together with the biologist and leading bee expert Rolf Witt, Aquila Capital is also investigating the possibilities for planting wild flowers and providing nesting facilities to support the fight against the massive population losses of wild bees.

European Alliance for Green Recovery

In May 2020, Aquila Capital joined the European Alliance for Green Recovery, launched following the COVID-19 pandemic at the initiative of Pascal Canfin, Chairman of the European Parliament's Environment Committee, to work together and build post-crisis green investment plans.

As a signatory of the pan-European initiative, Aquila Capital is committed to implementing investment strategies that are consistent with the Green Deal's climate commitments to rebuild the economy after the crisis, while continuing the transition to carbon neutrality.

Aquila Charity

With our initiative "Aquila Charity", Aquila Group employees and the Company itself support self-selected charitable organisations.

Not only does Aquila Capital support various causes during Christmas time but is also committed to charity throughout the year. In recent years Aquila Capital has donated over half a million euros to charitable organisations and plans to continue this commitment.

Governance and Investment Process

Board of Directors

Investment Proposal ↓ ↑ Investment Decision

AIFM: International Fund Management Limited

Investment Advice ↓ ↑ Confirmation

Investment Adviser: Aquila Capital Investmentgesellschaft mbH

	Investment Committee (IC) = (Board of the AIFM - ACI) Approval of internal due diligence	IC status update and approval of external due diligence based on decision from IFM Weekly deal team meetings	IC status update Weekly deal team meetings	IC advice recommendation	IC advice of sales process PeriodicIC meetings	IC advice of sale
Aquila Capital in-house functions	Screening & Pre-due diligence	Internal due diligence	External due diligence & structuring	Investment review & decision	Investment monitoring	Divestment
Investment management (transactions, asset & fund management)	Asset identification Preliminary analysis of opportunity	Internal due diligence	Due diligence with external advisers Structuring and contract negotiations	Filing of investment proposal Statements and approvals	Continuous asset and fund management	Contract negotiations
Structuring & tax	Preliminary analysis of structure and NPP	Specification of investment structure, in control of tax due diligence		V Statement and approval	Periodic review of investment structure	V Statement and approval
Risk management	Preliminary analysis of risks	Risk analysis		Statement and approval	Continuous risk management	Statement and approval
Legal	LOI, NDA	In control of legal due diligence	Contract negotiations	Approval of all contracts	Continuous support	Approval of all contracts
Valuation	Preliminary analysis	Independent valuation of asset		Statement and approval	Periodic valuation	Statement and approval
Compliance	Pre-KYC check	KYC and conflict-of-interest review		Statement and approval	Continuous surveillance	Statement and approval

V Right of veto

Environmental, Social and Governance aspects are taken into account during the whole lifetime of the asset.

Source: Aquila Capital Investmentgesellschaft mbH.

Our Board composition is unchanged since the IPO and consists of four, non-executive members. The Board continues to uphold a stringent level of corporate governance. The Company benefits from both an independent Board of Directors, as well as an AIFM, International Fund Management Limited (part of PraxisIFM Group). The Board of Directors supervise the AIFM, who is responsible for making recommendations in relation to any investment proposals put forward by the Investment Adviser. The Investment Adviser is fully regulated and supervised by BaFin in Germany.

As a signatory to the United Nations' Principles for Responsible Investments, Aquila Capital has integrated environmental, social and governance risk as well as opportunity assessments across every single stage of its investment process, including any investments the Company participates in.

ESG Integrated Investment Process

Asset Sourcing and Analysis

- Consider the ESG principles in the sector and country

Due Diligence

- Due diligence to consider the asset's compatibility with ESG principles, sustainability, climate neutrality and human rights
- Ensure transparency around ESG principles with partners

Acquisition

- An asset will be integrated into the portfolio only after all relevant ESG principles have been assessed

Ongoing management

- Consider ESG principles as they relate to the continual maintenance and administration of an investment strategy or asset
- Supplementary regulations will be enforced if local requirements are not adequate

INVESTMENT POLICY AND KEY PERFORMANCE INDICATORS

Investment policy

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

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

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

Investment restrictions

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

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

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

The Company holds and will hold its investments through one or more SPVs and the investment restrictions will be applied on a look-through basis.

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

Changes to the investment policy

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

Hedging

The Company does not and has no intention of using hedging or derivatives for investment purposes but may from time to time use derivative instruments such as futures, options, futures contracts and swaps (collectively "Derivatives") to protect the Company from fluctuations of interest rates or electricity prices. The Derivatives must be traded on a regulated market or by private agreement entered into with financial institutions or reputable entities specialised in this type of transaction.

Liquidity management

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

Borrowing limits

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

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

Dividend policy

Subject to having sufficient distributable reserves to do so, the Company is targeting 5.0 cents per Ordinary Share in respect of the financial year ended 2021, with the aim of increasing this dividend progressively over the medium term.

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

The Company will declare dividends in Euro and Shareholders will, by default, receive dividend payments in Euros. Shareholders may, on completion of a dividend election form, elect to receive dividend payments in Sterling (at their own exchange rate risk). The date on which the exchange rate between Euro and Sterling is set will be announced at the time the dividend is declared. A further announcement will be made once the exchange rate has been set. Dividend election forms will be available from the Registrar on request.

Key performance indicators ("KPIs")

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

(i) Achievement of NAV and share price growth over the long term

The Board monitors both the NAV and share price performance detailed on page 1. A review of performance is undertaken at each quarterly Board meeting and the reasons for relative under and over performance against various comparators is discussed. The Company's NAV and share price returns for the year to 31 December 2020 was 0.7% and 2.0% respectively.

The Chairman's statement on pages 2 and 4 incorporates a review of the highlights during the year. The Investment Adviser's Report on pages 5 to 22 highlights investments made and the Company's performance during the year.

(ii) Maintenance of a reasonable level of premium or discount of share price to NAV

The Company's Broker monitors the premium or discount on an ongoing basis and keeps the Board updated as and when appropriate. At quarterly Board meetings the Board reviews the premium or discount in the year since the previous meeting. The share price closed at a 6.5% premium to the NAV as at 31 December 2020 (2019: 4.9% premium).

(iii) Maintenance of a reasonable level of ongoing charges

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

Based on the Company's average net assets during the year ended 31 December 2020, the Company's ongoing charges figure calculated in accordance with the AIC methodology was 1.4% (2019: 1.7%).

(iv) To meet its target total dividend in each financial year

The Company's IPO Prospectus and the Prospectus dated 17 September 2020 set out a target minimum dividend of 4.0 cents per Ordinary Share in relation to the year ended 31 December 2020. In line with both of the Prospectus, the Company announced four interim dividends (paid and payable) for the year ended 31 December 2020 which totalled 4.0 cents per Ordinary Share as detailed on page 1. The Company aims to pay 5.0 cents per Ordinary Share in respect of subsequent financial years.

RISK AND RISK MANAGEMENT

Principal risks and uncertainties

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

Procedures to identify principal or emerging risks:
The Board regularly reviews the Company's risk matrix, with a focus on ensuring that the appropriate controls are in place to mitigate each risk. The experience and knowledge of the Board is important, as is advice received from the Board's service providers, specifically the AIFM, who is responsible for the risk and portfolio management services and outsources the portfolio management to the Investment Adviser.

1. Investment Adviser: the Investment Adviser provides a report to the Board on a quarterly basis or periodically as required on industry trends, insight to future challenges in the renewable sector including the regulatory, political and economic changes likely to impact the renewables sector;

2. Alternative Investment Fund Manager: following advice from the Investment Adviser and other service providers, the AIFM maintains a register of identified risks including emerging risks likely to impact the Company;

3. Broker: provides advice periodically specific to the Company on the Company's sector, competitors and the investment company market whilst working with the Board and Investment Adviser to communicate with shareholders;

4. Company secretary: briefs the Board on forthcoming legislation/regulatory changes that might impact the Company.

5. AIC: The Company is a member of the Association of Investment Companies ("AIC"), which provides regular technical updates as well as drawing members' attention to forthcoming industry and regulatory issues.

Procedure for oversight
Audit and Risk Committee: Undertakes a review at least twice a year of the Company's risk matrix and a formal review of the risk procedures and controls in place at the AIFM and other key service providers to ensure that emerging (as well as known) risks are adequately identified and, so far as practicable, mitigated.

PRINCIPAL RISKS

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

Economic and Political

Principal Risks	Potential Impact/Description	Mitigation
1 **Electricity Prices**	The income and value of the Company's investments may be affected by future changes in the market price of electricity. While some of the revenues of the Company's investments benefit from fixed prices, they are also partly dependent on the wholesale market price of electricity which is volatile and is affected by a variety of factors including: ■ market demand ■ generation mix of power plants ■ government support for various forms of power generation ■ fluctuations in the market prices of commodities ■ foreign exchange There is a risk that the actual prices received vary significantly from the model assumptions, leading to a shortfall in anticipated revenues by the Company. Increased EU goals to push green economies will lead to ramp up of renewables and capacities with potential to lead to grid oversupply issues resulting in pricing pressures.	The Company holds a balanced mix of investments that benefit from government subsidies as well as long term fixed price PPAs. Over 73% of the present value of the Company's forecast revenue over the next 5 years is contracted in the form of government tariffs or fixed price PPA[55]. The Investment Adviser retains the services of market leading energy consultants to assist with determining future power pricing for the respective regions. The underlying SPV companies may use derivative instruments such as futures, options, futures contracts and swaps to protect from fluctuations in future electricity prices.
2 **Interest Rates/ Inflation**	Changes to interest rates may impact discount rates applied to the portfolio valuations and costs of debt both in the underlying SPVs and the Company. Risks from changes in interest rates also include debt refinancing risk and the possibility of bank covenant breaches with a resulting valuation impact and potential loss on underperforming investments. Future revenue and expenditure of the Company's investments include assumptions about inflation. Any variation from these inflation assumptions could impact, positively or negatively, the valuations and the asset value performance of the Company.	Interest rate risk on bank debt at the asset level is mitigated by the use of hedging instruments. Most of the Company's non-contracted revenues and costs of the Company's investments are either indexed or correlated to inflation. Investment Adviser provides updates of the hedging strategy and positions to the AIFM and to the Board periodically.
3 **Exchange Rates**	The Company holds investments in non-Eurozone jurisdictions. Changes in foreign currency rates may therefore impact the value of investments and of the income received.	The Company maintains all uninvested cash in base currency (Euro) other than a small amount of operational cash which is held in sterling and therefore does not expect a need to hedge currency. SPVs may have natural hedges to non-Euro revenue through structuring of operating expenses and debt service in the respective currency to hedge some currency exposure. The AIFM monitors and reports regularly to the Board on currency exposure.

55 *Present value of operating revenue over the next five years as at 31 December 2020. Revenue streams are discounted by the weighted average of all discount rates used in the asset valuations as of 31 December 2020.*

Economic and Political continued

Principal Risks	Potential Impact/Description	Mitigation
4 **Equity Market Volatility**	The Company's ability to raise equity from investors to repay debt or to support further investments could be impacted by stock market volatility. Market sentiment could go against renewable energy funds and the Company's share price could move to a significant discount.	The Company's adviser, Numis, monitors market conditions and reports regularly to the Board. In the event that the Company is unable to raise new capital to repay debt, the Company could defer making any new investments until the stock market recovered and in extreme circumstances, existing investments could be sold to reduce debt and raise liquidity. In the event of the share price moving to a significant discount, the Board could implement its share buy-back policy as described in the prospectus.
5 **Global Recession**	Global recession may lead to a fall in demand for electricity with a resulting impact on electricity prices which are likely to fall. Other impacts of a global recession include potential lack of debt availability, lack of access to capital markets for fund raising and increased counterparty risks as balance sheets become stressed.	Over 73% of the present value of the Company forecast revenue over the next five years is contracted in the form of governmental subsidies or fixed price PPA. The Investment Adviser has a dedicated Merchant Market Desk team which is responsible for the origination, negotiation and execution of PPAs. The Board, along with the Company's Investment Advisers, focus on risk identification and oversight will help to ensure key risks resulting from a global recession are identified and addressed in advance.
6 **Change in Political Sentiment**	A change in political direction in one of the countries in which the Company targets investment, could lead to changes, reductions or withdrawals of government support arrangements or potentially the nationalisation of investments. This would have a material impact on the valuation of the investments and the Company's NAV. Environmental groups may put pressure on government in relation to its renewables ambitions and permits due to environmental concerns and impact on the projects.	The AIFM, advised by the Investment Adviser, continuously monitors all jurisdictions in which the Company invests. Additional due diligence on development and construction assets is undertaken for new investment opportunities (where applicable) in order to avoid or mitigate any potential issues. Tax, legal and ESG due diligence is undertaken on each investment and reviewed prior to signing off any investment proposal.

PRINCIPAL RISKS
CONTINUED

Operational

Principal Risks	Potential Impact/Description	Mitigation
7 **Investment Performance**	There is a risk that the portfolio underperforms and, as a result, the target returns are not met over the longer term. This could lead to the dividend not being covered and an inability to pay the target dividend. Investments under development or construction have higher risk of performance due to permit and leases potential challenges, construction budget slippage and developer performance.	Each quarter the Board reviews a report prepared by the Investment Adviser on the portfolio performance. In addition, a report on key risks is provided by the AIFM along with how these risks are being actively mitigated. The Investment Adviser has a substantial team of executives employed across various disciplines within the renewables sector in 14 investment offices in 12 countries who oversee and monitor all of the investments. New investments are proposed to the Board by the AIFM having received recommendations from the Investment Adviser. These are reviewed and approved by the Board in line with the Company's investment policy. In the case of development/construction assets, the Investment Adviser puts in place legal agreements with the developer to align all parties for a successful outcome and mitigating the risks associated with the initial phase of the investment.
8 **Pipeline and Investment Deployment**	An important part of the Investment Adviser's role is its ability to source high quality potential investment opportunities in line with the Company's investment strategy. Should suitable opportunities not be forthcoming and cash remains uninvested this could result in 'cash drag' with a potential impact on the Company's dividend target and investment objectives.	The Investment Adviser is a market leader in this sector and has a good track record in originating potential investments. The AIFM monitors the investment pipeline received from the Investment Adviser and reports to the Board on progress in meeting the Company's investment targets. It is unlikely that the Board would agree to raise new capital in the absence of a strong investment pipeline hence mitigating any impact of 'cash drag'.
9 **Competition for Assets**	With increasing numbers of investors seeking exposure to renewable assets, it is possible that new competitors will enter the market in which the Company operates. This could lead to increased pricing for the Company's target investments with corresponding lower returns.	The track record of the Investment Adviser and its market position and penetration allow it to access potential investments that newer entrants may not have access to. The Board is mindful of pricing when it reviews new investment proposals and the need to deliver on the Company's target objective and strategy.
10 **Counterparty Risk**	The majority of the operational risk in the Company's investments is retained by the counterparty or its subcontractors. However, some risks will remain within the investment. Poor performance by a subcontractor may lead to the need for a replacement which could have cost implications impacting the performance of the investment and potentially distributions to the Company until the issue is resolved. The value of the Company's investments and the income they generate may be affected by the failure of counterparties to comply with their obligations under a PPA.	Constant monitoring of the investments and the counterparties/service providers allows the Investment Adviser to identify and address risks early. Diversification of counterparties and service providers ensures any impact is limited. In addition, a diversified portfolio provides further mitigation. The Investment Adviser assesses the credit risk of companies against defined criteria prior to them becoming counterparties to PPAs.
11 **Operation and Maintenance of Assets**	Failure to properly operate and maintain assets may result in reduction of revenues and value of assets.	Operation and maintenance of assets are subcontracted to a counterparty who is liable to ensure effective operation and maintenance. The Investment Adviser ensures that each such counterparty has the experience and resources to comply with their obligations and monitors compliance on an ongoing basis.

Operational continued

Principal Risks	Potential Impact/Description	Mitigation
12 Construction of Assets	For investments which are not in operation, delays in completion may result in delays in expected revenue. Risks such as construction delays on completion, cost overruns, defects in construction or permit related issues/ claims which may result in additional costs and/or delays in expected asset completion, impact revenue and ultimately impact on the value of the asset (increase discount rate).	The Investment Adviser, part of Aquila Group is an experienced manager of development and construction projects in various jurisdictions throughout Europe. Construction and post-completion risks are generally mitigated by appropriate contractual mechanisms and policies. The Investment Adviser assesses acceptable counterparties and monitors compliance on an ongoing basis. The Investment Adviser is experienced in due diligence and negotiating value adjustments against developers and the Board relies on the Investment Adviser's experience in relation to the best governance and alignment of interests of such investments performance, development and compliance.
13 Performance of the Investment Adviser	The Investment Adviser manages over EUR 10 billion for clients worldwide, there is a risk that it allocates resources to activities in which the Company is not engaged which could have a negative effect on the Company's investment performance. Conflicts with other private Investment Adviser clients and private investing vehicles of which Investment Adviser cannot disclose to Board or AIFM. The Investment Adviser is dependent on key people to identify, acquire and manage the Company's investments. There is a risk that a key person leaves the Investment Adviser.	The Investment Adviser has substantial resources and is not required to commit all of its resources to the Company. The Company and AIFM are made aware of and review potential conflicts of interest at the time of each investment being made. The Investment Adviser procures and provides the Board an independent fairness valuation opinion, which mitigates the risk in valuations conflict although opinion relies on asset information, some of which is provided by the Investment Adviser, not independently reviewed by the opinion provider. When assets are bought along with other funds managed by the Investment Adviser, the price is externally validated. In addition, an investment allocation policy has been implemented by the Investment Adviser and has been agreed by the Board. The strength and depth of the Investment Adviser's resources mitigate the risk of a key person departure.
14 IT Security	A hacker or third party could obtain access to the Investment Adviser or any other service provider and destroy data or use it for malicious purposes. Data records could be destroyed resulting in an inability to make investment decisions and monitor investments.	Service providers have been carefully selected for their expertise and reputation in the sector. Each service provider has provided assurances to the AIFM and Company on their cyber policies and business continuity plans along with external audit reviews of their procedures where applicable. The Investment Adviser has an information security policy in place and has appointed an IT security officer whose tasks are to provide support for emergency events and crises, the monitoring of the resumption and repair of the IT security measures after completion of a disturbance or incident, and the ongoing development of improvements to the IT security concept. The AIFM reports to the Board annually following review of these procedures.

Operational continued

Principal Risks	Potential Impact/Description	Mitigation
15 **Environmental / Social / Governance (ESG)**	Environmental - How the Investment Adviser has built the portfolio around key considerations such as resource management, climate change and sustainability in general. Climate change may affect for example the precipitation or irradiation and could therefore potentially impact the productivity of the portfolio. Social - How does the portfolio consider health and wellbeing, social and local impacts such as indigenous people and community benefits and other health and safety aspects. Governance - Considerations such as anti-bribery/ corruption, slavery, Board composition and audit/tax practices all need to be considered to ensure the portfolio achieves its targeted returns.	The Investment Adviser performs detailed due diligence on ESG for each asset prior to Acquisition. General standards including IFS Performance Standards, IFC Environmental Health and Safety Guidelines ("EHS") and Equator Principles as well as local health and safety and social laws are reviewed on a regular basis for all assets depending on the location and development status of each asset. As part of this ESG due diligence various risks are assessed and documented including risk of climate change, risk of harm to local biodiversity and other environmental risks. These risks are all evaluated as part of the technical, legal and insurance due diligence as applicable. In assessing each asset for acquisition, the Investment Adviser takes into account its ability to contribute to the UN Sustainable Development Goals and whether it fits within the Principles for Responsible Investment ("PRI"). Local community issues, noise concerns, access considerations and the provision of a mechanism for local communities to voice concerns are all considered as part of the Investment Adviser's due diligence and of the project licensing for each asset. In addition, the Investment Adviser continuously engages with local communities to discuss the provision of financial support for activities such as school orchestras, sports clubs, churches, kindergartens, theatre groups and centres for senior members of the local community. The Board relies on the Investment Adviser to put in place legal agreements which includes best asset management compliance and governance. An independent fairness opinion on the valuation is obtained for any asset purchased by the Company where a conflict might arise, such as an asset being acquired from another client advised by the Investment Adviser. As part of the due diligence undertaken by the Investment Adviser on each asset prior to acquisition by the Company, procedures for anti-bribery, Know Your Client ("KYC") and anti-corruption are all reviewed and assessed in line with the policy and framework adopted by the Company. Compliance with local laws and requirements are also assessed prior to a recommendation being made to the Board. The Company's accounts are audited annually and full tax advice is received on the group structure as well as in relation to each asset prior to acquisition.

Financial

Principal Risks	Potential Impact/Description	Mitigation
16 **Portfolio Valuation**	The principal component of the Company's balance sheet is its portfolio of renewable investments. Each quarter the AIFM is responsible for preparing a fair market value of the investments, with input and guidance from the Investment Adviser. These valuations and the key underlying assumptions are approved by the Board. There is a risk that these valuations and underlying assumptions such as future electricity prices and discount rates being applied are not a fair reflection of the market meaning that the investment portfolio could be over or under valued.	The Investment Adviser has a strong track record in undertaking valuations of renewable assets built up over the years since it was founded in 2001. The AIFM and the Board review and interrogate the valuations and underlying assumptions provided by the Investment Adviser on a quarterly basis prior to approving them. In addition, when there is a conflicted investment proposed by the Investment Adviser, the Investment Adviser procures and provides the Board and AIFM with a fairness valuation opinion on that investment from an independent adviser.
17 **Leverage Risk**	The use of leverage creates special risks including: ■ exposure to interest rate risks due to fluctuations in prevailing market rates ■ covenant breaches ■ enhanced loss on underperforming investments As a result, the investment risk may be enhanced through the use of leverage.	The Company's investment policy restricts the use of leverage to: ■ Short-term debt: 25% of the prevailing GAV ■ Long-term structural debt: 50% of the prevailing GAV The Investment Adviser provides updates of the covenant compliance to the AIFM and to the Board periodically. The AIFM monitors all debt levels against these policy restrictions and reports them to the Board on a quarterly basis. The Company may use derivative instruments to protect itself from fluctuations in interest rates.

Compliance, Tax and Legal

Principal Risks	Potential Impact/Description	Mitigation
18 **Changes to tax legislation or rates**	Changes in tax legislation, such as base erosion and profit shifting rules, withholding tax rules and rates, could result in tax increases resulting in a decrease in income received from the Company investments.	The corporate structure of the Company is reviewed periodically by the Board and its advisers. The Investment Adviser works closely with tax and industry experts prior to providing structuring recommendations to the Company prior to investment and on an ongoing basis.
19 **Regulatory and Compliance changes**	The Company is required to comply with Section 1158 of the Corporation Tax Act to ensure maintenance of investment trust status, UK Listing Authority regulations including Listing rules, Foreign Account Tax Compliance Act and Alternative Investment Fund Managers Directive ("AIFMD"). The Company will look to comply with relevant ESG rules and regulations and continue to monitor those such as the Sustainable Finance Disclosure Regulation ("SFDR"). Failure to comply with relevant rules and obligations may result in reputational damage to the Company or have a negative financial impact.	All service providers including the broker, Administrator, Investment Adviser and AIFM are experienced in these areas and provide comprehensive reporting to the Board and on the compliance of these regulations. The AIFM is experienced in compliance with the AIFMD reporting obligations and reports at least quarterly to the Board. The Company complies with article 8 of the SFDR and as noted under "ESG" looks to comply with local requirements in order to mitigate potential risks.

The Board are of the opinion that these are the principal risks, but mindful of their obligations under the changes made to the AIC Code of Corporate Governance issued in February 2019, the Board has also considered below emerging risks which may impact the forthcoming six-month period. There are no additional risks to note as a result of this review.

Emerging Risk

Principal Risks	Potential Impact/Description	Mitigation
20 **Pandemic-(COVID-19)**	COVID-19 has had a significant recent impact on economies across the globe which may lead to recession in certain countries and possible global recession. COVID-19 has resulted in lower electricity demand which may reduce pricing and associated asset viability.	The Company's response is focused on dealing with the practical impact of COVID-19. In order to protect people, travel is restricted at the Company's service providers, social distancing is being enforced and all meetings are conducted by video or phone. The Investment Adviser is in close contact with each asset's Operations and Maintenance ("O&M") service providers and project constructors and continues to work with the counterparties to identify and mitigate these risks. The Board has assessed other relevant areas of risk (price and operational risks) identified and mitigants remain appropriate in light of COVID-19. The Company advised by its Investment Adviser maintains a high percentage of contracted revenue which mitigates the impact of decreases in electricity prices. Power price forecasts are sourced from expert energy forecasters.
21 **Brexit**	A trade deal was signed between the UK and the EU ahead of the deadline. Whilst this provides some level of certainty, financial services were not an area where a detailed "deal" was achieved. As a result, there may be a prolonged period of market uncertainty as the exact details continue to be understood and negotiated between the parties, which could result in adverse conditions for the Company, in particular volatility in macroeconomic indicators, such as inflation, interest rates, foreign exchange, changes in regulations including withholding tax considerations on subsidiary companies and possible changes to UK's double tax treaty network.	The mitigation measures include: ■ Inflation and interest rate management ■ Foreign currency risk minimised through currency and cash management ■ Tax and legal advice sought on structure and investments as appropriate. ■ Fund marketing through approved channels and AIFM oversees this reporting accordingly.

SECTION 172 REPORT

In accordance with section 172 of the Companies Act 2006 (the "Act"), the Board has a duty to promote the long-term success of the Company for the benefit of its shareholders as a whole and, in doing so, the Board is required to consider the likely consequences of its actions over the long-term and on other stakeholders and the environment.

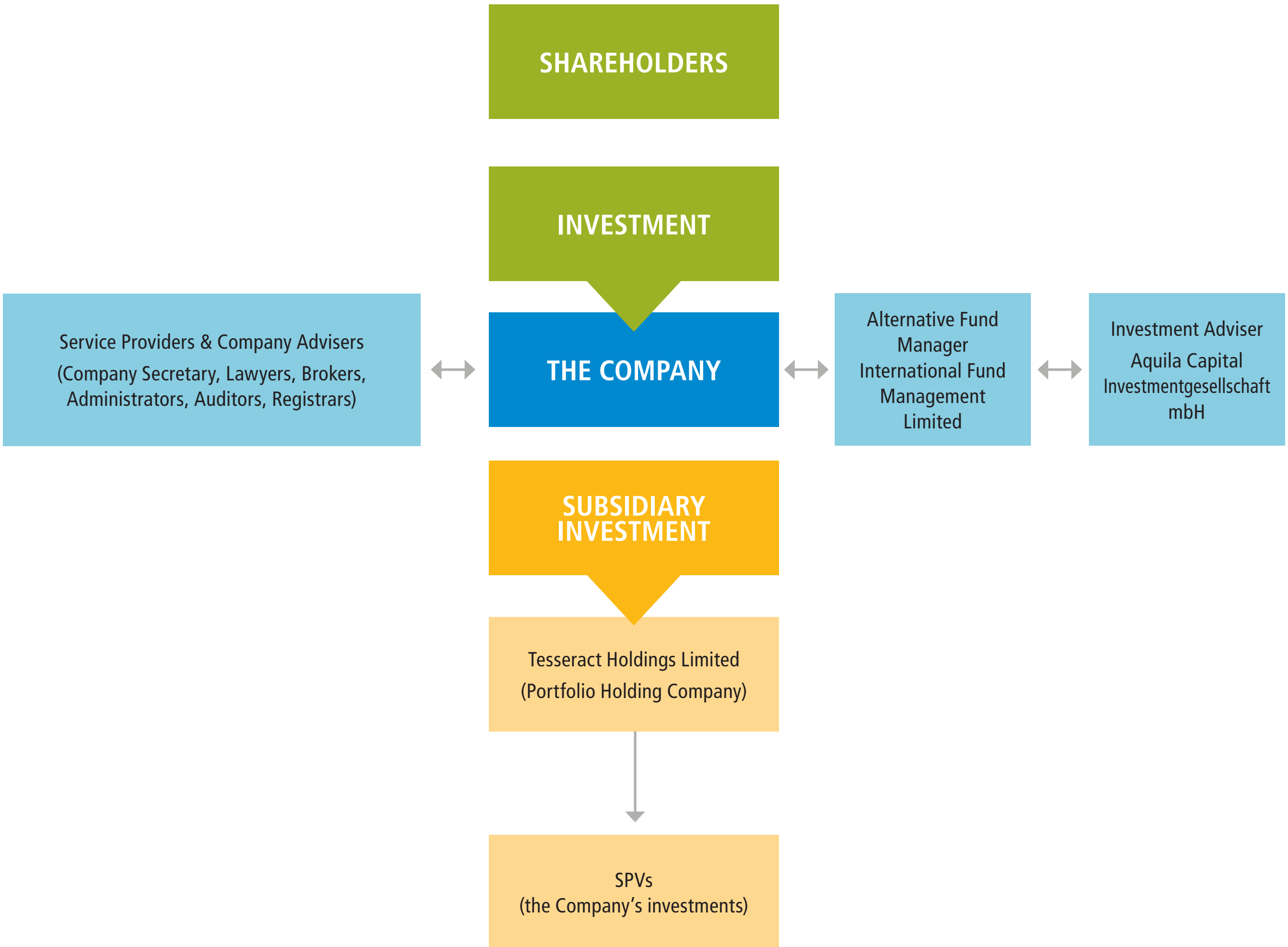
The Directors are required to describe how they have had regard to matters set out in section 172 of the Act.

Employees and stakeholders

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

Company's Operating Model

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



Engagement with Key Service Providers

The Board has identified that its key service providers are the Company's AIFM, Administrator, Corporate Secretary, Brokers, Legal Adviser, Registrars, PR Consultants and Investment Adviser.

In order to ensure strong working relationships, the Company's key service providers are invited to attend the regular Board meetings to present their respective reports. The Board seeks to maintain constructive relationships with the Company's key service providers on behalf of the Company through regular communications, meetings and the provision of relevant information and update meetings. This enables the Board to exercise effective oversight of the Company's activities.

On at least an annual basis, the Board undertakes a thorough evaluation of each of its service providers during which it considers their performance against the terms of their engagement, including each service provider's fees to ensure that each remain competitive within the market. As part of this process the Board seeks confirmation from each service provider that they have relevant policies and procedures in place to provide comfort that each are able to function effectively, that their values are aligned with that of the Board's and that they can maintain high standards of business conduct. Additionally, on an annual basis the Board review the internal reports produced on behalf of those service providers that are key to the Company's day to day administration (the AIFM, Administrator and Registrar) to ensure that there have been no failings in their systems or procedures considered relevant to the Company's operations.

The Investment Adviser is the most significant service provider to the Company and a description of its role can be found on page 45. The Board receives regular reports from the Investment Adviser, discusses the portfolio at each Board meeting and maintains a constructive dialogue between meetings. The Investment Adviser's remuneration is based on the NAV of the Company which aligns the Investment Adviser's interests with those of the Company's Shareholders. During the year under review the Board carried out a thorough review of each of its key service providers on the effectiveness and quality of their services and on the fee structure of each to ensure competitiveness and agreed that each service providers' continued appointment was in the Company's best interest.

Additionally, during the year the Board spent a considerable amount of time between Board meetings engaging with the Company's key service providers to continue to develop strong working relationships and to ensure the smooth operational function of the Company. During a brief respite from lockdown, the Board visited the Company's Investment Adviser at their offices in Hamburg to meet with the Company's Investment Advisory team, to further develop their understanding of their operations and to meet key individuals involved in providing advice and support to the Company and to discuss future strategies.

Of particular focus during the year was the pandemic. By way of reassurance, the Board requested that each service provider demonstrate operational resilience in light of COVID-19 and, in particular, instructed the Company's Investment Adviser to provide a detailed report which outlined the impact of the pandemic on the operation of each of the Company's Investments. This analysis demonstrated that the impact of the pandemic on the Company's operations and portfolio of investments was minimal.

Engagement with Shareholders

The Board and the Investment Adviser, with the help of the Company's brokers, have met with a number of the Company's Shareholders during the year, including the Chairman who personally hosted a number of one-to-one shareholder meetings. Shareholders' views are considered by the Board at their quarterly board meetings and assist in the Board's decision-making process.

To help the Board in its aim to act fairly between the Company's members, it seeks to ensure effective communication is provided to all Shareholders. Under normal circumstances, the Board encourages Shareholders to attend the Annual General Meeting at which the Board and representatives of the Investment Adviser would be available to meet Shareholders in person and to answer questions. The Annual Report and Half-yearly accounts are issued to Shareholders and are available to view on the Company's website (https://www.aquila-european-renewables-income-fund.com) as are the Company's quarterly factsheets and press releases.

Board Decisions

Issue of Equity

The Board and Investment Adviser feel it is important to the Company's continued success to access equity capital in order to expand and diversify the Company's portfolio over time, to create economies of scale and to help manage the premium/discount at which the Company's shares trade against its Net Asset Value.

On 10 March 2020, by way of a placing 38,095,235 ordinary shares were issued, raising €40 million and on 13 October 2020 by way of a placing and open offer a further 122,902,772 ordinary shares were issued raising an additional €127.5 million. The Investment Adviser engaged with investors throughout the equity raise process.

Furthermore, the Investment Adviser was issued with 1,371,018 ordinary shares in four instalments which were issued in lieu of fees in accordance with the Company's Investment Management Agreement. The Board believes this arrangement to be in the Company's best interest as it aligns Shareholders interests with that of the Investment Adviser.

Acquisitions

During the year under review the Company invested in four wind farms based in Denmark, Finland, Norway and Greece, a solar farm based in Portugal and a solar PV construction project based in Spain. Subsequent to the year end the Company announced that it had entered into a Sale and Purchase Agreement to acquire a stake in a Portuguese solar operating asset. Further details of these acquisitions can be found on page 9.

Prior to being presented to the Board of HoldCo, the Company's wholly owned subsidiary, the Board was presented with each of the above investment opportunities that were identified by the Investment Adviser and which had undergone a process of analysis and challenge by the AIFM, including considerations relating to environmental, social and governance issues. The Board considered each proposal against the Company's investment objective, investment policy and strategy as disclosed on page 29. In considering each investment opportunity, the Board considered the Company's long-term success by having particular regard to the following aspects of each proposal:

- potential revenue forecast to be generated by each asset;
- the diversity of the Company's portfolio;
- any community and environmental issues associated with each asset;
- the length of tenure of each asset;
- hedging aspects to limit risk;
- gearing aspects; and
- the structure of the asset and whether the asset is to be held directly or via an SPV.

As at 31 December 2020, over 69.1% of the capital raised was invested and a further 13.1% of the proceeds committed.

Dividends

As outlined in the Company's prospectus, the Board approved total dividends during the year that amounted to 3.50 cents per share paid quarterly. In considering these dividend payments, the Board considered the Company's cashflow, dividend cover and the maintenance of the Company's status as an investment trust as well as its stated dividend policy.

OTHER INFORMATION

Greenhouse Gas Emissions

As the Company has outsourced operations to third parties, there are no significant greenhouse gas emissions to report in relation to the operation of the Company.

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

During the year, the Company has elected to comply with article 8 of the Sustainable Finance Disclosure Regulation ("SFDR") and relevant SFDR disclosures will be included in any annual/periodic reports published on or after 1 January 2022.

Anti-bribery, corruption and tax evasion

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company does not tolerate the criminal facilitation of tax evasion. The Company's AIFM, Investment Adviser, Secretary, Administrator and Depositary have confirmed that anti-bribery policies and procedures are in place and that they do not tolerate bribery. The Company's policy and the procedures that implement it are designed to support that commitment.

Conflicts of Interest

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

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

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

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

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

Employees

The Company has no employees. As at 31 December 2020 the Company had four Directors, of whom three are male and one is female. The Board's policy on diversity is contained in the corporate governance report (see page 52).

Viability statement

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

In reviewing the Company's viability, the Directors have assessed the viability of the Company for the period to 31 December 2025 (the "Period"). The Board believes that the period, being approximately five years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the long-term nature of the Company's investment strategy, which are modelled over five years and the principal risks outlined above. Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due over the period to 31 December 2025.

The Company's fourth Annual General Meeting will be held in 2023 where the Company's Shareholders will have an opportunity to realise the value of their shares at or near the prevailing NAV per Share. In spite of this opportunity the Directors have no reason to believe that the Company will not be viable over the Period.

In considering the prospects of the Company, the Directors looked at the key risks facing both the Company and the SPVs, focusing on the likelihood and impact of each risk as well as any key contracts, future events or timescales that may be assigned to each key risk. The Directors are satisfied that the Company would continue to remain viable under downside scenarios, including decreasing government regulated tariffs and decline in long term power price forecasts. As a sector-focused renewable energy investment company, the Company aims to produce stable dividends while preserving the capital value of its investment portfolio on a real basis. The Directors believe that the Company is well placed to manage its business risks successfully over both the short and long term and accordingly, the Board has a reasonable expectation that the Company will be able to continue in operation and to meet its liabilities as they fall due for a Period of at least 5 years.

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

The Directors do not expect there to be any material increase in the annual ongoing charges of the Company over the Period and as the Company grows the annual ongoing charges ratio is expected to decrease. The Company's income from investments provide substantial cover to the Company's operating expenses, and any other costs likely to be faced by the Company over the Period of the assessment.

This assessment has included a detailed review of the issues arising from the COVID-19 pandemic as discussed in the Chairman's Statement and Investment Adviser's Statement on pages 4 and 22

Outlook

The outlook for the Company, including the future development and performance of the Company, is discussed in the Chairman's Statement on page 4 and the Investment Advisers' Report on pages 20 and 22

Strategic Report

The Strategic Report set out on pages 1 to 42 of this Annual Report was approved by the Board of Directors on 19 April 2021.

For and on behalf of the Board

Ian Nolan
Chairman of the Board
19 April 2021

Governance

The Directors present their report and financial statements for the year ended 31 December 2020.

Strategic Report

The Directors' Report should be read in conjunction with the Strategic Report on pages 1 to 42.

Corporate Governance

The Corporate Governance Statement on pages 49 to 53 forms part of this report.

Risks and Risk Management

The Risks and Risk Management on pages 31 to 38.

Viability statement

The viability statement is on page 42.

Legal and Taxation Status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company conducts its affairs in order to meet the requirements for approval as an investment trust under section 1158 of the Corporation Tax Act 2010. The Company has received approval as an investment trust from HMRC. The Company must meet eligibility conditions and ongoing requirements in order for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the year ended 31 December 2020.

Market Information

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

Retail distribution of Investment Company shares via financial advisers and other third party promoters

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

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

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

Articles of Association

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

Management

The Board

The independent Board is responsible to Shareholders for the overall management of the Company. The Board has adopted a Schedule of Matters Reserved for the Board which sets out the division of responsibilities between the Board and its various committees, the Chairman and the Chairman of the various committees, together with the duties of the Board. Further details can be found on page 52.

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

Appointment and Replacement of Board

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association which require that a Director shall be subject to election at the first AGM after appointment and re-election at least every three years thereafter. However, in accordance with the UK Code of Corporate Governance, the Board has resolved that all Directors shall stand for annual re-election at the AGM. Further details of the Board's process for the appointment and replacement of Board members can be found on page 49.

Alternative Investment Fund Manager

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

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

(i) monitoring the Renewable Energy Infrastructure Investments in accordance with the Investment Policy;

(ii) acquiring or disposing of Renewable Energy Infrastructure Investments (subject to Board approval);

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

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

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

  b. monitoring the Company's compliance with Investment Policy and the Investment Restrictions in accordance with the AIFM risk management policies and procedures and providing regular updates to the Board;

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

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

The AIFM is entitled to:

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

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

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

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

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

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

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

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

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

The Investment Advisory Agreement will continue in force for an initial period of four years from the date of the Admission. The Investment Advisory Agreement will continue thereafter on a rolling basis and may be terminated following the Initial Period on 12 months' notice in writing.

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

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

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

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

Company Secretary and Administrator
PraxisIFM Fund Services (UK) Limited has been appointed to provide company secretarial and administration services to the Company.

The AIFM, Company Secretary and Administrator are part of same PraxisIFM Group.

Depositary
European Depositary Bank has been appointed as the Company's depositary.

Alternative Investment Fund Portfolio Managers' Directive
In accordance with the AIFMD, the AIFM must ensure that an annual report containing certain information on the Company is made available to investors for each financial year. The investment funds sourcebook of the FCA (the "Sourcebook") details the requirements of the annual report. All the information required by those rules are included in this Annual Report or will be made available on the Company's website.

Continuing Appointment of Service Providers
The Board has committed to undertake a review of the continued appointment of these service provider on an annual basis to ensure these are in the best long term interests of the Company's Shareholders and will undertake a comprehensive service provider review during the year ended 31 December 2021.

Share Capital

Shares issued during the year	Date Shares Issued	Shares Issued	Price paid per share
Issue of Ordinary Shares pursuant to a Placing	10 March 2020	38,095,235	EUR 1.0500
Issue of Ordinary Shares to the Investment adviser pursuant to the Investment Advisory Agreement	18 May 2020	358,299	EUR 1.0037
Issue of Ordinary Shares to the Investment adviser pursuant to the Investment Advisory Agreement	11 August 2020	358,939	EUR 0.9938
Issue of Ordinary Shares pursuant to a Placing and Offer for subscription	13 October 2020	122,902,772	EUR 1.0375
Issue of Ordinary Shares to the Investment adviser pursuant to the Investment Advisory Agreement	10 November 2020	363,522	EUR 0.9908
Issue of Ordinary Shares to the Investment adviser pursuant to the Investment Advisory Agreement	9 February 2021	587,704	EUR 1.0121

At the year end the Company's issued share capital comprised 317,037,109 Ordinary Shares (2019:154,668,084).

Since the year end, the Company issued a further 587,704 Ordinary Shares at an issue price of EUR 1.0121 per Ordinary Share on 9 February 2021 to the Investment Adviser pursuant to the Investment Advisory Agreement.

Voting rights

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

Restrictions

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

Power to Issue Shares

The Directors have authority to issue up to 500 million Ordinary Shares on a non-pre-emptive basis pursuant to the Placing Programme which opened on 13 October 2020 and will close on 16 September 2021 (or any earlier date on which it is fully subscribed or as otherwise determined by the Directors).

Shareholders' pre-emption rights over the Placing Programme have been dis-applied so that the Directors will not be obliged to offer any new Ordinary Shares to Shareholders on a pro rata basis. No Ordinary Shares will be issued at a price less than the (cum-income) Net Asset Value per existing Ordinary Share at the time of their issue.

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire Renewable Energy Infrastructure Investments in accordance with the Company's investment. Additionally the Board were granted authority to issue up to a maximum of 30,991,668 Ordinary Shares (which represented approximately 20% of the Ordinary Shares in issue as at 27 April 2020) without pre-emption rights at the Annual General Meeting held in 2020. This authority will expire at the forthcoming Annual General Meeting. Authority will be sought to renew this authority up to a maximum of 20% of the Ordinary Shares in issue as at the date of this report.

Results and dividend

The Company's revenue profit after tax for the year amounted to EUR 2,784,000 (2019: revenue loss of EUR 54,000). The Company made a capital loss after tax of EUR 3,971,000 (2019: capital profit of EUR 8,595,000). Therefore, the total loss after tax for the Company was EUR 1,187,000 (2019: total profit of EUR 8,541,000).

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

	In respect of the period to	Dividend amount per Ordinary Shares (EUR cents)	Pay Date	Record Date	Ex-Dividend Date
1st Interim Dividend	31 March 2020	0.75	22 June 2020	22 May 2020	21 May 2020
2nd Interim Dividend	30 June 2020	0.75	14 September 2020	28 August 2020	27 August 2020
3rd Interim Dividend	30 September 2020	1.25	29 October 2020	9 October 2020	8 October 2020
4th Interim Dividend	31 December 2020	1.25	12 March 2021	19 February 2021	18 February 2021

Substantial Shareholders

As at 31 December 2020, the Directors have been formally notified of the following interests in the Company's Ordinary Shares, comprising 3% or more of the issued share capital of the Company:

DIRECTORS' REPORT
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Shareholder	Holding	Percentage Held*	Date Notified
BlackRock Inc.	39,046,564	12.33%	14/10/2020
Baillie Gifford & Co	31,635,414	9.99%	12/10/2020
CCLA Investment Management Limited	20,529,065	6.48%	13/10/2020
Insight Investment Management (Global) Limited	14,895,000	4.70%	15/10/2020
Stichting Jurisdisch Eigendom Privium Sustainable Impact Fund	14,628,800	4.62%	10/09/2020
City Asset Management plc	7,932,980	2.50%	10/06/2019

** Based on number of Ordinary Shares in issue of 317,037,109 at the Company's year-end.*

Subsequent to the year end the Company was notified that BlackRock Inc.'s holding had increased to 41,365,954 Ordinary shares, representing 13.02% of the Company's shares in issue as at 16 March 2021.

Settlement of Ordinary Share transactions

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

Shareholder Engagement

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

Under normal circumstances the Board would encourage shareholders to attend the Company's Annual General Meeting, however in light of the situation regarding COVID-19, and to comply with recent UK Government guidance restricting movement, shareholder attendance at the forthcoming Annual General Meeting is no longer possible. Shareholders are encouraged to vote their holdings using the enclosed Form of Proxy or electronically using the instructions contained in the notes to the Notice of AGM and notes to the Form of Proxy. The Company's Annual General Meeting is to be held on 9 June 2021. Proxy voting figures will be made available shortly after the AGM on the Company's website at www.aquila-european-renewables-income-fund.com where Shareholders can also find the Company's quarterly factsheets, dividend information and other relevant information.

Appointment of Auditor

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

Going concern

The Directors have adopted the going concern basis in preparing the financial statements. The following is a summary of the Directors' assessment of the going concern status of the Company.

The Company continues to meet day-to-day liquidity needs through its cash resources. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. The Company's net assets at 31 December 2020 were EUR 316.9 million (2019: EUR 158.9 million). As at 31 December 2020, the Company held EUR 121.0 million (2019: EUR 38.8 million) in cash. The total expenses for the year ended 31 December 2020 was EUR 3.0 million (2019: EUR 1.5 million), which represented approximately 1.4% (2019: 1.7%) of average net assets during the year. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new investments. The Directors are confident that the Company has sufficient cash balances and access to equity markets in order to fund commitments to acquisitions detailed in note 21 to the financial statements, should they become payable.

In light of the COVID-19 pandemic the Directors have fully considered each of the Company's investments. The Directors do not foresee any immediate material risk to the Company's investment portfolio and income from underlying SPVs. A prolonged and deep market decline could lead to falling values to the underlying business or interruptions to cashflow, however the Company currently has more than sufficient liquidity available to meet any future obligations. The Directors are also satisfied and are comfortable that the Company would continue to remain viable under downside scenarios, including decreasing government regulated tariffs and a decline in long term power price forecasts.

The underlying SPV revenues are derived from the sale of electricity through power purchase agreements in place with large and reputable providers of electricity to the market.

These providers have been contacted by the Investment Adviser to discuss their response to COVID-19 and business continuity plans. During the year and up to the date of this report, there has been no significant impact on revenue and cash flows of the SPVs. The SPVs have contractual operating and maintenance agreements in place with large service providers. Therefore the Directors and the Investment Adviser do not anticipate a threat to the SPVs revenue.

The market and operational risks and financial impact as a result of the COVID-19 pandemic, and measures introduced to combat its spread, were discussed by the Board, with updates on operational resilience received from the Investment Adviser, Administrator and other key service providers. The Board was satisfied that the key service providers have the ability to continue to operate.

Auditor information

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

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

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

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

Annual General Meeting

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

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting ("AGM") to be held on 9 June 2021.

Resolutions 10, 11 and 12 Authority to issue Ordinary Shares and to dis-apply pre-emption rights

The Directors were granted authority to issue up to 500 million Ordinary Shares on a non-pre-emptive basis pursuant to the Placing Programme and a further 200 million on a non-pre-emptive basis pursuant to an offer and placing programme. These authorities opened on 13 October 2020 and will close on 17 September 2021 (or any earlier date on which it is fully subscribed or as otherwise determined by the Directors) 122,902,772 Ordinary Shares were issued pursuant to the Placing and Open Offer on 13 October 2021.

Shareholders' pre-emption rights over the Placing Programme have been dis-applied so that the Directors will not be obliged to offer any new Ordinary Shares to Shareholders on a pro rata basis. No Ordinary Shares will be issued at a price less than the (cum-income) Net Asset Value per existing Ordinary Share at the time of their issue.

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire Renewable Energy Infrastructure Investments in accordance with the Company's investment objective and Investment Policy and for working capital purposes.

In addition to the above mentioned authority, at the forthcoming AGM the Board are seeking to renew the authority granted to them at the AGM held on 8 June 2020 to allot up to a maximum of 33.33% of the Company's shares in issue as at the date of the Notice of AGM (equating to 105,864,350 Ordinary Shares) and to dis-apply pre-emption rights when allotting up to 20% of those Ordinary Shares (equating to 63,524,962 Ordinary Shares). Authority granted under all three resolutions will expire at the conclusion of the AGM to be held in 2022 unless renewed prior to this date via a General Meeting. The full text of resolutions 10, 11 and 12 is set out in the Notice of Meeting on page 98.

The authority granted by Shareholders to issue Ordinary Shares will provide flexibility to grow the Company and further expand the Company's list of assets. Ordinary Shares will only be issued at a premium to the NAV (cum income) after the costs of issue. Ordinary Share issues are at the discretion of the Board.

Resolution renewal of authority to purchase own shares

The Directors were granted authority at the AGM held on 8 June 2020 to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue on 27 April 2020, equating to a maximum of 289,387 Ordinary Shares. During the year ended 31 December 2020, the Company did not utilise its authority to purchase its own shares.

The authority to make market purchases will expire at the conclusion of the AGM of the Company. The Directors recommend that a new authority to purchase up to 47,611,959 Ordinary Shares (subject to the condition that not more than 14.99% of the Ordinary Shares in issue, excluding Treasury Shares, at the date of the AGM are purchased) be granted and a resolution to that effect will be put to the AGM. Any Ordinary Shares purchased will either be cancelled or, if the Directors so determine, held in treasury.

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

Unless otherwise authorised by Shareholders, Ordinary Shares will not be issued at less than NAV and Ordinary Shares held in treasury will not be sold at less than NAV.

Resolution 14 Notice of general meetings

The Board believes that it is in the best interests of Shareholders of the Company to have the ability to call meetings on 14 days' clear notice should matter being urgent. The Board will therefore propose resolution 14 at the AGM to approve the reduction in the minimum notice period from 21 to 14 clear days for all general meetings other than annual general meetings.

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

Regulatory Disclosures – Information to be disclosed in accordance with Listing Rule 9.8.4.

The Listing Rules require listed companies to report certain information in a single identifiable section of their annual financial reports. The Company confirms that only LR 9.8.4(7) (issue of shares) is applicable during the year under review.

By order of the Board

Brian Smith
For and on behalf of
PraxisIFM Fund Services (UK) Limited
Company Secretary
19 April 2021

CORPORATE GOVERNANCE

Introduction

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

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

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

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

Compliance

Throughout the year ended 31 December 2020 the Company complied with the recommendations of the AIC Code except, as explained below, where the Company does not believe it appropriate to comply.

The Board, being small in size and composed entirely of independent non-executive Directors, has not appointed a Management Engagement Committee. The engagement of the Investment Adviser, the AIFM and other service providers is considered by the Board as a whole. The Board has also decided not to nominate a Senior Independent Director. Given the size and composition of the Board it is not felt necessary to appoint a Senior Independent Director.

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

The Board

Composition

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

The Board believes that during the year to 31 December 2020 its composition was appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Investment Adviser and are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

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

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

The Board recommends that all the Directors should be re-elected for the reasons highlighted above.

The Directors have appointment letters which provide for an initial term of three years. Copies of the Directors' appointment letters are available on request from the Company Secretary. Upon joining the Board, any new director will receive an induction and relevant training is available to Directors on an ongoing basis.

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

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

Ian Nolan

(Role: non-executive Chairman)

Ian Nolan 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. Ian has three decades of experience in finance, private equity and investment management. He qualified as a chartered accountant with Arthur Andersen and graduated with a BA in Economics from Cambridge University.

Ian has confirmed that he has sufficient time to devote to the Company and to fulfil his duties as Board member.

Kenneth MacRitchie

(Role: Chair of the Remuneration and Nomination Committee and member of the Audit and Risk Committee)

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

Kenneth has confirmed that he has sufficient time to devote to the Company and to fulfil his duties as Board member.

David MacLellan

(Role: Chair of the Audit and Risk Committee and member of the Remuneration and Nomination Committee)

David MacLellan is the 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. David has served on the boards of a number of companies and is currently a non-executive director of J&J Denholm Limited and Chairman of Stone Technologies Group Limited. He is a past council member of the British Venture Capital Association and is a member of the Institute of Chartered Accountants of Scotland.

David has confirmed that he has sufficient time to devote to the Company and to fulfil his duties as Board member.

Patricia Rodrigues

(Member of the Remuneration and Nomination Committee and member of the Audit and Risk Committee)

Dr Patricia Rodrigues has over 18 years of leadership experience in infrastructure and real asset investment and investment banking. She began her career at Morgan Stanley. Subsequently, she worked for Macquarie Group, including as a Managing Director where she was responsible for developing new Infrastructure and other real asset products globally. She was Head of Portfolio Management for UK Green Investment Bank before leading the growth strategy of the non-real estate Real Assets business for The Townsend Group. More recently, she served as Infrastructure Senior Director for PSP Investments. Patricia graduated with an M Eng-equivalent in Engineering from The University of Porto and a PhD in Engineering from Cambridge University.

Patricia has confirmed that she has sufficient time to devote to the Company and to fulfil her duties as Board member.

The Board recognises the benefits to the Company of having longer serving Directors together with progressive refreshment of the Board. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the requirements of the AIC Code. The Board has adopted corporate governance best practice and has a succession plan in place. All Directors remain independent of the Company's Investment Adviser.

In line with corporate governance best practice, all of the Directors will retire and offer themselves for re-election at the Annual General Meeting of the Company to be held on 9 June 2021. The Board recommends all the Directors stand for re-election for the reasons highlighted above.

CORPORATE GOVERNANCE
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Board committees

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

Audit and Risk Committee
A report on page 58 provides details of the role, composition and meetings of the Audit and Risk Committee together with a description of the work of the Audit and Risk Committee in discharging its responsibilities. David MacLellan is the Chairman of the Audit and Risk Committee and the other members are Kenneth MacRitchie and Patricia Rodrigues.

Remuneration and Nomination Committee
The Remuneration and Nomination Committee will meet at least once a year or more often if required. Its principal duties include identifying and nominating to the Board new Directors undertaking an annual performance evaluation of the Board and led by the Committee Chairman. Kenneth MacRitchie is the Chairman of the Remuneration and Nomination committee. The other members of the Remuneration and Nomination Committee are David MacLellan and Patricia Rodrigues. The Committee is responsible for (i) considering the remuneration of the Directors, (ii) identifying individuals qualified to become Board members and selecting the director nominees for election at general meetings of the Shareholders or for appointment to fill vacancies; (iii) determining director nominees for each committee of the Board; and (iv) considering the appropriate composition of the Board and its committees.

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

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

Meeting attendance

	Regular Board Meetings	Regular Audit and Risk Committee	Remuneration and Nomination Committee
Ian Nolan*	**8/8**	**7/7**	**1/1**
David MacLellan	**8/8**	**7/7**	**1/1**
Kenneth MacRitchie	**8/8**	**7/7**	**1/1**
Patricia Rodrigues	**8/8**	**7/7**	**1/1**

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

In addition, a number of ad hoc Board and Committee meetings were held during the year to deal with administrative matters and the formal approval of documents, investment proposals and to consider the valuation of the Company's portfolio which were considered time critical.

Decision Making

The Board is responsible for the overall stewardship of the Company's affairs and has adopted a schedule of matters specifically reserved for decision by the Board. Strategic issues and all operational matters of a material nature are considered at its meetings, including reviewing the Company's performance by reference to the Company's key performance indicators.

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

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

Division of Responsibilities

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

Role of the Chair includes:

- Leadership of the Board;
- Ensuring the Board is provided with sufficient information in order to ensure it is able to discharge its duties;
- Ensuring each Board member's are considered and appropriate action taken;
- Ensuring that each Committee has the support required to fulfil its duties;
- Engaging the Board in assessing and improving its performance;
- Overseeing the induction and development of Directors;
- Supporting the AIFM, Investment Adviser and other service providers;

- Seeking regular engagement with major Shareholders in order to understand their views on governance and performance against the Company's investment objective and investment policy;
- Ensuring that the Board as a whole has a clear understanding of the views of Shareholders;
- Ensuring regular engagement with each service provider and keeping up to date with key developments.

Role of the Board includes:

- Reviewing Board papers ahead of each meeting;
- Providing appropriate opinion, advice and guidance to the Chairman and fellow Board members;
- Supporting the Board, Chairman and service providers in fulfilling their roles; and
- Providing appropriate support at the Annual General Meeting.

Role of Committee Chair includes:

- Ensuring appropriate papers are considered at the meeting; ensuring committee members views and opinions are appropriately considered;
- Seeking engagement with shareholders on significant matters related to their areas of responsibility;
- Maintaining relationships with advisers; and
- Considering obtaining independent professional advice where deemed appropriate.

Board diversity

The Board recognises the benefits of diversity and supports the recommendations of the Davies Report. All Board appointments will be made on merit and have regard to diversity including factors such as ethnicity, gender, skills, background and experience. Whilst recognising the importance of diversity in the boardroom, the Board does not consider it to be in the interest of the Company and its Shareholders to set prescriptive diversity criteria or targets. As at 31 December 2020 the Company had four Directors, three of whom are male and one is female.

Board tenure

The Directors recognise that independence is not a function of service or age and that experience is an important attribute within the Board. The Directors are mindful that they will reach their ninth anniversary simultaneously in April 2028. In order to ensure continuity, the Board has adopted a succession plan that allows for a gradual refreshment. Accordingly, the Board may decide to recommend a Director with more than nine years' service for re-election at the Company's Annual General Meeting.

Performance evaluation

During the year the Board carried out a performance evaluation of the Board, its committees and the individual Directors. The evaluation required the Directors to complete detailed questionnaires on the operation of the Board and its committees and the individual contribution of Directors and the performance of the Chair. The Remuneration and Nomination Committee then met to discuss the results of the performance evaluation and the Board also considered a list of actions resulting from the evaluation. The evaluation of the Chair was led by Kenneth MacRitchie. The evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual directors and the overall effectiveness of the Board and its committees.

Internal control

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

Financial aspects of internal control

These are detailed in the Report of the Audit and Risk Committee on page 58.

Other aspects of internal control

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

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

CORPORATE GOVERNANCE
CONTINUED

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

Principal risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and how they are being managed are set out in the Strategic Report on pages 32 to 38.

DIRECTORS' REMUNERATION REPORT

Remuneration and Nomination Committee (the "Committee")

The Committee is responsible for reviewing the remuneration payable to the Directors taking into account the relevant circumstances of the Company, the time commitment and relevant experience and skills of the Board and the average fees paid to the Board of the Company's competitors. The Committee is chaired by Kenneth MacRitchie and the other members are Patricia Rodrigues and David MacLellan. The Committee has formal written terms of reference and copies of these are available on the Company's website or on request from the Company Secretary.

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

Annual Chairman's Statement

I am pleased to present the Remuneration Report for the year to 31 December 2020 which has been prepared in accordance with sections 420-422 of the Companies Act 2006. The law requires the Company's auditor to audit certain sections of the Remuneration Report; where this is the case, the relevant section has been indicated as such.

Remuneration Consideration

During the year the Committee reviewed the Directors' remuneration and agreed the following increases:

Role	Current Fee from 1 April 2021 EUR	Previous fee from 8 April 2019 EUR	Percentage Increase[1]
Chairman	75,000	75,000	0.0%
Audit and Risk Committee Chair	50,000	46,000	8.7%
Director	43,000	41,000	4.9%

In carrying out its review, the Committee considered the remuneration of the Board and each key role and compared it against the remuneration of the Board's of other comparable investment companies and taking into consideration the expected time commitment of each Board member, together with their experience and skills and the market expectation of the remuneration paid to the Company's Board. The Board also considered whether it was appropriate to set performance measures and it was agreed that it was not. In making this decision the Board was mindful that it was not market practice to award performance related pay.

AGM approval of the Remuneration Policy and Remuneration Implementation Report

The Company's remuneration policy was approved by shareholders at the 2020 AGM. In accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the Regulations), the remuneration policy is required to be put to shareholders for approval every three years, unless a material variation to the remuneration policy is proposed and in which case shareholder approval will be sought to amend the policy.

Remuneration Consultants

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

Loss of Office

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

Remuneration Policy

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

DIRECTORS' REMUNERATION REPORT
CONTINUED

Current and future policy

Component	Director	Purpose of reward	Operation
Annual fee	Chairman of the Board	For services as Chairman of a Plc	Determined by the Remuneration and Nomination Committee
Annual fee	Other Directors	For services as non-executive Directors of a Plc	Determined by the Remuneration and Nomination Committee
Additional fee	Chairman of the Audit and Risk Committee	For additional responsibility and time commitment	Determined by the Remuneration and Nomination Committee
Expenses	All Directors	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate supporting documentation

In accordance with the Company's Articles of Association, Board fees in aggregate cannot exceed GBP 300,000 per annum, unless Shareholders approve via an Ordinary resolution at a General Meeting such other sum.

Directors' service contracts

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

Fees payable on recruitment

The Board will not pay any incentive fees to any person to encourage them to become a director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors. No such external agency was engaged during year under review.

Effective date

The Remuneration Policy is effective from the 8 June 2020, when it was approved by Shareholders at the Company's AGM.

Remuneration Implementation Report (Audited)

The table below provides a single figure for the total remuneration of each Director for the year 31 December 2020.

	31 December 2020			31 December 2019		
	Fees	Taxable expenses	Total	Fees	Taxable expenses	Total
Director	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Ian Nolan	75,000	–	75,000	54,100[1]	2,100[1]	56,200[1]
David MacLellan	46,000	–	46,000	33,600[1]	700[1]	34,300[1]
Kenneth MacRitchie	41,000	–	41,000	30,000[1]	200[1]	30,200[1]
Patricia Rodrigues	41,000	–	41,000	28,900[2]	1,700[2]	30,600[2]
Total	203,000	–	203,000	146,600	4,700	151,300

1. Since appointment on 8 April 2019 to 31 December 2019
2. Since appointment on 17 April 2019 to 31 December 2019
In accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the Board confirm that there has been no change to their basic fees in respect of the financial year under review and since the Company's inception. The Board will publish the annual percentage change cumulatively each year until there is an annual percentage change over the five financial years preceding the relevant financial year in accordance with the new regulation.

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

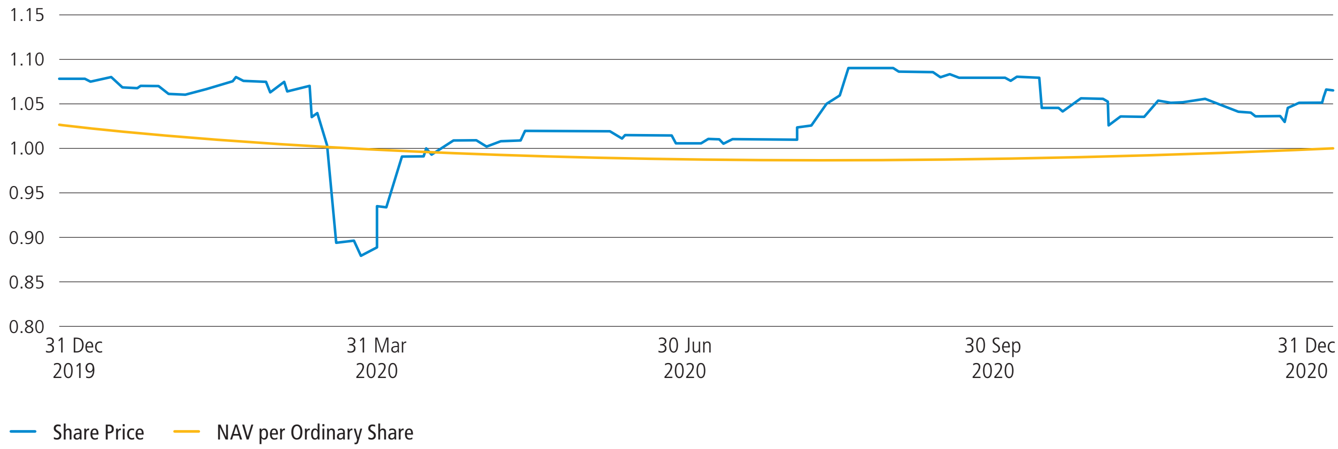
No Director has waived or agreed to waive any emoluments from the Company or any subsidiary undertaking.

Directors' indemnities

Subject to the provisions of the Companies Act 2006, the Company has agreed to indemnify each Director against all liabilities which any Director may suffer or incur arising out of or in connection with any claim made or proceedings taken against him, or any application made by him, on the grounds of his negligence, default, breach of duty or breach of trust in relation to the Company or any Associated Company.

Performance

The following chart shows the performance of the Company's NAV and share price (total return) by comparison to for the period since the Company was listed assuming EUR 100 was invested at the point the Company was listed.



Relative importance of spend on pay

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

	Year to 31 December 2020 (EUR '000)	Period to 31 December 2019 (EUR '000)
Interest Income	6,194	1,609
Spend on Directors' fees and expenses	203	151
Company's operating expenses and advisers fees	3,011	1,464
Dividends paid and payable to Shareholders	9,296	2,322

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

Directors' holdings (Audited)

At 31 December 2020 and at the date of this report the Directors' had the following holdings in the Company. There is no requirement for Directors to hold shares in the Company. All holdings were beneficially owned.

	Ordinary Shares As at 31 December 2020	Ordinary Shares As at 31 December 2019
Ian Nolan	100,000	100,000
David MacLellan	75,000	75,000
Kenneth MacRitchie	50,000	50,000
Patricia Rodrigues	50,000	50,000

There have been no changes to any of the Directors' holdings in the period from 1 January 2021 to the date of this report.

DIRECTORS' REMUNERATION REPORT
CONTINUED

Voting on remuneration matters at the 2020 AGM and in respect of Remuneration Policy

Shareholders have not expressed any views on the Company's Remuneration policy or remuneration report.

At the last AGM, held on 8 June 2020, the following resolutions including Directors Remuneration were approved:

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

	Shares voted	Percentage
In Favour	109,936,548	99.5
Against	552,319	0.5
Withheld	0	N/A

Ordinary Resolution 3 - To approve the Directors' Remuneration Implementation Report included in the Annual Report for the year ended 31 December 2019.

	Shares voted	Percentage
In Favour	109,936,548	99.5
Against	552,319	0.5
Withheld	0	N/A

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Remuneration Policy and Remuneration Implementation Report summarises, as applicable, for the year to 31 December 2020:

(a) the major decisions on Directors' remuneration;

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

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

Kenneth MacRitchie
Chairman of the Remuneration and Nomination Committee
19 April 2021

Audit and Risk Committee (the "Committee")

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

Composition

David MacLellan, Kenneth MacRitchie and Patricia Rodrigues are members of the Committee which is chaired by David MacLellan. The Committee has formal written terms of reference and copies of these are available on the Company's website or on request from the Company Secretary. The Audit and Risk Committee as a whole has relevant financial experience and competence to the sector in which the Company operates.

Role and Responsibilities of the Committee

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

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

Internal Audit

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

Financial aspects of internal control

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

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

The Statement of Directors' Responsibilities in respect of the financial statements is on page 60 and a Statement of Going Concern is on page 47.

The Report of the Independent Auditor is on pages 61 to 67.

Financial statements and significant accounting matters

The Committee reviewed the financial statements and considered the following significant accounting issues in relation to the Company's financial statements for the year ended 31 December 2020.

Valuation and existence of investments

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

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

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

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

Recognition of income

Income may not be accrued in the correct accounting period. The Committee reviewed the Administrator's procedures for recognition of income and reviewed the treatment of income receivable in the year under review.

Tax status

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

Going concern

The Committee reviewed the Company's going concern assessment and concluded that it is appropriate for the Company's financial statements to be prepared on a going concern basis as described in the Directors' Report on page 47.

REPORT OF THE AUDIT AND RISK COMMITTEE
CONTINUED

Calculation of the Investment Adviser's fees
The Committee reviewed the Investment Adviser's fees and concluded that they have been correctly calculated, details of investment adviser's fees can be found on note 6 to the financial statements.

COVID-19
The COVID-19 pandemic which has engulfed the global economy and financial markets commenced in the prior year and the Committee gave in-depth consideration to the potential effects on the Company, specifically the market and operational risks associated with the pandemic. The long term effect of the pandemic on the global economy will become clearer in time and the Committee will continue to monitor how COVID-19 (which is captured in our risk assessment programme) develops.

Conclusion with respect to the Annual Report
The Committee has concluded that the Annual Report for the year to 31 December 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's business model, strategy and performance. The Committee has reported its conclusions to the Board. The Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the Annual Report.

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

The audit plan was presented to the Committee at its November 2020 Committee meeting, ahead of the commencement of the Company's year-end audit. The audit plan sets out the audit process, materiality, scope and significant risks.

Internal control and risk
During the year the Committee together with the AIFM and other service providers carefully considered the Company's matrix of risks and uncertainties (including emerging risks) and appropriate mitigating actions. The procedure for identifying emerging risks can be found on page 38 and the Company's principal risks can be found on pages 32 to 37.

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

Auditors' Independence
The Audit and Risk Committee considered the independence of the auditor and the objectivity of the audit process and is satisfied that PwC has fulfilled its obligations to shareholders and as independent auditor to the Company for the year. After due consideration, the Audit and Risk Committee recommends the re-appointment of PwC and their re-appointment will be put forward to the Company's shareholders at the 2021 AGM.

The Audit and Risk Committee is satisfied that there are no issues in respect of the independence of the auditors.

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

Provision of non-audit services
The Audit and Risk Committee has reviewed the FRC's Revised Ethical Standard 2019 Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditor. The Audit and Risk Committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other non-audit services however, and this will be judged on a case-by-case basis.

During the year, the Company has engaged with PwC to perform an independent review of the Company's half yearly reporting. PWC received a fee of EUR 45,000 (including VAT of EUR 7,500) (2019: nil) for the half year review.

During the year, the Company also engaged with PwC to perform reporting accountant services in relation to admission of new shares to trading on the LSE. PwC received a fee of EUR 113,000 (including VAT of EUR 19,000) for non-audit services (2019: IPO services fee of EUR 100,100).

The Audit and Risk Committee has assessed that this non-audit service is a permissible service in accordance with the FRC Ethical Standard.

Committee Evaluation
The Committee's activities were considered as part of the annual performance evaluation which was completed during the year. Further details can be found on page 52. The evaluation process concluded that the Committee was operating effectively and had the appropriate balance of skills and experience.

David MacLellan
Audit and Risk Committee Chairman
19 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

- the Company's financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Ian Nolan

Chairman
19 April 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUILA EUROPEAN RENEWABLES INCOME FUND PLC

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

Other than those disclosed in the Report of the Audit and Risk Committee, we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope

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

Key audit matters

- Valuation of investments held at fair value through profit or loss
- Consideration of the impact of COVID-19

Materiality

- Overall materiality: EUR 6,338,000 (2019: EUR 3,178,000) based on 2% of total shareholders' funds.
- Performance materiality: EUR 4,753,000.

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

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

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

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

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

Key audit matters

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

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

Recognition of interest income, which was a key audit matter last year, is no longer included because, in our professional judgement, we do not consider that this matter was of most significance in the audit of the financial statements in the current period. Otherwise, the key audit matters below are consistent with last year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUILA EUROPEAN RENEWABLES INCOME FUND PLC

CONTINUED

Key audit matter	How our audit addressed the key audit matter
Valuation of investments held at fair value through profit or loss	
Refer to page 58 (Report of the Audit and Risk Committee), pages 74 and 75 (Accounting Policies) and Note 4 to the Financial Statements. The Company has EUR 230m of investments held at fair through profit or loss. The fair value of the Company's investments in Tesseract Holdings Limited ("the HoldCo") is determined based on the net assets of the HoldCo and, accordingly, the fair value of the underlying investments within the Holdco, for which there is no liquid market. The fair value of the underlying investments has principally been valued on a discounted cash flow basis, which necessitates significant estimates in respect of the forecasted cash flows and discount rates applied. Determining the valuation methodology and determining the inputs and assumptions within the valuation is subjective and complex. This, combined with the significance of the investments balance in the statement of financial position, meant that this was a key audit matter for our current year audit.	We planned our audit to critically assess management's assumptions and the investment valuation models in which they are applied. We have assessed whether the valuation methodology adopted for the underlying investments within the HoldCo was appropriate and in line with accounting standards and industry guidelines. We tested the mathematical accuracy of the valuation models. We tested a sample of inputs into the fair value models to supporting documentation and assessed the reasonableness of the assumptions used in determining the fair value of investments; We used our internal valuation experts to provide audit support in reviewing and concluding on the fair valuation of the underlying investment portfolio. Our experts (a) reviewed the appropriateness of the valuation methodology and approach and (b) reviewed on the computation of the discounted cash flow valuation models, including comparing the discount rate against those used by comparable market participants and other macroeconomic data, where appropriate. Where underlying investments were recently purchased we compared the investment valuations to the price of the recently completed transactions. No material issues were identified in our testing.

Key audit matter	How our audit addressed the key audit matter
Consideration of the impact of COVID-19 Refer to the Strategic Report and the Going Concern Statement (page 47), which disclose the impact of the COVID-19 pandemic. The COVID-19 outbreak has been declared a pandemic by the World Health Organisation. Since the first quarter of 2020, it has caused significant economic uncertainty globally and disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates. The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels throughout the COVID-19 pandemic.	We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by: ■ Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19. ■ Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements. We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report by obtaining evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third party service providers. We assessed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal Risks and Viability Statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the "Conclusions relating to going concern" section below.

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUILA EUROPEAN RENEWABLES INCOME FUND PLC
CONTINUED

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

Overall company materiality	EUR 6,338,000 EUR (2019: EUR 3,178,000).
How we determined it	2% of Total shareholders' funds (or net asset value)
Rationale for benchmark applied	Net asset value is deemed the appropriate benchmark because Investment Trusts measure their performance on their net asset value.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to EUR 4,753,000 for the Company financial statements.

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

In addition, based on our judgement, we applied a specific materiality of EUR 324,000 to the Revenue column of the Statement of Comprehensive Income, as we believe misstatement of lesser amounts than overall materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above EUR 317,000 (2019: EUR 159,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- evaluating the Directors' updated risk assessment and considering whether it addressed the relevant threats presented by COVID-19;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements; and
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers.

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

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

Corporate governance statement

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

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

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUILA EUROPEAN RENEWABLES INCOME FUND PLC

CONTINUED

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the Directors on 5 November 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2019 to 31 December 2020.

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 April 2021

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		For the year ended 31 December 2020			For the period 8 April 2019 to 31 December 2019		
	Notes	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Unrealised (losses)/gains on investments	4	–	(3,959)	(3,959)	–	8,608	8,608
Net foreign exchange losses		–	(12)	(12)	–	(13)	(13)
Interest Income	5	6,194	–	6,194	1,609	–	1,609
Investment Advisory fees	6	(1,671)	–	(1,671)	(654)	–	(654)
Other expenses	7	(1,340)	–	(1,340)	(810)	–	(810)
Profit/(loss) on ordinary activities before finance costs and taxation		3,183	(3,971)	(788)	145	8,595	8,740
Finance costs	8	(399)	–	(399)	(199)	–	(199)
Profit/(loss) on ordinary activities before taxation		2,784	(3,971)	(1,187)	(54)	8,595	8,541
Taxation	9	–	–	–	–	–	–
Profit/(loss) on ordinary activities after taxation		2,784	(3,971)	(1,187)	(54)	8,595	8,541
Return per Ordinary Share-undiluted (cents)	10	1.31c	(1.87c)	(0.56c)	(0.04c)	7.11c	7.07c
Return per Ordinary Share-diluted (cents)	10	1.30c	(1.86c)	(0.56c)	(0.04c)	7.09c	7.05c

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

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

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

The notes on pages 73 to 91 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	As at 31 December 2020 (EUR '000)	As at 31 December 2019 (EUR '000)
Fixed assets			
Investments at fair value through profit or loss	4	229,982	118,660
Current assets			
Trade and other receivables	11	5,763	1,927
Cash and cash equivalents		121,014	38,862
		126,777	40,789
Creditors: amounts falling due within one year	12	(39,856)	(532)
		(39,856)	(532)
Net current assets		86,921	40,257
Net assets		316,903	158,917
Capital and reserves: equity			
Share capital	13	3,170	1,547
Share premium		164,351	313
Special reserve	14	144,450	148,516
Capital reserve		4,624	8,595
Revenue reserve		308	(54)
Total Shareholders' funds		316,903	158,917
Net assets per Ordinary Share (cents)	15	99.96c	102.75c

The financial statements were approved by the Board of Directors on 19 April 2021 and signed on its behalf by

Ian Nolan
Chairman

The notes on pages 73 to 91 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital (EUR '000)	Share premium account (EUR '000)	Special reserve (EUR '000)	Capital reserve (EUR '000)	Revenue reserve (EUR '000)	Total (EUR '000)
Opening equity as at 1 January 2020		1,547	313	148,516	8,595	(54)	158,917
Shares issued during the year*	13	1,623	167,266	–	–	–	168,889
Share issue costs		–	(3,228)	–	–	–	(3,228)
(Loss)/profit for the year		–	–	–	(3,971)	2,784	(1,187)
Dividend paid	16	–	–	(4,066)	–	(2,422)	(6,488)
Closing equity as at 31 December 2020		3,170	164,351	144,450	4,624	308	316,903

	Notes	Share capital (EUR '000)	Share premium account (EUR '000)	Special reserve (EUR '000)	Capital reserve (EUR '000)	Revenue reserve (EUR '000)	Total (EUR '000)
Opening equity as at 8 April 2019		–	–	–	–	–	–
Shares issued in period*	13	1,547	153,112	–	–	–	154,659
Share issue costs		–	(3,123)	–	–	–	(3,123)
Transfer to special reserve	14	–	(149,676)	149,676	–	–	–
Profit/(loss) for the period		–	–	–	8,595	(54)	8,541
Dividend paid	16	–	–	(1,160)	–	–	(1,160)
Closing equity as at 31 December 2019		1,547	313	148,516	8,595	(54)	158,917

* During the year, the Company issued new Ordinary Shares of 160,998,007 (2019: 154,304,752) with gross aggregate proceeds of EUR 167.5 million (2019: EUR 154.3 million). The Company also issued 1,371,018 (2019: 363,332) Ordinary Shares in relation to settlement of Investment Adviser fees of EUR 1.3 million (2019: EUR 0.3 million)

The notes on pages 73 to 91 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	For the year ended 31 December 2020 (EUR '000)	For the period ended 31 December 2019 (EUR '000)
Operating activities			
(Loss)/profit on ordinary activities before taxation		(1,187)	8,541
Adjustment for unrealised losses/(gains) on investments		3,959	(8,608)
Increase in trade and other receivables		(3,836)	(1,927)
Increase in creditors		1,438	532
Net cash flow from/(used in) operating activities		374	(1,462)
Investing activities			
Purchases of investments	4	(77,395)	(110,052)
Net cash flow used in investing		(77,395)	(110,052)
Financing activities			
Proceeds of share issues	13	168,889	154,659
Share issue costs		(3,228)	(3,123)
Dividend paid	16	(6,488)	(1,160)
Net cash flow from financing		159,173	150,376
Increase in cash		82,152	38,862
Cash and cash equivalents at start of year/period		38,862	–
Cash and Cash equivalents at end of year/period		121,014	38,862

The notes on pages 73 to 91 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

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

The registered office and principal of business of the Company is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

The Company's investment objective is to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of renewable energy infrastructure investments.

International Fund Management Limited acts as the Company's AIFM for the purposes of Directive 2011/61/EU on AIFMD.

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

PraxisIFM Fund Services (UK) Limited (the "Administrator") provides administrative and company secretarial services to the Company under the terms of an administration agreement between the Company and the Administrator.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and the applicable legal requirements of the Companies Act 2006.

The financial statements have also been prepared as far as is relevant and applicable to the Company in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies in October 2019.

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

The functional currency of the Company is Euros as this is the currency of the primary economic environment in which the Company operates. Accordingly, the financial statements are presented in Euros rounded to the nearest thousand Euros, unless otherwise stated. Euro/GBP exchange rate as of 31 December 2020 was 0.8941(2019: 0.8457).

Accounting for Subsidiary

The Company owns 100% of its subsidiary Tesseract Holdings Limited, whose registered office and principal of business of the Company is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB. The Company has acquired renewable energy infrastructure investments (the "SPVs") through its investment in the HoldCo. The Company finances the HoldCo through a mix of loan investments and equity. The loan investment finance represents shareholder loans (the "Shareholder loans") provided by the Company to HoldCo. The Company meets the definition of an investment entity as described by IFRS 10. Under IFRS 10 an investment entity is required to hold subsidiaries at fair value through profit or loss and therefore does not consolidate the subsidiary.

The HoldCo is an investment entity and as described under IFRS 10 values its SPVs investments at fair value through profit or loss.

Characteristics of an investment entity

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

I. Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;

II. Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

III. Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

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

I. the Company has multiple investors and obtains funds from a diverse group of shareholders who would otherwise not have access individually to investing in renewable energy infrastructure investments due to high barriers to entry and capital requirements;

II. the Company intends to hold these Renewable Energy Infrastructure Investments for the remainder of their useful lives for the purpose of capital appreciation and investment income. The renewable energy infrastructure investments are expected to generate renewable energy output for 25 to 30 years from their relevant commercial operation date and the Directors believe the Company is able to generate returns to the investors during that period; and

III. the Company measures and evaluates the performance of all of its investments on a fair value basis which is the most relevant for investors in the Company. Management use fair value information as a primary measurement to evaluate the performance of all of the investments and in decision making.

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

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

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

Going concern
The Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements. In forming this opinion, the Directors have considered any potential impact of the COVID-19 pandemic on the going concern and viability of the Company. In making their assessment, the Directors have reviewed income and expense projections and the liquidity of the investment portfolio, and considered the mitigation measures which key service providers, including the Investment Adviser, have in place to maintain operational resilience particularly in light of COVID-19. The Directors are satisfied and are comfortable that the Company would continue to remain viable under downside scenarios, including decreasing government regulated tariffs and decline in long term power price forecasts.

The Company continues to meet day-to-day liquidity needs through its cash resources. The Company had unrestricted cash of EUR 121.0 million (2019: EUR 38.8 million) as at 31 December 2020. The Company's net assets as at 31 December 2020 were EUR 316.9 million (2019: EUR 158.9 million) and total expenses for the year ended 31 December 2020 were EUR 3.0 million (2019: EUR 1.5 million), which represented approximately 1.4% (2019: 1.7%) of average net assets during the year. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new investments. The Directors are confident that the Company has sufficient cash balances and access to equity markets in order to fund commitments to acquisitions detailed in note 21 to the financial statements, should they become payable.

A majority of the underlying SPV revenues are derived from the sale of electricity through power purchase agreements in place with large and reputable providers of electricity to the market.

These providers have been contacted by the Investment Adviser to discuss their response to COVID-19 and business continuity plans. During the year and up to the date of this report, there has been no significant impact on revenue and cash flows of the SPVs. The SPVs have contractual operating and maintenance agreements in place with large service providers. Therefore the Directors and the Investment Adviser do not anticipate a threat to the SPVs revenue.

The Directors are satisfied that the Company has sufficient resources to continue to operate for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

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

Key Judgements
As disclosed above, the Directors have concluded that the Company and HoldCo meets the definition of an investment entity as defined in IFRS 10. This conclusion involved a degree of judgement and assessment as to whether the Company met the criteria outlined in IFRS 10.

The Company's shareholder loans and equity investments in HoldCo are held at fair value through profit or loss. As shareholder loan investments form part of a managed portfolio of assets whose performance is evaluated on a fair value basis, shareholder loan investments are designated at fair value in line with equity investments. The Directors consider that the carrying fair value amounts of shareholder loans and equity investment in the financial statement are equal to their fair values.

Key estimation and uncertainty: Investments at fair value through profit or loss
The key assumptions that have a significant impact on the carrying value of the Company's underlying investments in SPVs are the discount rates, useful lives of the assets, the rate of inflation, the price at which the power and associated benefits can be sold, the amount of electricity the assets are expected to produce and operating costs of the SPVs.

The discount rates are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different value. The discount rates applied to the cashflows are reviewed annually by the Investment Adviser to ensure they are at the appropriate level. The Investment Adviser will take into consideration market transactions, where of similar nature, when considering changes to the discount rates used. The weighted average discount rate applied in the December 2020 valuation was 6.6% (2019: 7.6%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Useful lives are based on the Investment Adviser's estimates of the period over which the assets will generate revenue which are periodically reviewed for continued appropriateness. The assumption used for the useful life of the wind farms is 25 years and solar PV is 30 years. The actual useful life may be a shorter or longer period depending on the actual operating conditions experienced by the asset.

The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and the revenue received from the Government support regime. Future power prices are estimated using external third party forecasts which take the form of specialist consultancy reports. The future power price assumptions are reviewed as and when these forecasts are updated. There is an inherent uncertainty in future wholesale electricity price projection. Long term power price forecasts are provided by a leading market consultant, updated quarterly, and may be adjusted by the Investment Adviser where more conservative assumptions are considered appropriate. During the year, the Company has moved from a rolling average of a single power price curve forecast and adopted a blend of two curve provider's forecasts.

Specifically commissioned external reports are used to estimate the expected electrical output from the wind farm and solar PV assets, taking into account the expected average wind speed at each location and generation data from historical operation. The actual electrical output may differ considerably from that estimated in such a report mainly due to the variability of actual wind to that modelled in any one period. Assumptions around electrical output will be reviewed only if there is good reason to suggest there has been a material change in this expectation. "P50" level of output. The P50 output is the estimated annual amount of electricity generation (in MWh) that has a 50% probability of being exceeded both in any single year and over the long term and a 50% probability of being under achieved.

The operating costs of the SPV companies are frequently partly or wholly subject to inflation and an assumption is made that inflation will increase at a long-term rate. The SPVs valuation assumes long-term inflation of 2.0% (2019: 2.0%).

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of the investments as disclosed in note 4 to the financial statements under sensitivities.

Adoption of new IFRS standards

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 January 2020. None of these are expected to have a material effect on the measurement of the amounts recognised in the financial statements of the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. This amendment is unlikely to have any impact on the financial statements of the Company as such will not early adopt.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 7, IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. These amendments have no impact on the financial statements of the Company.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in future reporting periods and on foreseeable future transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

Financial assets

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

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

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

Financial liabilities

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

Recognition, derecognition and measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Further details on Company's share issues to the Investment Adviser is disclosed in note 5 to the financial statements.

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

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

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

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

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4. INVESTMENT HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2020			As at 31 December 2019		
	Share-Holder Loans (EUR '000)	Equity Investments (EUR '000)	Total (EUR '000)	Share-Holder Loans (EUR '000)	Equity Investments (EUR '000)	Total (EUR '000)
(a) Summary of valuation						
Analysis of closing balance:						
Investments held at fair value through profit or loss	174,046	55,936	229,982	67,581	51,079	118,660
Total investments	174,046	55,936	229,982	67,581	51,079	118,660
(b) Movements during the year/period:						
Opening balance of investments, at cost	67,581	42,471	110,052	–	–	–
Purchases at cost	106,465	8,816	115,281	67,581	42,471	110,052
Cost of investments	174,046	51,287	225,333	67,581	42,471	110,052
Revaluation of investments to fair value:						
Unrealised gains in fair value of investments	–	4,649	4,649	–	8,608	8,608
Balance of capital reserve – investments held	–	4,649	4,649	–	8,608	8,608
Fair value of investments	174,046	55,936	229,982	67,581	51,079	118,660
(c) (Losses)/gains on investments in year/period (per Income Statement)						
Movement on unrealised valuation of investments held	–	(3,959)	(3,959)	–	8,608	8,608
(Losses)/gains on investments	–	(3,959)	(3,959)	–	8,608	8,608

During the period, the HoldCo incurred transaction costs on purchases on underlying SPVs totalling in aggregate EUR 216,000 (2019: EUR 712,000).

The fair value of the Company's equity and the shareholder loans investments in HoldCo are determined by the underlying fair values of the SPV investments, which are not traded and contain unobservable inputs. As such, the Company's equity and the shareholder loans investments in HoldCo have been classified as level 3 in the fair value hierarchy.

Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 3 levels:

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

	As at 31 December 2020				As at 31 December 2019			
	Level 1 (EUR '000)	Level 2 (EUR '000)	Level 3 (EUR '000)	Total (EUR '000)	Level 1 (EUR '000)	Level 2 (EUR '000)	Level 3 (EUR '000)	Total (EUR '000)
Investments at fair value through profit and loss								
Equity investments in HoldCo	–	–	55,936	55,936	–	–	51,079	51,079
Shareholder loan investments in HoldCo	–	–	174,046	174,046	–	–	67,581	67,581
	–	**–**	**229,982**	**229,982**	**–**	**–**	**118,660**	**118,660**

Due to the nature of the investments, they are always expected to be classified as level 3. There have been no transfers between levels of the fair value hierarchy during the year ended 31 December 2020.

The movement in the fair value of the Level 3 unquoted investments during the year/period is shown below:

	As at 31 December 2020 (EUR '000)	As at 31 December 2019 (EUR '000)
Opening balance	118,660	–
Additions during the year/period	115,281	110,052
Unrealised (losses)/gains on investments	(3,959)	8,608
Closing balance	**229,982**	**118,660**

Valuation methodology

The Company owns 100% of its subsidiary HoldCo. The Company meets the definition of an investment entity as described by IFRS 10, as such the Company's investment in the HoldCo is valued at fair value. HoldCo's cash, working capital balances and fair value of investments are included in calculating fair value of the HoldCo.

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

The Investment Adviser has carried out fair market valuations of the SPV investments as at 31 December 2020 and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuations. All SPV investments are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement. The following economic assumptions were used in the valuation of the SPVs.

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Valuation Assumptions

Discount rates	The discount rate used in the valuations is derived according to internationally recognized methods. Typical components of the discount rate are risk free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class as well as specific premia for other risks such as development and construction, such as is the case for the Rock, for example.
Power price	Power prices are based on power price forecasts from leading market analysts. The forecasts are independently sourced from a provider with coverage in almost all European markets as well as providers with regional expertise. During the year, for solar PV and wind assets, the Company has moved from a rolling average of a single power price curve forecast and adopted a blend of two curve provider's forecasts were available. This change results in a more conservative approach as it better reflects actual power prices and reduces the overall volatility around future forecast levels. Commensurate with this there has been a reduction in discount rates to reflect the more conservative cashflow assumptions. The approach for hydro assets remains unchanged (i.e. three power price curve providers).
Energy yield	Estimated based on third party energy yield assessments as well as operational performance data (where applicable) by taking into account regional expertise of a second analyst.
Inflation rates	Long-term inflation is based on central bank targets for the respective jurisdiction.
Asset life	In general, an operating life of 25 years for onshore wind and 30 years for Solar PV is assumed. In individual cases a longer operating life is assumed where the contractual set-up (i.e. O&M agreement with availability guarantee) supports such assumption. The operating life of hydropower assets are estimated in accordance with their expected concession term.
Operating expenses	The operating expenses are primarily based on the respective contracts and, where not contracted, on the assessment from a technical adviser.
Taxation rates	The underlying country-specific tax rates are derived from due diligence reports from leading tax consulting firms.
Capital expenditure	Based on the contractual position (e.g. engineering, procurement and construction agreement), where applicable.

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

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

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

(i) Discount rates
The Discounted Cash Flow ("DCF") valuation of the SPV investments represents the largest component of the net asset value of the Company and the key sensitivities are considered to be the discount rate used in the DCF valuation and assumptions.

The weighted average valuation discount rate applied to calculate the SPV valuation is 6.6% at 31 December 2020.

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

Discount rate	NAV per Share Impact (EUR cents)	-0.5% (EUR '000)	Total NAV Value (EUR '000)	+0.5% (EUR '000)	NAV per Share Impact (EUR cents)
Valuation as of 31 December 2020	4.02	329,652	316,903	305,150	(3.71)

(ii) Power price

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

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

A change in the forecast electricity price assumptions by plus or minus 10% has the following effect on valuation, as shown below.

Power price	NAV per Share Impact (EUR cents)	-10.0% (EUR '000)	Total NAV Value (EUR '000)	+10.0% (EUR '000)	NAV per Share Impact (EUR cents)
Valuation as of 31 December 2020	(7.04)	294,574	316,903	338,844	6.92

(iii) Energy yield

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

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

Energy yield	NAV per Share Impact (EUR cents)	P90 10 years (EUR '000)	Total NAV Value (EUR '000)	P10 10 years (EUR '000)	NAV per Share Impact (EUR cents)
Valuation as of 31 December 2020	(7.13)	294,291	316,903	338,132	6.70

(iv) Inflation rates

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

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

Inflation rates	NAV per Share Impact (EUR cents)	-0.5% (EUR '000)	Total NAV Value (EUR '000)	+0.5% (EUR '000)	NAV per Share Impact (EUR cents)
Valuation as of 31 December 2020	(2.99)	307,435	316,903	327,097	3.22

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(v) Asset life

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

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

Asset life	NAV per Share Impact (EUR cents)	-1 year (EUR '000)	Total NAV Value (EUR '000)	+1 year (EUR '000)	NAV per Share Impact (EUR cents)
Valuation as of 31 December 2020	(2.28)	309,662	316,903	323,191	1.98

(vi) Operating expenses

The sensitivity shows the effect of a 10.0% decrease and a 10.0% increase to the base case for annual operating costs for the SPV, in each case assuming that the change to the base case for operating costs occurs with effect from 1 January 2021 and that change to the base case remains reflected consistently thereafter during the life of the projects.

An increase or decrease in operating expenses by 10.0% at SPV level has the following effect on valuation, as shown below.

Operating expenses	NAV per Share Impact (EUR cents)	-10.0% (EUR '000)	Total NAV Value (EUR '000)	+10.0% (EUR '000)	NAV per Share Impact (EUR cents)
Valuation as of 31 December 2020	3.27	327,276	316,903	306,469	(3.29)

5. INTEREST INCOME

Income from investments	For the year ended 31 December 2020 (EUR '000)	For the period ended 31 December 2019 (EUR '000)
Interest income from shareholder loans	6,194	1,609
Total Income	**6,194**	**1,609**

6. INVESTMENT ADVISORY FEES

	For the year ended 31 December 2020			For the period ended 31 December 2019		
	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Investment Advisory fees	1,671	–	1,671	654	–	654

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

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

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

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

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

The Investment Adviser is also entitled to be reimbursed for certain expenses under the Investment Advisory Agreement. These include out-of-pocket expenses properly incurred by the Investment Adviser in providing services, including transactional, organisational, operating and/or travel expenses.

Share based payments

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

In respect of the year ended 31 December 2020	Investment advisory fees (EUR)	Fair value of issue price (EUR cents)	Number of shares	Date of issue
31 March 2020	359,625	100.37	358,299	18 May 2020
30 June 2020	356,714	99.38	358,939	11 August 2020
30 September 2020	360,178	99.08	363,522	10 November 2020
31 December 2020	594,816	101.21	587,704	09 February 2021

In respect of the period ended 31 December 2019	Investment advisory fees (EUR)	Fair value of issue (EUR cents)	Number of shares	Date of issue
30 September 2019	353,704	97.35	363,332	11 November 2019
31 December 2019	300,417	103.50	290,258	17 February 2020

7. OTHER EXPENSES

	For the year ended 31 December 2020			For the period ended 31 December 2019		
	Revenue (EUR`000)	Capital (EUR`000)	Total (EUR`000)	Revenue (EUR`000)	Capital (EUR`000)	Total (EUR`000)
Secretary and administrator fees	219	–	219	105	–	105
Tax compliance	17	–	17	159	–	159
Directors' fees	203	–	203	147	–	147
Directors' other employment costs	25	–	25	18	–	18
Broker retainer	40	–	40	60	–	60
Auditors' remuneration-statutory audit*	170	–	170	81	–	81
Auditors' remuneration-statutory audit prior year**	65	–	65	–	–	–
Auditors' remuneration-interim review***	45	–	45	–	–	–
AIFM fees	103	–	103	58	–	58
Registrar's fees	4	–	4	16	–	16
Marketing fees	119	–	119	44	–	44
FCA and listing fees	87	–	87	32	–	32
Legal fees	199	–	199	67	–	67
Other expenses	44	–	44	23	–	23
	1,340	–	1,340	810	–	810
Total expenses	**1,340**	–	**1,340**	**810**	–	**810**

** Current year auditors' statutory remuneration includes VAT of EUR 28,000 (2019: EUR 13,500).*

*** Audit fees paid during the year includes EUR 65,000 (including VAT of EUR 10,800) in relation to prior year.*

**** Interim review fees disclosed above, includes VAT of 7,500.*

During the year, the auditor received a fee of EUR 113,000 (includes VAT of EUR 19,000) for non-audit services in relation to reporting accountant services for admission of new shares to trading on the LSE, which have been treated as a capital expense and included in 'share issue costs' disclosed in the Statement of Changes in Equity on page 71.

8. FINANCE COSTS

	For the year ended 31 December 2020			For the period ended 31 December 2019		
	Revenue (EUR`000)	Capital (EUR`000)	Total (EUR`000)	Revenue (EUR`000)	Capital (EUR`000)	Total (EUR`000)
Interest charges	398	–	398	198	–	198
Bank charges	1	–	1	1	–	1
Total	**399**	–	**399**	**199**	–	**199**

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9. TAXATION

(a) Analysis of charge in the period/year

	For the year ended 31 December 2020			For the period ended 31 December 2019		
	Revenue (EUR`000)	Capital (EUR`000)	Total (EUR`000)	Revenue (EUR`000)	Capital (EUR`000)	Total (EUR`000)
Corporation tax	–	–	–	–	–	–
Taxation	–	–	–	–	–	–

(b) Factors affecting total tax charge for the period/year:

The effective UK corporation tax rate applicable to the Company for the year/period is 19.00%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company.

The differences are explained below:

	For the year ended 31 December 2020			For the period ended 31 December 2019		
	Revenue (EUR`000)	Capital (EUR`000)	Total (EUR`000)	Revenue (EUR`000)	Capital (EUR`000)	Total (EUR`000)
Profit/(loss) on ordinary activities before taxation	2,784	(3,971)	(1,187)	(54)	8,595	8,541
Corporation tax at 19%	529	(754)	(225)	(10)	1,633	1,623
Effects of:						
Losses/(gains) on investments held at fair value not taxable	–	752	752	–	(1,635)	(1,635)
Movement in management expenses not utilised / deferred tax not recognised	186	–	186	10	–	10
Foreign exchange gains	–	2	2	–	2	2
Expenditure not deductible for tax purposes	38	–	38	–	–	–
Impact of tax deductible interest distributions	(753)	–	(753)	–	–	–
Total tax charge for the year/period	–	–	–	–	–	–

Investment companies which have been approved by HM Revenue & Customs under section 1158 of the Corporation Tax Act 2010 are exempt from tax on capital gains. The Directors are of the opinion that the Company has complied with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010. The Company has not provided for deferred tax on any capital gains or losses arising on the revaluation of investments.

The Company has unrelieved excess management expenses of EUR 1,008,310 (2019: EUR 28,842). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised. The unrecognised deferred tax asset calculated using a tax rate of 19% (2019: 19%) amounts to EUR 192,000 (2019: EUR 5,000).

10. RETURN PER ORDINARY SHARE

	As at 31 December 2020	As at 31 December 2019
Revenue/(loss) return after taxation (EUR ’000)	2,784	(54)
Capital (loss)/profit return after taxation (EUR ’000)	(3,971)	8,595
Total net return (EUR ’000)	(1,187)	8,541
Weighted average number of Ordinary Shares-undiluted	212,833,759	120,853,408
Weighted average number of Ordinary Shares-diluted	213,428,575	121,143,666

Weighted average number of shares used as the denominator	Number of shares As at 31 December 2020	 As at 31 December 2019
Weighted average number of ordinary shares used as the denominator in calculating undiluted earnings per share	212,833,759	120,853,408
Ordinary Shares issued after the year/period end in settlement of investment advisory fees earned during the year/period	594,816	290,258
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	213,428,575	121,143,666

11. TRADE AND OTHER RECEIVABLES

	As at 31 December 2020 (EUR`000)	As at 31 December 2019 (EUR`000)
Interest due from shareholder loans	5,365	1,609
Intercompany receivables	371	286
Prepaid expenses	27	32
Total	**5,763**	**1,927**

12. CREDITORS

	As at 31 December 2020 (EUR`000)	As at 31 December 2019 (EUR`000)
Accrued expenses	806	532
Investment in Desfina awaiting settlement	37,886	–
Deferred consideration payable	1,164	–
Total	**39,856**	**532**

13. SHARE CAPITAL

	As at 31 December 2020		As at 31 December 2019	
	No. of shares	(EUR '000)	No. of shares	EUR '000
Allotted, issued and fully paid:				
Ordinary Shares of 1p each ("Ordinary Shares")	317,037,109	3,170	154,668,084	1,547
Total	**317,037,109**	**3,170**	**154,668,084**	**1,547**

On incorporation, the issued share capital of the Company was 1 Ordinary Share of EUR 0.01 issued to the subscriber to the Company's memorandum. The Company's issued share capital was increased by GBP 50,000 represented by 50,000 Management Shares of nominal value GBP 1.00 each, which were subscribed for by the Investment Adviser. Following admission, the Management Shares were redeemed by the holder.

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

During the year to 31 December 2020, 162,369,025 Ordinary Shares (2019: 154,668,084) were issued with gross aggregate proceeds of EUR 168,889,000 (2019: EUR 154,659,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

For the year ended 31 December 2020	Shares is issue at the beginning of the year	Shares subscribed	Shares redeemed	Shares in issue at the end of the year
Ordinary Shares	154,668,084	162,369,025	–	317,037,109

For the period ended 31 December 2019	Shares is issue at the beginning of the period	Shares subscribed	Shares redeemed	Shares in issue at the end of the period
Management Shares	–	50,000	(50,000)	–
Ordinary Shares	154,668,084	–	–	154,668,084

Subsequent to the year end, the Company issued a further 594,816 (2019: 290,258) Ordinary Shares to the Company's Investment Adviser, in relation to advisory fees payable for the quarter ended 31 December 2020.

14. SPECIAL RESERVE

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

15. NET ASSETS PER ORDINARY SHARE

Net assets per Ordinary Share as at 31 December 2020 is based on EUR 316,902,809 (2019: EUR 158,916,758) of net assets of the Company attributable to the 317,037,109 (2019: 154,668,084) Ordinary Shares in issue as at 31 December 2020.

16. DIVIDENDS PAID

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

	Year ended 31 December 2020		Period ended 31 December 2019	
Total dividends paid in the year/period	**Cents per Ordinary Share**	**Total (EUR '000)**	**Cents per Ordinary Share**	**Total (EUR '000)**
31 December 2019 interim – Paid 20 Mar 2020 (2019:Nil)	0.75c	1,162	–	–
31 March 2020 interim – Paid 22 Jun 2020 (2019:Nil)	0.75c	1,451	–	–
30 June 2020 interim – Paid 14 Sep 2020 (2019:Nil)	0.75c	1,453	–	–
30 September 2020 interim – Paid 29 Oct 2020 (2019: 29 Nov 2019)	1.25c	2,422	0.75c	1,160
Total	**3.50c**	**6,488**	**0.75c**	**1,160**

	Year ended 31 December 2020		Period ended 31 December 2019	
Total dividends declared in the year/period	**Cents per Ordinary Share**	**Total (EUR '000)**	**Cents per Ordinary Share**	**Total (EUR '000)**
31 March 2020 interim – Paid 22 Jun 2020 (2019: Nil)	0.75c	1,451	–	–
30 June 2020 interim – Paid 14 Sep 2020 (2019: Nil)	0.75c	1,453	–	–
30 September 2020 interim – Paid 29 Oct 2020 (2019: 29 Nov 2019)	1.25c	2,422	0.75c	1,160
31 December 2020 interim – Paid 12 Mar 2021 (2019: 20 March 2020)*	1.25c	3,970	0.75c	1,162
Total	**4.00c**	**9,296**	**1.50c**	**2,322**

** Not included as a liability in the year/period ended 31 December 2020 and 2019 financial statements.*

17. FINANCIAL RISK MANAGEMENT

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

Market risk

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

(i) Currency risk

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

(ii) Interest rate risk

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

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2020 are summarised below:

Assets	Interest bearing (EUR`000)	Non-interest bearing (EUR`000)	Total (EUR`000)
Cash and cash equivalents	–	121,014	121,014
Trade and other receivables	–	5,763	5,763
Investments at fair value through profit or loss	174,046	55,936	229,982
Total assets	**174,046**	**182,713**	**356,759**
Liabilities			
Creditors	–	(39,856)	(39,856)
Total liabilities	**–**	**(39,856)**	**(39,856)**

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2019 are summarised below:

Assets	Interest bearing (EUR`000)	Non-interest bearing (EUR`000)	Total (EUR`000)
Cash and cash equivalents	–	38,862	38,862
Trade and other receivables	–	1,927	1,927
Investments at fair value through profit or loss	67,581	51,079	118,660
Total assets	**67,581**	**91,868**	**159,449**
Liabilities			
Creditors	–	(532)	(532)
Total liabilities	**–**	**(532)**	**(532)**

(iii) Price risk

Price risk is defined as the risk that the fair value of a financial instrument held by the Company will fluctuate. Investments are measured at fair value through profit or loss. As of 31 December 2020 the Company held investments with an aggregate fair value of EUR 229,982,000 (2019: EUR 118,660,000). With all other variables held constant, the effect of a 10% increase or decrease in the share prices of the investments held at the year end would have been an increase or decrease of EUR 22,998,200(2019: EUR 11,866,000) in the profit after taxation for the year ended 31 December 2020 and the Company's net assets at 31 December 2020. The sensitivity of the investment valuation due to price risk is shown further on in note 4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Credit risk

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

	As at 31 December 2020 (EUR`000)	As at 31 December 2019 (EUR`000)
Investments at fair value through profit or loss-Shareholder loan investments	174,046	67,581
Trade and other receivables	5,763	1,927
Cash and cash equivalents	121,014	38,862
Total	**300,823**	**108,370**

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

	Rating	As at 31 December 2020 (EUR`000)	As at 31 December 2019 (EUR`000)
Royal Bank of Scotland	A-2 / BBB (S&P Rating)	47,611	38,862
Goldman Sachs- Liquid reserve fund	AAA (S&P Rating)	37,934	–
EFG International AG-Daily liquid fund	A / F1 (Fitch Rating)	35,469	–
Total		**121,014**	**38,862**

Liquidity risks

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

Financial assets and liabilities by maturity at the year-end are shown below:

	Less than 1 year (EUR`000)	1-5 years (EUR`000)	5+ years (EUR`000)	Total (EUR`000)
Assets				
Investments at fair value through profit or loss-Shareholder loan investments	11,427	–	162,619	174,046
Trade and other receivables	5,763	–	–	5,763
Cash and cash equivalents	121,014	–	–	121,014
Liabilities				
Creditors	(39,856)	–	–	(39,856)
	98,438	**–**	**162,619**	**260,967**

	Less than 1 year (EUR`000)	1-5 years (EUR`000)	5+ years (EUR`000)	Total (EUR`000)
Assets				
Investments at fair value through profit or loss-Shareholder loan investments	–	–	67,581	67,581
Trade and other receivables	1,927	–	–	1,927
Cash and cash equivalents	38,862	–	–	38,862
Liabilities				
Creditors	(532)	–	–	(532)
	40,257	**–**	**67,581**	**107,838**

The shareholder loan investments are repayable upon realisation of renewable investments.

As at 31 December 2020, across the Company's investment portfolio there is approximately EUR 112.9 million (2019: EUR 85.0 million) of non-recourse, project debt (on a proportional basis) at the SPV level.

Capital and risk management

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

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

The Company considers its capital to comprise ordinary share capital, special reserve and retained earnings. The Company is not subject to any externally imposed capital requirements. The Company's total share capital and reserves shown in the Statement of Financial Position are EUR 316,903,000 (2019: EUR 158,917,000).

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

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

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

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

18. TRANSACTIONS WITH THE AIFM, INVESTMENT ADVISER AND RELATED PARTY TRANSACTIONS

AIFM fees for the year ended 31 December 2020 amounts to EUR 103,000 (2019: EUR 58,000). As at 31 December 2020, the fee outstanding to the AIFM was EUR 8,500 (2019: EUR 8,800). The AIFM, Company Secretary and Administrator are part of same PraxisIFM Group. The Company Secretary and Administrator fees for the year ended 31 December 2020 amounts to EUR 219,000 (2019: EUR 105,000) and the total fees paid to PraxisIFM Group amounts to EUR 322,000 (2019: EUR 163,000).

Fees payable to the Investment Adviser are shown in note 6. As at 31 December 2020, the fee outstanding to the Investment Adviser was EUR 594,816 (2019: EUR 300,417).

Fees are payable to the Directors, effective from appointment of the Directors on 8 April 2019, at an annual rate of EUR 75,000 to the Chairman, EUR 46,000 to the Chairman of the Audit Committee and EUR 41,000 to the other Directors.

During the year, the Company advanced share holder loans to HoldCo in the sum of EUR 174,046,000 (2019: EUR 67,581,000). The accrued interest and the shareholder loans outstanding at the year end was EUR 179,411,000 (2019: EUR 69,190,000).

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FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Ordinary shares At 31 December 2020	Ordinary shares At 31 December 2019
Ian Nolan	100,000	100,000
David MacLellan	75,000	75,000
Kenneth MacRitchie	50,000	50,000
Patricia Rodrigues	50,000	50,000

19. DISTRIBUTABLE RESERVES

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

The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed within these financial statements of EUR 308,000 as at 31 December 2020 (2019: EUR loss of 54,000).

20. COMMITMENTS AND CONTINGENCIES

As at 31 December 2020 the Company has below future investment obligations relating to two construction projects.

Project The Rock: The Rock is a 400.0 MW construction-phase wind energy project with an expected commissioning date in the fourth quarter of 2021. As of the balance sheet date, the Company provided construction finance of EUR 29.5 million with a total expected investment of EUR 40.0 million.

Project Albeniz: Albeniz is part of a cluster of four separate solar parks in various stages of development and construction. The portfolio is located in the south of Spain and is expected to be commissioned in the fourth quarter of 2021. As of the balance sheet date, the Company provided construction finance of EUR 17.2 million with a total expected investment of EUR 49.0 million.

21. UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATES

The following table shows subsidiaries of the Company. As the Company is regarded as an Investment Entity as referred to in note 2, these subsidiaries have not been consolidated in the preparation of the financial statements.

Subsidiary entity name	Effective ownership %	Investment	Country of incorporation	Profit/(loss) for the year ended 31 December 2020 (EUR million)	Profit/(loss) for the period ended 31 December 2019 (EUR million)	Total assets balances as at 31 December 2020 (EUR million)	Total assets balances as at 31 December 2019 (EUR million)	Registered address
Tesseract Holdings Limited	100.0	HoldCo Subsidiary entity, owns underlying SPV investments	United Kingdom	(4.0)	8.6	274.6	120.8	1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB
Holmen II Wind Park ApS	100.0	Subsidiary entity, owns investment in Holmen II	Denmark	0.5	1.3	25.4	26.9	Københavnsvej 81 4000 Roskilde, Denmark
Aalto Wind No 2 Ltd. Oy	100.0	Subsidiary entity, owns investment in Olhava	Finland	2.2	(0.3)	54.4	55.7	c/o Intertrust (Finland) Oy, Bulevardi 1, 6th floor, FI-00100 Helsinki, Finland Helsinki, Finland
Svindbaek Vindkraft HoldCo ApS	100.0	Subsidiary entity, owns investment in Svindbaek	Denmark	1.0	–	37.6	–	Gyngemose Parkvej 50, 2860 Søborg, Denmark
Svindbaek Vindkraft GP ApS	100.0	Subsidiary entity. General partner to Svindbaek Vindkraft HoldCo ApS	Denmark	0.01	–	0.01	–	Gyngemose Parkvej 50, 2860 Søborg, Denmark
Prettysource Lda	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	(0.1)	–	4.8	–	Avenida Fontes Pereira de Melo, n.º 14, 11.º floor, 1050 121 Lisbon
Astros Irreverentes Unipessoal Lda	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	(0.1)	–	4.8	–	Avenida Fontes Pereira de Melo, n.º 14, 11.º floor, 1050 121 Lisbon
Contrate o Sol Unipessoal Lda	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	(0.1)	–	2.6	–	Rua Filipe Folque, no. 10J, 2 Dto, 1050-113 Lisbon
Argeo Solar S.L.	100.0	Subsidiary entity, owns investment in Albeniz	Spain	(0.4)	–	5.8	–	Paseo de la Castellana 259D, 14S-15, Madrid, Spain
Vector Aioliki Desfinas S.A.	100.0	Subsidiary entity, owns investment in Desfina	Greece	(1.6)	–	60.5	–	49A Doukissis Plakentias Avenue, Chalandri, GR-152 34, Greece

The Company's investments in subsidiaries are held through HoldCo.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Associate entity name	Effective ownership %	Activity	Country of incorporation	Profit/(loss) for the year ended 31 December 2020 (EUR million)	Profit/(loss) for the year ended 31 December 2019 (EUR million)	Total assets balances as at 31 December 2020 (EUR million)	Total assets balances as at 31 December 2019 (EUR million	Registered address
Aquia Enlica, Lda	18.0	Associate entity, owns equity investment in Sagres	Portugal	6.1	9.5	90.2	92.3	Av. Fontes Pereira de Melo 14-11 1050-121 Lisboa Portugal
Midtfjellet Vindkraft AS	25.9	Associate entity, owns equity investment in Tesla	Norway	(3.1)	(0.7)	97.9	116.2	Midtfjellet Vindkraft AS, Sandvikvågvegen 45, N-5419 Fitjar, Norway

As disclosed in Note 4, the Company finances the HoldCo through a mix of shareholder loans and equity. The shareholder loans accrue interest at interest rates ranging between of 5.3% to 10.3%.

HoldCo finances its SPV investments through a mix of shareholder loans and equity. The shareholder loans accrue interest at interest rates ranging between 5.5% to 10.5%.

There are no restrictions on the ability of the Company's subsidiaries and associate's entities to transfer funds in the form of interest and dividends.

22. POST BALANCE SHEET EVENTS

On 1 April 2021, the Company entered into a Sale and Purchase Agreement to acquire 50.0% of the equity in an unlevered Portuguese solar operating asset ("Ourique") for EUR 30.1 million.

On 19 April 2021,the Company's wholly owned subsidiary, Tesseract Holdings Limited has reached contractual close in relation to a two year, EUR 40 million revolving credit facility ("RCF"). Lenders under the RCF include ING Bank N.V. and The Royal Bank of Scotland International Limited.

Other Information

ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Company presents alternative performance measures, ("APMs"), which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company. The APMs presented in this report are shown below:

Premium

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

		Page	31 December 2020	31 December 2019
NAV per Ordinary Share (cents)	a	1	99.96	102.75
Share price (cents)	b	1	106.50	107.80
Premium	(b÷a)-1		6.5%	4.9%

Ongoing charges

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

		Page	31 December 2020	31 December 2019
Average NAV (EUR '000)	a	n/a	222,632	154,567
Annualised expenses NAV (EUR '000)*	b	n/a	3,011	2,557
Ongoing charges	(b÷a)		1.35%	1.65%

** Consists of investment advisory fees of EUR 1,671,000 (2019: EUR 1,142,000) and other recurring expenses of EUR 1,340,000 (2019: EUR 1,415,000).*

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into the Ordinary Shares of the Company on the ex-dividend date.

As at 31 December 2020		Page	Share price	NAV
Opening at 1 January 2020 (cents)	a	1	107.80	102.75
Dividend adjustment (cents)	b	1	3.50	3.50
Closing at 31 December 2020 (cents)	c	1	106.50	99.96
Total return	((b+c)÷a)-1		2.0%	0.7%

As at 31 December 2019		Page	Share price	NAV
Opening at 6 June 2019 (cents)	a	1	100.00	98.00
Dividend adjustment (cents)	b	1	0.75	0.75
Closing at 31 December 2019 (cents)	c	1	107.80	102.75
Total return	((b+c)÷a)-1		8.6%	5.6%

Dividend cover

Dividend cover ratio calculation is based on net cash flows generated at the SPVs adjusted for the Company level expenses and dividends paid by the Company.

		Page	31 December 2020	31 December 2019
Net cash flow generated at the SPVs (EUR '000)	a	n/a	7,254	3,301
Dividend paid (EUR '000)	b	71	6,488	1,160
Dividend cover	a/b		1.1	2.8

Gross asset value

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

		Page	31 December 2020	31 December 2019
Ordinary Shares – NAV (EUR '000)	a	70	316,900	158,900
Debt at the SPV level (EUR '000)	b	n/a	113,000	85,000
Gross asset value (EUR '000)	a+b		429,900	243,900

Gearing ratio

As per the prospectus, the Company's gearing is calculated as total debt as a percentage of the gross asset value.

		Page	31 December 2020	31 December 2019
Gross asset value (EUR '000)	a	n/a	429,900	243,900
Debt at the SPV level (EUR '000)	b	n/a	113,000	85,000
Gearing ratio	b/a		26.3%	34.9%

n/a = not applicable.

GLOSSARY

AIC	Association of Investment Companies
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) Aquila European Renewables Income Fund Plc is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested.
Aquila Capital	Aquila Capital Investmentgesellschaft mbH (the "Investment Adviser")
the Company	Aquila European Renewables Income Fund Plc
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
EU	European Union
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	Company's gearing is calculated as total debt as a percentage of the gross asset value.
GWh	Gigawatt hour
The HoldCo	Tesseract Holdings Limited, the wholly owned Subsidiary of the Company.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
IPO	Initial Public Offering
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
Leverage	An alternative word for 'Gearing'. Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of a company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

MWh	Megawatt hour
Net assets or net asset value ("NAV")	An investment company's assets less its liabilities.
NAV per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).
Ongoing charges	A measure of the regular, recurring annual costs of running an investment company, expressed as a percentage of average net assets.
Ordinary Shares	The Company's Ordinary Shares in issue.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share.
PPAs	Power Purchase Agreements
PV	Photovoltaic
Resource factor	Availability of the applicable energy resource
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
SPV	Special Purpose Vehicle
Total return	A measure of performance that takes into account both income and capital returns. This may take into account capital gains, dividends, interests and other realised variables over a given period of time.

COMPANY INFORMATION

Directors (all non-executive)	Ian Nolan (Chair) David MacLellan Kenneth MacRitchie Patricia Rodrigues
Registered office	1st Floor, Senator House, Queen Victoria Street, London, England, EC4V 4AB
AIFM	International Fund Management Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
Investment Adviser	Aquila Capital Investmentgesellschaft mbH Valentinskamp 70 D-20355 Hamburg Germany
Sponsor and Bookrunner	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Joint Bookrunner	Van Lanschot Kempen Wealth Management N.V Beethovenstraat 300 1077 WZ Amsterdam The Netherlands
Administrator and Company Secretary	PraxisIFM Fund Services (UK) Limited 1st Floor, Senator House, Queen Victoria Street, London, England, EC4V 4AB
Registrar and Receiving Agent	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol BS13 8AE
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

**Registered in England and Wales No. 11932433*

NOTICE OF ANNUAL GENERAL MEETING

In line with the requirements of the Companies Act 2006, the Company will hold an Annual General Meeting of shareholders to consider the resolutions laid out in the Notice of Meeting below. There will be no presentation from the Investment Adviser and the sole business of the meeting will be to propose the resolutions set out.

In response to the current COVID-19 crisis, the UK Government has established stay at home measures prohibiting, amongst other things, public gatherings of more than two people. In light of these measures, the AGM will be run as a closed meeting and shareholders will not be able to attend in person. Shareholders attempting to attend the AGM will be refused entry.

The Board will make arrangements such that the legal requirements to hold the meeting can be satisfied through the attendance of two shareholders. The AGM will be held at the location, date and time as set out in the Notice of Meeting.

Shareholders should therefore vote by proxy. Given the restrictions on attendance, shareholders are encouraged to appoint the "Chairman of the Meeting" as their proxy rather than another person who will not be permitted to attend the meeting. Details of how to vote, either electronically, by proxy form or through CREST, can be found in the Notes to the Notice of AGM on pages 100 to 102.

The outcome of the resolutions will as usual be determined by shareholder vote based on the proxy votes received. All valid proxy appointments (whether submitted electronically or in hard copy form) will be included in the poll to be taken at the AGM. The results of the poll will be announced to the London Stock Exchange and placed on the Company's website, in the usual way, as soon as practicable after the conclusion of the AGM.

Shareholders can submit questions that they would have raised at the AGM, either for the Board or the Investment Manager, by sending an email to aquilacosec@PraxisIFM.com by the 7 June 2021. Answers to questions will be published on the Company's website in advance of the AGM.

This situation is constantly evolving, and the UK Government may change the current restrictions or implement further measures during the affected period. Shareholders should monitor the Company's website at https://www.aquila-european-renewables-income-fund.com and London Stock Exchange announcements for any updates regarding the AGM. Alternatively, shareholders can contact the Registrar, Computershare Investor Services PLC, for updated information (please see Notes to the Notice of AGM for the Registrar's contact details).

Notice is hereby given that the Annual General Meeting of Aquila European Renewables Income Fund Plc will be held at 2pm on 9 June 2021 at 1st Floor, Senator House, 85 Queen Victoria Street, London EC4V 4AB. for the following purposes:

To consider and if thought fit pass the following resolutions of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 14 will be proposed as special resolutions.

Ordinary resolutions

1. To receive the Company's Annual Report and Accounts for the year ended 31 December 2020, with the reports of the Directors and auditors thereon.

2. To approve the Directors' remuneration report for the year ended 31 December 2020.

3. To re-elect Ian Nolan as a Director of the Company.

4. To re-elect Patricia Rodrigues as a Director of the Company.

5. To re-elect David MacLellan as a Director of the Company.

6. To re-elect Kenneth MacRitchie as a Director of the Company.

7. To appoint PricewaterhouseCoopers as auditors to the Company.

8. To authorise the Directors to fix the remuneration of the auditors until the conclusion of the next Annual General Meeting of the Company.

9. To authorise the Directors to declare and pay all dividends of the Company as interim dividends.

10. That the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined in section 551 of the Companies Act 2006) up to an aggregate nominal amount equal to EUR 1,058,643.51 (representing 33.33 per cent. of the Company's issued share capital at the date of the notice of this meeting) PROVIDED THAT the Directors may not allot relevant securities of an aggregate nominal amount more than 33.33 per cent. of the nominal value of the issued share capital (excluding Treasury Shares) at the date of the Annual General Meeting and that this authority shall expire (unless previously varied, revoked or renewed by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2022 or, if earlier, on the expiry of 15 months from the passing of this resolution (the "section 551 period") but so that the Directors may, at any time prior to the expiry of the section 551 period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the section 551 period and the Directors may allot relevant securities in the pursuance of such an offer or agreement as if the authority granted by this resolution had not expired.

NOTICE OF ANNUAL GENERAL MEETING
CONTINUED

Special resolutions

11. That, subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed (the ''notice of meeting''), the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the ''Act'') to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting as if section 561 of the Act did not apply to any such allotment, provided that this power:

    (i) expires at the conclusion of the next annual general meeting of the Company or, if earlier, 15 months from the date this resolution is passed, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and

    (ii) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of EUR 317,624.81 (representing 10 per cent. of the Company's issued share capital at the date of the notice of this meeting).

This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words ''subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed (''the notice of meeting")'' and ''pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting'' were omitted.

12. That, in addition to the authority granted in resolution 11 and subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed (the ''notice of meeting''), the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the ''Act'') to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting as if section 561 of the Act did not apply to any such allotment, provided that this power:

    (i) expires at the conclusion of the next annual general meeting of the Company or, if earlier, 15 months from the date this resolution is passed, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and

    (ii) shall be limited to the allotment of equity securities for cash in connection with the Company's discount control mechanism up to an aggregate nominal amount of EUR 317,624.81 (representing 10 per cent of the Company's issued share capital at the date of the notice of this meeting).

This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words ''subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed (''the notice of meeting")'' and ''pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting'' were omitted.

13. That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1p each, provided that:

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 47,611,959 (representing 14.99 per cent of the Company's issued share capital at the date of the notice of this meeting);

    (b) the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1 cent;

    (c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of (i) 5 per cent above the average of the middle market quotations for the Ordinary Shares for the five business days immediately before the day on which it purchases that share and (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares; (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2022 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

14. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 days' notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

Registered Office:
For and on behalf of
1st Floor, Senator House, Queen Victoria Street,
London, England, EC4V 4AB

By order of the Board
Company Secretary
PraxisIFM Fund Services (UK) Limited
1st Floor, Senator House, Queen Victoria Street,
London, England, EC4V 4AB
19 April 2021

Notes to the notice of meeting

1. Holders of ordinary shares of one EUR each in the capital of the Company ("Shares") are normally entitled to attend, speak and vote at the Annual General Meeting, however there are currently restrictions on attendance as outlined above and the Annual General Meeting will be held virtually via video conference and Shareholders (other than those required to form the quorum for the Annual General Meeting) will not be permitted to attend. A Shareholder entitled to attend, speak and vote at the Annual General Meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the Annual General Meeting, however this is subject to the restrictions on attendance set out above. A proxy need not be a shareholder of the Company. However, in order for their vote to count, Shareholders should appoint the Chair of the meeting as their proxy. This is because of the closed nature of the Annual General Meeting described above, meaning that Shareholders and proxy appointments (other than the Chair of the meeting), will not be permitted to attend the meeting and will therefore be unable to vote. If multiple proxies are appointed, they must not be appointed in respect of the same Shares. To be effective, the enclosed form of proxy ("Form of Proxy"), together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 2.00 p.m. on 7 June 2021.

2. If you return more than one proxy appointment, either by paper or electronic communication, that validly received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

3. As an alternative to completing the Form of Proxy, shareholders can appoint a proxy electronically via the Registrar's online voting portal www.investorcentre.co.uk/eproxy. For an electronic proxy appointment to be valid, your appointment must be received by the Registrar no later than 2.00 p.m. on 7 June 2021. Given Shareholders will not be able to attend the Annual General Meeting, Shareholders are strongly encouraged to appoint the Chair of the Annual General Meeting as their proxy to vote on their behalf.

4. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 2.00 p.m. on 7 June 2021 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

5. The appointment of a proxy will not normally prevent a Shareholder from attending the Annual General Meeting, speaking and voting in person if he/she so wishes, however there are currently restrictions on attendance as set out on page 98. The Articles provide that (subject to certain exceptions) at the Annual General Meeting each Shareholder present in person or by proxy shall have one vote on a show of hands and on a poll every Shareholder present in person or by proxy shall have one vote for every Share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing by no later than 2.00 p.m. on 7 June 2021. Amended instructions must be received by the Registrar by the deadline for receipt of proxies. Where you have appointed a proxy using the Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact the Registrar's helpline on 0370 707 1346 (or +44 370 707 1346 from outside the UK). Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales).

6. To appoint more than one proxy, Shareholders will need to complete a separate Form of Proxy in relation to each appointment, stating clearly on each Form of Proxy the number of Shares in relation to which the proxy is appointed. A failure to specify the number of Shares to which each proxy appointment relates or specifying an aggregate number of Shares in excess of those held by the Shareholder will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. If you require additional Forms of Proxy, please contact the Registrar's helpline on 0370 707 1346 (or +44 370 707 1346 from outside the UK). Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). All Forms of Proxy must be signed and should be returned together in the same envelope if possible.

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holders (the first named being the most senior).

8. Only those Shareholders registered in the register of members of the Company as at 6.30 p.m. on 7 June 2021 (the "**specified time**") shall be entitled to vote at the Annual General Meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.30 p.m. on 7 June 2021 shall be disregarded in determining the rights of any person to vote at the Annual General Meeting. If the Annual General Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of Shareholders to vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the Annual General Meeting is adjourned for a longer period then, to be so entitled, Shareholders must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting, or if the Company gives notice of the adjourned meeting, at the time specified in that notice.

NOTICE OF ANNUAL GENERAL MEETING
CONTINUED

9. Shareholders who hold their Shares electronically may submit their votes through CREST. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com.

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by following the procedures described in the CREST manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual (available via www.euroclear.com). The message, in order to be valid, must be transmitted so as to be received by the Company's agent ID, 3RA50 by the latest time for receipt of proxy appointments specified in note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

13. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

15. A person to whom this Notice of Annual General Meeting is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in note 1 above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered Shareholders of the Company. Shareholders and Nominated Persons are reminded that there are restrictions on attendance at the Annual General Meeting, as set out on page 98 and are directed to the guidance on voting by proxy on page 100 and in these Notes.

16. As at 19 April 2021, the Company's issued share capital amounted to 317,624,813 Shares carrying one vote each. No Shares were held in treasury. Therefore, the total voting rights of the Company as at the date of this Notice of Annual General Meeting were 317,624,813.

17. Any corporation which is a Shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same Shares. However, before deciding to elect to appoint a corporate representatives, Shareholders should take note of the restrictions on attendance at the Annual General Meeting, as set out on page 98. Corporate shareholders may also appoint one or more proxies in accordance with note 1.

18. Any question relevant to the business of the Annual General Meeting may normally be asked at the meeting by anyone permitted to speak at the meeting. As the Annual General Meeting will be held as a closed meeting as set out on page 98, please submit your questions in advance by email to AquilaCosec@PraxisIFM.com by the close of business on 7 June 2021. The Company must answer any question asked by a Shareholder relating to the business being dealt with at the meeting unless:

    (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

    (b) the answer has already been given on a website in the form of an answer to a question; or

    (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

19. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chair of the meeting as his/her proxy is to ensure that both he/she and his/her proxy comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules. Shareholders are directed to the guidance on voting by proxy set out in the Annual Report and in these Notes.

20. This Notice of Annual General Meeting, the information required by section 311A of the Companies Act 2006 and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of Annual General Meeting, will be available on the Company's website at https://www.aquila-european-renewables-income-fund.com.

21. Shareholders may not use any electronic address provided either in the Notice of Annual General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

DESIGNED AND PRINTED BY PERIVAN

Read more about our commitment to sustainability
www.aquila-capital.de/esg/

For more information please contact:

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20355 Hamburg
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A publication of Aquila Capital Investmentgesellschaft mbH. As at 31.12.2020.