AQUILA EUROPEAN RENEWABLES PLC

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Svindbaek, Denmark

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Tesla, Norway

Diversified Portfolio

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Update on Initiatives

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Market Commentary and Outlook

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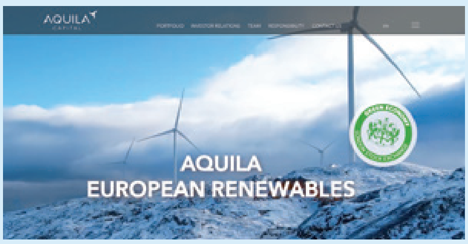
For more information please visit our website

www.aquila-european-renewables.com



INVESTMENT OBJECTIVE

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

Direct Asset Exposure to Wind Energy, Solar PV and Hydropower

Read more on pages 5 to 6

European Focused (Ex-UK)

Read more on page 7

Contracted Revenues

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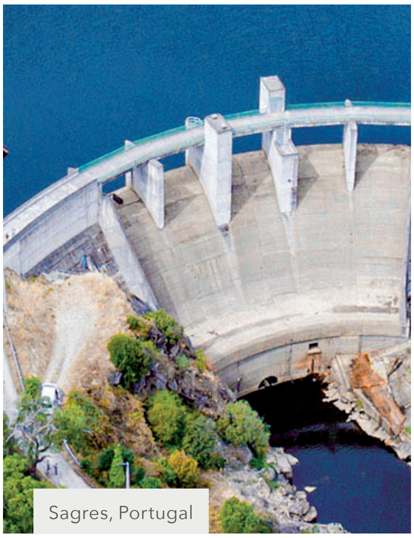
Wind energy

Tesla, Norway

Solar PV

Tiza, Spain

Hydropower



Sagres, Portugal

HIGHLIGHTS

Financial Information
as at 31 December 2023

Net assets (EUR million)	NAV per Ordinary Share (cents)[1]	Total NAV return per Ordinary Share[1,2]
372.5	**98.5**	**(6.0%)**
2022: 451.7	2022: 110.6	2022: 12.9%

Dividends per Ordinary Share (cents)[3]	Ordinary Share price (cents)	Dividend yield[5]
5.51	**78.5**	**7.4%**
2022: 5.25	2022: 92.3	2022: 5.7%

Dividend cover[1,6]	Ordinary Share price discount to NAV[1]	Ongoing charges[1,4]
1.1x	**(20.3%)**	**1.1%**
2022: 1.4x	2022: (16.6%)	2022: 1.1%

Ourique, Portugal

1. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on page 111. All references to cents are in euros, unless stated otherwise.
2. Calculation based on NAV per Ordinary Share in euros, includes dividends and assumes no reinvestment of dividends.
3. Dividends paid/payable and declared relating to the period.
4. Calculation based on average NAV over the period and regular recurring annual operating costs of the Company, further details can be found on page 111.
5. Dividend yield is calculated by dividing the target dividend of 5.79 cents per Ordinary Share for 2024 by the market share price as at 31 December 2023.
6. Calculation based on the operational result at special purpose vehicle ("SPV") level. Refer to page 20 for further details.

Highlights

Dividend cover of 1.1x (1.6x before debt amortisation). Robust dividend cover of 1.3x expected over the next five years[1].

2024 target dividend guidance of 5.79 cents (5.0% increase on 2023)[2].

Attractive dividend yield of 7.4%[3].

EUR 49.0 million of capital returned to shareholders in the form of dividends and share buybacks over 2023, reducing total Ordinary Shares in issue by 7.4%.

Active portfolio management delivered 4.6 cents per Ordinary Share in valuation uplift.

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

Completion of 154.8 MW of construction assets, resulting in a fully operational portfolio.

On 1 September 2023, Myrtle Dawes was appointed as an additional Board member of the Company. Ms Dawes has over 30 years of experience in the energy sector.

In October 2023, the Company completed a secondary listing on the Euronext Growth Dublin stock exchange, further enhancing its marketability in Europe.

In December 2023, the Board responded to the receipt of unsolicited proposals from Octopus Renewables Infrastructure Trust plc ("ORIT") in relation to a possible combination under section 110 of the Insolvency Act 1986 and confirmed it would consider the combination proposed by ORIT as part of a review of broader options already underway.

Members of the Board of Directors and the Investment Adviser acquired AER Ordinary Shares.

Subsequent Events

On 11 January 2024, AER entered into a EUR 50 million[4] five-year debt facility with ING Bank N.V. Sucursal en España, secured by its 180 MWp Spanish solar PV operating portfolio. Net proceeds were used to repay part of the Revolving Credit Facility ("RCF").

On 15 January 2024, the Company's inaugural ESG Report was released on the Company's website, highlighting key metrics, environmental and social initiatives.

On 18 January 2024, the Investment Adviser, Aquila Capital, announced a strategic partnership with Commerzbank AG aimed at significantly accelerating its growth into one of the leading asset managers for sustainable investment strategies in Europe[5].

1. Dividend cover presented is net of project debt repayments, excludes the impact of any future share buybacks and assumes the 2024 target dividend is paid in 2024 to 2028. No re-investment of surplus cash flow or interest received is assumed. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns.
2. Subject to the portfolio performing in line with expectations. These are targets only and not forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns.
3. Dividend yield is calculated by dividing the target dividend of 5.79 cents per Ordinary Share for 2024 by the market share price as at 31 December 2023.
4. Excludes any ancillary debt facilities (debt service reserve and letter of credit facilities). Refer to page 22 for more details.
5. Refer to page 13 for more details.

OVERVIEW

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

Market Opportunity

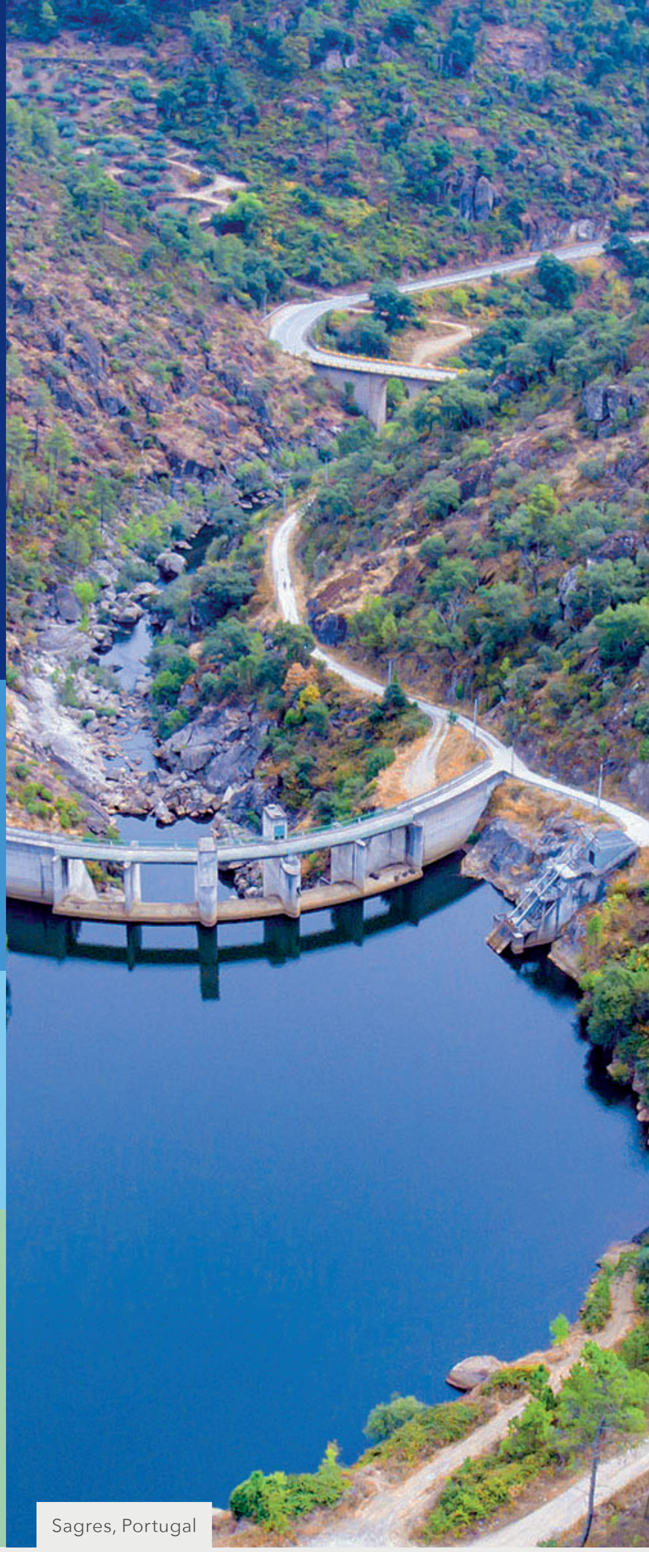
- Participation in Europe's clean energy transition.
- Highly experienced Investment Adviser:
  - Managing a **25.7 GW** clean energy portfolio[1].
  - **EUR 24.8 billion** development and construction pipeline[1].
- 2030 Aquila Capital target of avoiding **1.5 billion** tonnes of CO_2 during its lifetime[2].

Positioning

- European focused (excl. UK), diversified by geography and technology.
- Strong dividend cover supported by contracted revenues (PPAs, Government regulated tariffs) to ensure earnings visibility and a diversified operating portfolio.
- Modest gearing levels (approx. **34.3%**) provides flexibility[3].

Returns

- Target investment return of **6.0%** to **7.5%**, net of fees and expenses, over the longer term.
- Portfolio levered discount rate of **7.2%** excluding fund level leverage[4].
- Trading at a **20.3%** discount to NAV[5].
- Disciplined capital allocation: **EUR 27.8 million**[6] returned in share buybacks over 2023.
- Attractive dividend yield of **7.4%**[7].
- NAV total return since IPO of **20.8%**[8].

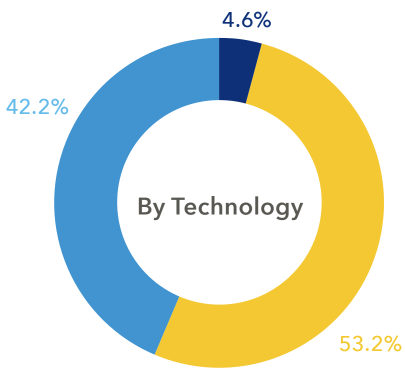


Sagres, Portugal

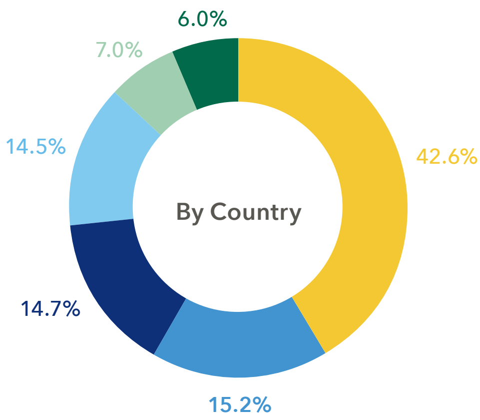
1. Data as at 31 December 2023, including historical divestments.
2. According to the 'GHG Accounting for Grid Connected Renewable Energy Projects' of the 'International Financial Institution's Technical Working Group on Greenhouse Gas Accounting', the feed-in of electricity produced by renewable energies leads to a theoretical avoidance of CO2 emissions from fossil fuels, available at: **link**.
3. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on pages 111 to 113. All references to cents are in euros, unless stated otherwise.
4. Fund level leverage assumes drawn RCF debt of EUR 74.7 million. Discount rate excludes the impact of the solar PV financing which closed in January 2024.
5. Based on the share price as at 31 December 2023 (78.5 cents) and the NAV per Ordinary Share as at 31 December 2023 (98.5 cents).
6. Excluding fees and stamp duty.
7. Dividend yield is calculated by dividing the target dividend of 5.79 cents per Ordinary Share for 2024 by the market share price as at 31 December 2023.
8. Based on an opening NAV after launch expenses of EUR 0.98 per Ordinary Share. Calculation includes dividends paid during the period.

AT A GLANCE

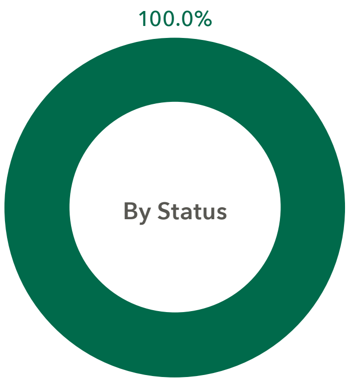
Portfolio Breakdown[1]



- Wind energy
- Solar PV
- Hydropower



- Portugal
- Norway
- Denmark
- Finland
- Spain
- Greece

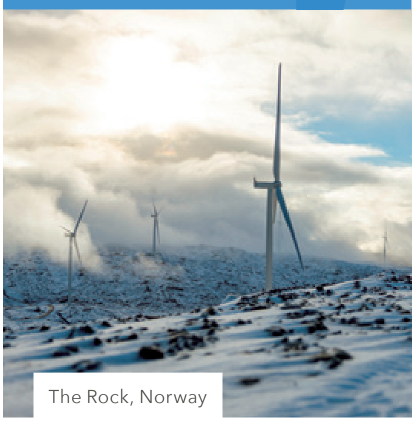


- Operating

Diversified Technologies

Wind energy
213.7 MW

Four
countries


The Rock, Norway

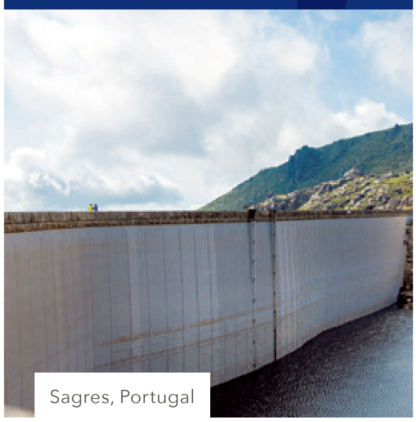
Solar PV
230.7 MWp

Two
countries


Tiza, Spain

Hydropower
19.4 MW

One
country


Sagres, Portugal

1. Based on fair values as at 31 December 2023. Totals may not add up to 100.0% due to rounding differences.

AT A GLANCE CONTINUED

As a result of the diversification of energy generation technologies, the seasonal production patterns of these asset types complement each other, providing a balanced cash flow profile, while the geographic diversification serves to reduce exposure to any one single energy market.

Wind energy | 213.7 MW

TESLA
150.0 MW
Ownership: 25.9%

HOLMEN II
18.0 MW
Ownership: 100.0%

OLHAVA
34.6 MW
Ownership: 100.0%

SVINDBAEK
32.0 MW
Ownership: 99.9%

THE ROCK
400.0 MW
Ownership: 13.7%

DESFINA
40.0 MW
Ownership: 89.0%[1]

Solar PV | 230.7 MWp

BENFICA III
19.7 MWp
Ownership: 100.0%

ALBENIZ
50.0 MWp
Ownership: 100.0%

OURIQUE
62.1 MWp
Ownership: 50.0%

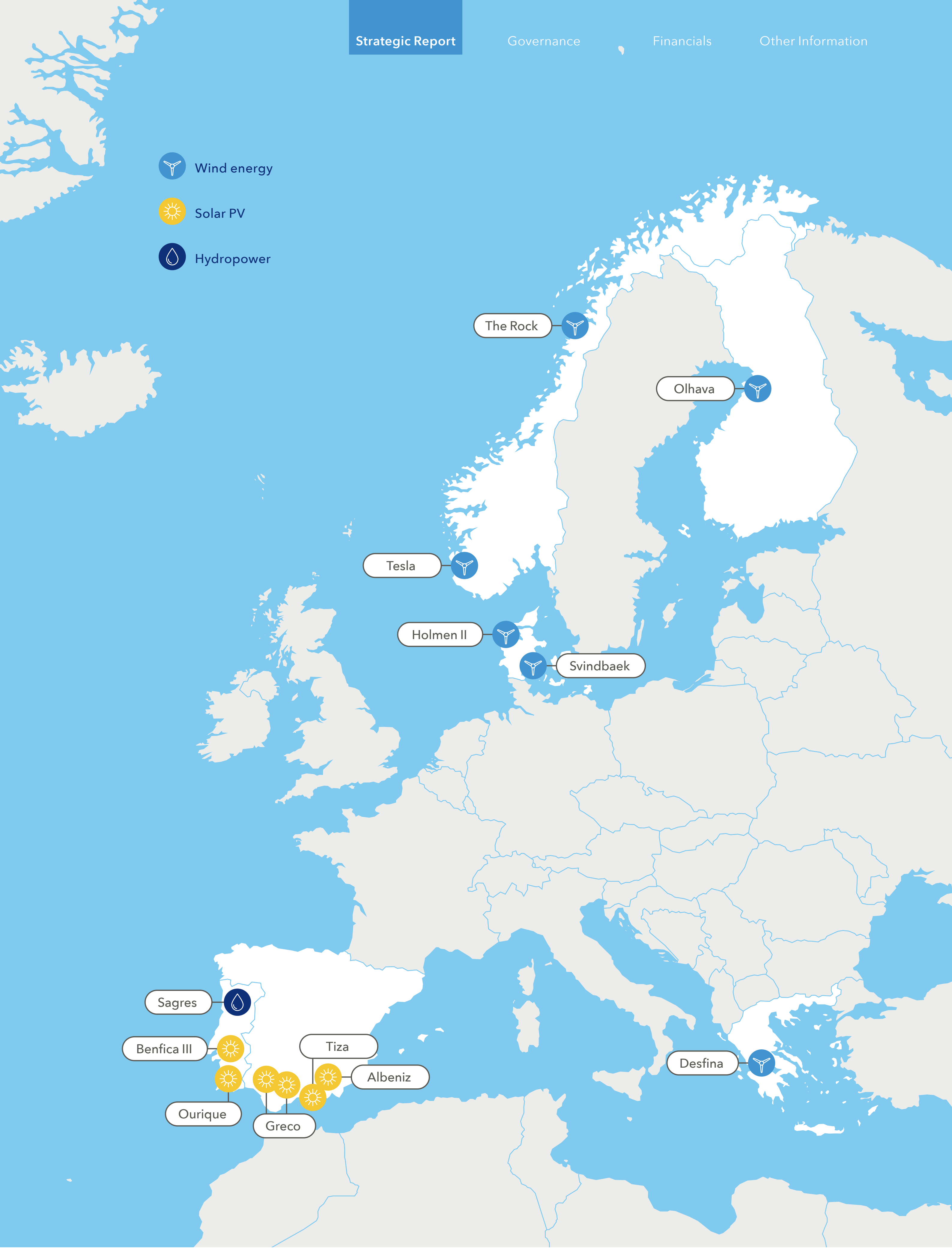
GRECO
100.0 MWp
Ownership: 100.0%

TIZA
30.0 MWp
Ownership: 100.0%

Hydropower | 19.4 MW

SAGRES
107.6 MW
Ownership: 18.0%

1. Voting interest. Economic interest: 91.5%.


Wind energy
Solar PV
Hydropower
The Rock
Olhava
Tesla
Holmen II
Svindbaek
Sagres
Benfica III
Tiza
Albeniz
Ourique
Greco
Desfina

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Aquila European Renewables Plc, our fourth full set of accounts since listing.

Ian Nolan | Chairman

Introduction

Despite a challenging macro-economic environment, marked by a convergence of high inflation, substantial interest rate increases, supply chain disruptions and falling commodity and electricity prices, the Company's diversified operating portfolio continued to deliver strong cash flows to cover a progressive dividend.

Nonetheless, the deteriorating macro-economic conditions in 2023 widened the Company's share price discount to NAV, a problem that is shared by our peer group of renewable energy investment trusts. Against this backdrop, in May 2023, the Board and the Investment Adviser commenced a series of initiatives designed to secure greater appreciation of the value inherent in the portfolio. Since then, I am pleased to note that AER has made significant progress in implementing many of these initiatives.

Key Initiatives

One of the initiatives outlined in May 2023 was a further programme of share buybacks, where the Company was able to return EUR 27.8 million[1] to shareholders at an average price of 92.3 cents per Ordinary Share, representing an average discount of 15.8%, reducing total Ordinary Shares in issue by 7.4% and resulting in NAV accretion of 1.4 cents per share. The implementation of this programme is a sign of our confidence in the underlying value of the existing portfolio and recognition that buying back at a discount offered a better return on capital than was achievable on new investment opportunities in 2023, whilst also providing additional short-term liquidity to investors. Share buybacks continue to remain a tactical, rather than a strategic, response to the Company's valuation discount, given the timing of a rebound in sector share prices remains unknown.

On 2 October 2023, AER was admitted to trading on the Euronext Growth Dublin stock exchange, achieving another key initiative of securing a secondary listing. Under the ticker AERI, the listing is intended to further enhance the Company's marketability in Europe, given its euro currency denomination and European-focused investment strategy.

Another key objective was the rollout of asset life extensions following the completion of due diligence by the Company's advisers across the portfolio[2], resulting in a NAV uplift of 4.6 cents per Ordinary Share during the reporting period. The average asset, life assumptions for the solar portfolio were increased from 30 years to 40 years, and those of the wind portfolio from 25 years to an average of 28 years, in line with industry standards and a reflection of the quality of the asset portfolio.

Subsequent to the year end, the Company, via its wholly owned subsidiaries, also secured a EUR 50.0 million five-year debt financing for its 180 MWp unlevered Spanish solar PV operating portfolio. We are pleased the debt financing was secured at attractive terms, with an all-in interest rate below that of the existing RCF. Net proceeds from the debt financing, which was drawn in January 2024, were used to repay the RCF, resulting in available capacity under the RCF of circa EUR 68.2 million (current facility limit: EUR 100.0 million). Consequently, the Company's overall gearing level remains unchanged at approximately 34.3% of its GAV[3].

Notwithstanding the progress achieved with these initiatives, the share price continues to trade at a significant discount to NAV. Your Board has previously announced that it was committed to reviewing broader options if the underlying value of the portfolio failed to be reflected in the share price.

1. Excluding fees and stamp duty.
2. Refer to page 22 for more details.
3. Refer to page 24 for more details.

In December 2023, the Board responded to the receipt of unsolicited proposals from Octopus Renewables Infrastructure Trust plc ("ORIT") in relation to a possible combination under section 110 of the Insolvency Act 1986 and confirmed it would consider the combination proposed by ORIT as part of a review of broader options which was already underway.

In support of the Board's evaluation of options for the future of the Company, I have had the opportunity to engage with a number of our shareholders. Whilst feedback in relation to the quality of the portfolio and the Investment Adviser has been positive, a number of shareholders feel that the status quo is undesirable in the current macro environment, as the Company is limited in its ability to grow and improve the underlying liquidity of its shares.

The Board's review of broader options, including consideration of a variety of proposals that have been received for a combination with the Company under section 110 of the Insolvency Act 1986, is underway and it expects to be able to update shareholders regarding progress before the end of June 2024.

Performance

During the reporting period, total revenue was below budget due to declining short-term electricity spot market prices across most of the portfolio's markets, reflecting the fall in commodity prices, lower demand due to milder-than-expected temperatures in Europe and elevated filling levels of gas storage reservoirs. The portfolio's production was 9.4% below budget, primarily as a result of below-average wind speeds in the Nordics, despite the Company's solar PV and hydropower assets performing in line with or above expectations during the period.

The dividend paid in 2023 amounted to EUR 21.2 million and was fully covered at 1.1x. When combined with the EUR 27.8 million[1] share buyback, the Company has returned EUR 49.0 million to shareholders over 2023. Since the IPO in June 2019, the Company has returned EUR 94.9 million to shareholders in the form of dividends and share buybacks. The Company's NAV per Ordinary Share was 98.5 cents as at 31 December 2023, resulting in a total NAV return per Ordinary Share of -6.0%, including dividends during the period. Movement in the NAV was primarily the result of a combination of the development of power price curves, buybacks and the introduction of the resource rent tax ("RRT") in Norway[2]. AER's annualised total NAV return per Ordinary Share (including dividends paid) from IPO to 31 December 2023 was 4.3%.

In 2024, the Board set a target dividend of 5.79 cents per Ordinary Share, equivalent to a 5.0% increase compared to the dividend target set for 2023, on the basis that the operating performance and cash flow of the Company is in line with expectations. The target dividend is expected to be fully covered.

ESG

The Company contributes to the UN Sustainable Development Goals to ensure access to affordable, reliable, sustainable and modern energy for all. In October 2023, we announced our third GRESB (Global Real Estate Sustainability Benchmark) assessment results for the year, with a score of 92 out of 100, representing an improvement compared with last year's result, which is also higher than the GRESB average of 88 points amongst the Company's peer group. The Company's GRESB rating also increased from three out of five stars to four out of five stars as a result of improvements in categories such as ESG reporting, risk management and stakeholder engagement. We look forward to keeping shareholders updated on further progress throughout the year.

The Board was pleased to release the Company's inaugural ESG Report in January 2024, highlighting key metrics, environmental and social initiatives that illustrate the breadth of action that the Company has taken across its portfolio. Full details of the Company's approach to combatting climate change, enhancing biodiversity of flora and fauna, boosting regional and local community engagement, ensuring sustainable supply chain management and best-practice labour standards, as well as other environmental and social topics, can be found in this dedicated report.

Director Appointment

As announced in this year's Interim Results, Myrtle Dawes joined the Board of Directors on 1 September 2023 as our newest non-executive Director, serving as a member of the Remuneration and Nomination Committee and the Audit and Risk Committee. Ms Dawes, a chartered chemical engineer, has over 30 years' experience in the energy sector, both in the UK and overseas, covering leadership roles in engineering, project management, technology and digital transformation. Currently, she is CEO of the Net Zero Technology Centre and a non-executive Director at FirstGroup plc.

Investment Adviser

The Board is pleased to note the Investment Adviser announced a strategic partnership with Commerzbank AG on 18 January 2024 aimed at significantly accelerating the Investment Adviser's growth into one of the leading asset managers for sustainable investment strategies in Europe[3].

Post the year end, Lars Meisinger, Head of International Sales and Business Development, has left the Investment Adviser to take up a senior role in the property sector; his duties have been reassigned internally and the Board would like to thank him for his service.

1. Excluding fees and stamp duty.
2. Refer to pages 26 to 29 for more details.
3. Refer to page 13 for more details.

CHAIRMAN'S STATEMENT CONTINUED

Regulatory Changes

2023 saw sustained efforts from the European Union ("EU") to accelerate the deployment of renewables, with an agreement to reform the bloc's electricity market design, plans to enhance the competitiveness of the Eurozone's wind industry, the raising of renewable energy targets for 2030 to 42.5% of the overall electricity mix, the Net Zero Industry Act for EU manufacturing and continued emphasis on the implementation of ten-year National Energy and Climate Plans ("NECPs") by all member states.

It is expected that these proposals will incentivise further expansion of renewables in Europe. As the EU pursues its goal of energy independence and its net zero targets, we remain optimistic for the future of the sector and see further opportunities for investment as more renewable energy infrastructure developers ramp up capital recycling programmes.

In contrast to the EU's pro-renewables policies, the Norwegian Parliament passed a series of legislative changes to taxes applicable to existing and new onshore wind farms, effective from 1 January 2024, including a resource rent tax of 25% on all onshore wind farms, which was disappointing from an environmental perspective. These tax changes were reflected in the fourth quarter valuations of the Company's Norwegian wind farms, The Rock and Tesla[1]. Note the analyst power price forecasts used to support the Q4 valuations of The Rock and Tesla do not include any potential impact of Norway's resource rent tax on the country's medium and long-term power price forecasts, which may need to reflect the likely outcome of the tax on future build-out of much-needed renewable energy capacity in the country.

Outlook

We expect the macro-economic environment for 2024 to benefit from several positive cyclical catalysts, with the core assumption being that inflation in the European Union will continue to recede in the coming months. The easing of significant price increases across the board witnessed in 2022 and 2023 should lead to a further fall in inflation towards the European Central Bank's inflation target of 2.0%. However, many trends including ageing demographics in the labour market, de-globalisation, energy shortages, disrupted supply chains, and higher defence spending as a result of the continued conflict in Ukraine, will ensure that inflation remains elevated compared to the last decade. Against this backdrop, in the absence of any exogenous events that could derail assumptions on inflation or the global economic situation, the market consensus is that central banks should begin to cut interest rates this year, reversing the steepest tightening cycle in over 40 years. Lower interest rates have the effect of reducing the discount rate applied to the DCF valuation of assets, thus increasing value – all other things being equal.

The past year also saw accelerated European and national deployment plans for renewables across most countries the Company is invested in, as governments recognise the urgency of renewable energy developments as a source of energy security and environmental progress, while also signalling increased stability and visibility over the regulatory landscape. Combined with a more favourable interest rate outlook, we expect this to bode well for the renewable energy sector.

Your feedback as shareholders is highly valued and we hope our actions since the Annual General Meeting ("AGM") in June 2023, including the announced review of broader options, demonstrate we are listening and will continue to act decisively in the interests of all shareholders. Finally, following the inaugural continuation vote put to shareholders at the last AGM, your Board committed to providing shareholders, notwithstanding the outcome of the ongoing review of broader options, with a further opportunity to vote on the future of the Company by September 2024.

Ian Nolan
Chairman

24 April 2024

1. Refer to pages 29 and 32 for more details on key regulatory changes.

Tiza, Spain

INVESTMENT ADVISER'S REPORT

Leader in Investment and Asset Management in European Renewables

What's in this Section

Overall CO_2e emissions avoided[2]

2.4 million tonnes

Clean energy produced[2]

8.2 TWh

Households supplied[2]

2.3 million

Olhava, Finland

1. Figures presented in this section refer to Aquila Group.
2. Data as at 31 December 2023 for the year 2023, based on current portfolio of the Aquila Group. For details on the methodology for avoided emissions, refer to: **link**.
3. Data as at 31 December 2023, including historical divestments.

Investment Adviser Background[1]

Aquila Capital Investmentgesellschaft mbH ('Aquila Capital') is one of the leading investment and industrial development company, managing over EUR 14.6 billion on behalf of institutional investors worldwide and running one of the largest clean energy portfolios in Europe. Over the past two decades, Aquila Capital and its subsidiaries have committed themselves to supporting the clean energy transition and creating a more sustainable world. As at 31 December 2023, the Investment Adviser manages wind energy, solar PV, hydropower energy and battery storage assets with a capacity of approximately 25.7 GW[3]. Additionally, it has projects in sustainable real estate and green logistics, either completed or under development. Aquila Capital also invests in energy efficiency, carbon forestry and data centres.

The Investment Adviser's expert investment teams comprise 750 employees worldwide. Moreover, the strategic partnership entered into in 2019 with Japan's Daiwa Energy & Infrastructure draws on its sector networks and experience to screen, develop, finance, manage and operate investments along the entire value chain. As this business model requires local management teams, Aquila Capital is represented across 19 investment offices. The Investment Adviser currently has a significant pipeline of over 17.5 GW[3] of development and construction assets in the EMEA region, primarily in solar PV located in southern Europe. This represents an attractive source of growth opportunities for AER.

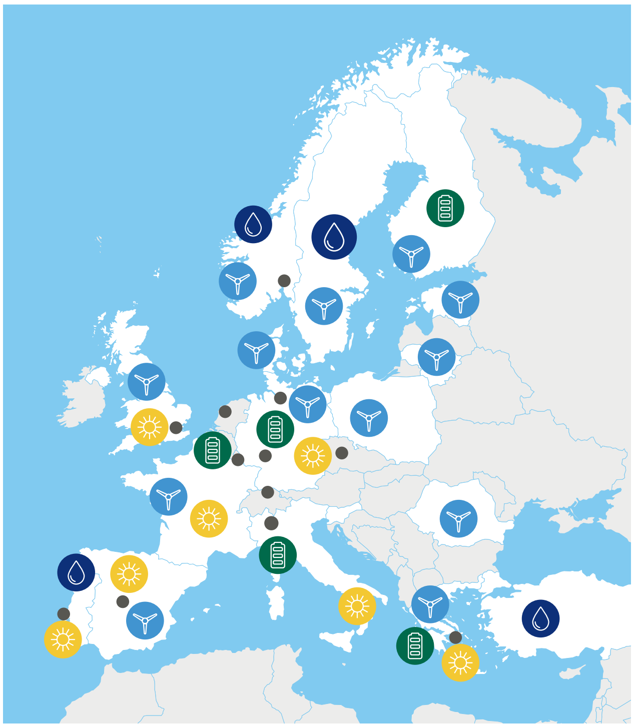
Aquila Capital's in-house Markets Management Group ("MMG"), a team of experts dedicated to sourcing and structuring Power Purchase Agreements ("PPAs"), market analysis, trading, origination, FX, interest rates and other hedging products, has facilitated the Company's proactive approach to hedging and risk management. Since its inception, the team has structured, negotiated and put in place more than 32 PPAs and has created an extensive network of offtakers, being recognised as one of the most important players in the European landscape. The ultimate aim is to secure stable revenues whilst always ensuring the best possible risk-adjusted return. MMG also supports the rest of the teams within Aquila by providing market insights, analysis, research and regulatory knowledge. It also undertakes regular reporting on market evolution and events and ad hoc research to identify emerging market trends.

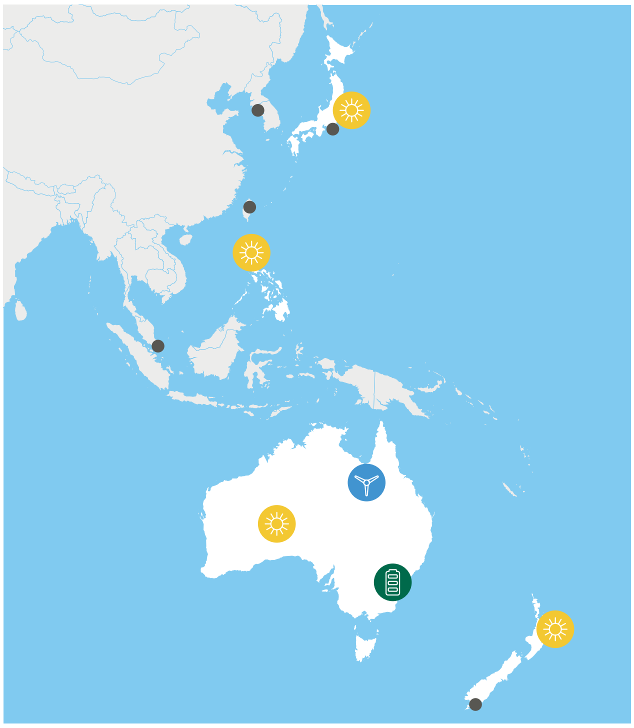
The Company's Alternative Investment Fund Manager ("AIFM"), FundRock Management Company (Guernsey) Limited, has appointed Aquila Capital as its Investment Adviser for the Company. Aquila Capital's key responsibilities are to originate, analyse and assess suitable renewable energy infrastructure investments and advise the AIFM accordingly, as well as to provide Asset Management services.

The Investment Adviser announced a strategic partnership with Commerzbank AG on 18 January 2024 aimed at significantly accelerating the Investment Adviser's growth into one of the leading asset managers for sustainable investment strategies in Europe. Commerzbank is a major listed European banking institution serving a diverse client base of around 26,000 corporate client groups and nearly 11 million private and corporate clients, with a global presence in more than 40 countries. As part of this partnership, Commerzbank will acquire a 74.9% stake in the Investment Adviser, whilst ensuring the continued managerial independence of the Investment Adviser, which will remain autonomous in terms of operations, investment decisions, product development and brand representation. The parent company of the Investment Adviser, Aquila Group, will remain engaged as a shareholder with its remaining 25.1% shareholding. The existing Asset Management team responsible for AER will remain unchanged. The transaction is subject to the required regulatory approvals and is expected to close in the second quarter of 2024[1]. Post the year end, Lars Meisinger, Head of International Sales and Business Development, has left the Company to take up a senior role in the property sector. His duties have been reassigned internally and the Company thanks him for his service.

Current Renewables Portfolio of Aquila Group[2]:

Portfolio Capacity[3]





Wind energy	Solar PV	Hydropower	Energy storage systems	19 Offices
4,702 MW 1,010 WTGs	15,733 MWp 370 PV parks	1,050 MW 295 plants	4,190 MW 15 projects	

1. Aquila Capital, 'Aquila Capital Investmentgesellschaft and Commerzbank join forces: Aim to create a leading European asset manager for sustainable investment strategies' (2024), available at: **link**.
2. 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.
3. Data as at 31 December 2023, including historical divestments.

INVESTMENT ADVISER'S REPORT CONTINUED

Investment Portfolio

Project	Country	Capacity[1]	Status	COD[2]	Asset Life from COD[2]	Equipment Manufacturer	Energy Offtaker[3]	Offtaker	Ownership in Asset	Leverage[4]	Acquisition Date
Wind Energy											
Tesla	Norway	150.0 MW	Operational	2013, 2018	25y	Nordex	PPA	Statkraft	25.9%[6]	24.2%	Jul-19
Holmen II	Denmark	18.0 MW	Operational	2018	25y	Vestas	FiP	Energie.dk	100.0%	30.7%	Jul-19
Olhava	Finland	34.6 MW	Operational	2013-2015	30y	Vestas	FiT	Finnish Energy	100.0%	31.8%	Sep-19
Svindbaek	Denmark	32.0 MW	Operational	2018	29y	Siemens	FiP	Energie.dk	99.9%	15.7%	Dec-19 & Mar-20
The Rock	Norway	400.0 MW	Operational	2022	30y	Nordex	PPA	Alcoa	13.7%[6]	52.8%	Jun-20
Desfina	Greece	40.0 MW	Operational	2020	25y	Enercon	FiP	DAPEEP	89.0%[7]	53.9%[8]	Dec-20
Solar PV											
Benfica III	Portugal	19.7 MW	Operational	2017, 2020	40y	AstroNova	PPA	Axpo	100.0%	0.0%	Oct-20
Albeniz	Spain	50.0 MW	Operational	2022	40y	Canadian Solar	PPA	Statkraft	100.0%	0.0%	Dec-20
Ourique	Portugal	62.1 MW	Operational	2019	40y	Suntec	CfD	ENI	50.0%[6]	0.0%	Jun-21
Greco	Spain	100.0 MW	Operational	2023	40y	Jinko	PPA	Statkraft	100.0%	0.0%	Mar-22
Tiza	Spain	30.0 MW	Operational	2022	40y	Canadian Solar	PPA	Axpo	100.0%	0.0%	Jun-22
Hydropower											
Sagres	Portugal	107.6 MW	Operational	1951-2006	n.a.[5]	Various	FiT	EDP/Renta	18.0%[6]	22.9%	Jul-19
Total (AER Share)	**463.8 MW**										

1. Installed capacity at 100% ownership.
2. COD = Commissioning date.
3. PPA = Power Purchase Agreement, FiT = Feed-in tariff. FiP = Feed-in premium, CfD = Contract for Difference. Further information on the contracted revenue position can be found on page 17.
4. Leverage level calculated as a percentage of debt plus fair value as at 31 December 2023. Leverage figures exclude the solar PV debt financing which closed in January 2024.
5. 21 individual assets. Approximately ten years remaining asset life when calculated using net full load years.
6. Majority of remaining shares are held by entities managed and/or advised by Aquila Capital.
7. Represents voting interest. Economic interest is approximately 91.5%.
8. Calculation based on voting interest.


Sagres, Portugal

Portfolio Updates as at 31 December 2023

154.8 MW[1] of construction projects completed in 2023

The Rock

Country:	Norway
Date acquired:	June 2020
Status:	Operational
Capacity:	400.0 MW
Interest:	13.7%


The Rock, Norway

In March 2023, a takeover under the Engineering, Procurement and Construction ("EPC") management agreement was achieved, representing the final milestone for completion of the project. The asset has been in production since November 2022 and provides Alcoa's aluminium smelter in Mosjøen with renewable energy under a 14-year PPA. Alcoa's aluminium smelter is a key contributor to employment and growth in Mosjøen.

As of January 2024, The Rock's anti-icing system has been operational at 69 out of 72 turbines. The anti-icing system of the remaining three turbines is expected to be installed before the next winter season commences.

The Sami appraisal case is expected to be heard before the Helgeland District Court on 27 May 2024. In March 2024, the Norwegian Ministry of Energy made a final decision with regard to the mitigating measures for The Rock that must be undertaken by the project company to facilitate reindeer migration. Further details of the mitigating measures can be found in the Company's Regulatory News Service issued on 22 March 2024. The Ministry noted in its decision that for several seasons, reindeer have been migrated through the site during the operational phase of The Rock, supporting the Ministry's view that (i) the migration path cannot be considered closed; and (ii) the implementation of mitigating measures will have a positive contribution to the migration of reindeer through the site.

The Investment Adviser welcomes the decision by the Ministry, which it believes will be an important factor in the upcoming appraisal case. As communicated with shareholders previously, Eolus, the developer of The Rock, remains responsible for handling the appraisal case and for the economic impact on the project company associated with the outcome of that case, as well as the economic impact associated with the mitigation measures noted above. The Company will continue to keep shareholders updated regarding any key developments.

The project company, the developer and the turbine supplier continue to be involved in an arbitration process to settle outstanding claims related to construction delays and extensions of time under the turbine supply agreement. The project company does not expect the arbitration case to negatively affect its financial position. A ruling on this arbitration case is expected in the fourth quarter of 2024.

Jaén and Guillena

Country:	Spain
Date acquired:	March 2022
Status:	Operational
Capacity:	100.0 MWp
Interest:	100.0%


Jaén, Spain

A key milestone has been the commissioning of Guillena, the second solar PV asset of the Greco portfolio, in April 2023. The first asset, Jaén, has been operational since November 2022. Both assets received their Provisional Acceptance Certificate ("PAC") in 2023, representing the final milestone for completion. Both Jaén and Guillena benefit from long-term PPAs signed during favourable market conditions in 2022. The contracts commenced in April 2023 and August 2023, respectively.

Completion of Guillena and The Rock has resulted in a valuation uplift of 3.7% (EUR 5.3 million, 1.4 cents per Ordinary Share) versus cost as at 31 December 2023[2]. Following the completion of this project, the Company has no further construction projects within its portfolio.

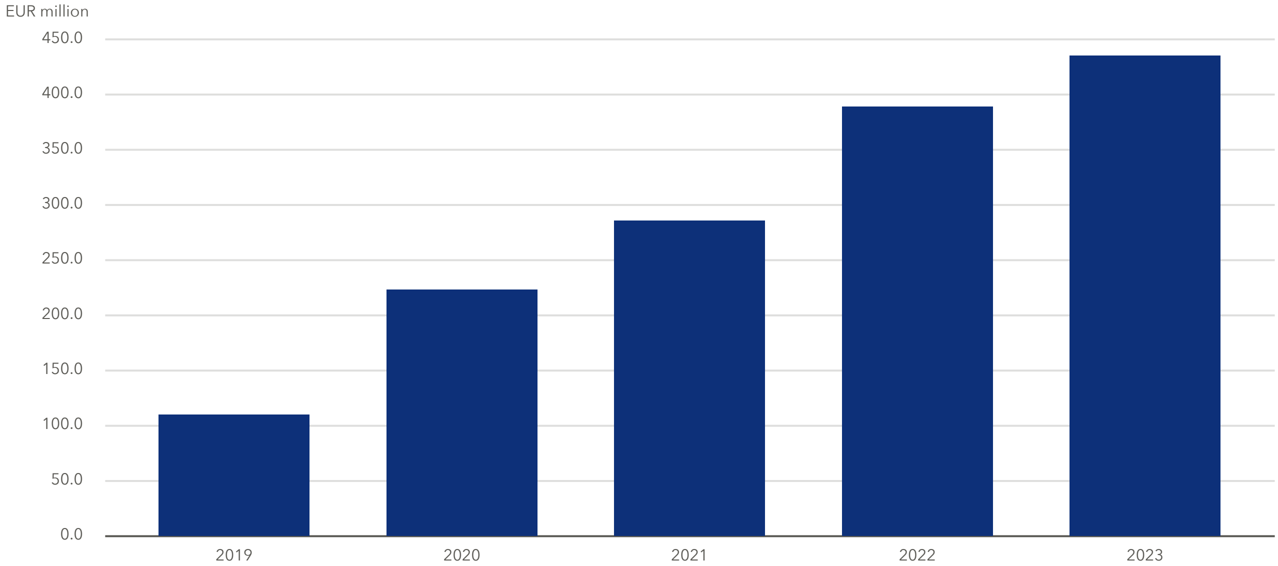
1. AER share.
2. Q4 2023 net asset value minus acquisition costs, capital expenditure, plus distributions paid up to 31 December 2023.

INVESTMENT ADVISER'S REPORT CONTINUED

Investment Portfolio continued

As at 31 December 2023, the Company had no material outstanding commitments. The Company did not have any new investments and capital commitments in 2023 and continues to maintain investment discipline when assessing new investment opportunities. The Company deemed that repurchasing shares at a discount over the course of 2023 offered a higher return on capital than was achievable by investing in new assets, whilst also signalling confidence in the underlying value of the existing portfolio.

Capital Deployment Profile Since IPO[1]

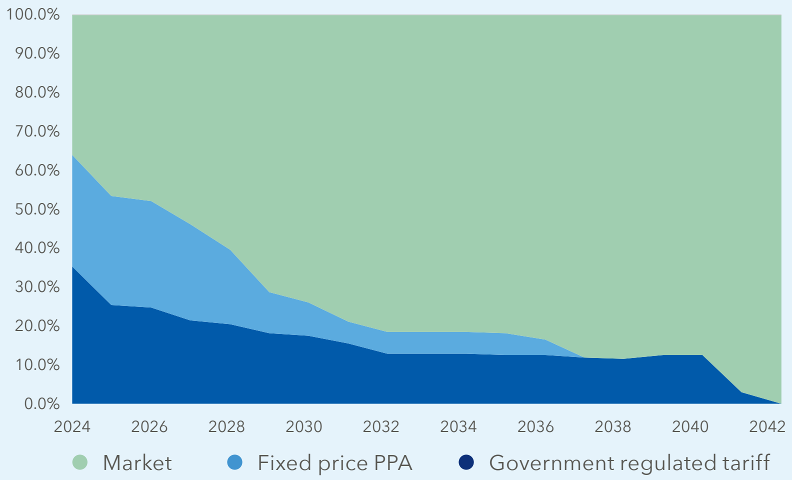


Guillena, Spain

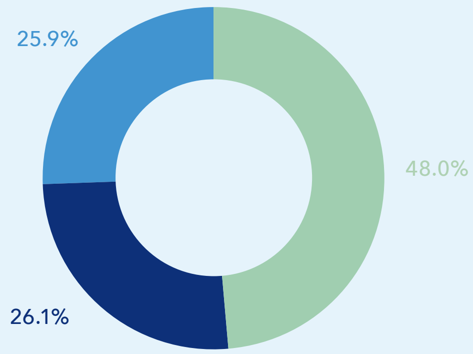
1. Data shows invested capital as at 31 December of each year.

Contracted Revenue Position

Revenue Mix – Existing Contracts



Present Value of Revenues (Five Years)



Contracted revenue net present value[1]

EUR 225.8m

Contracted revenue over the next five years[3]

52.0%

Contracted revenue (aggregate over asset life)[2]

EUR 335.2m

Weighted average contracted revenue life[4]

10.2 years

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

Contracted revenues expected over the next five years, on a present value basis, have remained constant at 52.0% (31 December 2022: 51.9%), noting that a number of existing contracts are expected to progressively expire over this time period. The Company and its Investment Adviser intend to replace these expiring contracts with new PPAs over time, subject to prevailing market conditions.

During 2023, two new PPAs became active within the Greco portfolio (Jaén and Guillena) following their signing in 2022, coinciding with the operational status of both projects. The Company will continue to focus on maintaining a sufficient degree of contracted revenues to mitigate its exposure to power price volatility. The Company's contracted revenue position also provides flexibility to capitalise on periods of higher power prices.

The portfolio has good visibility of future cash flows, with a weighted average contracted revenue life of approximately 10.2 years[4] (31 December 2022: 10.8 years[4]). The Company contracts its revenues with investment grade counterparties, consisting of government entities, utilities and corporate entities.

1. Net present value of contracted revenue as at 31 December 2023 over the entire asset life, discounted by the weighted average portfolio discount rate.
2. Aggregate contracted revenue over entire asset life (not discounted).
3. Forecast asset revenue from 1 January 2024 to 31 December 2028 which is discounted by the weighted average portfolio discount rate as at 31 December 2023, includes Guarantees of Origin ("GoOs") and Electricity Certificates ("El-Certs").
4. New weighting methodology based on hedged production.

INVESTMENT ADVISER'S REPORT CONTINUED

Financial Performance[1]

Performance[2]

Electricity Production (GWh)

Technology	Region	**2023**	2022	Variance (%)	Variance 2023 against P50 Budget
Wind energy	Denmark, Finland, Norway, Greece	**508.5**	440.8	15.4%	(16.2%)
Solar PV	Portugal, Spain	**402.6**	187.5	114.8%	(1.7%)
Hydropower	Portugal	**60.8**	38.2	59.3%	7.1%
Total		**971.9**	666.4	45.8%	(9.4%)

Load Factors

Technology	**2023**	2022
Wind energy	**26.3%**	31.9%
Solar PV	**20.7%**	18.9%
Hydropower	**35.8%**	22.5%
Total	**25.9%**	27.1%

Technical Availability[3]

Technology	**2023**	2022
Wind energy	**94.0%**	96.6%
Solar PV	**99.8%**	99.9%
Hydropower	**98.3%**	99.2%
Total	**97.0%**	97.5%

Revenues[4] (EUR million)

Technology	**2023**	2022	Variance (%)
Wind energy	**32.0**	46.2	(30.6%)
Solar PV	**23.7**	12.2	94.4%
Hydropower	**6.1**	4.8	27.0%
Total	**61.8**	63.2	(2.1%)

The Company's portfolio increased production by 45.8% over 2023 compared to 2022, with electricity produced amounting to 971.9 GWh (2022: 666.4 GWh), primarily due to added production from The Rock (400.0 MW) and Jaén (50.0 MWp) becoming operational in November 2022. It also benefited from the latest construction project Guillena (50.0 MWp), which became operational in April 2023. These additional assets contributed 285.9 GWh of production to the portfolio in the period and represent approximately 29.4% of total production in 2023.

Over 2023, revenue was 15.1% below budget due to falling electricity spot market prices across the portfolio's markets. This reflected the decline in commodity prices, milder-than-expected temperatures in Europe and elevated filling levels of gas storage reservoirs. Prices in the Nordics were also affected due to increased interconnection links to Germany and the United Kingdom, placing further downward pressure on prices in the region.

1. Some totals may not add up due to rounding differences.
2. 2023 data: includes Guillena from April 2023; Desfina data based on economic share (91.5% as at 31 December 2023). 2022 data: includes Tiza from March 2022, Albeniz from June 2022 and The Rock and Jaén from November 2022. Desfina data based on voting share (89.0%), except for revenues, which were based on economic share (93.0% as at 31 December 2022).
3. Average technical availability based on weighted installed capacity (AER share).
4. Includes merchant revenue, contracted revenue and other revenue (e.g. Guarantees of Origin, Electricity Certificates).

The Rock, Norway

Production performance during the reporting period was 9.4% below budget, due to below-average wind speeds in the Nordics and underperformance at the Norwegian wind farm The Rock (performance -5.3% excluding the impact of The Rock), especially between June and October 2023. The solar PV portfolio's production was broadly in line with budget over the year. Production at the Company's hydropower asset, Sagres, benefited from high water availability throughout the second half of the year and ended the year above budget.

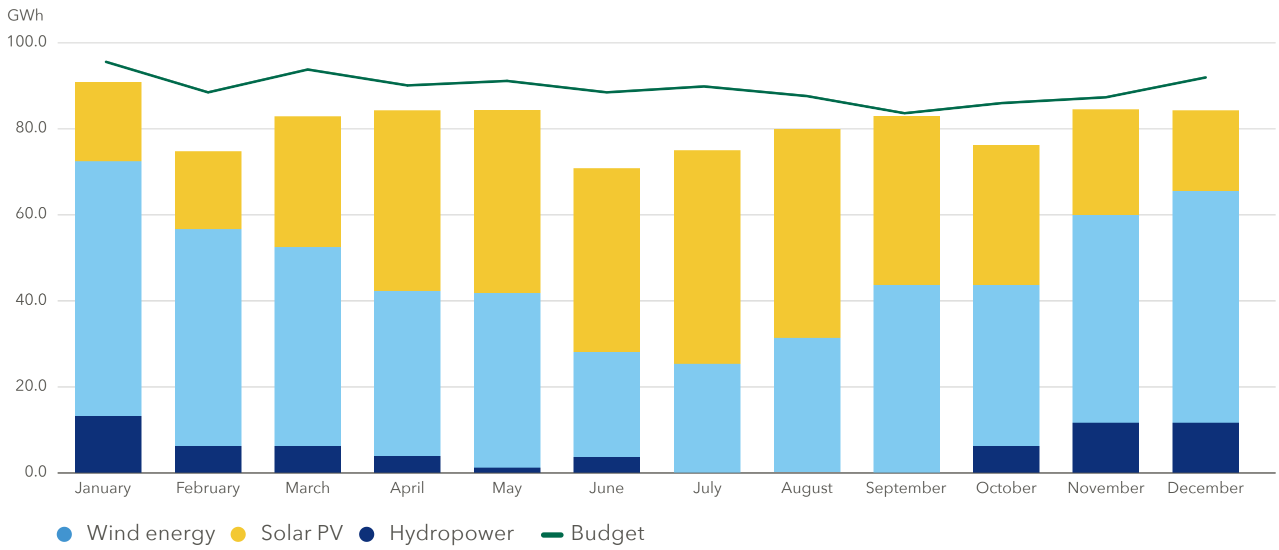
Average portfolio technical availability fell marginally from 97.5% in 2022 to 97.0% in 2023, primarily as a result of gearbox replacements, icing losses and substantial repairs of the Anti-Icing System ("AIS") at The Rock. As of January 2024, The Rock's anti-icing system has been operational at 69 out of 72 turbines, whereas all ten damaged gearboxes have been replaced. The AIS of the remaining three turbines is expected to be installed before the next winter season will commence. One turbine saw its rotor fall off in January 2024 due to storm-related wind speeds surpassing the maximum operational limit of 26 m/s for wind farms and will be replaced before the next winter season commences.

Icing-related availability losses are not expected to re-occur in the next winter season. Compensation from the Operations and Maintenance ("O&M") provider, Nordex, under the existing availability guarantee is expected in the second quarter of 2024.

The Company's Spanish solar PV portfolio and in particular Jaén (part of the Greco portfolio), was affected by technical curtailments at the request of the transmission agent and operator ("TSO"), occurring primarily over the summer season due to oversaturation of the grid. Approximately 5.1 GWh of production was curtailed over the year, equivalent to a loss of circa EUR 0.4 million. Compliance software was installed in late September 2023 to partially mitigate the impact of future technical curtailments.

The Company is currently certifying its Spanish solar PV assets with the country's TSO, with the intention of evaluating the option of participating in ancillary markets to generate additional revenue. An O&M tender process for AER's Spanish solar PV portfolio is also ongoing, with the expectation that it may result in a meaningful reduction in the Spanish portfolio's operating expenditure.

2023 Monthly Production Performance vs. Budget (AER Share)



As shown in the bar chart above, the addition of solar PV assets to the portfolio has significantly improved the stability of production across the portfolio month-to-month and has subsequently reduced the portfolio's reliance on wind production. This is consistent with the investment philosophy of the Company, which is seeking to diversify across different technologies and provide a balanced portfolio mix between wind energy and solar PV.

Financial Performance continued

Financial Performance and Dividend Cover[1]

Dividend Cover

EUR million[2]	2023	2022	Variance (%)
Asset Income	**62.5**	63.2	(1.1%)
Asset operating costs	**(14.9)**	(12.3)	20.3%
Interest and tax	**(6.2)**	(6.0)	4.0%
Asset underlying earnings	**41.4**	44.9	(7.7%)
Asset debt amortisation	**(11.0)**	(10.9)	1.0%
Company and HoldCo[3] expenses[4]	**(4.7)**	(4.3)	8.6%
RCF interest and fees	**(3.4)**	(0.6)	487.7%
Total underlying earnings	**22.3**	29.1	(23.2%)
Dividends paid	**21.2**	21.2	0.4%
Dividend cover after debt amortisation (x)	**1.1x**	1.4x	nmf[5]
Dividend cover before debt amortisation (x)	**1.6x**	1.9x	nmf[5]

Reconciliation to Company Cash Flow Statement

EUR million[2]	2023	2022	Variance (%)
Total underlying earnings	**22.3**	29.1	(23.2%)
SPVs			
Distributions to HoldCo	**(38.2)**	(31.3)	22.2%
Movement in working capital	**7.8**	(2.7)	(389.3%)
HoldCo			
Expenses (excluding investment expenses)	**3.6**	1.6	130.3%
Company			
Investment advisory fee funded by share issuance[6]	**–**	(1.3)	n.a.
Interest and dividend income	**16.5**	17.1	(3.6%)
Movement in working capital	**4.5**	4.5	(0.4%)
Other[7]	**(3.0)**	(0.1)	179.8%
Company net cash flow from operating activities	**16.3**	16.9	(3.8%)

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

1. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on page 111. Numbers and percentages may vary due to rounding differences.
2. Non-euro currencies converted to EUR as at 31 December 2023. Desfina contribution reflects AER's economic interest (91.5%) rather than voting interest (89.0%), whereas asset debt amortisation reflects the voting interest of all assets throughout the report.
3. Tesseract Holdings Limited.
4. Expenses reflect recurring ordinary costs and expenses at AER and THL level. Legal fees, investment expenses and amortised one-off cost of the Revolving Credit Facility ("RCF") is not included. Expenses are reduced by interest income on cash at banks.
5. Not meaningful.
6. Investment advisory fee funded by share issuance treated as a cash flow expense for Company net cash flow from operating activities.
7. Deduction of legal costs and currency losses, addition of financing costs.
8. References to SPVs in this section also includes holding companies, where applicable.

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

The Company reported dividend cover of 1.1x during 2023. The decrease compared to 1.4x reported in 2022 was driven by a 7.7% decrease in asset underlying earnings, which was primarily the result of a significant decrease of electricity spot market prices, partially offset by the contribution of new assets to the portfolio, as well as higher funding costs commensurate with increased RCF utilisation. Dividends paid remained flat, reflecting the net effect of dividend per share growth of 5%, combined with share buyback activities.

Cash Dividend Cover

EUR million[1]	**2023**	2022	Variance (%)
Company			
Net cash flow from operating activities	**16.3**	16.9	(3.8%)
Investment advisory fee funded by share issuance	**–**	1.3	n/a
HoldCo			
Net cash flow from operating activities	**9.6**	(2.7)	(459.7%)
Adjustments			
Shareholder loan and equity repayments[2]	**9.5**	10.6	(10.1%)
RCF interest and fees	**(4.2)**	(1.3)	217.4%
Acquisition of accrued interest from shareholder loan	**–**	1.5	n/a
Asset cash flow used for investment activities[3]	**1.6**	–	n/a
Consolidation adjustments	**(1.2)**	(2.6)	(54.3%)
Other[4]	**(0.5)**	0.3	(259.3%)
Adjusted net cash flow	**31.2**	24.0	24.5%
Dividends paid	**(21.2)**	(21.2)	0.4%
Cash dividend cover (x)	**1.5x**	1.1x[5]	nmf[6]

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

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

Cash dividend cover increased from 1.1x[5] to 1.5x in 2023 as a result of the further expansion of the operating portfolio and timing effects of distributions. The assets Tiza, Jaén and The Rock contributed a full year to the performance of the portfolio, with a partial contribution from the Guillena project which became operational in April 2023.

1. Non-euro currencies converted to EUR as at 31 December 2023. Desfina contribution reflects AER's economic interest rather than voting interest (91.5%).
2. Distributions from operating activities in the form of shareholder loan and equity repayments (Olhava EUR 2.2 million, Benfica III EUR 0.5 million, Desfina EUR 4.3 million, Ourique EUR 0.6 million, Greco EUR 1.1 million, Tiza EUR 0.2 million).
3. Part of Jaén and Guillena PAC payment made by the operating company (EUR 1.6 million).
4. Capitalisation of shareholder loan interest.
5. The deviation in the cash dividend cover for 2022 compared to the Annual Report 2022 is due to the inclusion of RCF interest and fees.
6. Not meaningful.

INVESTMENT ADVISER'S REPORT CONTINUED

Update on Initiatives

Albeniz, Spain

Spanish Solar PV Financing

The Company (via its wholly owned subsidiaries) has entered into a EUR 50.0 million[1], five-year non-recourse debt facility ("Debt Facility") with ING Bank N.V. Sucursal en España. The Debt Facility is secured by AER's wholly owned Spanish solar PV portfolio, which consists of 180 MWp of unlevered operating assets supported by long-term contracted Power Purchase Agreements.

The Debt Facility implies a conservative gearing level of approximately 21.1% for the Spanish solar PV portfolio, based on fair values as at 31 December 2023. The Company has been able to secure the loan at attractive terms, with an all-in interest rate below the existing Revolving Credit Facility ("RCF"). Pricing terms of the Debt Facility remain confidential. The Debt Facility is 90% hedged via an interest rate swap over the life of the loan and is also partially amortising, with a balloon repayment at maturity. The Debt Facility also benefits from an accordion option (EUR 18.0 million), as well as two twelve-month extension options, both of which are subject to lender consent.

Net proceeds from the Debt Facility, which was fully drawn in January 2024, were used to repay the RCF, reducing its drawn balance to EUR 26.1 million (excluding bank guarantees, current facility limit: EUR 100.0 million). As a result, the Company's overall gearing level remains unchanged at approximately 34.3% of its GAV.

Desfina, Greece

Asset Life Extensions

The Company and the Investment Adviser have been undertaking an asset life extension programme in 2023 in consultation with external technical advisers. Following the conclusion of due diligence, the Company implemented the following changes (where applicable) in asset life assumptions across the portfolio:

– Albeniz, Greco, Tiza (Solar PV, 180.0 MW): increased from 30 to 40 years (+10 years)
– Benfica III, Ourique (Solar PV, 81.8 MW): increased from 30 to 40 years (+10 years)
– Holmen II (Wind, 18.0 MW): unchanged at 25 years
– Svindbaek (Wind, 32.0 MW): increased from 25 to 29 years (+4 years)
– Tesla (Wind, 150.0 MW): unchanged at 25 years
– Olhava (Wind, 34.6 MW): increased from 27.5 to 30 years (+2.5 years)
– Desfina (Wind, 40.0 MW): the Investment Adviser is currently undertaking due diligence in relation to a potential asset life extension

The above changes in aggregate generated a value uplift of 4.6 cents per Ordinary Share (+4.2%) as at 31 December 2023.

1. Excludes any ancillary debt facilities (debt service reserve and letter of credit facilities).

Benfica III Research Project

A research project, partially funded by the Investment Adviser and the German Ministry for Economic Affairs and Climate Action ("BMWK"), is collecting data from the Company's Portuguese solar PV asset Benfica III. The Investment Adviser's research partner, a German company called SunSniffer, has developed sensors for photovoltaic modules that can be inserted into the module strings, and a research institute called Forschungszentrum Jülich has developed machine learning tools for data analysis and failure detection, allowing for an in-depth analysis of any underperforming modules.

Currently, the Investment Adviser, as per the industry standard, monitors and operates at the string level. However, the underperformance of one module can affect its entire string, and a technician cannot identify which module in particular is affected without checking every module of the affected string. The research project is currently analysing the health status of the solar PV park to determine where to incorporate the new sensors, which would improve asset technical availability and, consequently, production.

JÜLICH Forschungszentrum SunSniffer®

Benfica III, Portugal

Euronext Secondary Listing

The Company was successfully admitted to trading on the Euronext Growth Dublin stock exchange on 2 October 2023. The secondary listing, under the ticker AERI, is expected to further enhance the Company's marketability in Europe, given its euro currency denomination and European-focused investment strategy, and thereby also potentially boost the liquidity of the underlying shares over time.

Euronext Growth, Dublin, Ireland

INVESTMENT ADVISER'S REPORT CONTINUED

Financial Performance continued

Gearing[1]

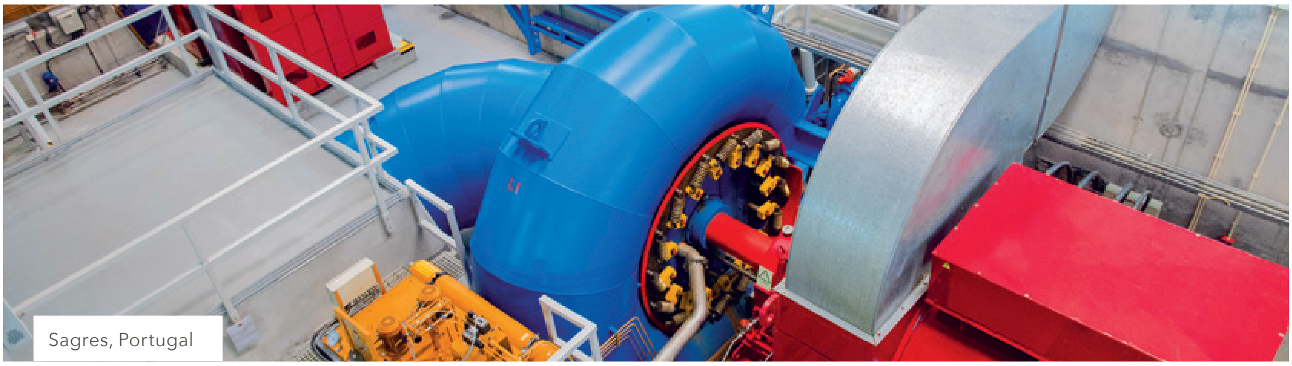
EUR million	As at 31 December 2023	As at 31 December 2022	Variance (%)
NAV	**372.5**	451.7	(17.5%)
Debt[2]	**194.8**	155.2	25.5%
GAV	**567.4**	606.9	(6.5%)
Debt (% of GAV)[3]	**34.3**	25.6	8.8 bps
Project debt weighted average maturity (years)	**13.9**	14.6	(0.7) years
Project debt weighted average interest rate (%)[4]	**2.6**	2.5	7 bps
RCF interest rate (%)[5]	**5.7**	3.5	217 bps

The portfolio remains modestly levered with the Company operating at a gearing ratio of 34.3% of GAV (31 December 2022: 25.6%)[6].

The Company's prospectus allows it to operate with a maximum gearing level of 50.0% of GAV[7]. The Company's asset level debt is largely fully amortising with fixed interest rates. Approximately EUR 11.0 million of asset level debt (AER share) was repaid from operating cash flow at the asset level during 2023.

As at 31 December 2023, the RCF was drawn to EUR 80.4 million (31 December 2022: EUR 34.9 million), including bank guarantees, with an undrawn limit of EUR 19.6 million. The RCF has been primarily used to fund the Company's commitments related to the Greco project (EUR 74.7 million in total) whilst the bank guarantees (EUR 5.7 million) have been primarily issued in relation to dismantling and PPA guarantees required for the Company's operating assets in Spain. The RCF is a floating rate facility which expires in April 2025, following the Company exercising its twelve-month extension option in 2023. In January 2024, net proceeds from the Company's recently announced EUR 50.0 million Spanish solar PV debt facility were used to repay the RCF, reducing its drawn balance to approximately EUR 26.1 million (excluding bank guarantees).

All AER's levered investments are performing above minimum bank covenant levels, with the exception of Olhava (7.0% of portfolio fair value as at 31 December 2023) which breached its Debt Service Coverage Ratio on 31 December 2023 as a result of a combination of low power prices, low production and high debt amortisation levels. The Company does not expect any material consequences as a result of the breach.



Sagres, Portugal

1. Foreign currency values converted to EUR as at 31 December 2023. Data represents AER's share of debt. AER share of Desfina debt based on voting interest. Totals may not add up due to rounding differences.
2. Debt corresponds to senior debt secured at project level and RCF at HoldCo level.
3. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on page 111. All references to cents are in euros, unless stated otherwise.
4. Weighted average all-in interest rate for EUR denominated debt (excl. RCF). DKK denominated debt has an average weighted interest rate of 2.7% (31 December 2022: 2.8%).
5. Consists of 1M EURIBOR plus a margin of 1.85%.
6. Excludes bank guarantees of EUR 5.7 million (31 December 2022: EUR 10.9 million).
7. The Company may take on long-term structural debt provided that, at the time of entering into such debt, it does not exceed 50% of the prevailing Gross Asset Value. Any short-term debt, such as a Revolving Credit Facility, will be subject to a separate gearing limit so as not to exceed 25% of the Gross Asset Value at the time of entering into such debt.

Debt Summary as at 31 December 2023[1]

Project	AER share	Drawn debt (EUR million)	Currency	Bullet/amortising	Maturity	Hedged proportion	Type
Tesla	25.9%	8.2	EUR	Partly amortising	Mar-29	100.0%	Bank Debt
Sagres	18.0%	6.0	EUR	Fully amortising	Jun-33	70.0%	Bank Debt
Olhava	100.0%	14.4	EUR	Fully amortising	Dec-30/Sep-31	100.0%	Bank Debt
Holmen II	100.0%	11.8	DKK	Fully amortising	Dec-37	100.0%	Bank Debt
Svindbaek	99.9%	7.0	DKK	Fully amortising	Dec-37	100.0%	Bank Debt
The Rock: USPP Bond	13.7%	31.2	EUR	Fully amortising	Sep-45	100.0%	Debt Capital Markets
The Rock: Green Bond	13.7%	11.0	EUR	Bullet	Sep-26	100.0%	Debt Capital Markets
Desfina	89.0%	30.5	EUR	Fully amortising	Dec-39	100.0%	Bank Debt
Subtotal		**120.1**				**98.5%**	
RCF	100.0%	74.7	EUR	Bullet	Apr-25	0.0%	Bank Debt
Total		**194.8**				**60.7%**	

Valuation

Fair Value

The table below shows the fair values of the investments held by Tesseract Holdings Limited ('HoldCo'), the Company's wholly owned subsidiary, as well as the reconciliation to the respective item on the Company's balance sheet.

EUR million	**As at 31 December 2023**	As at 31 December 2022	Variance (%)
Tesla	**25.8**	35.5	(27.2%)
Sagres	**20.1**	23.0	(12.4%)
Holmen II	**26.5**	39.5	(32.9%)
Olhava	**30.8**	27.2	13.5%
Svindbaek	**37.7**	46.9	(19.6%)
The Rock	**37.7**	41.7	(9.5%)
Benfica III	**16.1**	17.1	(5.6%)
Albeniz	**50.5**	55.1	(8.4%)
Desfina	**26.1**	28.5	(8.3%)
Ourique	**30.5**	36.4	(16.1%)
Greco	**103.4**	66.5	55.5%
Tiza	**32.5**	34.1	(4.9%)
Fair Value of Investments (HoldCo)[2]	**438.0**	451.5	(3.0%)
Cash and other current assets of HoldCo	**9.6**	6.4	49.6%
Revolving Credit Facility drawn by HoldCo	**(74.7)**	(24.0)	211.3%
Elimination of intercompany shareholder loan, other	**(0.5)**	(5.3)	(91.2%)
Investments at fair value through profit or loss	**372.4**	428.6	(13.1%)

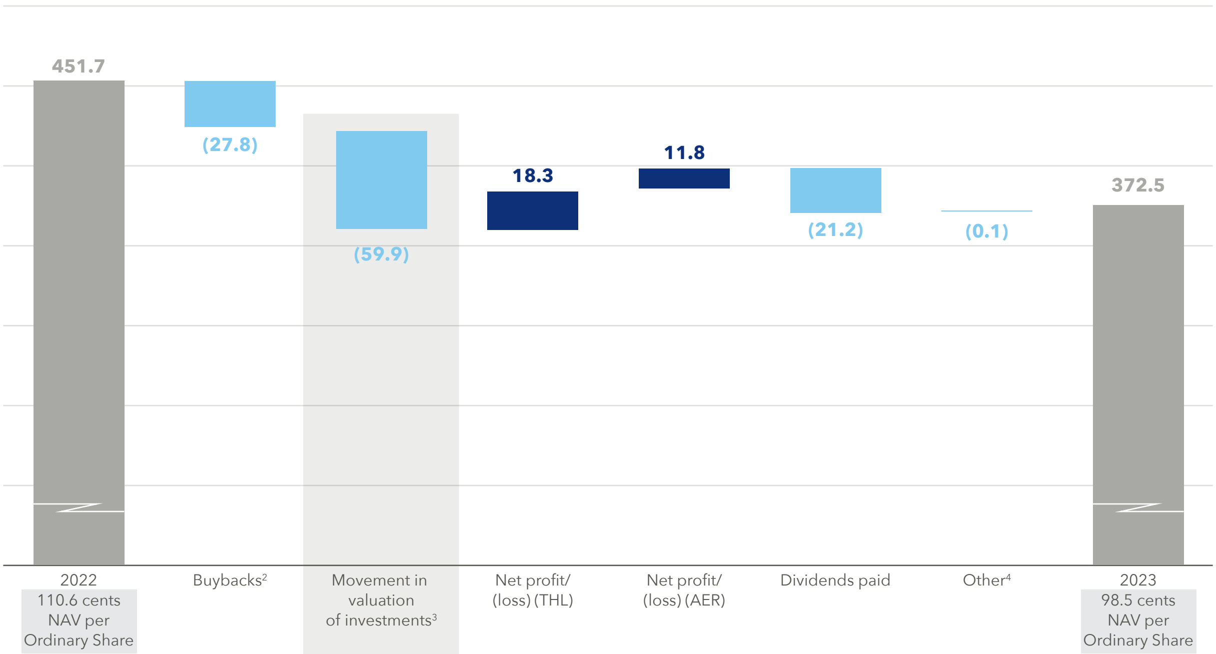
1. Foreign currency values converted to EUR as at 31 December 2023. Data represents AER's share of debt. AER share of Desfina's debt based on voting interest.
2. 2023 includes new investments in Greco (EUR 45.3 million) and other (EUR 0.3 million). 2022 data includes capital contributions related to construction assets (Albeniz: EUR 6.3 million), new investments (Greco, Tiza combined: EUR 94.3 million), capital injection (Sagres: EUR 2.2 million) and other (EUR 0.3 million).

INVESTMENT ADVISER'S REPORT CONTINUED

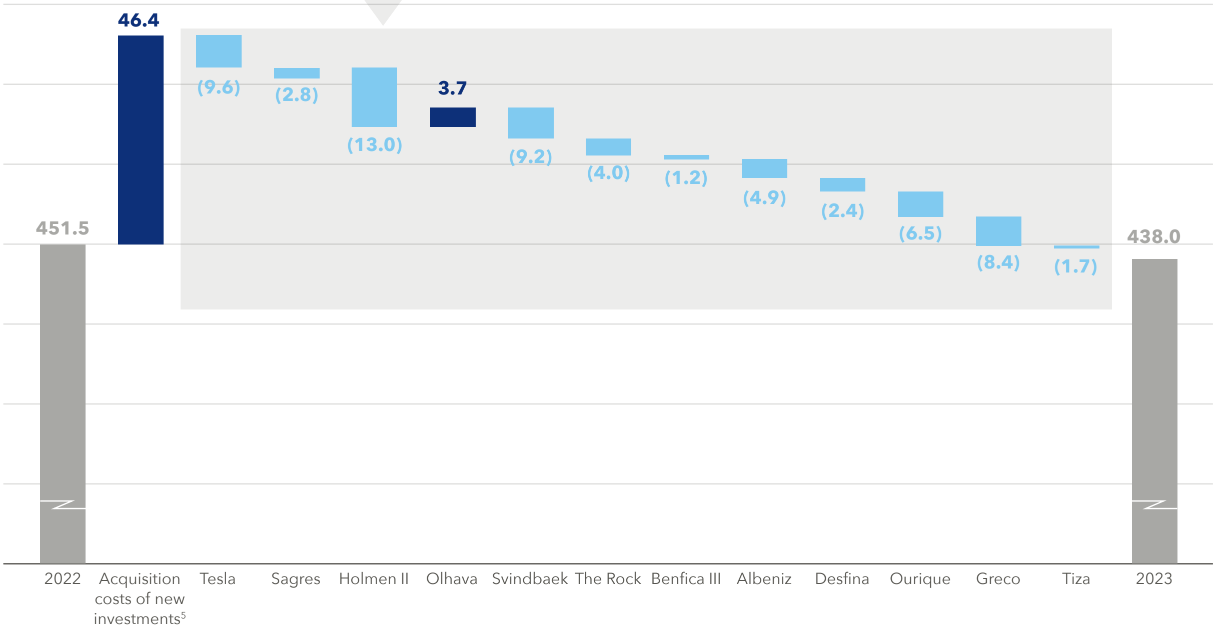
Financial Performance continued

Valuation continued

NAV Bridge (EUR million)[1]



Portfolio Valuation Bridge (EUR million)[1]



1. Totals may not add up due to rounding differences.
2. Excluding fees and stamp duty.
3. Excludes the impact of capital contributions.
4. Includes stamp duty for share buybacks (EUR 0.1 million) and FX losses (EUR 0.0 million).
5. Includes new investments in Greco (EUR 45.3 million) and other (EUR 1.1 million).

The Company's NAV as at 31 December 2023 was EUR 372.5 million or 98.5 cents per Ordinary Share (31 December 2022: EUR 451.7 million or 110.6 cents per Ordinary Share). This represents a NAV total return of -6.0% per Ordinary Share (31 December 2022: 12.9%) including dividends.

A dividend of EUR 21.2 million (5.445 cents per Ordinary Share) was paid during the reporting period, with respect to the last quarter of 2022 to the third quarter of 2023.

The main drivers of NAV movements throughout the full-year 2023 reporting period include:

- forecast power prices: a decline in short-term electricity price forecasts across the portfolio resulted in a decrease of 11.0 cents per Ordinary Share. The methodology continues to assume an average of two power price curves from independent market analysts over the life of each asset, with the hydropower asset Sagres utilising an average of three power curves. No forward or futures curves are used;
- inflation: lower short-term CPI forecasts resulted in a decrease of 0.4 cents per Ordinary Share;
- discount rate: the Company's discount rate has remained unchanged at 7.2% compared to 2022;
- share buyback programme: EUR 27.8 million[1] of capital returned to shareholders in the form of share buybacks over 2023, reducing total Ordinary Shares in issue by 7.4%, increased the NAV per Ordinary Share by 1.4 cents;
- asset life extensions: increasing the average asset life assumptions for the solar portfolio from 30 years to 40 years, and those of the wind portfolio from 25 years to an average of 28 years, boosted the NAV per Ordinary Share by 4.6 cents; and
- Norwegian resource rent tax for Tesla and The Rock (-4.4 cents)[2].

Since IPO, AER has achieved an annualised total NAV return of 4.3% over 4.5 years (excluding any reinvestment of dividends), which is below the Company's long-term target of 6.0% to 7.5%. The lower-than-targeted return is primarily attributable to the Company's NAV performance in 2023, which recorded the first negative total NAV return in the Company's short operating history at -6.0% including dividends as a result of the drivers described above.

Valuation Methodology

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

The Company has acquired underlying investments in SPVs through its investment in the HoldCo. The Investment Adviser has carried out fair market valuations of the SPV investments as at 31 December 2023 and the Directors are satisfied with the methodology, the discount rates and key assumptions applied, and the valuations.

All SPV investments are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement. The economic assumptions shown on page 28 were used in the valuation of the SPVs.

Svindbaek, Denmark

1. Excluding fees and stamp duty.
2. Refer to page 29 for more details.

Financial Performance continued

Valuation Assumptions

As at 31 December 2023

Discount rates	The discount rate used in the valuations is calculated according to internationally recognised methods. Typical components of the discount rate are risk-free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class, as well as specific premia for other risks such as development and construction.
Power price	Power prices are based on power price forecasts from leading market analysts. The forecasts are independently sourced from providers with coverage in almost all European markets as well as providers with regional expertise. The approach applied to all asset classes (wind, solar PV and hydropower) remains unchanged with the first two using a blend of two power price curve providers and the third using a blend of three power price curve providers.
Energy yield/load factors	Estimates are based on third-party energy yield assessments, which consider historic production data (where applicable) and other relevant factors.
Inflation rates	Long-term inflation is based on the monetary policy of the European Central Bank. Short-term inflation assumptions are based on the first three years being sourced from Refinitiv and an interpolation for another two years to the long-term rate.
Asset life	In general, an operating life of 25 to 30 years for onshore wind and 40 years for solar PV is assumed. The operating lives of hydropower assets are estimated in accordance with their expected concession terms.
Operating expenses	Operating expenses are primarily based on respective contracts and, where not contracted, on the assessment of a technical adviser.
Taxation rates	Underlying country-specific tax rates are derived from due diligence reports from leading tax consulting firms.

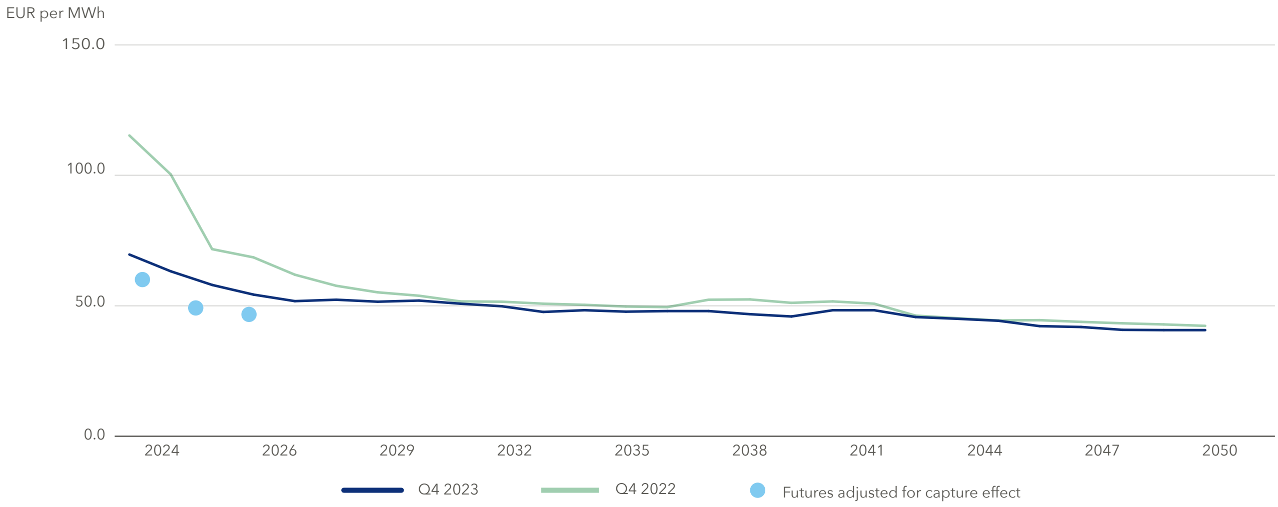
Portfolio Valuation – Key Assumptions

Metric		**As at 31 December 2023**	As at 31 December 2022
Discount rate	Weighted average	**7.2%**	7.2%
Long-term inflation	Weighted average	**2.0%**	2.0%
Remaining asset life[1]	Wind energy (years)	**22**	22
	Solar PV (years)	**36**	29
	Hydropower (years)	**9**	10
Operating life assumption[2]	Wind energy (years)	**28[3]**	26
	Solar PV (years)	**40**	30
	Hydropower (years)	**n/a**	n/a

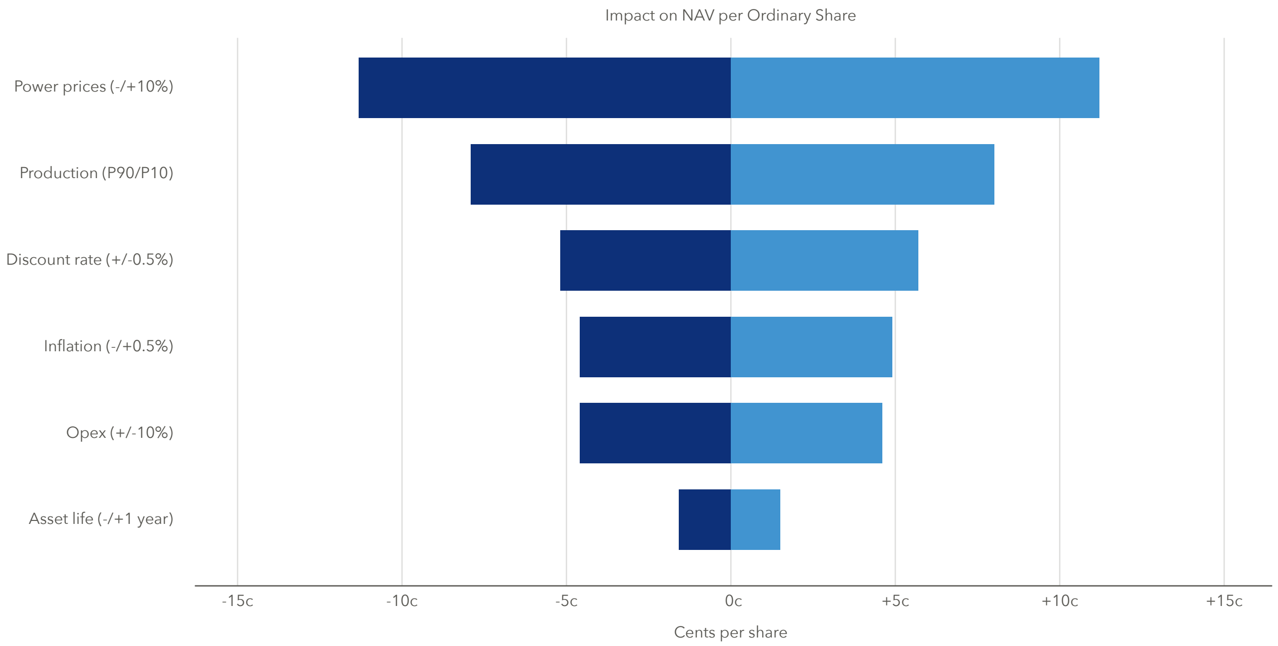
There were no significant changes in the key valuation assumptions compared to the previous reporting period.

1. Remaining asset life based on net full load years. Does not consider any impact from the Greek wind farm Desfina's potential asset life extension.
2. Asset life assumption from date of commissioning.
3. Assumes an asset life of 25 to 30 years.

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



Valuation Sensitivities



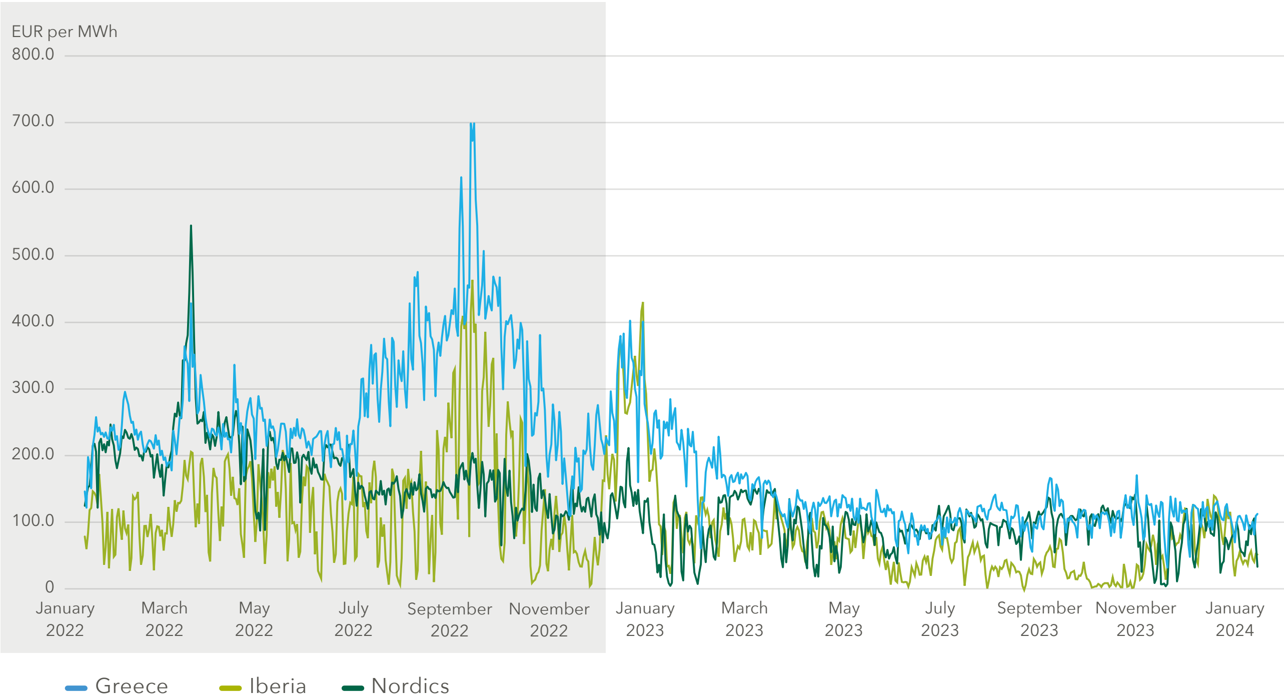
Norwegian Tax Changes

On 19 December 2023, following an extensive consultation process that received input from the Investment Adviser, other industry players and the Renewables Norway organisation, the Norwegian Parliament passed a series of legislative changes to taxes applicable to existing and new onshore wind farms, effective from 1 January 2024. A resource rent tax of 25% on all onshore wind farms has been introduced, lower than the 40% initially proposed. An increased base for tax depreciation (up to a maximum 85% of the historical investment cost) was also included. A natural resource tax and a high-price contribution tax have been discontinued, whereas a production tax on wind farms was only marginally increased from 0.02 NOK per kWh to 0.023 NOK per kWh. These tax changes were reflected in the Q4 valuations of the Company's Norwegian wind farms The Rock and Tesla (the assets account for 14.5% of the Q4 total portfolio fair value). Analyst power price forecasts used to support the Q4 valuations of The Rock and Tesla do not include any potential impact of Norway's resource rent tax on the country's medium and long-term power price forecasts, which may need to reflect the likely outcome of the tax on future build-out of much-needed renewable energy capacity in the country.

1. Data reflects latest pricing forecast as at 31 December 2023. All power prices are in nominal terms as at 31 December 2023 and reflect the captured price.

Market Commentary and Outlook

2023 Average Daily Power Price Chart[1]



Market Power Prices

In 2023, power prices across European regions were characterised by persistent volatility, driven by the downward trajectory of commodity prices, most notably gas and carbon prices during the last quarter of the year. This trend reflected a reduction in demand spurred by mild temperatures in Europe, elevated filling levels of gas storage reservoirs and greater renewable generation feeding into national grids. Overall, near-term power price forecasts are significantly lower year-on-year, but remain above long-term averages. Medium to long-term power price forecasts have not changed materially in the year.

In response to the prolonged period of high energy prices in 2022, national governments across Europe sought to intervene in electricity markets by either altering the price set by the market or more commonly by introducing windfall taxes and price caps. Against a backdrop of declining gas and power prices, the European Commission did not recommend extending emergency measures beyond June 2023 and no European country in which the Company is invested in decided to extend windfall tax measures into 2024.

Nordics

In 2023, power prices in the Nordics saw an increasing convergence with prices in continental Europe, catalysed by increased interconnection links with Germany and the UK, and thus a greater correlation to European commodity prices, most notably gas. In the second half of the year, specifically from July to October, high hydro output and renewable generation further depressed power prices. The Nordic electricity system spot price averaged EUR 56.4 per MWh in 2023 (2022: EUR 135.9 per MWh).

However, due to the different patterns for southern and northern price zones in Norway, the impact of higher commodity prices differs widely. The southern price zones (NO1, NO2 and NO5) were significantly affected by continental Europe due to the existing interconnections. In contrast, northern regions (NO3 and NO4) were less affected by fluctuations in power prices due to the lower local demand and abundant wind Resources. Conversely, the higher interconnection to the southern zones is now reducing this disparity. Aquila European Renewables has exposure to NO2 and NO4 price zones in Norway via its interest in Tesla and The Rock respectively.

Iberia

Average electricity spot market prices in Iberia traded at a discount compared to other European regions. This was due to a temporary gas price cap mechanism introduced by the Spanish and Portuguese governments in mid-June 2022, which held back the impact of escalating fuel prices on power prices.

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

The cap was in force up to 31 December 2023, having stopped applying since March 2023 due to the steep decline in gas prices. Power demand also remained depressed, decreasing 2.5% from 2022, and high renewable output, especially in the last quarter of the year, also contributed to the downward trajectory in power prices. In Iberia, spot prices traded at an average of EUR 87.2 per MWh in 2023 (2022: EUR 167.5 per MWh).

A Spanish windfall revenue clawback tax for renewable generators, which expired in December 2023, was not extended for 2024. The impact of the clawback has been to restrict captured market revenue to prices in the approximate range of EUR 85.0 and EUR 100.0 per MWh. The impact on the Company's Spanish portfolio was minimised given relatively high hedging ratios as a proportion of total production and the exemption of PPA revenues below EUR 67.0 per MWh from the windfall tax. A generation tax was re-introduced in 2024, gradually rising from 3.5% over the first quarter, to 5.25% in the second quarter, and increasing to 7.0% over the second half of the year. The impact of the tax, including its effect on spot market power prices, is expected to be reflected in the first quarter 2024 valuation of the Spanish solar PV portfolio.

Greece

Power prices in Greece were more elevated than other European countries due to the higher proportion of hours in which gas-fired generation sets the marginal price in the country's wholesale market. However, the downward trajectory in commodity prices still resulted in a substantial decrease in the average power price for 2023 to EUR 119.2 per MWh (2022: EUR 279.9 per MWh). A windfall tax with a threshold of EUR 85.0 per MWh, applying to the revenues in the day-ahead market of renewable generators, expired on 1 June 2023. However, given the revenues of the Company's Greek wind farm, Desfina, are 100% hedged by a feed-in tariff, the windfall tax had no impact on the asset's revenue.

Fuel Price Evolution

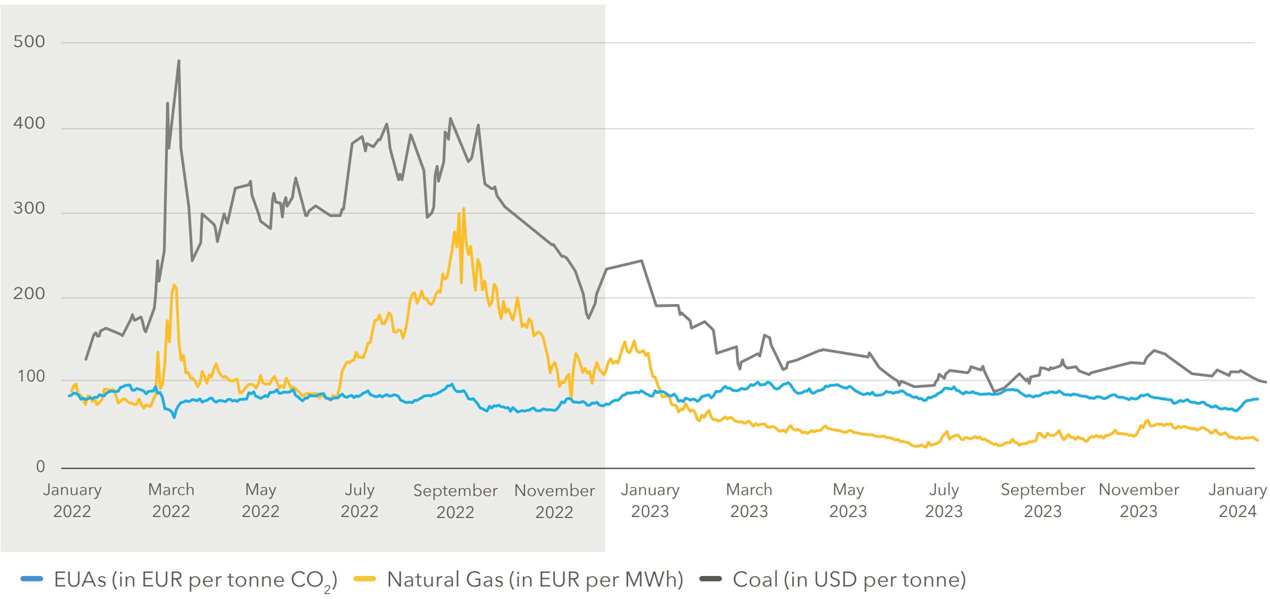
The downward trend of commodity prices (notably gas and coal) contributed to the continuation of the bearish trend in European power price levels since the start of the year. The predominant marginal price setter for power prices in the markets the Company is invested in is European natural gas. Throughout 2023, low demand and a robust gas supply saw gas storage levels reach the upper bounds of the ten-year range for most of the year, primarily due to the higher volume of liquefied natural gas ("LNG") imports and two consecutive mild winters across Europe. Industrial electricity demand also recovered at a slower rate than anticipated from the significant falls of 2022 as industries lowered production to deal with the higher power price environment. Both of these factors applied a downward pressure on near-term power prices.

European Union Emissions Allowance ("EUA") prices traded on the EU's Emissions Trading System increased marginally from an average price of EUR 81.2 per MWh in 2022 to an average price of EUR 85.5 per MWh in 2023, despite low buying interest in the second half of the year.

Gas forward prices steadily declined over the reporting period due to the reduction in demand caused by mild temperatures in Europe, elevated filling levels of gas storage reservoirs and high levels of LNG imports. On average, gas prices in 2023 plunged by roughly 69% from 2022 prices, dropping from an average of EUR 132.5 per MWh in 2022 to an average of EUR 41.0 per MWh in 2023.

Coal prices fell from an average of USD 285.2 per tonne in 2022 to an average of USD 124.7 per tonne in 2023, in line with the trend of gas prices, due to weak fundamentals for the sector and a negative macro-economic outlook.

2023 Daily Commodity Forward Prices[1]



1. Source: European Energy Exchange ("EEX") from 1 January 2022 to 31 December 2023.

INVESTMENT ADVISER'S REPORT CONTINUED

Market Commentary and Outlook continued

Regulatory Developments

Overall, 2023 was a year of considerable progress for the renewable energy sector, with an electricity market reform and other EU legislation aimed at materialising increasingly ambitious decarbonisation targets.

EU Market Design

On 14 December, the European Parliament and Council reached an agreement to reform the European Union's ("EU") electricity market design. The agreement was formally adopted in April 2024. The outcome of this reform is positive as it does not envisage a fundamental change in the pay-as-clear market design and should incentivise the deployment of renewables. The reform will support long-term contracts such as PPAs, boosting their uptake by smaller market participants through guarantee schemes to reduce risks associated with offtaker payment default, facilities to pool demand, annual assessments of the PPA marker at an EU and Member State level, and voluntary standardised PPA contracts.

The agreement will further improve liquidity in forward markets by creating virtual hubs, similar to the Nordic forward market hub, for Europe's various price zones and accelerate the build-out of renewables by mandating two-way contracts for difference for new publicly financed investments in renewable generation. The reform will also boost the electricity market's flexibility by adapting capacity mechanisms to further promote the participation of renewable technologies, such as demand response and storage. An acceleration of grid development and more-flexible connection arrangements are also included, along with quantifiable national targets for demand response and storage. The Company expects this reform to the electricity market design to further incentivise the expansion of renewable generation in Europe.

The Green Deal Industrial Plan: Placing Europe's Net-Zero Industry in the Lead

The European Council and the European Parliament reached a provisional agreement on the Net-Zero Industry Act ("NZIA") on 6 February 2024, aimed at bolstering Europe's renewable sector and achieving the EU's climate goals. This agreement entails measures such as establishing a single list of net-zero technologies, simplifying permit-granting procedures for manufacturing projects, fostering innovation through regulatory sandboxes, and enhancing workforce skills. Key targets also include sourcing 40% of annual solar PV deployment from EU manufacturing and achieving an annual CO_2 carbon capture and storage capacity of at least 50 million tonnes by 2030. Additionally, the agreement includes the streamlining of construction permit procedures, the creation of net-zero industrial valleys, and greater clarity on public procurement criteria. Furthermore, rules on public procurement will ensure transparency and diversification of technology supply, with at least 30% of the volume auctioned annually per member state. After the provisional agreement reached on 6 February, the NZIA awaits formal adoption by both institutions later in 2024. It is expected the reform will expedite the build-out of renewable capacity whilst also boosting the competitiveness of Europe's renewable energy sector.

A revised Renewable Energy Directive entered into force in all EU countries on 20 November 2023, raising the EU's renewable energy target to 42.5% of final energy consumption by 2030, up from the original goal of 32%. Implementation of the Directive will lead to considerable fluctuations in the bloc's electricity market throughout this transition, given the underlying assumption that renewable capacity will need to triple by 2030 to 1.3 TW, in line with the global goal set at the 2023 United Nations Climate Change Conference ("COP28"). Solutions to stabilise the electricity grid's supply and demand are thus indispensable considering the scale of these targets, requiring greater investment in battery storage systems to improve grid efficiency, greater interconnection between European countries, and an expansion in grid capacity build-out. This urgency is exemplified in the fact that installed interconnection capacity equalled less than one-fifth of Spain's peak demand, already one of the most decarbonised, with renewables accounting for 62% of installed capacity in 2023, highlighting the need to significantly boost interconnection with the rest of the European power market.

Wind Power Action Plan

In October, the European Commission proposed a Wind Power Action Plan that is expected to enhance the competitiveness of the Eurozone's wind industry. The proposal will accelerate permitting, improve auction designs, ensure fair competition from foreign manufacturers, expand access to finance to the EU wind supply chain and facilitate grid build-out, including cross-border grid projects.

Outlook

2023 saw heightened volatility in the global economy as most major markets transitioned from more than a decade of historically low interest rates to the sharpest and steepest tightening cycle by central banks in the developed world since 1979, contributing to sluggish aggregate and industrial demand across the EU. A more volatile geopolitical environment is also expected in 2024, marked by high volatility in commodity prices and supply disruptions from the ongoing conflict in Ukraine, the crisis in the Near East and attacks on shipping in the Red Sea. Disruptions in shipping in the Red Sea have already resulted in lead time and transportation cost increases across all renewable supply chains as shipping lanes from Asia to Europe increasingly transition to circumnavigating Africa rather than passing through the Suez Canal. Concerns over an escalation to a wider Middle Eastern conflict and increased competition with Asia over liquefied natural gas supply could have a material impact on commodity and power prices.

Despite this volatile backdrop, narrowing contributions from food and energy prices have brought annual headline inflation downwards over the year, with Eurozone headline inflation falling from a peak of 11.5% in October 2022 to 2.9% year on year in December 2023, trending down to the European Central Bank's target of 2.0%. The Company's exclusive exposure to European markets is thus a key differentiator from its UK-centric peer group, where headline inflation has decreased from a peak of 11.1% to 4.6% year on year over the same period. Conversely, European core inflation has remained harder to bring down, trending at more than double the European Central Bank's targets across the developed world due to the much higher concentration of services inflation, the latter boosted by strong wage growth resulting from tight labour markets. Nevertheless, it is expected that both headline and core inflation should continue to recede in 2024 and that the interest rate cycle has peaked across developed markets, given the already significant drop in inflation since the 2022 highs. Thus, in the absence of any exogenous events that could derail assumptions on inflation or the global economic situation, the market consensus is that central banks should begin to cut interest rates later this year, a promising tailwind for asset valuations that it is hoped should narrow the disconnect between private and public market valuations for renewable infrastructure.

Electricity prices in most of the Company's key markets are also forecast to continue to fall over time, reflecting the downward trend of commodity prices witnessed in the second half of 2023, the latter spurred by elevated filling levels of gas storage reservoirs amid milder seasonal weather conditions. These forecasts are reflected in the Company's power price curves as at year end 2023 for most price zones, showcasing a continued drop in prices in the short to medium term, plateauing in the long term.

However, in the short term, greater competition with Asia over liquefied natural gas supply, at least until a new wave of gas liquefaction capacity is set to come online between 2026 and 2028, will continue to pressure commodity and thus electricity prices into the next winter season. Furthermore, the current slowdown in China's economy is already lowering prices for key raw materials, components, equipment and services in the renewable supply chain, especially solar modules, and a recovery in the country's economy may drive prices in an upward trajectory.

2023 was a significant milestone for Europe's renewable energy sector, with the EU committing to more-ambitious energy transition and decarbonisation targets for 2030 and beyond, as well as the introduction of reforms aimed at creating a more favourable regulatory environment for the sector to ensure energy security and affordability. In addition, wind and solar PV capacity produced a record 27% of EU electricity in 2023, up from 23% in 2022, their largest ever annual capacity additions and a promising development for the sector as wind power generation surpassed that from gas for the first time[1]. The urgency in adopting renewables is evidenced by forecasts that require a three-fold increase in global renewable capacity by 2030 to remain on target with the net zero emissions scenario by 2050 and limiting the global temperature rise to 1.5°C[2].

Emerging trends, notably the rise of generative artificial intelligence, the increased adoption of 5G networks and cloud computing are expected to transform productivity and economies worldwide. Other notable demand growth drivers include the rising share of electric vehicles, the wider introduction of heat pumps, battery storage systems and the electrification of industrial processes; all these trends are key to remain on target with Europe's net zero emissions scenario by 2050.

Looking ahead, the themes of decarbonisation and energy security will continue to spur demand for the renewable energy transition, with expanding the deployment and operational competitiveness of renewables assets being a key priority for governments across Europe. Overall, the Company's balanced portfolio of fully operational wind, solar and hydro-electric assets is expected to benefit from these secular tailwinds and, together with the Investment Adviser, play a meaningful role in Europe's energy transition.

Aquila Capital Investmentgesellschaft mbH

24 April 2024

1. Ember, 'European Electricity Review 2024', available at: **link**.
2. International Energy Agency ("IEA"), 'Keeping the door to 1.5°C open' (2023), available at: **link**.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

1. Environmental

Aquila Group, the Investment Adviser of the Company, focuses on the investment in, and development of, essential assets.

This includes clean energy (wind energy, solar PV, hydropower and battery storage), sustainable infrastructure and specialty asset classes, such as carbon forestry and energy efficiency. In 2023, Aquila Group supplied **2.3 million** homes with renewable energy, which cumulatively avoided **2.4 million** tonnes of CO_2e annually[1].

In 2022, Aquila Group formalised a mission to become one of the world's leading sustainable investment and development companies for essential assets by 2030. To show commitment to the mission, it set a Group-wide goal to avoid **1.5 billion** tonnes of CO_2e by 2035 in its portfolio's lifetime, equivalent to **4.0%** of CO_2 emissions world-wide in 2023[2].

UN Sustainable Development Goals for Europe

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

32.0%
A 32.0% share for renewables in the energy system

32.5%
A 32.5% improvement in energy efficiency

Angela Wiebeck
Chief Sustainability Officer at Aquila Capital

Tesla, Norway

Using the appropriate tools, due-diligence procedures and experts, Aquila Group ensures it identifies, assesses and mitigates all material ESG factors, to protect investors from potential financial downside, while considering their impact on society and the environment. In this context, Aquila Capital Investmentgesellschaft mbH (Aquila Capital), a regulated entity, and Investment Adviser of AER, manages all relevant ESG elements using dedicated subject-matter experts.

Together, we are committed to the UN Sustainable Development Goals, particularly climate action (SDG #13), clean energy (SDG #7), industry innovation, and infrastructure (SDG #9).

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

1. Data as at 31 December 2023 for the year 2023, based on current portfolio of the Aquila Group. For details on the methodology for avoided emissions, refer to: **link**. The calculation of the average European household consumption is based on Eurostat data (**link**). The average EU-27 household electricity consumption per person (in MWh per capita) is multiplied by the average EU-27 household size, resulting in the average consumption of electricity of the average household size (in MWh per household). The electricity generated by the assets is divided by the EU-27 average consumption of electricity and household size (in MWh per household) resulting in the final value displayed.
2. Worldwide CO2 emissions in 2023 from energy combustion, industrial processes, and flaring were 37.4 billion tonnes according to the International Energy Agency ("IEA"), available at: **link**.

AER's Contribution to the UN Sustainable Development Goals

Goal	Overview	Contribution towards UN Sustainable Development Goals
Ensure access to affordable, reliable, sustainable and modern energy for all.	– AER's portfolio produces renewable energy, which contributes towards Europe's electricity mix. – Renewable energy is a cost-effective source of energy compared to other options. – AER's investments in renewable assets help support and encourage further investment in the industry.	7 AFFORDABLE AND CLEAN ENERGY
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	– AER targets renewable investments that are supported by high-quality components and infrastructure, to optimise the energy yield and subsequent return to investors. – AER's investments help support the construction of shared infrastructure (e.g. substations) which enables the further expansion of renewable energy sources. – AER's Investment Adviser, Aquila Capital, is responsible for monitoring and optimising the Company's day-to-day asset performance. This process also involves exploring how new technologies and other forms of innovation can be used to enhance asset performance and sustainability (energy yield, O&M, asset life).	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Take urgent action to combat climate change and its impacts.	– The Company's **463.8 MW** portfolio powered approximately **266.4 thousand** households and avoided approximately **267.6 thousand** tonnes of CO_2 emissions over the reporting period[1]. – As a signatory to the UN Principles for Responsible ("UN PRI"), the Company's Investment Adviser has integrated ESG criteria all along its investment process for real assets, which includes considerations of climate change.	13 CLIMATE ACTION

GRESB

GRESB

GRESB is a global ESG benchmark for real estate and infrastructure which synthesises Environmental, Social, and Governance ("ESG") data and provides actionable insights to its members, partners, and investors.

In its third year of participation in the GRESB assessment, the Company has achieved an improvement in both its overall GRESB score and rating for the period. AER achieved an overall GRESB score of **92 out of 100** (assessment performed in 2022 in relation to 2021: **88 out of 100**), the highest rating ever achieved by the Company, and higher than the average of 88 points amongst its peer group. In addition, AER achieved a **4 out of 5-star GRESB rating** (assessment performed in 2022 in relation to 2021: **3 out of 5**). While the GRESB score is an absolute measure, the GRESB rating is an overall relative measure of ESG management and performance of the Company, highlighting improvement over time.

At the portfolio level, compared to its last GRESB assessment, the results show an improvement in performance in the categories of Reporting (e.g. ESG investor reporting and incident management) and Risk Management (e.g. risk-management systems at asset level, social-risk assessments and incident reporting), while the score in Stakeholder Engagement was maintained. At the asset level, the ratings upgrade recognises AER's strong risk-management framework and improved Stakeholder Engagement, while the performance in resource and emission management was maintained for AER's assets.

1. Actual AER contributions at 31 December 2023. The CO2 equivalent avoidance, the average European households supplied and household emissions are approximations and do not necessarily reflect the exact impact of the renewable energy projects. The cited sources of information are believed to be reliable and accurate, however, the completeness, accuracy, validity and timeliness of the information provided cannot be guaranteed and Aquila Capital accepts no liability for any damages that may arise directly or indirectly from the use of this information.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

1. Environmental continued

Environmental Initiatives

Below is a selection of initiatives implemented across AER's portfolio to preserve and improve flora and fauna, undertaken over the first nine months of 2023.

Spanish Solar PV ESG Initiatives

The natural environment around some of the Company's solar PV parks is the Desierto de Tabernas National Park, situated to the south east of Spain and representing the only desert in the entire European continent. This constitutes a rich biodiversity of environmental resources that is of particular geological interest. Specialist advisers have been commissioned to implement environmental measures to mitigate the impact of the solar PV plants on the environment and create habitats for flora and fauna.

Several visits per month are made to implement the measures, monitor their evolution and make necessary adjustments. Below is a selection of closely monitored measures implemented across some of the Company's solar PV parks for local flora and fauna.

Flora

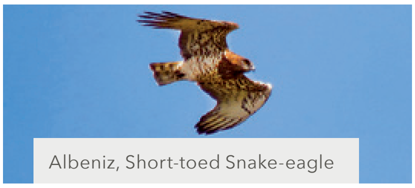
- Translocation of rain-fed olive trees.
- Planting of broom and palmetto trees to promote landscape integration and the creation of biotopes appropriate for local species.
- Clearing of vegetation through sheep grazing.
- Regular maintenance measures and monitoring.


Albeniz, Translocated olive trees

Fauna

- Drinking troughs, feeding troughs and perches were installed in order to suit the local fauna.
- A hunting fence was installed to protect wildlife.
- Bird nest boxes were installed, specifically for the nesting of the lesser kestrel, common kestrel, barn owl and little owl species.
- A study commissioned to analyse the degree of adaptation of bird species to the presence of the solar PV parks, with special emphasis on the lesser kestrel and Montagu's harrier species.
- Stands for wild rabbits built to help the breeding and survival of this species.


Greco, European Owl


Albeniz, Short-toed Snake-eagle

Desfina Wind Farm Reforestation

In May 2023, 2,000 trees were planted in Greece's Parnassos National Park. The project company will ensure their maintenance and watering for the following three years. A wooden cabin was also constructed in 2022 at the entrance of the park, for the benefit of the local Forestry Authority.


Parnassos National Park, Greece

2. Social

Renewable energy projects can have an inherent major positive impact on the environment with their ability to decarbonise the energy sector, aiding the Company in the transition to a low-carbon economy. In light of the European Green Deal boosting renewable energy projects, investment into clean-energy assets has accelerated over recent years. As renewable energy deployment increases, pressure on land is growing. The need to protect biodiversity may result in conflicts over agricultural and renewable energy land usage. Conflicts can arise when new renewable projects compete against other types of land usage, such as residential housing, recreational areas, agriculture and nature conservation, or when they cause landscape disruptions. Engagement with local communities is an integral part of the Company's investment philosophy. The assets continue to support communities by contracting local service providers, paying local taxes, and lease payments for use of the land.

Jaén, Spain

Workshop with University Students at Jaén

On 30 November 2023, the Investment Adviser's Asset Management team hosted a training session on solar photovoltaic energy for a group of Electrical and Industrial Engineering students from Spain's University of Jaén at the Company's 50 MW solar plant located in the same municipality. The students were given the opportunity to see first-hand how a solar PV plant operates and gain technical knowledge of the plant's components, as well as learn about the development and execution of a project of these characteristics. This initiative is part of the proactive social management approach carried out at all the Company's assets, with the aim of having a positive impact on the regions and local communities where the assets operate.

The Rock, Norway

Save the Children Telethon at The Rock

The Rock wind park was one of two businesses in the municipality of Vefsn, Norway, that contributed to a national telethon called Save the Children. The project company made a small one-time donation.

The telethon is a national event and a new organisation is donated money every year. This is positive publicity for The Rock, since it highlights its contribution to the local community.

Save the Children

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

3. Governance

Independent Board of Directors

The independent Board of Directors is responsible for AER's governance and sustainability policy and its implementation, with the daily operations being delegated to its independent AIFM, FundRock Management Company (Guernsey) Limited ("FundRock"). FundRock monitors environmental, social and governance risks, which are fully integrated across every single stage of its investment process. The Aquila Group publishes its own Sustainability Report, describing the Investment Adviser's approach to sustainability within the investment process. Aquila Capital regards integrity and diversity as key pillars in its governance and it has been vital for the growth and success of the Company. The Investment Adviser is fully regulated and supervised by the Federal Financial Supervisory Authority in Germany.


Myrtle Dawes

Appointment of New Non-Executive Director

The Company was pleased to announce the appointment of Myrtle Dawes as a non-executive Director ("NED") in September 2023, joining the Board of Directors as a member of the Remuneration and Nomination Committee and the Audit and Risk Committee. Ms Dawes, a chartered chemical engineer, has over 30 years' experience in the energy sector, both in the UK and overseas, covering leadership roles in engineering, project management, technology and digital transformation. Currently, she is CEO of the Net Zero Technology Centre and non-executive Director at FirstGroup plc. In 2017, Ms Dawes featured in Breaking the Glass Ceiling and was selected as one of 100 Women to Watch in the Cranfield FTSE Board Report 2017. In 2021, she was recognised by TE:100 as one of the Women of the Energy Transition.

Board and Employee Diversity

The Board of Directors is appointed based on expertise and merit, being mindful of the benefits generated by diversity. The Board comprises members with different skills and experiences, while endeavouring to comply with the Listing Rules on diversity. The current Board comprises three men and two women, all non-executive Directors who have a significant number of years of experience in their relevant fields. Additionally, the Investment Adviser is also mindful of the benefits provided by diversification, both in culture (some 60 nationalities are represented among its employees), and in gender (its gender ratio is 61% male and 39% female).

AER Board:

Men	Women
3	2

Investment Adviser:

Men	Women
61%	39%

60 Different nationalities

5 GENDER EQUALITY

Sustainable Supply-Chain Management

The Investment Adviser's membership in associations such as the Global Infrastructure Investor Association ("GIIA") and the Global Listed Infrastructure Organization ("GLIO") afford it the opportunity to lobby for human and labour rights along the value chain of several manufacturers, to prevent trade disruptions. In addition, membership in the associations is also beneficial in highlighting the economic interests of the Investment Adviser to the relevant authorities. The Investment Adviser has also been a member of SolarPower Europe since 2022, a leading solar PV association influencing regulations and business landscapes for the sector. The Investment Adviser's Head of Procurement is Chair of the Supply Chain Sustainability Workgroup for SolarPower Europe.

The Investment Adviser takes a multi-faceted approach to the mitigation of governance risks, limiting exposure to risks within the supply chain. All Engineering, Procurement and Construction ("EPC") and Operations and Maintenance ("O&M") contracts are negotiated with contractors operating in a country adhering to the European Union's minimum labour standards. Any sourcing of raw materials, components, equipment or services from suppliers domiciled in countries linked to the use of forced labour is made with guarantees that such components are not associated with human rights violations.

Moreover, an in-house onboarding and screening process for suppliers is in place to prevent and mitigate any risk of human-rights violations, including a pre-screening of counterparties for bad-press risk and a fully fledged Know Your Customer ("KYC") process. All counterparties are monitored by the Investment Adviser according to internal compliance and procurement policies. Measures include the selection of regions with strong regulatory frameworks, comprehensive internal due-diligence processes that examine counterparties and their governance frameworks, and the use of specialist advisers to conduct technical and legal due diligence analyses at the project level. All governance measures are audited by major audit firms regularly.

INVESTMENT POLICY AND KEY PERFORMANCE INDICATORS

Investment Policy

The Company will seek to achieve its investing objective, set out on page 1, through investment in renewable energy infrastructure in continental Europe and the Republic of Ireland, comprising (i) wind, photovoltaic and hydropower plants that generate electricity transforming 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 or 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 to pursue 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 the Renewable Energy Infrastructure Investment is operated and managed in a manner consistent with its investment policy, including any borrowing restrictions.

Investment Restrictions

The Company aims to achieve diversification principally by investing in a range of portfolio assets across a number of distinct regions 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) will be invested in assets under development or construction;
- no more than 50 per cent of the Gross Asset Value (including cash) will be invested in assets located in any one country;
- no investments will be made in assets located in the UK; and
- no investments will be made in fossil fuel assets.

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

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

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

Changes to the Investment Policy

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

Hedging

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

Liquidity Management

The AIFM will ensure 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.

INVESTMENT POLICY AND KEY PERFORMANCE INDICATORS CONTINUED

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 the Company has a non-controlling interest in, the borrowing restrictions will not be deemed to be breached. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

Dividend Policy

The Company is targeting a progressive dividend over the medium term with a minimum dividend of 5 cents per Ordinary Share, subject to having sufficient distributable reserves. Dividends are expected to be paid quarterly, normally in respect of the three months to 31 March, 30 June, 30 September and 31 December, and are expected to be made by way of interim dividends to be declared in May, August, November and February.

The Company will declare dividends in euros and shareholders will, by default, receive dividend payments in euros.

Shareholders may, by completing a dividend election form, elect to receive dividend payments in sterling (at their own exchange-rate risk). The date the exchange rate between euro and sterling is set will be announced when the dividend is declared.

A further announcement will be made once the exchange rate has been set. Dividend election forms will be available from the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or by telephone 0370 707 1346.

The Company's target dividend for 2024 was approved by the Board and is as set out on page 3.

Key Performance Indicators ("KPIs")

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

(i) Achievement of NAV and Share Price Growth since IPO[1] (June 2019)

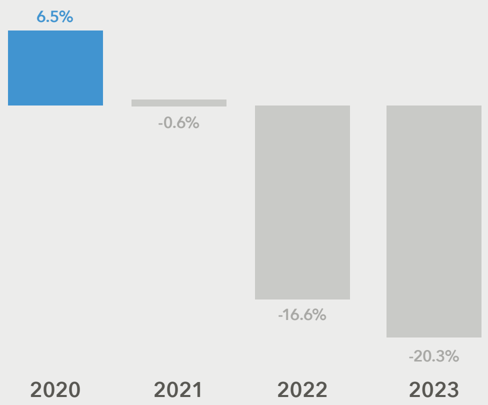
(20.8%) 2023

2022: 27.6%

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

(20.3%) 2023

2022: (16.6%)



The Board monitors both the NAV and share price performance and compares with other similar investment trusts. A review of performance is undertaken at each quarterly Board meeting and the reasons for relative under and over-performance against various comparators is discussed. The Company's NAV total return[1] and total shareholder return since IPO[1] (June 2019) to 31 December 2023 was 20.8% and -1.6% (2022: 27.6% and 6.7%) respectively. The Company's NAV total return[1] and share price total return[1] for the year to 31 December 2023 was -6.0% and -9.0% (2022: 12.9% and -4.5%) respectively. On an annualised basis, the NAV total return[1] per Ordinary Share has achieved 4.3% since IPO.

The Chairman's Statement on pages 8 to 10 incorporates a review of the highlights during the year. The Investment Adviser's Report on pages 12 to 33 highlights investments made and the Company's performance during the year.

The Company's broker monitors the premium or discount on an ongoing basis and keeps the Board updated as and when appropriate. At quarterly Board meetings, the Board reviews the premium or discount in the year since the previous meeting, in comparison with other investment trusts with a similar mandate. The share price closed at a 20.3% discount to the NAV as at 31 December 2023 (2022: 16.6% discount).

On 3 February 2023, the Board announced the details of a Buyback Programme in response to the widening discount at which the Company's share price was trading, as compared with its NAV per Ordinary Share, as they believed the share price did not accurately reflect the inherent value in the portfolio. This is part of a broader package of initiatives seeking to improve the marketability of the Company's shares, which has included a new listing on Euronext Growth Dublin. Since that date, the Company has bought back for Treasury a total of 30,103,575 Ordinary Shares for an aggregate amount of EUR 27.8 million2.

1. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on pages 111 to 113. All references to cents are in euros, unless stated otherwise.
2. Excluding fees and stamp duty.

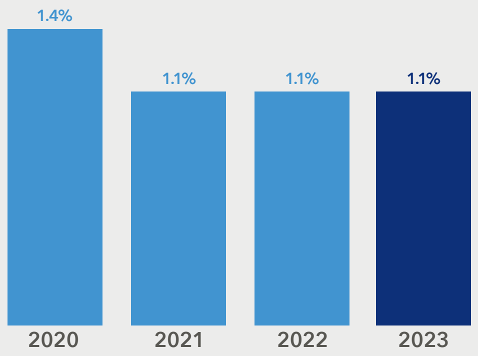
INVESTMENT POLICY AND KEY PERFORMANCE INDICATORS CONTINUED

Key Performance Indicators ("KPIs") continued

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

1.1% 2023

2022: 1.1%



The Board receives management accounts containing an analysis of expenditure which it reviews at its quarterly Board meetings. The Board reviews the ongoing charges[1] quarterly and considers these to be reasonable in comparison with its peers.

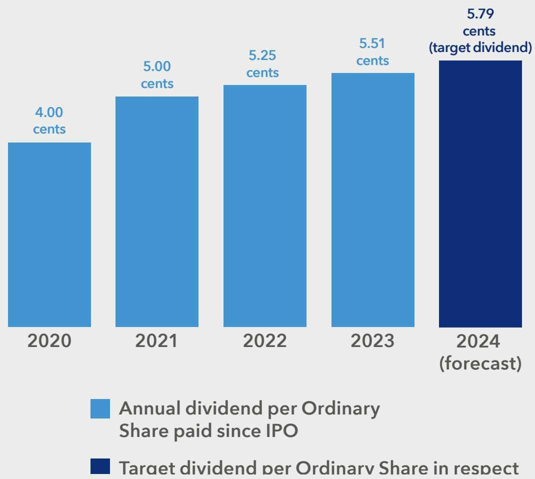
Based on the Company's average net assets during the year ended 31 December 2023, the Company's ongoing charges figure was 1.1% (2022: 1.1%) calculated in accordance with the Association of Investment Companies ("AIC") methodology.

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

Target:

5.79 Cents for 2024

(2023: 5.51 cents)



The Board approved a target dividend of 5.79 cents per Ordinary Share ('2024 Target Dividend') in relation to the year ending 31 December 2024. The 2024 Target Dividend is in accordance with the Company's dividend policy to pay a progressive dividend over the medium term and is subject to the portfolio performing in line with expectations. The 2024 Target Dividend represents an increase of 5.0% versus the prior year and followed a 5.0% increase in the 2023 target dividend announced in February 2023.

The dividend target set for 2023 was for not less than 5.51 cents per Ordinary Share, subject to the performance of the portfolio. These were paid in four equal interim dividends, of 1.3775 cents.

1. This disclosure is considered to represent the Company's alternative performance measures ("APMs"). Definitions of these APMs and other performance measures used, together with how these measures have been calculated, can be found on pages 111 to 113. All references to cents are in euros, unless stated otherwise.

SECTION 172

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

The Board's values – integrity, accountability and transparency – mean that the Board has always worked hard to communicate effectively with the Company's stakeholders.

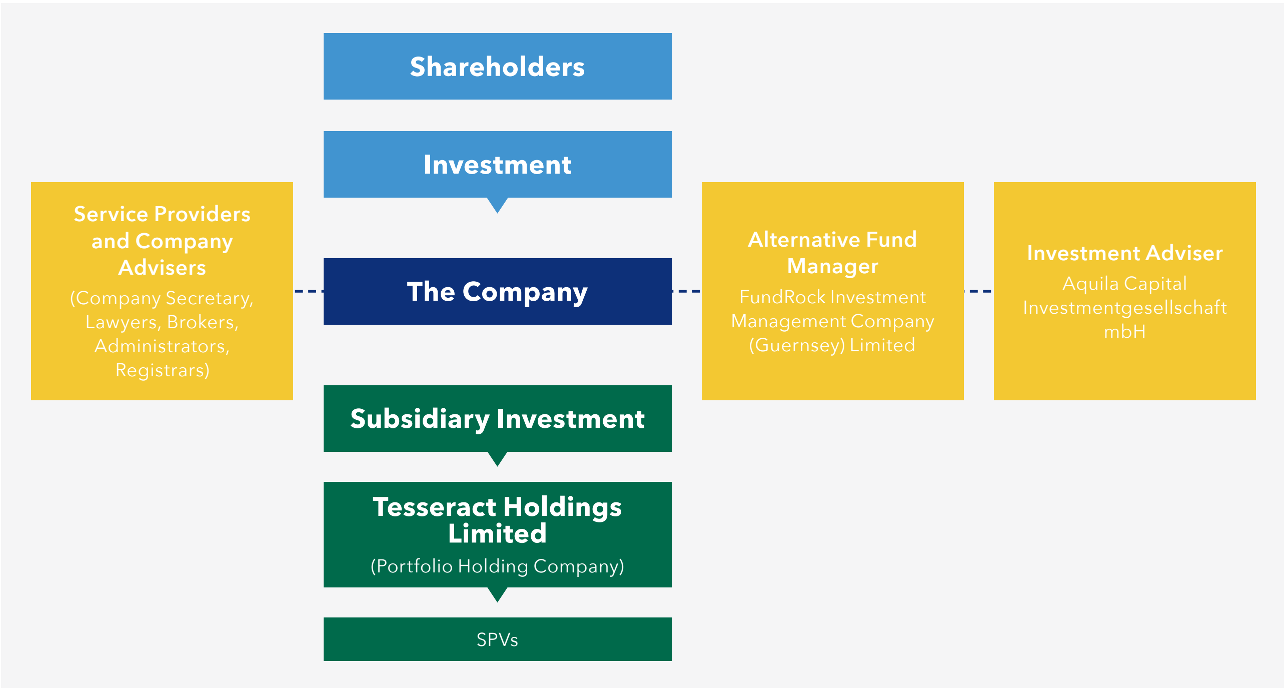
This is a two-way process and the feedback received from the Company's stakeholders is highly valued and factored into the Board's decision-making process. The Company has a range of stakeholders, and this section maps out who they are, what the Board believes their key interests to be, how the Company enables engagement with stakeholders and highlights the key results that have consequently arisen during the year.

Company Sustainability and Stakeholders

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

Company's Operating Model

The Company was listed on the main market of the London Stock Exchange on 5 June 2019 and subsequently listed on the Euronext Growth Dublin Exchange on 2 October 2023. The Company's investments are held via its sole subsidiary, Tesseract Holdings Limited, which, in turn, holds the investment portfolio via a number of Special Purpose Vehicles ("SPVs").



SECTION 172 CONTINUED

Engagement with Stakeholders

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

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

Shareholders

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

With the support of the Company's brokers, the Chairman and key Board members met many of the Company's key investors to gauge their views on the Company's progress since IPO and, more recently, to gauge the appetite of shareholders for the proposal from Octopus Renewables Infrastructure Trust plc to combine with the Company via a scheme of reconstruction pursuant to section 110 of the Insolvency Act 1986.

Separately, the Investment Adviser participated in a roadshow to meet with the Company's key investors. The Board discussed the outcome of these meetings and, as a consequence of these meetings, and to better align the Company with its shareholders, a number of initiatives were undertaken as detailed in the Key Decisions section on page 46.

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

The Investment Adviser and Board believe it is important for the Company's continued success, to have the potential to access equity capital to expand the Company's portfolio over time, to further diversify the investment portfolio, to create economies of scale and, at times when the Company's shares are trading at a premium against its NAV, as a means to manage such premium.

The Company may issue shares from its Treasury account but will only issue shares at a premium to NAV at the time of issue.

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

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

Service Providers

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

To ensure strong working relationships, the Company's key service providers (the Investment Adviser, AIFM, Company Secretary, Administrator) are invited to attend quarterly Board meetings to present their respective reports.

This enables the Board to exercise effective oversight of the Company's activities. During the year, the Board spent a considerable amount of time between Board meetings engaging with the Company's key service providers to continue to develop strong working relationships and to determine good working practices, to ensure the smooth operational function of the Company.

The Board and its advisers seek to maintain constructive relationships with the Company's key service providers on behalf of the Company through the annual review process, regular communications, meetings and the provision of relevant information.

Alternative Investment Fund Manager ("AIFM")

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

Investment Adviser

The Investment Adviser is the most significant service provider to the Company and a description of its role can be found on pages 12 and 13. The performance of the Investment Adviser is determined by the quality of the Investment Adviser management team and their ability to source high-quality assets at attractive prices.

The Board monitors the Company's investment performance closely in relation to its objectives, investment policy and strategy. To assist the Board, the Investment Adviser provides monthly reports. Additionally, the Investment Adviser presents its quarterly production and operational update reports at each quarterly Board meeting. The Board maintains constructive dialogue with the Investment Adviser between meetings.

On a periodic basis, the Board visits the Investment Adviser at its Hamburg office, the site of one of the portfolio assets or one of its other offices, so it can gain a better understanding of the Investment Adviser, to meet key members of the team and gain further insight into the operation of each asset.

The Investment Adviser's remuneration is based on the NAV of the Company. From IPO until 30 June 2023 the Investment Adviser's fees were paid in shares, which aligned the Investment Adviser's interests with those of the Company's shareholders.

SECTION 172 CONTINUED

Portfolio Investments

Prior to being presented to the Board of the HoldCo, the Company's wholly owned subsidiary, the Company's Board is presented with potential investment opportunities identified by the Investment Adviser that have undergone a process of analysis and challenge by the AIFM, including considerations relating to environmental, social and governance issues.

The Board considers each proposal by the Company's investment objective (on page 1), investment policy and strategy, as disclosed on pages 39 to 42 and with consideration for the wider group of stakeholders. In considering each investment opportunity, the Board considers the Company's long-term success, having particular regard to the following aspects of each proposal:

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

As at 31 December 2023, the Company and the HoldCo had EUR 29.5 million of liquidity consisting of EUR 9.9 million in cash on hand plus EUR 19.6 million in an undrawn Revolving Credit Facility.

Society and the Environment

The Company is an investor in renewable energy assets and is acutely aware of its impact on the environment. The Company has an ESG policy and climate risk strategy that ensure it considers society and the environment when implementing its investment strategy. The ESG policy is available on request from the Company Secretary.
You can find further details of matters relating to ESG can be found on pages 34 to 38 or on its website at **https://www.aquila-european-renewables.com**.

Key Decisions made During the Year

Decisions Relating to the Company's Portfolio of Assets

No new investment activities were undertaken as the returns were not adequate relative to share buybacks.

No new PPA agreements were entered into during 2023. However two new PPAs became active during the year in relation to the Greco assets. The Investment Adviser monitors pricing developments in AER's key markets and has ongoing dialogue with potential counterparties.

Solar PV Debt Financing

Subsequent to the year end, the Company, via its wholly owned subsidiary, entered into a five-year non-recourse debt facility with ING Bank N.V. Sucursal en España on 8 January 2024. The debt facility was sought in order to secure financing at attractive terms, the proceeds of which were used to repay the RCF.

Buyback Programme

On 3 February 2023, the Board agreed to introduce a share Buyback Programme pursuant to the authority granted to the Board at the last Annual General Meeting to purchase up to 14.99% of the Company's issued share capital. The Board authorised the buyback as it believes the current share price does not accurately reflect the inherent value in the Company's portfolio. For the period from 3 February 2023 until the Buyback Programme was paused on 12 October 2023, the Company bought back for Treasury a total of 30,103,575 Ordinary Shares for an aggregate amount of EUR 27.8 million[1] at an average discount of 15.8%.

The liquidity in the Company's shares has markedly improved.

1. Excluding fees and stamp duty.

Euronext Growth Dublin Listing

During the year, the Board agreed to consider a secondary listing on the Euronext Growth Dublin exchange to help improve the Company's marketability and appeal in Europe. The Company's shares began trading on the Euronext Growth Dublin exchange on 2 October 2023.

Investment Adviser's Fees

The Company's Supplemental Investment Advisory Agreement, dated 10 May 2019 ('Supplemental IAA') stipulated that, for the quarterly periods until 30 June 2023, the Investment Adviser shall be paid in shares in lieu of fees. The following transactions were approved by the Board in satisfaction of the Supplemental IAA:

Date	Issue or purchase of Ordinary Shares	Amount acquired by the Investment Adviser	Price paid per Ordinary Share (cents)
3 February 2023	Purchased	900,340	90.00
18 May 2023	Purchased	771,695	98.86
7 August 2023	Purchased	831,701	87.00

Dividend Guidance

In accordance with AER's investment objective to pay a progressively growing dividend over the medium term, the Company is pleased to announce a target dividend of 5.79 cents per Ordinary Share ('2024 Target Dividend') in relation to the year ending 31 December 2024, subject to the portfolio performing in line with expectations. The 2024 Target Dividend represents an increase of 5.0% versus the prior year and follows a 5.0% increase in the 2023 dividend announced in February 2023.

Revolving Credit Facility

Through its wholly owned subsidiary, Tesseract Holdings Limited, the Company has access to a Revolving Credit Facility ('RCF') with a maximum limit of EUR 100.0 million.

During the year, the Board authorised the AIFM and the Investment Adviser to extend the term until maturity of the RCF to April 2025.

Board Changes

On 2 February 2023, Dr Patricia Rodrigues replaced Kenneth MacRitchie as Chair of the Remuneration and Nomination Committee as part of the Board's ongoing commitment to ensure they maintain suitable diversity and representation within the Board structure.

On 1 September 2023, Myrtle Dawes was appointed to the Board as an additional non-executive Director to the Company.

RISK AND RISK MANAGEMENT

Principal Risks and Uncertainties

During the year the Company has carried out a rigorous 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 quarterly, or periodically as required, on industry trends, insight to future challenges in the renewable sector including the regulatory, political and economic changes likely to affect 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 affect the Company;
3. **Broker:** provides advice periodically, specific to the Company, on the Company's sector, competitors and the investment company market, while working with the Board and Investment Adviser to communicate with shareholders;
4. **Company Secretary:** briefs the Board on forthcoming governance changes that might affect the Company; and
5. **AIC:** The Company is a member of the Association of Investment Companies, which provides regular technical updates as well as drawing members' attention to forthcoming industry and regulatory issues.

Procedure for oversight

The Audit and Risk Committee undertakes a regular review 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 emerging (as well as known) risks are adequately identified and, so far as is 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, Political and Market

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

Risks	Potential Impact/Description	Mitigation
2. Equity Market Volatility and Shareholder Pressure	Volatility in equity markets may cause the Company's shares to rise or fall and therefore to trade at a premium or a discount to its net asset value. If volatility causes the shares to trade at a discount, this could affect the Company's ability to raise further equity to allow it to repay debt or to support further investments. If the shares trade at a significant discount for a period of time, the Company could become vulnerable to a takeover. In addition, loss of confidence by shareholders may increase the likelihood of attracting votes against the continuation vote to be put to shareholders in September 2024. Volatility can allow significant equity positions to be built and the risk that a sole shareholder increases its ownership to such an extent that they are able to exert significant influence over the Company and decisions made by the Board.	The Company's advisers monitor market conditions and report regularly to the Board. If the Company is unable to raise new capital, it could defer making any new investments until the stock market recovers and, in extreme circumstances, could sell existing investments to reduce debt and raise liquidity. The Company's share price decreased, and remains in excess of 20% discount to its net asset value. As a result, the Board introduced a share buyback programme on 3 February 2023. The Board and its advisers continue to monitor the share price. Additionally, the Board has considered broader options for the Company's future, including a merger via section 110 of the Insolvency Act 1986, which is currently being explored. Shareholder analysis is obtained regularly enabling monitoring of the Company's largest shareholders. The views of the larger shareholders can be monitored by the Company and any concerns managed before the influence becomes overbearing.
3. Change in Political Sentiment	A change in political direction or regulation in one of the countries in which the Company targets investment could lead to changes, reductions, caps or withdrawals of government support arrangements, a windfall tax or potentially the nationalisation of investments. This could have a material impact on the valuation of the investments and the Company's net asset value. Environmental groups may threaten the Company with litigation or put pressure on the government in relation to its renewables ambitions and permits due to environmental concerns and impact on the projects.	The AIFM, advised by the Investment Adviser with its 17 offices in 16 countries, continuously monitors all jurisdictions the Company invests. Tax, legal and ESG due diligence ("DD") is undertaken on each investment and reviewed before signing off any investment proposal. Additional due diligence on development and construction assets is undertaken for new investment opportunities to avoid or mitigate any potential issues. The Investment Adviser has significant experience in these assets and performs ongoing monitoring of these risks. Regulatory changes at the SPV level are monitored by the Investment Adviser and reported to the Board/AIFM on an ongoing basis.

RISK AND RISK MANAGEMENT CONTINUED

Operational

Risks	Potential Impact/Description	Mitigation
4. Environmental /Social/ Governance ("ESG")	Failure to adhere to its ESG Policy and Impact Strategy could result in the Company being liable for damages or compensation to the extent that such losses are not covered by insurance policies. In addition, adverse publicity or reputational damage could follow. Significant ESG risks to the portfolio could include: **Environmental** – climate change, biodiversity issues or environmental impairment. **Social** – impact on local communities where the Company's assets operate, as well as employee welfare including health and safety incidents. **Governance** – lack of a strong governance framework within the Company could expose it to, among other things, the negative impact of bribery and corruption.	The Investment Adviser performs detailed due diligence on ESG factors for each asset prior to acquisition and on a periodic basis thereafter, taking into consideration each ESG risk identified by the Board and Investment Adviser. Further details on how ESG is mitigated, and the wider approach of the Investment Adviser to ESG matters, can be found on pages 34 to 38 of the Strategic Report.
5. Competition for Assets	With increasing numbers of investors seeking exposure to renewable assets, it is possible new competitors will enter the market the Company operates. This could lead to increased pricing for the Company's target investments, with corresponding lower returns and slower deployment of uninvested cash.	The record of the Investment Adviser and its market position and penetration allow it to access potential investments that newer entrants may not have access to. Through the Investment Adviser, the Company has access to a number of assets in the development phase, creating a competitive advantage for the Company. The Board is mindful of pricing when it reviews new investment proposals and the need to achieve the Company's target objective and strategy.
6. Counterparty Risk	The majority of the operational risk in the Company's investments is retained by the counterparty or its subcontractors. Failure to properly operate and maintain assets may result in reduction of revenues and value of assets. However, some risks will remain within the investment. Poor performance by a subcontractor may lead to the need for a replacement, which could have cost implications, affecting the performance of the investment and potentially distributions to the Company until the issue is resolved. The value of the Company's investments and the income they generate may be affected by the failure of counterparties to comply with their obligations under a PPA.	Operation and maintenance ("O&M") of assets are subcontracted to a counterparty who is responsible for ensuring effective continuing operation and maintenance of that asset. The Investment Adviser ensures each such counterparty has the experience and resources to comply with its obligations and monitors compliance on an ongoing basis. Constant monitoring of the investments and the counterparties or service providers allows the Investment Adviser to identify and address risks early. Diversification of counterparties and service providers ensures any impact is limited. The Investment Adviser assesses the credit risk of companies by defined criteria before they become counterparties to PPAs, EPCs and TSA providers.

Risks	Potential Impact/Description	Mitigation
7. Performance of the Investment Adviser	The Investment Adviser manages over EUR 14.7 billion for clients worldwide. There is a risk of conflict when allocating potential new investments across various clients including the Company. The Investment Adviser employs experienced executives to identify, acquire and manage the Company's investments. There is a risk that a key person leaves the Investment Adviser.	The Company and AIFM are made aware of and review potential conflicts of interest at the time each investment is made. The Investment Adviser procures and provides the Board with an independent fairness valuation opinion, which mitigates the risk where valuations conflict exists. When assets are bought along with other funds managed by the Investment Adviser, the price is externally validated. In addition, an investment allocation policy has been implemented by the Investment Adviser and has been agreed by the Board. The strength and depth of the Investment Adviser's resources mitigate the risk of a key person's departure.
8. 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. Risk that the emergence of increasingly advanced AI will lead to new risks to the Company, including, but not limited to, decline in human autonomy, increased cybersecurity vulnerabilities, data loss, impersonation for the purposes of extracting information or money. The pandemic and, more recently the Russian and Ukraine war, has increased IT security concerns and threats being posed to the Company and operating structure by hackers that may lead to loss of information or even a cash loss.	Service providers have been carefully selected for their expertise and reputation in the sector. Each service provider has provided assurances to the AIFM and the Company on their cyber policies and business-continuity plans, along with external audit reviews of their procedures where applicable. The Investment Adviser and key service providers have information-security policies in place, and have appointed IT security officers whose tasks are to provide support for emergency events and crises, the monitoring of the resumption, and repair of the IT security measures after completion of a disturbance or incident, and the ongoing development of improvements to the IT security concept. The Investment Adviser's in-house Asset Management team has reviewed the protective measures taken by the counterparties and has further increased the vigilance against cyber-attacks that could affect the performance and infrastructure of the investments. Insurance is in place to cover potential losses from direct attacks. For indirect attacks (e.g. against grid operation or transmission system) the various administrators, operation and maintenance providers are required to maintain sufficient insurance coverage to mitigate possible damages.

RISK AND RISK MANAGEMENT CONTINUED

Financial

Risks	Potential Impact/Description	Mitigation
9. **Portfolio Valuation**	There is a risk the Company's asset valuations and underlying assumptions, such as future electricity prices and discount rates, are not a fair reflection of the market, meaning the investment portfolio could be over or under-valued.	The principal component of the Company's balance sheet is its portfolio of renewable investments. Each quarter, the AIFM is responsible for preparing a fair market value of the investments, with input and guidance from the Investment Adviser. These valuations and the key underlying assumptions are interrogated by the Board before being approved. The Investment Adviser has a strong track record of undertaking valuations of renewable assets built up over the years since it was founded in 2001. In addition, when a conflicted new investment is being proposed by the Investment Adviser, a fairness valuation opinion from an independent adviser is procured by the Investment Adviser for the AIFM and the Board. The Investment Adviser and broker monitor market competitors and provide feedback on valuation methodologies and assumptions to the valuation team.
10. **Leverage Risk/ Interest Risk**	The use of leverage creates risks including: – exposure to interest rates, which can fluctuate; – covenant breaches; – liquidity risks; – enhanced loss on underperforming investments; and – the ability to refinance assets impacts asset returns and cash flows. Fluctuations in interest rates may affect discount rates applied to the portfolio valuations, as well as affecting cost of debt in both the underlying SPVs and the Company.	The Company's investment policy restricts the use of leverage to: – short-term debt: 25% of the prevailing GAV; and – long-term structural debt: 50% of the prevailing GAV. As at 31 December 2023, the Company's subsidiary, Tesseract Holdings Limited, had 13.2% of short-term debt and at SPV level there was 21.2% of long-term structured debt as a percentage of GAV. The AIFM monitors all debt levels to these policy restrictions and reports them to the Board quarterly. The Investment Adviser provides updates of the covenant compliance to the AIFM and to the Board periodically, and looks at refinancing as early as possible. Interest rate risk on bank debt at the asset level is mitigated by the use of hedging instruments. Liquidity and forward looking cashflow management is monitored by the Investment Adviser and AIFM. The majority of the Company's long-term structural debt is non-recourse, largely fixed interest rates and fully amortising.

Compliance, Tax and Legal

Risks	Potential Impact/Description	Mitigation
11. **Changes to Tax Legislation or Rates**	Changes in tax legislation, base erosion and profit shifting rules, substance, withholding tax rules and rates, could result in tax increases, resulting in a decrease in income received from the Company's investments. A windfall tax on profits from an investment levied by government.	The corporate structure of the Company is reviewed periodically by the Company and its advisers. The Board has been kept informed on a timely basis of the recent introduction of the windfall (and other tax arrangements) taxes introduced across Europe to curb profits of energy providers, and has carefully considered the impact on the Company's portfolio, which is further discussed in the Investment Adviser's Report. The Investment Adviser works closely with tax and industry experts before providing structuring recommendations to the Company prior to investment and on an ongoing basis.
12. **Regulatory and Compliance Changes**	The Company fails to comply with section 1158 of the Corporation Tax Act to ensure maintenance of investment trust status, UK Listing Authority regulations including Listing Rules, Foreign Account Tax Compliance Act and Alternative Investment Fund Managers Directive ("AIFMD"). The Company fails to comply with relevant ESG rules and regulations and fails to monitor those such as the SFDR, changing disclosure requirements and greenwashing risks. Failure to comply with the relevant rules and obligations may result in reputational damage to the Company or have a negative financial impact. Possible uncertainty remains with post-Brexit negotiations and eventual trade deals agreed. Unfavourable terms can affect withholding taxes, double tax treaty limitations and various other trading concerns. Additionally, the Company operates in multiple markets throughout Europe, and some have shown signs of changes or potential changes in regulation as a response to high power prices.	All service providers, including the broker, Company Secretary, Administrator, Investment Adviser and AIFM, are experienced in these areas and provide comprehensive reporting to the Board and on compliance with these regulations. The AIFM is experienced in compliance with the AIFMD reporting obligations and reports at least quarterly to the Board. The Investment Adviser monitors changes in regulation across the markets the Company operates. The Company complies with article 8 of the SFDR and, as noted under "ESG", looks to comply with local requirements, to mitigate potential risks.
13. **Financial Crises**	Risk of bank failure. On 10 March 2023, Silicon Valley Bank and Signature Bank came close to collapse, prompting US regulators to take control in an attempt to prevent contagion. On 19 March 2023, it was announced that the Swiss government had successfully negotiated the acquisition of Credit Suisse by UBS, to prevent its collapse and prevent contagion. If either the US regulators or the Swiss Government had been unsuccessful in preventing contagion, the Company's bankers could have been affected, creating difficulties for the Company to operate.	The Company's bankers are carefully chosen based on their credit rating. Further due diligence is undertaken on each bank to ensure they are robust before the Company engages them. The Company's funds are held by a number of banks, to diversify counterparty risk. Since the 10 March 2023 announcement, the AIFM has undertaken a review of the Company's banking arrangements to identify any exposure to Silicon Valley, Signature and Credit Suisse banks. Following this analysis, the AIFM has concluded that the Company's exposure is nil.

RISK AND RISK MANAGEMENT CONTINUED

Emerging Risks

Risks	Potential Impact/Description	Mitigation
14. **Climate-related risks**	Climate-related risks can be categorised as physical or transitional risks. Physical risks are those associated with the physical effects of climate change. They can be event-based (acute), such as cyclones, hurricanes, wildfires, heatwaves, pandemics, droughts and floods; or longer-term (chronic) shifts in climate patterns, such as sustained higher temperatures with melting of glaciers and ice sheets causing sea-level rise, permafrost melting, chronic heatwaves and desertification, extreme variability in precipitation, land degradation and changes in air quality. Transitional risks are those that arise as economies move towards less-polluting, greener solutions. These include externally imposed risks such as the effect of legal and regulatory requirements or policy changes, changes in societal demands, advances in technologies, market changes and the consequent business decisions taken to respond to such changes. Transitional risks have the potential to crystallise suddenly, for example as a result of policy changes. Physical or transitional climate-related risks could affect the operation of the Company's assets and hence the production or revenue generated by the portfolio assets.	The Company should be sufficiently protected through hedging of price risks in the event of unforeseen changes in regulatory requirements related to climate change. Insurance is usually in place in the event of acute climate risks such as physical damage due to floods, or wildfires resulting in production losses. Financial model forecasts are based on P50 production (the estimated annual amount of electricity generation that has a 50% probability of being exceeded – both in any single year and over the long term – and a 50% probability of being underachieved) data sourced from energy yield assessments provided by external service providers. The Company also mitigates the frequency of both physical and transitional risks through extensive geographical diversification of its portfolio.
15. **Act of War/ Sanctions**	As evidenced with the ongoing war in Ukraine and the various restrictions imposed, as well as the conflict in Gaza, acts of war and resulting sanctions can lead to O&M supply delays, volatile energy markets and general uncertainty. This can also lead to short-term price increases and more focus on renewable energy infrastructure and increased competition for assets. With increasing competition for renewable investments, new regions may be considered, potentially introducing additional political and regulatory risks.	The Investment Adviser, using its extensive experience, is constantly monitoring geopolitical and macro-economic developments. Where required, it undertakes external geopolitical and risk analysis. The Company does not have any direct exposure to Ukraine, Russia, Israel or Gaza. There are also no direct business relations with counterparties from these countries. The Company has limited exposure to supply chain risk and a shift in focus to renewable energy and energy efficiency is a positive. The Broker, Administrator, AIFM and Company advisers all monitor and inform the Board as soon as they are aware of any developments that may impact the Company or its business.
16. **Continuation Vote**	The risk that through shareholder dissatisfaction with the Company's performance compared to their expected returns, there is a vote against the Company's continuation due to take place in September 2024.	The broker, Administrator, AIFM and Company advisers all monitor and inform the Board as soon as they are aware of any developments that may affect the Company or its business. The Board regularly assesses the sentiment of shareholders and, if it considered there was growing discontent the Board would act accordingly.

OTHER INFORMATION

Greenhouse Gas Emissions

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

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

Anti-Bribery, Corruption and Tax Evasion

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

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

Conflicts of Interest

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

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

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

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

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

Employees

As the Company is an investment trust, it does not have any employees, as all functions are carried out by third-party service providers. As at 31 December 2023, the Company had five Directors who are non-executive and receive a fixed fee remuneration, of whom three are male and two are female. The Board's policy on diversity is contained in the Corporate Governance Report (see page 63).

Viability Statement

In accordance with the UK Corporate Governance Code and the Listing Rules, the Directors have assessed the prospects of the Company over a longer period than the twelve-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 2028 (the 'Period').

The Board believes 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 and the principal risks outlined on pages 48 to 54. 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 2028.

In considering the prospects of the Company, the Directors looked at the key risks facing the Company, HoldCo and the SPVs, focusing on the likelihood and impact of each risk as well as any key contracts, future events or timescales that may be assigned to each key risk. The Directors are satisfied that the Company would continue to remain viable under downside scenarios, including a decline in long-term production and power price forecasts. These risks, together with the mitigating factors of each, are shown in the Principal Risks section on pages 48 to 54.

OTHER INFORMATION CONTINUED

Viability Statement continued

As a sector-focused renewable energy investment company, the Company aims for a progressively growing dividend while preserving the capital value of its investment portfolio. As part of its analysis, the Board was mindful that the Company's portfolio assets, held via HoldCo, are fully operational with asset lives of up to 40 years, significantly in excess of the period under consideration.

This assessment also included a detailed review of the issues arising following the war in Ukraine, and conflict between Israel and Hamas in Palestine, high volatility in commodity prices and tax changes which affect the Company's assets (for example, the changes to Norway's taxation of onshore wind farms) that currently face the Company's assets as disclosed in the Principal Risks section on pages 48 to 54 and in the Investment Adviser's Report on pages 12 to 33.

The Company and its subsidiaries have a modest gearing level representing 34.3% as at 31 December 2023 of its Gross Asset Value, comprised of an RCF (EUR 74.7 million drawn, excluding bank guarantees) and non-recourse debt at the asset level of EUR 120.1 million. The Company (via its subsidiaries, where applicable) complies with its covenants related to the RCF and non-recourse debt. The Company negotiated an extension to its RCF in April 2023, which now expires in April 2025. In January 2024, the Company, via its wholly owned subsidiaries, entered into a bank debt financing at its Spanish solar PV portfolio for EUR 50.0 million, the proceeds of which were primarily used to repay the RCF, which is currently drawn to EUR 26.1 million as of the date of approval of this document (excluding bank guarantees), representing approximately 7.0% of its NAV as at 31 December 2023.

The Board, in combination with its advisers, is evaluating a potential extension of the RCF in 2024, noting that such a decision could be influenced by the outcome of the current section 110 process, given the RCF is subject to market standard change of control provisions.

The Company's Investment Adviser has already received proposals from both RCF lenders to extend the facility, subject to agreeing commercial terms and credit approval.

The Board has reviewed the covenants of the RCF and based on stress testing the Company's RCF covenants, significant headroom exists in relation to both the Interest Coverage Ratio ("ICR") and Loan to Value ratios. For example, based on the Company's RCF compliance certificate for Q4 2023 (adjusting for the recent partial repayment of the RCF), forecast cash flows would have to reduce by over 50% to breach the Company's ICR. Given the factors outlined above, the Board has a reasonable expectation that the RCF maturity in April 2025 does not jeopardise the Company's ability to operate and meet its liabilities over the period to 31 December 2028.

The Board has also considered the Company's counterparty banking relations to ensure they are sufficiently robust. Counterparties to the RCF are ING and RBSI (equal share), both of which benefit from a strong investment-grade credit rating, with S&P assigning a long-term credit rating of A+ to ING and A to RBSI. Only counterparties with strong investment-grade credit ratings are considered for the Company's RCF, reducing the risk that the Company would be affected by the failure of a bank or financial institution.

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

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

The Directors do not expect there to be any material increase in the expenses of the Company over the Period.

The Company's income from investments provides substantial cover to the Company's operating expenses and buyback programme, and any other costs likely to be faced by the Company over the Period of the assessment.

In May 2023, the Company was subject to its first continuation vote, which passed with 74.12% of proxy votes voting in favour of continuation. The Board made a commitment that if the continuation vote in 2023 was passed, a subsequent continuation vote would be held in September 2024. The Board also made a commitment to continue to explore a number of different initiatives to address the issues facing the sector and to secure recognition in the Company's share price of the real underlying value of the Company's portfolio. The Company announced on 26 February 2024 that the process of identifying a number of broader options for its future, including the consideration of a potential combination of the Company with another listed investment company by way of section 110 of the Insolvency Act 1986 ('s110') had commenced. Accordingly, the Directors recognise that the outcome of the continuation vote and section 110 process is not yet known and creates material uncertainty around going concern, and may cast significant doubt about the Company's viability.

Outlook

The outlook for the Company, including the future development and performance of the Company, is discussed in the Chairman's Statement on pages 8 to 10 and the Investment Adviser's Report on pages 12 to 33.

Strategic Report

The Strategic Report, set out on pages 1 to 56 of this Annual Report, was approved by the Board of Directors on 24 April 2024.

For and on behalf of the Board,

David Maclellan

24 April 2024

GOVERNANCE

What's in this Section

Svindbaek, Denmark

BOARD OF DIRECTORS

Ian Nolan

Non-executive Chairman

Appointed on 8 April 2019

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

Role

Chairman

Myrtle Dawes

Non-executive Director

Appointed on 1 September 2023

Myrtle Dawes has over 30 years' experience of the energy sector, both in the UK and overseas. She is CEO of the Net Zero Technology Centre, a non-executive Board member of FirstGroup, and an advisory Board member for the Association of Black and Minority Engineers and sits on the Technology Leadership Board. Until recently, she served as a non-executive Board member of the Centre for Process Innovation.

Ms Dawes holds a Masters in Chemical Engineering and Chemical Technology from Imperial College. She is a Fellow of the Institute of Chemical Engineers, Fellow of the Energy Institute, Fellow of the Forward Institute and Honorary Fellow of the Association of Project Managers.

In 2017, Ms Dawes received recognition for her contribution to business, having featured in Breaking the Glass Ceiling and being selected as one of 100 Women to Watch in the Cranfield FTSE Board Report 2017. In 2021, she was recognised by TE:100 as one of the Women of the Energy Transition.

Role

Member of the Audit and Risk Committee, and of the Remuneration and Nomination Committee.

R A

David MacLellan

Non-executive Director

Appointed on 8 April 2019

David MacLellan has almost 40 years experience in private equity first with Murray Johnstone which he joined in 1984 and then with RJD Partners which he founded in 2001. He was a director of Aberdeen Asset Managers plc following its acquisition in 2000 of Murray Johnstone where he was latterly chief executive. Mr MacLellan has served on the boards of a number of companies including as Chairman of John Laing Infrastructure Fund Limited. He is currently Chairman of Custodian Income REIT plc, and a director and Chairman of the audit committees of The Lindsell Train Investment Trust plc and J&J Denholm Limited. He is a past council member of the British Venture Capital Association and is a member of the Institute of Chartered Accountants of Scotland.

Role

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

A R

Key

R Remuneration and Nomination Committee

A Audit and Risk Committee

Kenneth MacRitchie

Non-executive Director

Appointed on 8 April 2019

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

Role

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

R A

Patricia Rodrigues

Non-executive Director

Appointed on 17 April 2019

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

Role

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

R A

INVESTMENT ADVISER

Michael Anderson

Director, Investment Management
Mr Anderson is the lead Investment Adviser to the Company

Nicole Zimmermann

Manager, Portfolio Management

Pascal Herrmann

Associate, Corporate Development & Strategy

James Branca

Investment Analyst, Investment Management

CORPORATE GOVERNANCE

Introduction

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

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

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

The AIC Code is available on the AIC website (**www.theaic.co.uk**) and the UK Code can be found on the Financial Reporting Council's website (**www.frc.org.uk**). The former 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 2023, the Company complied with the recommendations of the AIC Code except, as explained below, where the Company does not believe it appropriate to comply.

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

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

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

The Board

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

The Board believes that, during the year to 31 December 2023, its composition was appropriate for an investment company of the Company's nature and size. All Directors are independent of the Investment Adviser and are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

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

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

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

The Company maintains a policy of insurance against Directors' and Officers' liabilities.

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

CORPORATE GOVERNANCE CONTINUED

Directors' Indemnities

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

Board Committees

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

Audit and Risk Committee

The report on pages 65 to 67 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 Myrtle Dawes, Kenneth MacRitchie and Patricia Rodrigues.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee will meet at least once a year, or more often if required. Its principal duties include identifying and nominating to the Board new Directors, and undertaking an annual performance evaluation of the Board, led by the Committee Chair. For the year to 31 December 2023, Patricia Rodrigues was the Chair of the Remuneration and Nomination Committee. The other members were Kenneth MacRitchie, David MacLellan and Myrtle Dawes.

The Committee's other responsibilities are to: (i) consider the remuneration of the Directors; (ii) identify suitable candidates to fill vacancies on the Board; (iii) determine Director nominees for each committee of the Board; (iv) consider the appropriate composition of the Board and its committees; (v) consider succession planning; (vi) consider the annual Board evaluation process and results; and (vii) consider the Company's Remuneration Policy.

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

The Board as a whole also fulfils the functions of a Management Engagement Committee. It will annually review and consider the actions and judgements of management in relation to the Interim and Annual Financial Statements, and the Company's compliance with the UK Code, the Listing Rules, the Disclosure Guidance and Transparency Rules, and the AIC Code.

The Board will review the role of the Investment Adviser and the AIFM, and examine the effectiveness of the internal control systems of the Company's key service providers.

Meeting Attendance

Number of meetings held	Quarterly Board meetings	Audit and Risk Committee	Remuneration and Nomination Committee
Ian Nolan[1]	4/4	–	–
David MacLellan	4/4	7/7	1/1
Kenneth MacRitchie	4/4	7/7	1/1
Patricia Rodrigues	4/4	7/7	1/1
Myrtle Dawes[2]	2/2	2/2	1/1

In addition, a number of ad hoc Board and committee meetings were held during the year to deal with administrative matters and the formal approval of documents and investment proposals which were considered time critical. The Board also held two Strategy Days, one held in January 2023 and one in September 2023, at which each Board member who served on the Board at the time of the meeting was in attendance.

1. Ian Nolan is not a member of the Audit and Risk Committee or the Remuneration and Nomination Committee; however, he attended each committee meeting held during the year via invitation from the Chair of each as his contribution was considered valuable.
2. Myrtle Dawes was appointed to the Board on 1 September 2023.

Decision Making

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

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

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

Division of Responsibilities

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

Role of the Chair includes:

- leadership of the Board;
- ensuring the Board is provided with sufficient information in order to ensure it is able to discharge its duties;
- ensuring each Board member's views are considered and appropriate action is taken;
- ensuring 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 the Board as a whole has a clear understanding of the views of shareholders; and
- ensuring regular engagement with each service provider and keeping up to date with key developments.

Role of the Board includes:

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

Role of Committee Chairs includes:

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

Board Diversity

The Board recognises the benefits of diversity and supports the recommendations of the Davies Report. All Board appointments will be made on merit and have regard to diversity, including factors such as gender, skills, background and experience. As at 31 December 2023, the Company had five Directors, three of whom are male and two are female. The Board will take account of the targets set out in the FCA's Listing Rules, which are set out below. As the Company is an externally managed investment company, the Board employs no executive staff, and therefore does not have a Chief Executive Officer ("CEO") or a Chief Financial Officer ("CFO") – both of which are deemed senior Board positions by the FCA. However, the Board considers the Chair of the Remuneration and Nomination Committee to be a senior Board position, and the following disclosure is made on this basis. Other senior Board positions recognised by the FCA include Chair of the Board. In addition, the Board has resolved that the Company's year-end date is the most appropriate date for disclosure purposes.

The following information has been provided by each Director. There have been no changes since 31 December 2023.

Board Composition as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	67%	1
Women	2	33%	1
Prefer not to say	–	–	–

Board Composition as at 31 December 2023 continued

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or Other White (including minority-white groups)	4	80%	2
Black/African/Caribbean/Black British	1	20%	–
Prefer not to say	–	–	–

Board Tenure

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

In line with corporate governance best practice, all of the Directors will retire and offer themselves for re-election, or in the case of Myrtle Dawes, for election, at the AGM of the Company to be held on 20 June 2024. The Board recommends all the Directors stand for re-election.

Performance Evaluation

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

The results of the most recent performance evaluation were positive and demonstrated that the Directors showed the necessary commitment for the effective fulfilment of their duties.

Internal Control

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

Financial Aspects of Internal Control

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

Other Aspects of Internal Control

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

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

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

Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks, and how they are being managed, are set out in the Strategic Report on pages 48 to 54.

AUDIT AND RISK COMMITTEE REPORT

David MacLellan
Audit and Risk Committee Chairman

Audit and Risk Committee (the 'Committee')

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

Composition

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

Role and Responsibilities of the Committee

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

The Committee carried out the following activities during the year:

- completed 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;
- considered the ongoing assessment of the Company as a going concern;
- considered the appointment, independence, objectivity and remuneration of the auditor;
- reviewed the audit plan, annual financial statements and half-yearly financial report; and
- considered the financial and other implications on the independence of the auditor arising from the provision of non-audit services.

Internal Audit

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

Financial Aspects of Internal Control

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

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

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Internal Audit continued

Financial Aspects of Internal Control continued

The Statement of Directors' Responsibilities in respect of the financial statements is on page 80 and a statement of going concern is on pages 91 and 92. The Independent Auditors' Report is on pages 81 to 85.

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 2023:

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 held by the Company's wholly owned subsidiary Tesseract Holdings Limited, and approved the valuation of the Company's investments and their existence at the year end with the Investment Adviser, the AIFM and other service providers.

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

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

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

Recognition of Income

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

Tax Status

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

Going Concern

The Committee reviewed the Company's going concern assessment and concluded that it is appropriate for the Company's financial statements to be prepared on a going concern basis as described in the Directors' Report on pages 77 and 78. The Committee and the Board observed that material uncertainty exists as to the Company's status as a going concern, which was discussed at length between the auditor and the Committee.

Calculation of the Investment Adviser's Fees

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

Conclusion with Respect to the Annual Report

The Committee has concluded that the Annual Report for the year to 31 December 2023, 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 producing 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 auditors' credentials. The auditor was formally appointed in November 2019. The current audit partner, Richard McGuire, was appointed on 14 September 2020. The appointment of the auditor is reviewed annually by the Committee and the Board and is subject to approval by shareholders. In accordance with the FRC's guidance, the audit will be put out to tender within ten years of the initial appointment of PwC. Additionally, the audit partner must be rotated every five years and is next eligible for rotation in 2025.

The audit plan was presented to the Committee at its November 2023 Committee meeting, ahead of the commencement of the Company's year-end audit. The audit plan sets out the audit process, materiality scope and significant risks.

Internal Control and Risk

During the year, the Committee, together with the AIFM and other service providers, carefully considered the Company's matrix of risks and uncertainties (including emerging risks) and appropriate mitigating actions. The procedure for identifying emerging risks can be found on page 48 and the Company's principal risks can be found on pages 48 to 54.

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

Auditors' Independence

The Committee considered the independence of the auditor and the objectivity of the audit process, and is satisfied that PwC has fulfilled its obligations to shareholders and as independent auditor to the Company for the year. After due consideration, the Committee recommends the re-appointment of PwC and its re-appointment will be put forward to the Company's shareholders at the 2024 AGM.

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

Effectiveness of External Audit

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

Provision of Non-Audit Services

The Committee has reviewed the FRC's Guidance on Audit Committees, which imposes a cap of 70% on non-audit fees to the average of the audit fees paid in the last three consecutive financial years for the statutory audit payable to the Company's auditor (the 'FRC Guidance'). In line with the FRC Guidance, the Committee has formulated a policy on the provision of non-audit services by the Company's auditor. The Committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other non-audit services that are not restricted by the policy, and this will be judged on a case-by-case basis.

PwC was not engaged to undertake non-audit services for the year ended 31 December 2023.

Committee Evaluation

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

David MacLellan
Audit and Risk Committee Chairman

24 April 2024

DIRECTORS' REMUNERATION REPORT

Dr Patricia Rodrigues
Remuneration and Nomination Committee Chair

Remuneration and Nomination Committee

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

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

Annual Chair's Statement

I am pleased to present the Remuneration Report for the year to 31 December 2023, which has been prepared in accordance with sections 420-422 of the Companies Act 2006. The law requires the Company's auditor to audit certain sections of the Remuneration Report; where this is the case, the relevant section has been indicated as such.

Directors' Remuneration

During the year under review, each of the Directors were entitled to receive a fee of EUR 45,150 per annum, except for the Chairman of the Board who receives EUR 75,000 and the Chair of the Audit and Risk Committee who receives a fee of EUR 52,500 per annum. Each of the Directors' fees are in respect of their appointment as a non-executive Director of the Company and their appointment as a non-executive Director of Tesseract Holdings Limited, and are split between the Company and Tesseract Holdings Limited on a 70%/30% basis.

During the year, the Remuneration and Nomination Committee reviewed the Directors' remuneration, and agreed it remained appropriate. In carrying out its review, the Committee considered the remuneration of each Board member, taking into consideration their individual role, expected time commitment, experience and skills, and the market expectation of the remuneration paid to the Company's Board and the remuneration paid to other comparable investment trusts.

No commissions or performance-related payments were awarded or would be awarded to the Directors by the Company. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ended 31 December 2023 will be payable out of the assets of the Company.

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

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

Remuneration Consideration

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

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

AGM Approval of the Remuneration Policy and Remuneration Implementation Report

The Company's Remuneration Policy was last approved by shareholders at the 2023 AGM and became effective from that date. In accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the 'Regulations'), the Remuneration Policy is required to be put to shareholders for approval every three years, unless a material variation to the Remuneration Policy is proposed and in which case shareholder approval will be sought to amend the policy. Consequently, the Remuneration Policy will next be put to shareholders at the AGM to be held in 2026.

Remuneration Consultants

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

Loss of Office

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

Remuneration Policy

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

Current Remuneration Policy

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

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' Service Contracts

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

Conflicts of Interest

In accordance with section 439A of the Companies Act 2006, details of the decision-making process for the Board's determination, review and implementation, and measures to avoid or manage conflicts of interest, including in considering Board fees, is set out on page 55.

Statement of Consultations

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

Fees Payable on Recruitment

The Board will not pay any incentive fees to any person to encourage them to become a Director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors. The Board engaged Longwater on 23 February 2023 to assist in the search for an additional Board member as part of the Board's succession plan. With the help of Longwater, Myrtle Dawes was identified as the most suitable candidate. Ms Dawes was appointed to the Board with effect from 1 September 2023. Longwater has no links to the Company or to the Board. Fees payable to Longwater are GBP 16,000 on engagement and a further GBP 16,000 once a suitable candidate has been engaged.

Effective Date

The Remuneration Policy was effective from 14 June 2023, when it was last approved by shareholders at the Company's AGM.

Remuneration Implementation Report (Table only is Audited)

The table below provides a single figure for the total remuneration of each Director for the year ended 31 December 2023, including percentage increase.

	Year ended 31 December 2023			Year ended 31 December 2022			Percentage increase[1]			
Director	**Fees EUR**	**Taxable benefits EUR**	**Total EUR**	Fees EUR	Taxable benefits EUR	Total EUR	**2023**	2022	2021	2020
Ian Nolan	**75,000**	**–**	**75,000**	75,000	–	75,000	**0.0%**	0.0%	0.0%	0.0%
David MacLellan	**52,500**	**–**	**52,500**	50,000	–	50,000	**5.0%**	2.0%	6.5%	0.0%
Kenneth MacRitchie	**45,150**	**–**	**45,150**	43,000	–	43,000	**5.0%**	1.2%	3.7%	0.0%
Patricia Rodrigues	**45,150**	**–**	**45,150**	43,000	–	43,000	**5.0%**	1.2%	3.7%	0.0%
Myrtle Dawes[2]	**15,040**	**–**	**15,040**	–	–	–	**–**	–	–	–
Total	**232,840**	**–**	**232,840**	211,000	–	211,000	**3.0%**	0.9	2.8	0.0

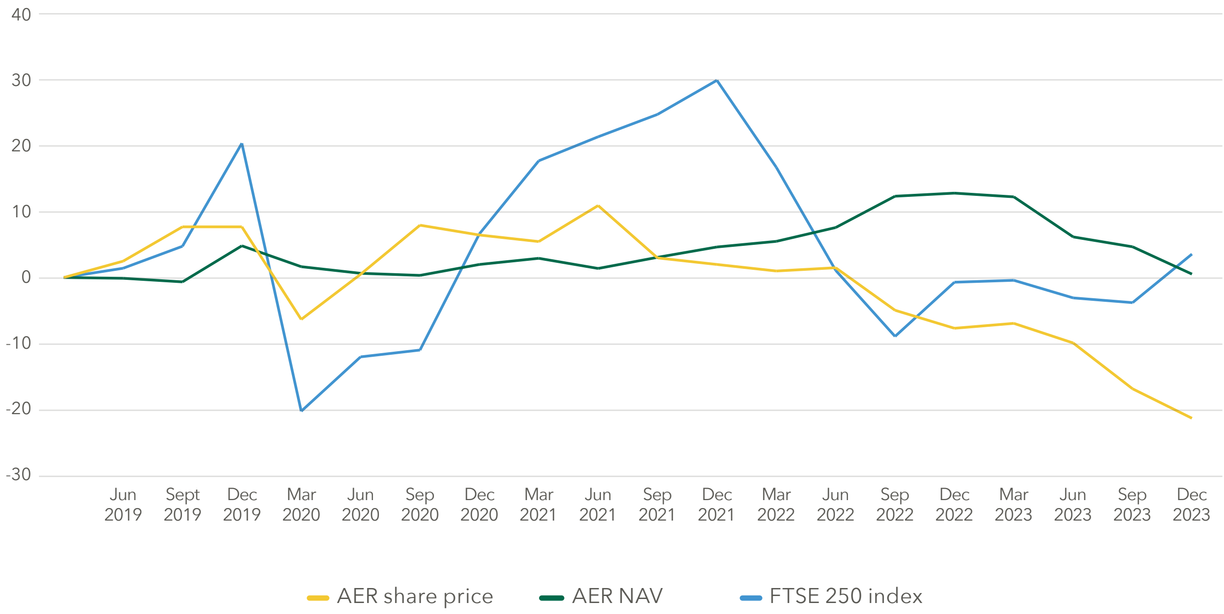
In addition to the above, the Company paid a total of EUR 4,731 in expenses to the Directors (2022: EUR 12,080). None of the above was paid to third parties. There were no taxable benefits claimed during the years ended 31 December 2023 or 31 December 2022.

1. In accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, these columns have been included to show the annual percentage change over the preceding financial years in respect of each Director. The Board will publish this annual percentage change cumulatively each year until there is an annual percentage change over the five financial years preceding the relevant financial year, in accordance with the new regulation.
2. Appointed to the Board on 1 September 2023.

Performance

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

Total Return (%)



Relative Importance of Spend on Pay

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

	Year to 31 December 2023 (EUR '000)	Year to 31 December 2022 (EUR '000)
Spend on Directors' fees	**233**	211
Company's operating expenses and advisory fees	**4,710**	4,715
Dividends paid and payable to shareholders	**21,247**	21,165
Share buybacks	**27,964**	–

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

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' Holdings (Audited)

At 31 December 2023 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 2023	Ordinary Shares as at 31 December 2022
Ian Nolan	**150,000**	100,000
David MacLellan	**125,000**	75,000
Kenneth MacRitchie	**50,000**	50,000
Patricia Rodrigues	**50,000**	50,000
Myrtle Dawes	**–**	–

There have been no changes to any of the Directors' holdings in the period from 1 January 2024 to the date of this report.

Voting on Remuneration Matters at the 2023 AGM and in Respect of the Remuneration Policy

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

Other Disclosures

At the last AGM, held on 14 June 2023, 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	284,859,027	100.00%
Against	6,206	0.00%
Withheld	80,227	–

Ordinary Resolution 3: To approve the Directors' Remuneration Report included in the Annual Report.

	Shares voted	Percentage
In Favour	284,859,027	100.00%
Against	6,206	0.00%
Withheld	80,227	–

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 2023:

– the major decisions on Directors' remuneration;
– any substantial changes relating to Directors' remuneration made during the year; and
– the context in which the changes occurred and decisions have been taken.

Dr Patricia Rodrigues
Remuneration and Nomination Committee Chair
24 April 2024

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2023.

Strategic Report

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

Corporate Governance

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

Risk and Risk Management

The Risk and Risk Management section on pages 48 to 54 forms part of this report.

Viability Statement

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

Legal and Taxation Status

The Company is an investment company within the meaning of section 833 of the Companies Act 2006. It conducts its affairs to meet the requirements for approval as an investment trust under section 1158 of the Corporation Tax Act 2010. The Company received initial approval as an investment trust and must meet eligibility conditions and ongoing requirements for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the year ended 31 December 2023.

Market Information

The Company's Ordinary Shares are listed on the London Stock Exchange ("LSE") and Euronext Growth Dublin. 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 the shares it issues can be recommended by financial advisers to retail investors, and it intends to continue to do so for the foreseeable future.

Articles of Association

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

Management

The Board

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

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

Appointment and Replacement of Board

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

Alternative Investment Fund Manager

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

DIRECTORS' REPORT CONTINUED

Management continued

Alternative Investment Fund Manager continued

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

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

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

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

iv. acting upon instructions from the Board, and executing transactions on behalf of the Company.

Under the terms of the AIFM Agreement, the AIFM is required to provide risk-management services to the Company, including:

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

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

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

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

The AIFM is entitled to:

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

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

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

An additional fee will be agreed between the AIFM and the 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 it incurs in the discharge of its duties other than those arising by reason of gross negligence, wilful misconduct, or fraud by the AIFM.

Investment Adviser

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

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

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

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

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

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

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

During the first two years of its appointment, the Investment Adviser has undertaken to apply its fee (net of any applicable tax) in subscribing for, or acquiring, Ordinary Shares and, as announced on 6 August 2021, this arrangement was extended by an additional two years to 30 June 2023.

If the Ordinary Shares are trading at a premium to the prevailing NAV, the Company will issue new Ordinary Shares to the Investment Adviser. If, however, the Ordinary Shares are trading at a discount to the prevailing NAV at the relevant time, no new Ordinary Shares will be issued by the Company and instead the Company will instruct its broker to acquire Ordinary Shares to the value of the fee due in the relevant period. The Investment Management Agreement is terminable by either the Investment Adviser or the Company giving to the other not less than six months' written notice. Such notice would not expire earlier than the third anniversary of first admission to the London Stock Exchange.

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

This arrangement has now lapsed and the Investment Adviser has been paid its quarterly fees in cash from 30 June 2023.

Company Secretary and Administrator

Apex Listed Companies Services (UK) Limited has been appointed to provide company secretarial and administration services to the Company.

Alternative Investment Fund Managers Directive ("AIFMD")

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

Continuing Appointment of Service Providers

The Board has committed to undertake a review of the continued appointment of these service providers on an annual basis to ensure these are in the best long-term interests of the Company's shareholders. It has undertaken a comprehensive service provider review during the year ended 31 December 2023. The Board considered the results of the service provider evaluation and concluded that each offered a satisfactory service and that their continued appointment was in the best long-term interests of the Company.

Share Capital

Purchase of shares to satisfy the Investment Advisory Agreement

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

Date	Number of shares purchased	Price paid per share (EUR)
3 February 2023	900,340	0.90
18 May 2023	771,695	0.99
7 August 2023	831,701	0.87

Buyback of Shares

During the year under review, a total of 30,103,575 Ordinary Shares were bought back for Treasury at an average price of 92.3 cents per share.

Voting rights

The Company has 30,103,575 Ordinary Shares held in treasury and 378,122,130 Ordinary Shares in circulation with voting rights. The total number of Ordinary Shares in issue is 408,225,705 (2022: 408,225,705).

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.

DIRECTORS' REPORT CONTINUED

Management continued

Share Capital continued

Power to Issue Shares

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

At the 2023 AGM, the Company's shareholders approved a renewal of the authority previously granted at the 2022 AGM to allot up to a maximum of 33.3% of the Company's issued shares equating to 130,511,365 Ordinary Shares, and to disapply pre-emption rights when allotting up to 20% of those Ordinary Shares (equating to 78,314,650 Ordinary Shares). This authority will expire at the forthcoming AGM, where authority will be sought to renew this authority up to a maximum of 20% of the Ordinary Shares in issue as at the date of this report, excluding treasury shares. This authority will be renewed at the forthcoming AGM. Details of the proposed resolutions can be found on pages 78 and 79 and the Notice of AGM on pages 116 and 117.

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

Results and Dividend

The Company's revenue profit after tax for the year amounted to EUR 11,801,000 (2022: EUR 12,339,000). The Company made a capital loss after tax of EUR 41,699,000 (2022: capital gain after tax of EUR 41,765,000). Therefore, the total loss after tax for the Company was EUR 29,898,000 (2022: total gain after tax EUR 54,104,000).

	In respect of the period to	Dividend amount per Ordinary Share	Pay date	Record date	Ex-Dividend date
1st interim dividend	31 March 2023	1.3775	23 June 2023	26 May 2023	25 May 2023
2nd interim dividend	30 June 2023	1.3775	8 September 2023	18 August 2023	17 August 2023
3rd interim dividend	30 September 2023	1.3775	8 December 2023	17 November 2023	16 November 2023
4th interim dividend	31 December 2023	1.3775	18 March 2024	16 February 2024	15 March 2024

Notifiable Shareholders

As at 31 December 2023, the Directors have been formally notified of the following interests in the Company's Ordinary Shares, comprising 3% or more of the issued share capital of the Company:

Shareholder	Holding	Percentage held[1]	Date notified
BlackRock Inc.	53,600,613	14.17	13 October 2023
Insight Investment Management (Global) Limited	18,849,904	4.88	14 July 2023
CCLA Investment Management Limited	20,459,182	5.03	14 December 2021
Baillie Gifford & Co	19,371,961	5.02	1 August 2023
Newton Investment Management Limited	19,099,525	4.98	25 August 2023
Weiss Asset Management LP	19,700,163	5.21	16 November 2023
Liontrust Asset Management plc	16,834,058	4.28	13 September 2021
Schroders plc	16,810,336	4.14	17 September 2021
Stichting Jurisdisch Eigendom Privium Sustainable Impact Fund	14,628,800	4.62	15 October 2020

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

Shareholder	Holding	Percentage held[1]	Date notified
Weiss Asset Management LP	65,339,504	17.28	22 April 2024
BlackRock Inc.	52,502,481	13.88	23 April 2024
Baillie Gifford & Co	18,832,297	4.98	11 April 2024
Barclays PLC	22,156,618	5.86	27 February 2024

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

Settlement of Ordinary Share Transactions

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

Shareholder Engagement

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

The Board encourages shareholders to attend the Company's AGM on 20 June 2024 and to exercise their voting rights. Further details on how to do this can be found in the Notes to the Notice of AGM on pages 118 to 120. Proxy voting figures will be made available shortly after the AGM on the Company's website at **https://www.aquila-european-renewables.com/**. Here shareholders can also find the Company's annual and half-yearly accounts, quarterly factsheets, dividend information and other relevant information.

Appointment of Auditor

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

Going Concern

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

The Company continues to meet its day-to-day liquidity needs through its cash resources and RCF. In reaching this conclusion, the Directors have considered its cash position, income, expense flows, and compliance with the RCF covenants. The Company's net assets as at 31 December 2023 equated to EUR 372.5 million (2022: EUR 451.7 million). As at 31 December 2023, the Company and its wholly owned subsidiary held EUR 9.9 million (2022: EUR 24.7 million) in cash, which excludes any additional cash held within the Company's investments.

The Company and its subsidiaries have a modest level of debt, representing 34.3% of its Gross Asset Value as of 31 December 2023, comprised of an RCF (EUR 74.7 million drawn, excluding bank guarantees) and non-recourse debt at the asset level (EUR 120.1 million). In January 2024, the Company, via its wholly owned subsidiaries, entered into a bank debt financing at its Spanish solar PV portfolio for EUR 50.0 million, the proceeds of which were primarily used to repay the RCF, which is currently drawn to EUR 26.1 million as of the date of approval of this document (excluding bank guarantees), representing approximately 7.0% of its NAV as at 31 December 2023.

The Company is in compliance with its covenants related to the RCF. The Board and its advisers have analysed the covenants of the RCF, and significant headroom exists in relation to both the Interest Coverage Ratio ("ICR") and Loan to Value covenant versus actual ratios based on 31 December 2023. For example, based on the Company's RCF compliance certificate for Q4 2023 (adjusting for the recent partial repayment of the RCF), forecast cash flows would have to reduce by over 57% in order to breach the Company's ICR.

The Company's RCF is due to expire in April 2025 and whilst an extension has not been agreed, the Company would expect to extend the facility with the existing lenders, on the basis that:

- the Company and its Investment Adviser have a strong relationship with the RCF lenders;
- RCF lenders have already put forward proposals to extend the facility, subject to agreeing commercial terms and credit approval;
- the Company and its subsidiaries have a modest level of debt of approximately 34.3%; and
- the Company is in compliance with its RCF covenants and benefits from a significant buffer compared to the actual ratios observed as at 31 December 2023.

Outside of the RCF, the Company and its HoldCo have no other noteworthy liabilities.

The Company and its HoldCo's total expenses for the year ended 31 December 2023 were EUR 10.4 million, inclusive of RCF interest and fees (2022: EUR 6.4 million), which represented approximately 2.6% (2022: 1.5%) of average net assets during 2023. 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 Directors are also satisfied that the Company would continue to remain viable under downside scenarios, including a decline in long-term production and power price forecasts. As part of the assessment, the Directors have reviewed the operating cash flow forecast prepared by the Investment Adviser under base case and downside scenarios. The forecast highlights that the Company is able to meet its obligations without running into any liquidity shortages, noting the Company also has access to a partially undrawn RCF (EUR 68.2 million available) and other sources of liquidity should the need arise. In addition, the Directors are satisfied that any refinancing risks associated with the RCF are low. The Company's portfolio benefits from contracted revenues in the form of Power Purchase Agreements and Government-regulated tariffs, which provide significant visibility of income and downside protection, with 52% of revenue contracted over the next five years. For example, the Company expects its 2024 target dividend to be fully covered, even if forecast power prices decline by 37%.

Going Concern continued

As discussed in the Chairman's Statement on pages 8 to 10, the Company announced on 14 December 2023 that, together with its advisers, it continues to explore a number of different initiatives to address the issues facing the sector and to secure recognition in the Company's share price of the real underlying value of the Company's portfolio. On 26 February 2024, following the receipt and review of a number of indications of interest in a potential combination of the Company with another listed investment company by way of section 110 of the Insolvency Act 1986 ("section 110 combination"), the Board instructed its advisers, Deutsche Numis, to commence a process of mutual due diligence with multiple interested parties. The engagement with parties interested in a section 110 combination with the Company is still ongoing and therefore there can be no certainty that this process will result in a combination on terms which the Board considers to be in the best interests of shareholders as a whole. Any section 110 combination would be subject to shareholder approval.

On 30 May 2023, the Board announced that shareholders should have a further opportunity to vote on the continuation of the Company during the course of the financial year ending 31 December 2024, expected to be around September 2024. With the support of the Company's brokers, the Board has consulted with the Company's shareholders who have expressed their high regard for the Investment Adviser and the Company's portfolio of assets, although it is recognised that the sector as a whole has faced challenges during recent months as discounts have widened and liquidity issues persist. Shareholders have also raised concerns about the ability for the Company to grow in the current climate, given the sustained discount in the share price versus the NAV. As a result, the Directors acknowledge that there is uncertainty as to whether the continuation vote would pass or fail.

If the continuation vote is not passed, then according to the Company's Articles, the Directors shall within six months put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company.

Any such proposal would have to take into consideration the outcome (if any) of the section 110 process, which was announced on 26 February 2024. As a result, the Directors believe that, in the absence of a section 110 transaction taking place, the Directors expect that if the continuation vote is not passed, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements.

Accordingly, while the Directors recognise that these conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, based on the assessment and considerations above, the Directors have concluded that the financial statements of the Company should be prepared on a going concern basis. The financial statements do not include the adjustments that would result if the Company were unable to continue on a going concern basis.

Auditor Information

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

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

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

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

Annual General Meeting

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

The Company's AGM will be held on 20 June 2024 at the offices of the Company's lawyers, CMS Cameron McKenna Nabarro Olswang LLP. Full details of the AGM, the resolutions proposed and how to vote by proxy are described in the Notice of Meeting on pages 116 and 117 of this Annual Report and the explanatory notes on pages 118 to 120. Shareholders are welcome at any time to submit questions they may have to aquilacosecmailbox@apexfs.group.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM to be held on 20 June 2024.

Resolutions 11, 12, and 13 Authority to Issue Ordinary Shares and to Disapply Pre-emption Rights

At the forthcoming AGM, the Board is seeking to renew the authority granted to them at the AGM held on 14 June 2023 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 126,028,106 Ordinary Shares, excluding treasury shares) and to disapply pre-emption rights when allotting up to 20.0% of those Ordinary Shares (equating to 75,624,426 Ordinary Shares, excluding treasury shares).

The Directors consider that the higher aggregate authority is in keeping with recent revised guidance from the Investment Association in relation to a UK investment company and the UK Pre-Emption Group adapted for the context of an investment company, and is justified for the reasons set out below. However, notwithstanding the change in guidance, the Directors are aware that the combined authority to disapply pre-emption rights in respect of up to 20% of the Company's issued Ordinary Share capital sought under Resolutions 12 and 13 is high and, accordingly, are offering shareholders the opportunity to grant the usual 10% authority (Resolution 12) with an option to grant an additional 10% authority, creating an aggregate 20% authority (Resolution 13). The Directors believe that a higher 20% authority is justified to give the Company flexibility to grow and further expand its assets, as well as to lower the Company's ongoing charges as expenses are diluted. Ordinary Shares will only be issued at a price more than the (cum-income) NAV per existing Ordinary Share at the time of issue, after costs.

Ordinary Shares are issued at the discretion of the Board when it is deemed to be in the best interests of shareholders to do so.

The authority granted under these resolutions will expire at the conclusion of the AGM to be held in 2025, unless renewed prior to this date via a General Meeting. The full text of resolutions 11, 12 and 13 is set out in the Notice of Meeting on pages 116 and 117.

Resolution 14 Renewal of Authority to Purchase own Shares

The Directors were granted authority at the AGM held on 14 June 2023 to make market purchases of up to 14.99% of the Ordinary Shares in issue (excluding treasury shares) as at the date of the notice of AGM (25 April 2023) equating to a maximum of 58,696,830 Ordinary Shares. During the year ended 31 December 2023, the Company bought back for treasury a total of 30,103,575 Ordinary Shares at an average price of 92.3 cents per share.

The authority to make market purchases will expire at the conclusion of the Company's 2024 AGM. The Directors recommend that a new authority to purchase up to 56,680,507 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 2024 AGM, are purchased) be granted and a resolution to that effect will be proposed at the AGM. Any Ordinary Shares purchased will either be held in treasury or, if the Directors so determine, cancelled. This authority will expire at the Company's AGM to be held in 2025, unless renewed prior to this date via a General Meeting.

The Companies Act 2006 permits companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This provides the Company with the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. No Ordinary Shares will be sold from treasury at a price less than the (cum-income) NAV per Ordinary Share at the time of their sale, unless they are first offered pro rata to existing shareholders. At the year end, the Company held 30,103,575 Ordinary Shares in treasury.

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

Resolution 15 Notice of General Meetings

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

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

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

The Listing Rules require listed companies to report certain information in a single identifiable section of their Annual Report and Financial Statements. The Company confirms that none of the 14 clauses of Listing Rule 9.8.4 were applicable during the year under review.

By order of the Board,

Jenny Thompson

For and on behalf of
Apex Listed Companies Services (UK) Limited

Company Secretary

24 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect 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. The accounting records should also enable them to ensure the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and Article 4 of the IAS Regulation.

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

Directors' Confirmations

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

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

For and on behalf of the Board

David MacLellan
Director
24 April 2024

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AQUILA EUROPEAN RENEWABLES PLC

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 December 2023; 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, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

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

Independence

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

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

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. On 26 February 2024, following the receipt and review of a number of indications of interest in a potential combination of the Company by way of section 110 of the Insolvency Act 1986 ("section 110 combination"), the Board has instructed its advisers to commence a process of mutual due diligence with multiple interested parties. In addition, on 30 May 2023, the Board announced that it intends to propose a further continuation vote by September 2024. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

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.

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

- Obtained the Directors' going concern assessment and corroborated key assumptions to underlying documentation and ensured this was consistent with our audit work in these areas;
- Assessed the appropriateness of the key assumptions used both in the base case and downside scenarios, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Tested the integrity of the underlying formulae and calculations within the going concern and cash flow models;
- Considered the appropriateness of the mitigating actions available to the Directors in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the Directors' control and are achievable; and
- Held discussions with the Investment Adviser, the Company's broker, and members of the Board to understand their communications with Shareholders of the Company and reviewed the Company's Regulatory News Service announcements.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 2 to the financial statements, 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, or in respect of the Directors' identification in the financial statements of any other 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.

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

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. As the Company meets the definition of an Investment entity and holds its investment at fair value through profit and loss, it does not prepare consolidated accounts.
- The Company is an Investment Trust Company and has appointed Aquila Capital Investmentgesellschaft mbH (the "Investment Adviser") to manage its assets.
- The financial statements are prepared for the Company by Apex Listed Companies Services (UK) Limited (the "Administrator") to whom the Directors delegate the provision of certain administrative functions.

Key audit matters

- Material uncertainty related to going concern
- Valuation of investments held at fair value through profit or loss

Materiality

- Overall materiality: EUR 7,451,000 (2022: EUR 9,033,000) based on 2% of net assets.
- Performance materiality: EUR 5,588,000 (2022: EUR 6,774,000).

The scope of our audit

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Material uncertainty related to going concern is a new key audit matter this year. Ability to continue as a going concern (Continuation Resolution), which was a key audit matter last year, is no longer included because of the fact that there is now a material uncertainty related to going concern. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of investments held at fair value through profit or loss Refer to the Report of the Audit and Risk Committee, the Accounting Policies and Note 4 to the Financial Statements. The Company has EUR 372 million of investment held at fair value through profit or loss. The fair value of the Company's investment 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 have 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 valuations are subjective and complex. This, combined with the significance of the investments balance in the statement of financial position,meant that this was a key audit matter for our current year audit.	– We planned our audit to critically assess management's assumptions and the investment valuation models in which they are applied. – We have assessed whether the valuation methodology adopted for the underlying investments within the HoldCo was appropriate and in line with accounting standards and industry guidelines. – We tested the mathematical accuracy of the valuation models. – We engaged our internal valuation experts to provide audit support in reviewing and concluding on the fair value of a sample of the underlying investment portfolio. Our experts reviewed the appropriateness of the valuation methodology and approach. – Our internal valuations experts developed an independent range to benchmark against management's discount rates for each individual investment taking into account areas such as country risk premia, gearing, and merchant risk exposure which vary depending on the asset. – We agreed the key valuation drivers to relevant supporting documentation. – Specifically, we have agreed a sample of inputs driving the revenue and expenses in the underlying models to supporting documentation such as signed contracts. No material issues were identified in our testing.

How we tailored the audit scope

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

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

The impact of climate risk on our audit

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

Materiality

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

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

Overall Company materiality	EUR 7,451,000 (2022: EUR 9,033,000).
How we determined it	2% of net assets
Rationale for benchmark applied	Net asset value is deemed the appropriate benchmark because Investment Trusts measure their performance on 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% (2022: 75%) of overall materiality, amounting to EUR 5,588,000 (2022: EUR 6,774,000) 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 1,062,000 (2022: EUR 1,058,000) to the Revenue column of the Statement of Comprehensive Income. In arriving at this judgement, we considered the fact that Revenue return is a secondary financial indicator of the Company.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above EUR 372,500 (2022: EUR 451,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 2023 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.

Reporting on other information continued

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, except for the matters reported in the section headed 'Material uncertainty related to going concern', 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.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, such as those governed by the Financial Conduct Authority's Listing Rules and ongoing qualification as an Investment Trust under section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (interest income and dividend income) or to increase total shareholders' funds, and management bias in accounting estimates, such as the valuation of investments held at fair value through profit or loss. Audit procedures performed by the engagement team included:

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

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the Directors on 5 November 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 31 December 2019 to 31 December 2023.

Other matter

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

Richard McGuire
(Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

24 April 2024

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**For the year ended 31 December 2023**			For the year ended 31 December 2022		
		Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Unrealised (losses)/gains on investments	4	**–**	**(41,675)**	**(41,675)**	–	41,778	41,778
Net foreign exchange losses		**–**	**(24)**	**(24)**	–	(13)	(13)
Interest income from shareholder loans	5	**15,312**	**–**	**15,312**	15,929	–	15,929
Dividend income	5	**1,200**	**–**	**1,200**	1,200	–	1,200
Investment advisory fees	6	**(2,896)**	**–**	**(2,896)**	(3,150)	–	(3,150)
Other expenses	7	**(1,814)**	**–**	**(1,814)**	(1,565)	–	(1,565)
Profit/(loss) on ordinary activities before finance costs and taxation		**11,802**	**(41,699)**	**(29,897)**	12,414	41,765	54,179
Finance costs	8	**(1)**	**–**	**(1)**	(75)	–	(75)
Profit/(loss) on ordinary activities before taxation		**11,801**	**(41,699)**	**(29,898)**	12,339	41,765	54,104
Taxation	9	**–**	**–**	**–**	–	–	–
Profit/(loss) on ordinary activities after taxation		**11,801**	**(41,699)**	**(29,898)**	12,339	41,765	54,104
Return per Ordinary Share Undiluted – (cents)	10	**3.03**	**(10.72)**	**(7.69)**	3.02	10.24	13.26
Return per Ordinary Share Diluted – (cents)	10	**3.03**	**(10.72)**	**(7.69)**	3.02	10.24	13.26

The notes on pages 90 to 110 are an integral part of these financial statements.

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

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

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	As at 31 December 2023 (EUR '000)	As at 31 December 2022 (EUR '000)
Fixed assets			
Investments at fair value through profit or loss	4	**372,403**	428,641
Current assets			
Trade and other receivables	11	**96**	5,630
Cash and cash equivalents		**1,532**	19,893
		1,628	25,523
Current liabilities			
Trade and other payables	12	**(1,490)**	(2,514)
		(1,490)	(2,514)
Net current assets		**138**	23,009
Net assets		**372,541**	451,650
Capital and reserves: equity			
Share capital	13	**4,082**	4,082
Share premium		**255,643**	255,643
Special reserve	14	**87,717**	125,082
Capital reserve		**23,919**	65,618
Revenue reserve		**1,180**	1,225
Total shareholders' funds		**372,541**	451,650
Net assets per Ordinary Share (cents)	15	**98.52c**	110.64c

The notes on pages 90 to 110 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 24 April 2024 and signed on its behalf by:

David MacLellan
Director

Company number 11932433

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	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 2023		**4,082**	**255,643**	**125,082**	**65,618**	**1,225**	**451,650**
Share buybacks	13	**–**	**–**	**(27,964)**	**–**	**–**	**(27,964)**
Profit/(loss) for the year		**–**	**–**	**–**	**(41,699)**	**11,801**	**(29,898)**
Dividend paid	16	**–**	**–**	**(9,401)**	**–**	**(11,846)**	**(21,247)**
Closing equity as at 31 December 2023		**4,082**	**255,643**	**87,717**	**23,919**	**1,180**	**372,541**

	Notes	Share capital (EUR '000)	Share premium account (EUR '000)	Special reserve (EUR '000)	Capital reserve (EUR '000)	Revenue reserve (EUR '000)	Total (EUR '000)
Opening equity as at 1 January 2022		4,069	254,388	134,393	23,853	740	417,443
Shares issued during the year[1]	13	13	1,313	–	–	–	1,326
Share issue costs		–	(58)	–	–	–	(58)
Profit for the year		–	–	–	41,765	12,339	54,104
Dividend paid	16	–	–	(9,311)	–	(11,854)	(21,165)
Closing equity as at 31 December 2022		4,082	255,643	125,082	65,618	1,225	451,650

The notes on pages 90 to 110 are an integral part of these financial statements.

1. During the year, the Company did not issue any new Ordinary Shares (2022: 1,286,293 shares with gross aggregate proceeds of EUR 1.33 million).

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**Year ended 31 December 2023 (EUR '000)**	Year ended 31 December 2022 (EUR '000)
Operating activities			
(Loss)/profit on ordinary activities before finance costs and taxation		**(29,897)**	54,179
Adjustment for:			
Unrealised losses/(gains) on investments		**41,675**	(41,778)
Decrease in trade and other receivables		**5,534**	3,668
(Decrease)/increase in trade and other payables		**(1,024)**	859
Net cash flow from operating activities		**16,288**	16,928
Investing activities			
Purchase of investments	4	**–**	(71,369)
Repayments during the year	4	**14,563**	1,459
Payment of contingent consideration		**–**	(1,428)
Net cash flow from/(used in) investing activities		**14,563**	(71,338)
Financing activities			
Proceeds of share issues		**–**	1,326
Share issue costs		**–**	(58)
Share buybacks	13	**(27,964)**	–
Dividend paid	16	**(21,247)**	(21,165)
Finance costs	8	**(1)**	(75)
Net cash flow used in financing activities		**(49,212)**	(19,972)
Decrease in cash		**(18,361)**	(74,382)
Cash and cash equivalents at start of year		**19,893**	94,275
Cash and cash equivalents at end of year		**1,532**	19,893

The notes on pages 90 to 110 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. General Information

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

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

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

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

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

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

2. Basis of Preparation

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

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

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

The functional currency of the Company is euros, as this is the currency of the primary economic environment in which the Company operates. Accordingly, the financial statements are presented in euros, rounded to the nearest thousand euros, unless otherwise stated. The EUR/GBP exchange rate as of 31 December 2023 was 0.8669 (2022: 0.8853).

Accounting for Subsidiary

The Company owns 100% of its subsidiary Tesseract Holdings Limited ("HoldCo" or "THL"). The Company has acquired Renewable Energy Infrastructure Investments through its investment in the HoldCo. The Company finances the HoldCo through a mix of loan investments and equity. The loan investment finance represents shareholder loans (the 'shareholder loans' or "SHL") provided by the Company to HoldCo. The Company meets the definition of an investment entity as described by IFRS 10. Under IFRS , an investment entity is required to hold subsidiaries at fair value through profit or loss, and therefore does not consolidate the subsidiary.

The HoldCo is an investment entity and, as described under IFRS 10, values its SPV investments at fair value through profit or loss. SPV investments are investments held at HoldCo. Further details of the HoldCo and SPV structure and investments can be found in note 20, on pages 108 to 110.

Characteristics of an Investment Entity

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

i. the Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;
ii. the 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. the Company measures and evaluates the performance of substantially all its investments on a fair value basis.

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

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

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

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

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

Going Concern

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

The Company continues to meet its day-to-day liquidity needs through its cash resources and RCF. In reaching this conclusion, the Directors have considered its cash position, income, expense flows, and compliance with the RCF covenants. The Company's net assets as at 31 December 2023 equated to EUR 372.5 million (2022: EUR 451.7 million). As at 31 December 2023, the Company and its wholly owned subsidiary held EUR 9.9 million (2022: EUR 24.7 million) in cash, which excludes any additional cash held within the Company's investments.

The Company and its subsidiaries have a modest level of debt, representing 34.3% of its Gross Asset Value as of 31 December 2023, comprised of an RCF (EUR 74.7 million drawn, excluding bank guarantees) and non-recourse debt at the asset level (EUR 120.1 million).

In January 2024, the Company, via its wholly owned subsidiaries, entered into a bank debt financing at its Spanish solar PV portfolio for EUR 50.0 million, the proceeds of which were primarily used to repay the RCF, which is currently drawn to EUR 26.1 million as of the date of approval of this document (excluding bank guarantees), representing approximately 7.0% of its NAV as at 31 December 2023.

The Company is in compliance with its covenants related to the RCF. The Board and its advisers have analysed the covenants of the RCF, and significant headroom exists in relation to both the Interest Coverage Ratio ("ICR") and Loan to Value covenant versus actual ratios based on 31 December 2023. For example, based on the Company's RCF compliance certificate for Q4 2023 (adjusting for the recent partial repayment of the RCF), forecast cash flows would have to reduce by over 57% in order to breach the Company's ICR.

The Company's RCF is due to expire in April 2025 and whilst an extension has not been agreed, the Company would expect to extend the facility with the existing lenders, on the basis that:

- the Company and its Investment Adviser have a strong relationship with the RCF lenders;
- RCF lenders have already put forward proposals to extend the facility, subject to agreeing commercial terms and credit approval;
- the Company and its subsidiaries have a modest level of debt, of approximately 34.3%; and
- the Company is in compliance with its RCF covenants and benefits from a significant buffer compared to the actual ratios observed as at 31 December 2023.

Outside of the RCF, the Company and its HoldCo have no other noteworthy liabilities.

The Company and its HoldCo's total expenses for the year ended 31 December 2023 were EUR 10.4 million, inclusive of RCF interest and fees (2022: EUR 6.4 million), which represented approximately 2.6% (2022: 1.5%) of average net assets during 2023. 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 Directors are also satisfied that the Company would continue to remain viable under downside scenarios, including a decline in long-term production and power price forecasts. As part of the assessment, the Directors have reviewed the operating cash flow forecast prepared by the Investment Adviser under base case and downside scenarios. The forecast highlights that the Company is able to meet its obligations without running into any liquidity shortages, noting it also has access to a partially undrawn RCF (EUR 68.2 million available) and other sources of liquidity, should the need arise. In addition, the Directors are satisfied that any refinancing risks associated with the RCF are low. The Company's portfolio benefits from contracted revenues in the form of Power Purchase Agreements and Government-regulated tariffs, providing significant visibility of income and downside protection, with 52.0% of revenue contracted over the next five years. For example, the Company expects its 2024 target dividend to be fully covered even if forecast power prices decline by 37%.

2. Basis of Preparation continued

Going Concern continued

As discussed in the Chairman's Statement above, the Company announced on 14 December 2023 that, together with its advisers, it continues to explore a number of different initiatives to address the issues facing the sector and to secure recognition, in the Company's share price, of the real underlying value of the Company's portfolio. On 26 February 2024, following the receipt and review of a number of indications of interest in a section 110 combination, the Board instructed its advisers, Deutsche Numis, to commence a process of mutual due diligence with multiple interested parties. The engagement with parties interested in a section 110 combination with the Company is still ongoing and therefore there can be no certainty that this process will result in a combination on terms which the Board considers to be in the best interests of shareholders as a whole. Any section 110 combination would be subject to shareholder approval.

On 30 May 2023, the Board announced that shareholders should have a further opportunity to vote on the continuation of the Company during the course of the financial year ending 31 December 2024, expected to be around September 2024. With the support of the Company's brokers, the Board has consulted with the Company's shareholders who have expressed their high regard for the Investment Adviser and the Company's portfolio of assets, although it is recognised that the sector as a whole has faced challenges during recent months as discounts have widened and liquidity issues persist. Shareholders have also raised concerns about the ability for the Company to grow in the current climate, given the sustained discount in the share price versus the NAV. As a result, the Directors acknowledge that there is uncertainty as to whether the continuation vote would pass or fail.

If the continuation vote is not passed, then according to the Company's Articles, the Directors shall within six months put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company.

Any such proposal would have to take into consideration the outcome (if any) of the section 110 process, which was announced on 26 February 2024. As a result, the Directors believe that, in the absence of a section 110 transaction taking place, the Directors expect that if the continuation vote is not passed, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements.

Accordingly, while the Directors recognise that these conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, based on the assessment and considerations above, the Directors have concluded that the financial statements of the Company should be prepared on a going concern basis. The financial statements do not include the adjustments that would result if the Company were unable to continue on a going concern basis.

Critical Accounting Judgements, Estimates and Assumptions

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

Key Judgements

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

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The portfolio of assets is managed, and performance is evaluated, on a fair value basis.

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

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

Uncertainty: Investments at Fair Value Through Profit or Loss

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

The discount rates are subjective and therefore it is feasible that a reasonable alternative assumption may be used, resulting in a different value. The discount rates applied to the cash flows are reviewed annually by the Investment Adviser to ensure they are at the appropriate level. The Investment Adviser will take into consideration market transactions, which are of similar nature, when considering changes to the discount rates used.

The weighted average discount rate applied in the December 2023 valuation was 7.2% (2022: 7.2%).

Useful lives are based on the Investment Adviser's estimates of the period over which the assets will generate revenue, which are periodically reviewed for continued appropriateness.

The assumption used for the useful life of the wind assets is 25 to 30 years, and solar PV is 40 years. The actual useful life may be a shorter or longer period, depending on the actual operating conditions experienced by the asset. The operating lives of hydropower assets are estimated in accordance with their expected concession terms.

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 leading market consultants, updated quarterly.

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

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

Climate risks can also affect the carrying value of the Company's underlying investments. The Company relies (via the HoldCo or relevant SPVs) on third-party technical advisers to consider the impact of climate risks when assessing P50 production forecasts.

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% (2022: 2.0%). The impact of physical and transition risks associated with climate change is assessed on a project-by-project basis and factored into the underlying cash flows as appropriate.

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

New Standards, Interpretations and Amendments Adopted from 1 January 2023

A number of new standards and amendments to standards are effective for the annual periods beginning after 1 January 2023. None of these have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

New Standards and Amendments Issued but not yet Effective

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

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. The amendments also specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and they explain that rights are in existence if covenants are complied with at the end of the reporting period. They also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with, on or before the end of the reporting period, affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted.

2. Basis of Preparation
continued

New Standards and Amendments Issued but not yet Effective continued

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7, or stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

3. Material 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) cash and trade and other receivables.

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

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

Financial Liabilities

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

Recognition, Derecognition and Measurement

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

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

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

Taxation

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

Deferred Taxation

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities. They are also offset 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 they are directly attributable to the operations of the Company.

Payment of Investment Advisory Fees in Shares

During the first two years of its appointment, the Investment Adviser has undertaken to apply its fee (net of any applicable tax) in subscribing for, or acquiring, Ordinary Shares and, as announced on 6 August 2021, this arrangement was extended by an additional two years to 30 June 2023. If the Ordinary Shares are trading at a premium to the prevailing NAV, the Company will issue new Ordinary Shares to the Investment Adviser. If, however, the Ordinary Shares are trading at a discount to the prevailing NAV at the relevant time, no new Ordinary Shares will be issued by the Company and instead the Company will instruct its broker to acquire Ordinary Shares to the value of the fee due in the relevant period. This arrangement has now lapsed and the Board has decided not to extend it further. Where shares are trading at a premium to NAV, Ordinary Shares are issued in lieu of the Investment Adviser's fees; and 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. During the year, no shares were issued to the Investment Adviser in lieu of its fees (2022: 1,286,293 Ordinary Shares were issued).

Where the shares have been trading at a discount to NAV, the Board will instruct the Company's brokers to purchase shares in the market for the Investment Adviser in lieu of its fees. Fees paid by way of a purchase of shares will be treated as a capital expense at the time of purchase. During the year, a total of 2,503,736 Ordinary Shares were purchased on behalf of the Investment Adviser in lieu of its fees (2022: 1,788,559 Ordinary Shares).

The Board has decided not to extend this agreement further.

Further details on the payment of investment advisory fees in shares are disclosed in note 6 to the financial statements.

Foreign Currency

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

Cash and Cash Equivalents

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

Share Capital, Special Reserve and Share Premium

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

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

4. Investments Held at Fair Value Through Profit or Loss

	As at 31 December 2023 **Investments at fair value through profit or loss (EUR '000)**	As at 31 December 2022 Investments at fair value through profit or loss (EUR '000)
(a) Summary of valuation		
Analysis of closing balance:		
Investments held at fair value through profit or loss	**372,403**	428,641
Total investments	**372,403**	428,641
(b) Movements during the year		
Opening balance of investments, at cost	**362,978**	293,068
Purchases at cost	**–**	71,369
Repayments during the year	**(14,563)**	(1,459)
Cost of investments	**348,415**	362,978
Revaluation of investments to fair value:		
Unrealised movement in fair value of investments	**23,988**	65,663
Balance of capital reserve – investments held	**23,988**	65,663
Fair value of investments	**372,403**	428,641
(c) (Loss)/gains on investments in year (per Statement of Comprehensive Income)		
Movement in unrealised revaluation of investments held	**(41,675)**	41,778
(Loss)/gains on investments	**(41,675)**	41,778

The fair value of the Company's equity and the shareholder loans investments in HoldCo are determined by the underlying fair values of the SPV investments, which are not traded and contain unobservable inputs. As explained in note 2, the Company has made a judgement to fair value of both the equity and shareholder loan investments together. As such, the Company's equity and the shareholder loan investments in HoldCo have been classified as Level 3 in the fair value hierarchy.

Fair Value Measurements

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

Level 1

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

Level 2

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

Level 3

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

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

	As at 31 December 2023				As at 31 December 2022			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	(EUR '000)	**(EUR '000)**	**(EUR '000)**	**(EUR '000)**	(EUR '000)	(EUR '000)	(EUR '000)	(EUR '000)
Investments at fair value through profit or loss	**–**	**–**	**372,403**	**372,403**	–	–	428,641	428,641
	–	**–**	**372,403**	**372,403**	–	–	428,641	428,641

Due to the nature of the investments, they are always expected to be classified as Level 3. There have been no transfers between levels during the year ended 31 December 2023.

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

	Year ended 31 December 2023 (EUR '000)	Year ended 31 December 2022 (EUR '000)
Opening balance	**428,641**	316,953
Additions during the year	**–**	71,369
Repayments during the year	**(14,563)**	(1,459)
Unrealised (losses)/gains on investments adjustments	**(41,675)**	41,778
Closing balance	**372,403**	428,641

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, its investment in the HoldCo is valued at fair value. HoldCo's cash, working capital balances and fair value of investments are included in calculating fair value of the HoldCo.

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

The Investment Adviser has carried out fair market valuations of the SPV investments as at 31 December 2023 and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation.

All SPV investments are held at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement. The following economic assumptions were used in the valuation of the SPVs.

Valuation Assumptions

As at 31 December 2023

Discount rates	The discount rate used in the valuations is calculated according to internationally recognised methods. Typical components of the discount rate are risk-free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class, as well as specific premia for other risks such as development and construction.
Power price	Power prices are based on captured power price forecasts from leading market analysts. The forecasts are independently sourced from providers with coverage in almost all European markets, as well as providers with regional expertise. The approach applied to all asset classes (wind energy, solar PV and hydropower) remains unchanged with the first two using a blend of two power price curve providers and the third using a blend of three power price curve providers.
Energy yield/load factors	Estimates are based on third-party energy yield assessments, which consider historic production data (where applicable) and other relevant factors.
Inflation rates	Long-term inflation is based on the monetary policy of the European Central Bank. Short-term inflation assumptions are based on the first three years being sourced from Refinitiv and an interpolation for another two years to the long-term rate.
Asset life	Life of 25 to 30 years for onshore wind energy and 40 years for solar PV is assumed. The operating lives of hydropower assets are estimated in accordance with their expected concession terms.
Operating expenses	Operating expenses are primarily based on respective contracts and, where not contracted, on the assessment of a technical adviser.
Taxation rates	Underlying country-specific tax rates are derived from due diligence reports from leading tax consulting firms.

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

Valuation Sensitivities

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

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

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

(i) Discount Rates

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

The weighted average valuation discount rate applied to calculate the SPV valuation is 7.2% at 31 December 2023. An increase or decrease in this rate by 0.5% at project level has the following effect on valuation:

Discount rate	NAV per share impact in (EUR cents)	-0.5% change (EUR '000)	Total NAV value (EUR '000)	+0.5% change (EUR '000)	NAV per share impact in (EUR cents)
Valuation as of 31 December 2023	**5.7**	**394,093**	**372,541**	**352,697**	**(5.2)**

(ii) Power Price

Long-term power price forecasts are provided by leading market consultants and are updated quarterly. The sensitivity below assumes a 10% increase or decrease in merchant power prices relative to the base case for every year of the asset life.

The sensitivity considers a flat 10% movement in power prices for all years, i.e. the effect of adjusting the forecast electricity price assumptions in each of the jurisdictions applicable to the SPV down by 10% and up by 10% from the base case assumptions for each year throughout the operating life of the SPV.

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

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

Power price	NAV per share impact (EUR cents)	-10.0% (EUR '000)	Total NAV value (EUR '000)	+10.0% (EUR '000)	NAV per share impact (EUR cents)
Valuation as of 31 December 2023	**(11.3)**	**329,931**	**372,541**	**415,083**	**11.2**

(iii) Energy Yield

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

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 2023	**(7.9)**	**342,743**	**372,541**	**402,792**	**8.0**

(iv) Inflation Rates

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

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

Inflation rates	NAV per share impact (EUR cents)	-0.5% (EUR '000)	Total NAV value (EUR '000)	+0.5% (EUR '000)	NAV per share impact (EUR cents)
Valuation as of 31 December 2023	**(4.6)**	**355,169**	**372,541**	**391,084**	**4.9**

(v) Asset Life

In general, an operating life of 25 to 30 years for onshore wind energy and 40 years for solar PV is assumed. The operating lives of hydropower assets are estimated in accordance with their concession term.

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

Asset life	NAV per share impact (EUR cents)	-1 year (EUR '000)	Total NAV Value (EUR '000)	+1 year (EUR '000)	NAV per share impact (EUR cents)
Valuation as of 31 December 2023	**(1.6)**	**366,336**	**372,541**	**378,100**	**1.5**

(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 2024 and that change is applied for the remaining life of the assets.

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

Operating expenses	NAV per share impact (EUR cents)	-10.0% (EUR '000)	Total NAV value (EUR '000)	+10.0% (EUR '000)	NAV per share impact (EUR cents)
Valuation as of 31 December 2023	**4.6**	**389,973**	**372,541**	**355,121**	**(4.6)**

5. Income from Investments

Income from investments	**For the year ended 31 December 2023 (EUR '000)**	For the year ended 31 December 2022 (EUR '000)
Interest income from shareholder loans	**15,257**	15,929
Dividend income	**1,200**	1,200
Bank interest income	**55**	–
Total income	**16,512**	17,129

6. Investment Advisory Fees

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Investment advisory fees	**2,896**	**–**	**2,896**	3,150	–	3,150

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

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

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

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

During the first two years of its appointment, the Investment Adviser has undertaken to apply its fee (net of any applicable tax) in subscribing for, or acquiring, Ordinary Shares. If the Ordinary Shares are trading at a premium to the prevailing NAV, the Company will issue new Ordinary Shares to the Investment Adviser. If, however, the Ordinary Shares are trading at a discount to the prevailing NAV at the relevant time, no new Ordinary Shares will be issued by the Company and instead the Company will instruct its broker to acquire Ordinary Shares to the value of the fee due in respect of the relevant period. The current Investment Adviser fee arrangement with Aquila Capital Investmentgesellschaft allowed the Investment Adviser fee to be fully paid in the shares of the Company until 30 June 2023.

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

Share-Based Payments

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

In respect of the year ended 31 December 2023	**Investment advisory fees (EUR)**	**Fair value of issue/ purchase price (cents)**	**Number of shares**	**Date of transaction**	**Issued/ Purchased**
31 March 2023	**767,841**	**98.86**	**771,695**	**18 May 2023**	**Purchased**
30 June 2023	**728,290**	**87.00**	**831,701**	**7 August 2023**	**Purchased**

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

7. Other Expenses

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Secretary and administrator fees	**218**	**–**	**218**	254	–	254
Tax compliance	**10**	**–**	**10**	132	–	132
Directors' fees	**181**	**–**	**181**	169	–	169
Directors' other employment costs	**35**	**–**	**35**	12	–	12
Broker retainer	**68**	**–**	**68**	87	–	87
Audit fees – statutory[1, 2]	**385**	**–**	**385**	352	–	352
AIFM fees	**122**	**–**	**122**	147	–	147
Registrar's fees	**16**	**–**	**16**	23	–	23
Marketing fees	**106**	**–**	**106**	67	–	67
FCA and listing fees	**215**	**–**	**215**	61	–	61
Legal fees	**202**	**–**	**202**	162	–	162
ESG rating fees	**38**	**–**	**38**	33	–	33
AIC and other regulatory fees	**44**	**–**	**44**	30	–	30
Other expenses	**174**	**–**	**174**	36	–	36
Total expenses	**1,814**	**–**	**1,814**	1,565	–	1,565

8. Finance Costs

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Interest charges	**–**	**–**	**–**	72	–	72
Bank charges	**1**	**1**	**2**	3	–	3
Total	**1**	**1**	**2**	75	–	75

1. There are no non-audit services in relation to the current year or prior year.
2. The GBP equivalent of the statutory audit fees was GBP 333,700 (2022: GBP 295,200) including VAT of GBP 55,600 (2022: GBP 49,200).

9. Taxation

(a) Analysis of Tax Charge in the Year

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Revenue (EUR '000)	**Capital (EUR '000)**	**Total (EUR '000)**	Revenue (EUR '000)	Capital (EUR '000)	Total (EUR '000)
Total tax charge for the year (see note 9(b))	**–**	**–**	**–**	–	–	–

(b) Factors Affecting Total Tax Charge for the Year

The effective UK corporation tax rate applicable to the Company for the year is 23.5% (2022: 19%). The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company.

The differences are explained below:

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	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	**11,801**	**(41,699)**	**(29,898)**	12,339	41,765	54,104
Corporation tax at 23.52% (2022: 19%)	**2,776**	**(9,808)**	**(7,032)**	2,344	7,935	10,279
Effects of:						
(Loss)/gain on investments held at fair value not (taxable)/allowable	**–**	**9,802**	**9,802**	–	(7,937)	(7,937)
Foreign exchange loss not allowable	**–**	**6**	**6**	–	2	2
Dividend income not taxable	**(282)**	**–**	**(282)**	(228)	–	(228)
Expenditure not deductible for tax purposes	**66**	**–**	**66**	13	–	13
Movement in management expenses not utilised/deferred tax not recognised	**(28)**	**–**	**(28)**	19	–	19
Impact of tax-deductible interest distributions	**(2,532)**	**–**	**(2,532)**	(2,148)	–	(2,148)
Total tax charge for the year	**–**	**–**	**–**	–	–	–

Investment companies that have been approved by HM Revenue & Customs under section 1158 of the Corporation Tax Act 2010 are exempt from tax on capital gains. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation of investments.

The Company has unrelieved excess management expenses of EUR 1,157,548 (2022: EUR 1,273,191). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised. The unrecognised deferred tax asset calculated using a tax rate of 25% (2022: 25%) amounts to EUR 289,387 (2022: EUR 318,298). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1 April 2023.

10. Return per Ordinary Share

Income from investments	For the year ended 31 December 2023	For the year ended 31 December 2022
Revenue return after taxation (EUR '000)	**11,801**	12,339
Capital return after taxation (EUR '000)	**(41,699)**	41,765
Total net return (EUR '000)	**(29,898)**	54,104
Weighted average number of Ordinary Shares	**388,998,468**	407,926,535

	Number of shares	
Weighted average number of shares used as the denominator	**For the year ended 31 December 2023**	For the year ended 31 December 2022
Weighted average number of Ordinary Shares used as the denominator in calculating basic earnings per share	**388,998,468**	407,926,535

11. Trade and Other Receivables

	As at 31 December 2023 (EUR '000)	As at 31 December 2022 (EUR '000)
Interest due from shareholder loans	**–**	5,542
Pre-paid expenses	**96**	88
Total	**96**	5,630

12. Trade and Other Payables

	As at 31 December 2023 (EUR '000)	As at 31 December 2022 (EUR '000)
Accrued expenses	**1,383**	1,291
Intercompany payable	**–**	645
Deferred consideration payable	**107**	578
Total	**1,490**	2,514

13. Share Capital

	As at 31 December 2023		As at 31 December 2022	
	No. of shares	(EUR '000)	No. of shares	(EUR '000)
Allotted, issued and fully paid:				
Ordinary Shares of 1 cent each ('Ordinary Shares')	**378,122,130**	**3,781**	408,225,705	4,082
Total	**378,122,130**	**3,781**	408,225,705	4,082

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

During the year, the Company did not issue any new Ordinary Shares (2022: 1,286,293 Ordinary Shares with gross aggregate proceeds of EUR 1.33 million).

During the year, the Company purchased for treasury a total of 30,103,575 Ordinary Shares at an aggregate cost of EUR 27,964,000 (including stamp duty and other fees). There were no shares purchased for treasury in the prior year.

For the year ended 31 December 2023	Shares in issue at the beginning of the year	Shares subscribed	Shares bought back and held in treasury	Shares in issue at the end of the year
Ordinary Shares	**408,225,705**	**–**	**30,103,575**	**378,122,130**

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

During the year to 31 December 2022, the Company issued 1,286,293 new Ordinary Shares with gross proceeds of EUR 1.33 million, relating to the settlement of the Investment Advisers fees. The Company has not issued any further Ordinary Shares to the Company's Investment Adviser since the agreement ended on 30 June 2023 (note 6).

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 judgment 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 2023 are based on EUR 372,541,000 (2022: EUR 451,650,000) of net assets of the Company attributable to the 378,122,130 (2022: 408,225,705) Ordinary Shares in issue as at 31 December 2023.

16. Dividend Paid

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

	For the year ended 31 December 2023		For the year ended 31 December 2022	
Total dividends paid in the year	Cents per Ordinary Share	Total (EUR '000)	Cents per Ordinary Share	Total (EUR '000)
31 December 2022 interim – paid 17 March 2023 (2022: 11 March 2022)	**1.3125c**	**5,334**	1.25c	5,096
31 March 2023 interim – paid 26 May 2023 (2022: 17 June 2022)	**1.3775c**	**5,376**	1.3125c	5,351
30 June 2023 interim – paid 18 August 2023 (2022: 2 September 2022)	**1.3775c**	**5,310**	1.3125c	5,353
30 September 2023 interim – Paid 17 November 2023 (2022: 2 December 2022)	**1.3775c**	**5,227**	1.3125c	5,365
Total	**5.4450c**	**21,247**	5.1875c	21,165

The dividend relating to the year ended 31 December 2023, which is the basis on which the requirements of section 1159 of the Corporation Tax Act 2010 are considered, is detailed below:

Total dividends declared in the year	For the year ended 31 December 2023 Cents per Ordinary Share	For the year ended 31 December 2023 Total (EUR '000)	For the year ended 31 December 2022 Cents per Ordinary Share	For the year ended 31 December 2022 Total (EUR '000)
31 March 2023 interim – paid 26 May 2023 (2022: 17 June 2022)	**1.3775c**	**5,376**	1.3125c	5,351
30 June 2023 interim – paid 18 August 2023 (2022: 2 September 2022)	**1.3775c**	**5,310**	1.3125c	5,353
30 September 2023 interim – paid 17 November 2023 (2022: 2 December 2022)	**1.3775c**	**5,227**	1.3125c	5,365
31 December 2023 interim – paid 18 March 2024 (2022: 17 March 2023)[1]	**1.3775c**	**5,211**	1.3125c	5,334
Total	**5.5100c**	**21,124**	5.2500c	21,403

17. Financial Risk Management

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

Market Risk

The value of the investments will be a function of the discounted value of their expected future cash flows, and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets. The Investment Adviser carries out a full valuation on a quarterly basis, which takes into account market risks. The sensitivity of the investment valuation due to market risk is shown in note 4 on pages 96 to 99.

(i) Currency Risk

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

(ii) Interest Rate Risk

The Company's interest rate risk on interest-bearing financial assets is limited to interest earned on shareholder loans. The Board considers that, as shareholder loan 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 2023 are summarised below:

Assets	**Interest bearing (EUR '000)**	**Non-interest bearing (EUR '000)**	**Total (EUR '000)**
Cash and cash equivalents	**–**	**1,532**	**1,532**
Trade and other receivables	**–**	**96**	**96**
Investments at fair value through profit or loss	**233,888**	**138,515**	**372,403**
Total assets	**233,888**	**140,143**	**374,031**
Liabilities			
Creditors	**–**	**(1,490)**	**(1,490)**
Total liabilities	**–**	**(1,490)**	**(1,490)**

17. Financial Risk Management continued

Market Risk continued

(ii) Interest Rate Risk continued

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

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

(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 2023, the Company held investments with an aggregate fair value of EUR 372,403,000 (2022: EUR 428,641,000). All other things being equal, the effect of a 10% increase or decrease in the share prices of the investments held at the year end would have been an increase or decrease of EUR 37,240,000 (2022: EUR 42,864,000) in the profit after taxation for the year ended 31 December 2023 and the Company's net assets at 31 December 2023. The sensitivity of the investment valuation due to price risk is shown further in note 4 on pages 96 to 99.

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 renewable investments and as such these shareholder loans are not exposed to credit risk. No balances are past due or impaired.

	As at 31 December 2023 (EUR '000)	As at 31 December 2022 (EUR '000)
Investments at fair value through profit or loss – shareholder loan investments	**233,888**	248,451
Trade and other receivables	**96**	5,630
Cash and cash equivalents	**1,532**	19,893
Total	**235,516**	273,974

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

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

	Rating	**As at 31 December 2023 (EUR '000)**	As at 31 December 2022 (EUR '000)
Royal Bank of Scotland	A-1/A+ (S&P Rating)	**1,414**	2,170
EFG International AG-Daily liquid fund	A (Fitch Rating)	**115**	15,183
Royal Bank of Scotland International	A-1/A (S&P Rating)	**3**	2,540
Total		**1,532**	19,893

1. Not included as a liability in the year ended 31 December 2023 financial statements.

Liquidity Risk

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

Financial assets and liabilities by maturity as at 31 December 2023 are shown below:

	Less than 1 year (EUR '000)	**1-5 years (EUR '000)**	**5+ years (EUR '000)**	**Total (EUR '000)**
Trade and other payables	**(1,490)**	**–**	**–**	**(1,490)**
Total	**(1,490)**	**–**	**–**	**(1,490)**

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

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

As at 31 December 2023, across the Company's investment portfolio, there is approximately EUR 120.1 million (2022: EUR 131.2 million) of non-recourse, project debt (on a proportional basis) at the SPV level. Additionally, the Company's subsidiary has a Revolving Credit Facility ("RCF") with a limit of EUR 100.0 million. At year, EUR 80.4 million was drawn down from the facility[1] (31 December 2022: EUR 34.9 million).

Capital and Risk Management

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

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

The Company considers its capital to comprise Ordinary Share capital, distributable reserves and retained earnings. The Company is not subject to any externally imposed capital requirements. The Company's share capital and reserves, which are shown in the Statement of Financial Position, total EUR 372,541,000 (2022: EUR 451,650,000).

The Board, with the assistance of the Investment Adviser, monitors and reviews the Company's capital on an ongoing basis. Use of distributable reserves is disclosed in note 19.

Share capital represents the 1 cent nominal value of the issued share capital. The share premium account arose from the net proceeds of new shares.

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

18. Transactions with the Investment Adviser and Related Party Transactions

AIFM fees for the year ended 31 December 2023 amount to EUR 122,000 (2022: EUR 147,000). As at 31 December 2023, the fee outstanding to the AIFM was EUR 8,794 (2022: EUR 30,734).

The Company Secretary and Administrator fees for the year ended 31 December 2023 amount to EUR 218,000 (2022: EUR 254,000) and the total fees paid to Apex Group amount to EUR 340,000 (2022: EUR 401,000).

Fees payable to the Investment Adviser are shown in the Statement of Comprehensive Income. As at 31 December 2023, the fee outstanding to the Investment Adviser was EUR 685,971 (2022: EUR 815,581).

1. Includes Letters of Credit.

18. Transactions with the Investment Adviser and Related Party Transactions continued

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

	Year ended 31 December 2023 (EUR)	Year ended 31 December 2022 (EUR)
Ian Nolan	**75,000**	75,000
David MacLellan	**52,500**	50,000
Kenneth MacRitchie	**45,150**	43,000
Patricia Rodrigues	**45,150**	43,000
Myrtle Dawes[1]	**15,040**	–

During the year, the Company advanced shareholder loans to HoldCo of EUR 233,888,000 (2022: EUR 248,451,000). During the year, the Company received total dividend income of EUR 1,200,000 (2022: EUR 1,200,000) and total shareholder loan interest income of EUR 15,257,000 (2022: EUR 15,929,000) from the HoldCo.

The accrued interest and shareholder loans outstanding at the year end were EUR 233,888,000 (2022: EUR 253,993,000).

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

	Ordinary Shares 31 December 2023	Ordinary Shares 31 December 2022
Ian Nolan	**150,000**	100,000
David MacLellan	**125,000**	75,000
Kenneth MacRitchie	**50,000**	50,000
Patricia Rodrigues	**50,000**	50,000
Myrtle Dawes	**–**	–

19. Distributable Reserves

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

The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed within these financial statements of EUR 1,180,000 as at 31 December 2023 (2022: EUR 1,225,000).

20. Unconsolidated Subsidiaries, Joint Venture and Associate

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

Subsidiary entity Name and registered address	Effective ownership %	Investment	Country of incorporation	**Profit/(loss) for the year ended 31 December 2023 (EUR million)**	Profit/(loss) for the year ended 31 December 2022 (EUR million)	**Total assets balances as at 31 December 2023 (EUR million)**	Total assets balances as at 31 December 2022 (EUR million)
Tesseract Holdings Limited Leaf B, 20th Floor Tower 42 Old Broad Street London EC2N 1HQ	100.0	HoldCo subsidiary entity, owns underlying SPV investments	United Kingdom	**(41.7)**	43.0	**447.6**	458.5

1. Myrtle Dawes was appointed to the Board on 1 September 2023.

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

Subsidiary entity Name and registered address	Effective ownership %	Investment	Country of incorporation	**Profit/(loss) for the year ended 31 December 2023 (EUR million)**	Profit/(loss) for the year ended 31 December 2022 (EUR million)	**Total assets balances as at 31 December 2023 (EUR million)**	Total assets balances as at 31 December 2022 (EUR million)
Holmen II Wind Park ApS Københavnsvej 81 4000 Roskilde Denmark	100.0	Subsidiary entity, owns investment in Holmen II	Denmark	**1.5**	4.3	**23.6**	27.2
Aalto Wind No 2 Ltd. Oy c/o Intertrust (Finland) Oy Bulevardi 1, 6th floor FI-00100 Helsinki, Finland	100.0	Subsidiary entity, owns investment in Olhava	Finland	**(0.0)**	(0.0)	**45.4**	53.0
Prettysource Lda Avenida Fontes Pereira de Melo, n.º 14 11.º floor, 1050 121 Lisbon	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	**0.0**	0.1	**4.1**	4.2
Astros Irreverentes Unipessoal Lda Avenida Fontes Pereira de Melo, n.º 14 11.º floor, 1050 121 Lisbon	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	**0.0**	0.1	**4.1**	4.2
Contrate o Sol Unipessoal Lda Rua Filipe Folque no. 10J, 2 Dto, 1050-113 Lisbon	100.0	Subsidiary entity, owns investment in Benfica III	Portugal	**0.0**	0.2	**2.1**	2.1
Argeo Solar S.L. Paseo de la Castellana 259D, 14S-15, Madrid Spain	100.0	Subsidiary entity, owns investment in Albeniz	Spain	**(2.2)**	(1.7)	**37.2**	40.2
Vector Aioliki Desfinas S.A. Salaminos Str. 20 15124 Maroussi Attica, Greece	89.0	Subsidiary entity, owns equity investment in Desfina	Greece	**2.5**	2.2	**53.3**	56.7
Ega Suria S.L. Paseo de la Castellana 259D Floors 14 and 15 28046 Madrid	100.0	Subsidiary entity, owns investment in Tiza	Spain	**(0.6)**	0.4	**33.0**	24.1
Azalent Investment SL Paseo de la Castellana 259D Floors 14 and 15 28046 Madrid	100.0	Subsidiary entity, owns investment in Greco	Spain	**0.6**	(0.4)	**97.4**	52.4
Svindbaek Vindkraft HoldCo ApS Gyngemose Parkvej 50 2860 Søborg Denmark	100.0	Subsidiary entity, owns investment in Svindbaek	Denmark	**(1.4)**	2.1	**35.9**	37.5
Svindbaek Vindkraft GP ApS Gyngemose Parkvej 50 2860 Søborg Denmark	100.0	Subsidiary entity, General partner to Svindbaek Vindkraft HoldCo ApS	Denmark	**(0.0)**	0.0	**0.0**	0.0

20. Unconsolidated Subsidiaries, Joint Venture and Associate continued

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

Joint venture and associate entities Name and registered address	Effective ownership %	Investment	Country of incorporation	**Profit/(loss) for the year ended 31 December 2023 (EUR million)**	Profit/(loss) for the year ended 31 December 2022 (EUR million)	**Total assets balances as at 31 December 2023 (EUR million)**	Total assets balances as at 31 December 2022 (EUR million)
Palea Solar Farm Ourique S.A. Avenida Fontes Pereira de Melo, no. 14, 11. Andar 1050-121 Lisbon Portugal	50.0	Joint venture entity, owns equity investment in Ourique	Portugal	**(0.0)**	(0.4)	**42.8**	51.3
Midtfjellet Vindkraft AS Sandvikvågvegen 45 N-5419 Fitjar, Norway	25.9	Associate entity, owns equity investment in Tesla	Norway	**(35.0) NOK**	132.0 NOK	**905.9 NOK**	1,069.7 NOK

As disclosed in note 4, the Company finances the HoldCo through a mix of shareholder loans and equity. During the year, a new Master Shareholder Loan was agreed between the Company and its subsidiary with an interest rate of 6.2% (2022: range of 2.0% to 10.375%).

HoldCo finances its SPV investments through a mix of shareholder loans and equity. The shareholder loans accrue at an interest rate range of 2.5% to 9.75%.

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

21. Post Balance Sheet Events

Spanish Solar PV Debt Financing

On 8 January 2024, the Company, via its wholly owned subsidiaries, announced that it had entered into a EUR 50.0 million, five-year non-recourse debt facility with ING Bank N.V. Sucursal en España. The debt facility is secured by AER's wholly owned Spanish solar PV portfolio.

ALTERNATIVE PERFORMANCE MEASURES ("APMS")

In reporting financial information, the Company presents APMs, which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company. The Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Annual Report. Additional total return calculations have been added to show how the Company has performed since IPO, in terms of annualised return and aggregate return.

(Discount)/Premium

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

		Page	**As at 31 December 2023**	As at 31 December 2022
NAV per Ordinary Share (cents)	a	2	**98.5**	110.6
Share price (cents)	b	2	**78.5**	92.3
Discount	(b÷a)-1		**(20.3%)**	(16.6%)

Ongoing Charges

A measure, expressed as a percentage of average net assets (quarterly net assets averaged over the year), of the regular, recurring annual costs of running an investment company.

		Page	**Year ended 31 December 2023**	Year ended 31 December 2022
Average NAV (EUR '000)	a	n/a	**399,571**	438,421
Annualised expenses (EUR '000)[1]	b	n/a	**4,220**	4,715
Ongoing charges	(b÷a)		**1.1%**	1.1%

Total Return

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

As at 31 December 2023		**Page**	**Share price**	**NAV**
Opening at 1 January 2023 (cents)	**a**	**2**	**92.3**	**110.6**
Dividend adjustment (cents)	**b**		**5.4**	**5.4**
Closing at 31 December 2023 (cents)	**c**	**2**	**78.5**	**98.5**
Total return	**((c+b)÷a)-1**		**(9.0%)**	**(6.0%)**

As at 31 December 2022		Page	Share price	NAV
Opening at 1 January 2022 (cents)	a	n/a	102.00	102.6
Dividend adjustment (cents)	b		5.19	5.2
Closing at 31 December 2022 (cents)	c	2	92.25	110.6
Total return	((c+b)÷a)-1		(4.5%)	12.9%

1. Expenses consist of investment advisory fees of EUR 2,896,000 (2022: EUR 3,150,000) and other recurring expenses of EUR 1,814,000 (2022: EUR 1,025,000) in accordance with the AIC methodology.

ALTERNATIVE PERFORMANCE MEASURES ("APMS") CONTINUED

As at 31 December 2023		**Page**	**Share price**	**NAV**
Opening at IPO (cents)	**a**	**4**	**100.0**	**98.0**
Dividend adjustment (cents)	**b**	**n/a**	**19.9**	**19.9**
Closing at 31 December 2023 (cents)	**c**	**2**	**78.5**	**98.5**
Total return since IPO	**((c+b)÷a)-1**		**(1.6%)**	**20.8%**

As at 31 December 2022		Page	Share price	NAV
Opening at IPO (cents)	a	n/a	100.0	98.0
Dividend adjustment (cents)	b	n/a	14.4	14.4
Closing at 31 December 2022 (cents)	c	2	92.3	110.6
Total return since IPO	((c+b)÷a)-1		6.7%	27.6%

As at 31 December 2023		**Page**	**Share price**	**NAV**
Opening at IPO (cents)	**a**	**4**	**100.0**	**98.0**
Closing at 31 December 2023 (cents)	**b**	**2**	**78.5**	**98.5**
Dividend adjustment (cents)	**c**	**n/a**	**19.9**	**19.9**
Annualised total return since IPO	**(((b+c)/a)^(1/years since IPO))-1[1]**		**(0.4%)**	**4.3%**

As at 31 December 2022		Page	Share price	NAV
Opening at IPO (cents)	a	n/a	100.0	98.0
Closing at 31 December 2022 (cents)	b	2	92.3	110.6
Dividend adjustment (cents)	c	n/a	14.4	14.4
Annualised total return since IPO	(((b+c)/a)^(1/years since IPO))-1[1]		1.8%	7.1%

1. Years since IPO: 4.5 in 2023 and 3.5 in 2022.

Dividend Cover

Dividend cover ratio calculation is based on net result generated at the SPVs, adjusted for the Company-level expenses during the year.

		Page	**Year ended 31 December 2023**	Year ended 31 December 2022
Net result generated at the SPVs (EUR '000)	a	20	**22,334**	29,093
Dividend paid (EUR '000)	b	20	**21,247**	21,165
Dividend cover ratio	a÷b	20	**1.1x**	1.4x

Dividend cover ratio calculation is based on the revenue account of the Company.

		Page	**Year ended 31 December 2023**	Year ended 31 December 2022
Profit on ordinary activities (EUR'000)	a	86	**11,801**	12,339
Dividend paid (EUR '000)	b	88	**21,247**	21,165
Dividend cover ratio	a÷b		**0.6x**	0.6x

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

		Page	**Year ended 31 December 2023**	Year ended 31 December 2022
Adjusted net cash flow from operating activities (EUR'000)	a	21	**31,213**	23,999
Dividend paid (EUR '000)	b	21	**21,247**	21,165
Dividend cover ratio	a÷b	21	**1.5x**	1.1x[1]

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 2023**	31 December 2022
Net Asset Value (EUR '000)	a	2	**372,541**	451,650
Debt at the SPV level (EUR '000)	b	25	**120,126**	131,203
RCF drawn[2] (EUR '000)	c	25	**74,716**	24,000
Gross Asset Value (EUR '000)	a+b+c		**567,383**	606,853

Gearing

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

		Page	**31 December 2023**	31 December 2022
Gross Asset Value (EUR '000)	a	24	**567,383**	606,853
Debt at the SPV level (EUR '000)	b	25	**120,126**	131,203
RCF drawn[2] (EUR '000)	c	25	**74,716**	24,000
Gearing ratio	(b+c)÷a		**34.3%**	25.6%

1. The deviation in the cash dividend cover ratio for 2022 compared to the Annual Report 2022 is due to the inclusion of RCF interest and fees.
2. Revolving Credit Facility on HoldCo level.

GLOSSARY

AIC
Association of Investment Companies

Alternative Investment Fund or "AIF"
An investment vehicle under AIFMD. Under AIFMD (see below) Aquila European Renewables Plc is classified as an AIF.

Alternative Investment Fund Managers Directive or "AIFMD"
A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.

Annual General Meeting or "AGM"
A meeting held once a year, 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.

the Company
Aquila European Renewables Plc

CREST
The central securities depository for markets in the United Kingdom.

Dividend
Income receivable from an investment in shares.

EPC
Engineering, procurement and construction ("EPC") is an agreement that provides end-to-end services for designing the system, procuring the components and installing the project.

EU
European Union

Ex-dividend date
The date on or after which a security is traded excluding a recently declared dividend, set one business day prior to the relevant record date. If you purchased shares on or after this date, you will not receive the dividend to which the ex-dividend date relates.

Financial Conduct Authority or "FCA"
The independent body that regulates the financial services industry in the UK.

Gearing
A term used to describe the extent that a portfolio has increased in size as a way to magnify income and capital returns, but which can also magnify losses.

GWh
Gigawatt hour.

the HoldCo
Tesseract Holdings Limited, the wholly owned Subsidiary of the Company.

Index
A basket of stocks which is considered to replicate a particular stock market or sector.

Investment company
A company formed to invest in a diversified portfolio of assets.

Investment trust
An investment company, which is based in the UK and which meets certain tax conditions that enable it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.

IPO
Initial Public Offering

Leverage
An alternative word for 'Gearing'.

Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing cash or securities, or leverage embedded in derivative positions.

Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of a company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

MWh
Megawatt hour

Net assets or net asset value ("NAV")
An investment company's assets less its liabilities.

NAV per Ordinary Share
Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).

O&M
Operation and Maintenance

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

Ordinary Shares
The Company's Ordinary Shares in issue.

Portfolio
A collection of different investments held in order to deliver returns to shareholders and to spread risk.

PPAs
Power Purchase Agreements

Premium
The amount, expressed as a percentage, by which the share price is more than the net asset value per share.

PV
Photovoltaic

Record date
The cut-off date established by a company in order to determine which shareholders are eligible to receive and dividend or distribution. If you owned shares in the Company up to and including this date, you will receive the dividend through which the record date relates. If you owned shares after this date, you will not receive the dividend.

Share buyback
A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.

Share price
The price of a share as determined by a relevant stock market.

SPV
A Special Purpose Vehicle

Total return
A measure of performance that takes into account both income and capital returns. This may include capital gains, dividends, interests and other realised variables over a given period of time.

COMPANY INFORMATION

Directors (all non-executive)

Ian Nolan (Chairman)

Myrtle Dawes
(appointed on 1 September 2023)

David MacLellan

Kenneth MacRitchie

Patricia Rodrigues

Registered Office[1]

6th Floor
125 London Wall
London EC2Y 5AS

AIFM

FundRock Management (Guernsey) Limited

(formerly International Fund Management Limited)
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Investment Adviser

Aquila Capital Investmentgesellschaft mbH

Valentinskamp 70
D-20335
Hamburg
Germany

Broker

Deutsche Numis Securities Limited

The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Administrator and Company Secretary

Apex Listed Companies Services (UK) Limited

(formerly Sanne Fund Services (UK) Limited)
6th Floor
125 London Wall
London EC2Y 5AS

Registrar

Computershare Investor Services Plc

The Pavilions
Bridgwater Road
Bristol BS13 8AE

Independent Auditor

PricewaterhouseCoopers LLP

7 More London Riverside
London SE1 2RT

Legal Advisers

CMS Cameron McKenna Nabarro Olswang LLP

Cannon Place
78 Cannon Street
London EC4N 6AF

1. Registered in England and Wales No. 11932433.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Aquila European Renewables Plc will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF on 20 June 2024 at 1.00pm for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 11 will be proposed as ordinary resolutions and resolutions 12 to 15 will be proposed as special resolutions.

Ordinary Resolutions

1. To receive the Company's Annual Report and Accounts for the year ended 31 December 2023, with the reports of the Directors and auditor thereon.
2. To approve the Directors' remuneration report for the year ended 31 December 2023.
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 elect Myrtle Dawes as a Director of the Company
8. To re-appoint PricewaterhouseCoopers as auditor to the Company.
9. To authorise the Directors to fix the remuneration of the auditor until the conclusion of the next Annual General Meeting of the Company.
10. To authorise the Directors to declare and pay all dividends of the Company as interim dividends.
11. That the Directors be and are hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused) 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 1,260,281 (representing 33.33%. of the Company's issued share capital excluding treasury shares at the date of the notice of this meeting) PROVIDED THAT the Directors may not allot relevant securities of an aggregate nominal amount more than 33.33%. 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 a general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2025 or, if earlier, on the expiry of 15 months from the passing of this resolution (the 'section 551 period') but so that the Directors may, at any time prior to the expiry of the section 551 period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the section 551 period and the Directors may allot relevant securities in the pursuance of such an offer or agreement as if the authority granted by this resolution had not expired.

Special Resolutions

12. That, subject to the passing of resolution 11 in the notice convening the meeting at which this resolution is to be proposed (the 'notice of meeting') and in substitution for all existing powers, 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 11 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 378,122 (representing 10%. of the Company's issued share capital (excluding treasury shares) at the date of this notice of meeting).

    This power applies in relation to the sale of shares, which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words "subject to the passing of resolution 11 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 11 in the notice of meeting" were omitted.

13. That, in addition to the authority granted in resolution 12 and subject to the passing of resolution 11 in the notice convening the meeting at which this resolution is to be proposed (the 'notice of meeting') and in substitution for all existing powers, 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 11 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 378,122 representing 10% of the issued share capital (excluding treasury shares) 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 11 in the notice convening the meeting at which this resolution is to be proposed ('notice of meeting')" and "pursuant to the authority under section 551 of the Act conferred by resolution 11 in the notice of meeting" were omitted.

14. 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:

    (i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 56,680,507 (representing 14.99% of the Company's issued Ordinary Share capital (excluding treasury shares) at the date of the notice of this meeting);

    (ii) the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1 cent;

    (iii) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of (a) 5% above the average of the middle market quotations for the Ordinary Shares for the five business days immediately before the day on which it purchases that share and (b) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares;

    (iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2025 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and

    (v) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

15. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 days' notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

Registered Office:

6th Floor, 125 London Wall
London EC2Y 5AS

By order of the Board

Jennifer Thompson
Company Secretary

Apex Listed Companies Services (UK) Limited
6th Floor, 125 London Wall
London EC2Y 5AS

24 April 2024

NOTES TO THE NOTICE OF MEETING

1. Holders of Ordinary Shares of one cent each in the capital of the Company ('Shares') are entitled to attend, speak and vote at the Annual General Meeting. A shareholder entitled to attend, speak and vote at the Annual General Meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the Annual General Meeting. A proxy need not be a shareholder of the Company. However, in order for their vote to count, shareholders should appoint the Chair of the meeting as their proxy. Shareholders are advised to return the form of proxy irrespective of whether they are expecting to attend the AGM. If multiple proxies are appointed, they must not be appointed in respect of the same Shares. To be effective, the enclosed form of proxy ('Form of Proxy'), together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 1.00pm on 18 June 2024.
2. If you return more than one proxy appointment, either by paper or electronic communication, the one that is validly received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
3. As an alternative to completing the Form of Proxy, shareholders can appoint a proxy electronically via the Registrar's online voting portal **www.investorcentre.co.uk/eproxy**. For an electronic proxy appointment to be valid, your appointment must be received by the Registrar no later than 1.00pm on 18 June 2024. 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 1.00pm on 18 June 2024 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, or from speaking and voting in person if he/she so wishes. The Articles provide that (subject to certain exceptions) at the Annual General Meeting, each shareholder present in person or by proxy shall have one vote on a show of hands, and on a poll, every shareholder present in person or by proxy shall have one vote for every Share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing by no later than 1.00pm on 18 June 2024. 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 8.30am to 5.30pm. Monday to Friday (excluding public holidays in England and Wales).
6. To appoint more than one proxy, shareholders will need to complete a separate Form of Proxy in relation to each appointment, stating clearly on each Form of Proxy the number of Shares in relation to which the proxy is appointed. A failure to specify the number of Shares to which each proxy appointment relates, or specifying an aggregate number of Shares in excess of those held by the shareholder, will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. If you require additional Forms of Proxy, please contact the Registrar's helpline on 0370 707 1346 (or +44 370 707 1346 from outside the UK). Lines are open 8.30am to 5.30pm. Monday to Friday (excluding public holidays in England and Wales). All Forms of Proxy must be signed and should be returned together in the same envelope if possible.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holders (the first named being the most senior).
8. Only those shareholders registered in the register of members of the Company as at 1.00pm on 18 June 2024 (the 'specified time') shall be entitled to vote at the Annual General Meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the relevant register of securities after 1.00pm on 18 June 2024 shall be disregarded in determining the rights of any person to vote at the Annual General Meeting. If the Annual General Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of shareholders to vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the Annual General Meeting is adjourned for a longer period then, to be so entitled, shareholders must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting, or if the Company gives notice of the adjourned meeting, at the time specified in that notice.
9. shareholders who hold their Shares electronically may submit their votes through CREST. Instructions on how to vote through CREST can be found by accessing the following website: **www.euroclear.com**.
10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by following the procedures described in the CREST manual (available via **www.euroclear.com**). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instructions, as described in the CREST manual (available via **www.euroclear.com**). The message, in order to be valid, must be transmitted so as to be received by the Company's agent ID, 3RA50 by the latest time for receipt of proxy appointments specified in note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.
13. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
15. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or
    (ii) any circumstance connected with any auditor of the Company ceasing to hold office since the previous meeting at which Annual Accounts and Reports were laid in accordance with section 437 of the Companies Act 2006.

    The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required, to under section 527 of the Companies Act 2006, to publish on a website.
16. A person to whom this Notice of Annual General Meeting is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in note 1 above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered shareholders of the Company.
17. Nominated Persons are reminded that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
18. As at 24 April 2024, the Company has 30,103,575 Ordinary Shares held in treasury and 378,122,130 Ordinary Shares in circulation carrying voting rights. The total number of Ordinary Shares in issue is 408,225,705. Therefore, the total voting rights of the Company as at the date of this Notice of Annual General Meeting were 378,122,130.
19. 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 they do not do so in relation to the same Shares. However, before deciding to elect to appoint corporate representative, corporate shareholders may also appoint one or more proxies in accordance with note 1.
20. Any question relevant to the business of the Annual General Meeting may be asked at the meeting by anyone permitted to speak at the meeting or can be submitted in advance by email to **aquilacosecmailbox@apexfs.group** by the close of business on 19 June 2024. The Company must answer any questions asked by a shareholder relating to the business being dealt with at the meeting unless:
    (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    (ii) the answer has already been given on a website in the form of an answer to a question; or
    (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

NOTES TO THE NOTICE OF MEETING CONTINUED

21. Any person holding 3% or more of the total voting rights of the Company, who appoints a person other than the Chair of the meeting as his/her proxy, is to ensure that both he/she and his/her proxy comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules. Shareholders are directed to the guidance on voting by proxy set out in the Annual Report and in these Notes.
22. This Notice of Annual General Meeting, the information required by section 311A of the Companies Act 2006 and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of Annual General Meeting, will be available on the Company's website at **https://www.aquila-european-renewables.com.**
23. Shareholders may not use any electronic address provided either in the Notice of Annual General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

APPENDIX

THIS DOES NOT FORM PART OF THE FINANCIAL STATEMENTS

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Aquila European Renewables plc

Legal entity identifier: 213800UKH1TZIC9ZRP41

Environmental and/or Social Characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities.** That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☐ **Yes**	X **No**
☐ **It made sustainable investments with an environmental objective: ___%** ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ **It promoted Environmental/ Social (E/S) characteristics and, while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments** ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ **It made sustainable investments with a social objective: ___%**	X **It promoted E/S characteristics, but did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

During the reference period, the Fund has invested in multiple wind energy projects and solar PV projects, thereby promoting the environmental characteristics of the Fund: (1) to generate increasing levels of renewable energy and (2) to avoid CO_2 emissions. The Fund has used derivatives for hedging purposes only and the promoted environmental characteristics were not affected by the use of derivatives. PAI indicators have been considered over the course of the reference period with the aim of identifying potential mitigation and reduction measures.

How did the sustainability indicators perform?

The sustainability indicators that were defined to measure the attainment of environmental characteristics are: a) generation of electrical energy from renewable sources in MWh; and b) the avoidance of GHG emissions in tonnes of CO_2eq. Over the course of the reference period, the Fund's assets:

a) generated 971,916 MWh electricity from renewable sources; and

b) avoided 267,601 tonnes CO_2e GHG emissions.

…and compared to previous periods?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Company's portfolio increased production by 45.8% over 2023 compared to 2022, with electricity produced amounting to 971.9 GWh (2022: 666.4 GWh), primarily due to added production from The Rock (400.0 MW) and Jaén (50.0 MWp) becoming operational in November 2022. It also benefited from the latest construction project, Guillena (50.0 MWp), which became operational in April 2023. These additional assets contributed 285.9 GWh of production to the portfolio in the period and represent approximately 29.4% of total production in 2023.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives

How did this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts on sustainability factors were considered as part of the investment activities that occurred during the reference period. All investment activities are subject to measurement and reporting requirements according to several pre-defined principal adverse impact indicators such as GHG emissions, non-renewable energy consumption and others. The Fund aims to identify potential reduction measures in order to mitigate principle adverse impacts on the environment and society.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period, which is 2023.

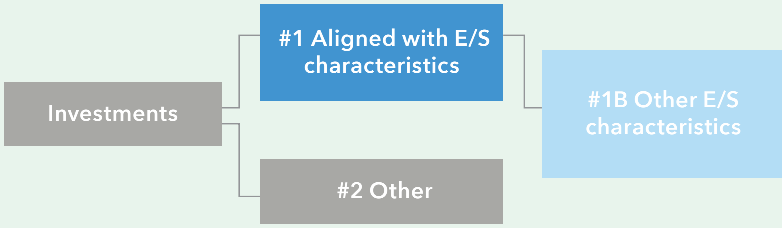
Largest investments	Sector	% assets	Country
Greco	NACE 35.11 – Production of electricity (PV)	23.6%	Spain
Albeniz	NACE 35.11 – Production of electricity (PV)	11.5%	Spain
Svindbaek	NACE 35.11 – Production of electricity (Wind)	8.6%	Denmark
The Rock	NACE 35.11 – Production of electricity (Wind)	8.6%	Norway

What was the proportion of sustainability-related investments?

- **What was the asset allocation?**

  At least 90% of the investments made during the reporting period have been made in the category #1B. The investments under the category #2 Other included only instruments used for liquidity and/or risk-management purposes.

Asset allocation: describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- **In which economic sectors were the investments made?**

  The investments made under #1B are part of the following sectors:

  NACE 35.11 – Production of electricity (Wind)

  NACE 35.11 – Production of electricity (PV)

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A – the Fund does not invest in sustainable investments

Taxonomy-aligned activities are expressed as a share of:

– **turnover reflecting the** share of revenue from green activities of investee companies.
– **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
– **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

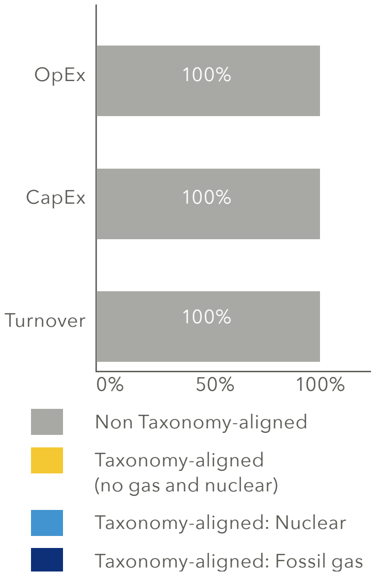
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

☐ **Yes**	
☐ **In fossil gas**	☐ **In nuclear energy**
X **No**	

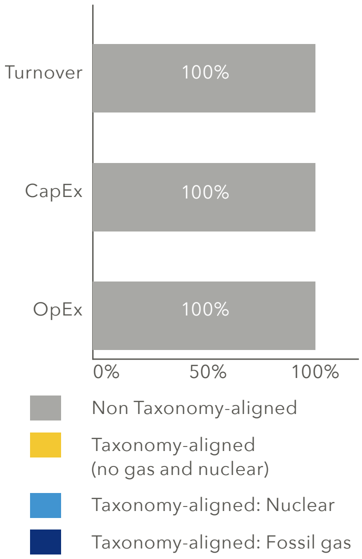
1. Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds[1], the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds[1]**



2. Taxonomy-alignment of investments **excluding sovereign bonds[1]**



What was the share of investments made in transitional and enabling activities?

N/A

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

The Fund did not have Taxonomy aligned investments during this reference period, or during the previous reference period.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments that fall under the category "Other" included only instruments used for liquidity and/or risk-management purposes and did not affect the promotion of environmental characteristics of the Fund.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Since the Fund has invested in renewable energy projects during the reference period, thereby promoting the environmental characteristics of the Fund, no further actions were required to meet the environmental characteristics.

1. For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

Read more about out commitment to sustainability

www.aquila-capital.de/en/sustainability

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