AQUILA EUROPEAN RENEWABLES INCOME FUND PLC
LEI No: 213800UKH1TZIC9ZRP41

HALF YEARLY FINANCIAL REPORT
For the six months ended 30 June 2020

INVESTMENT OBJECTIVE, HIGHLIGHTS AND FINANCIAL INFORMATION

INVESTMENT OBJECTIVE

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

HIGHLIGHTS

- During the reporting period, the Company completed two further investments:

  - On 23 March 2020, the Company announced that it had acquired the Danish onshore wind farm Svindbaek II (9.6 MW) for approximately EUR 13.2 million

  - On 5 June 2020, the Company announced that it had acquired a 13.7% interest in The Rock, a Norwegian onshore wind farm under construction, with a total capacity of 400 MW

- Following these acquisitions, the Company has successfully deployed or committed the majority of its capital raised into a portfolio of six investments (note Sagres represents 21 separate operating plants), with a total proportional generating capacity of 197 MW (132 MW 31 December 2019)[1]

- The current portfolio is projected to power approximately 140,000 households and offset approximately 170,000 tonnes of CO_2 emissions annually[2]

- During the reporting period, the Company's portfolio produced 230.1 GWh[3], which was 11.0% above budget

- No major health and safety incidents observed across the portfolio. Asset production and availability largely unaffected by the COVID-19 pandemic

- During the reporting period, the Company declared dividends of 1.5 cents4 per Ordinary Share, in line with the IPO prospectus

- The Company's net asset value ("NAV") as at 30 June 2020 was EUR 190.8 million or 98.6 cents per Ordinary Share, representing a marginal decrease of 2.5% per Ordinary Share[5] compared to 31 December 2019

- The Company has EUR 81.9 million of long-term, non-recourse debt[6] representing approximately 30.0% of gross asset value[7] ("GAV")

- On 6 March 2020 the Company successfully raised EUR 40.0 million (oversubscribed) under its placing programme to fund future acquisition opportunities, which was quickly deployed during the reporting period

- On 8 June 2020, the Company held its inaugural annual general meeting, with all resolutions approved with a significant majority

- Kempen & Co initiated coverage on the Company on 5 August 2020, representing the second broker to cover the Company (Kempen & Co also acts as a joint broker to the Company)

Financial information[8]

	As at 30 June 2020	As at 31 December 2019
Ordinary Share price (cents)	100.5	107.8
NAV per Ordinary Share (cents)	98.6	102.7
Ordinary Share price premium to NAV	1.9%	4.9%
Net assets (EUR million)	190.8	158.9

	05 June 2019 – 30 June 2020	01 January 2020 – 30 June 2020	05 June 2019 – 31 December 2019
Dividends per Ordinary Share (cents)[9]	3.0	1.5	1.5
Ongoing charges[10]	1.5%	1.3%	1.7%
NAV total return per Ordinary Share[11]	2.9%	(2.5%)	5.6%
Total shareholder return per Ordinary Share[12,]	2.8%	(5.4%)	8.6%
	========	========	========

1 *Represents the Company's share of portfolio generating capacity (including any assets under construction, where applicable).*

2 *CO_2 savings are based on the Company's proportionate share. Calculations follow the methodology of the Greenhouse Gas Protocol. CO_2 savings of European assets are based on the European average. Household data represents potential number of households which could be powered by AERIFs share of electricity generated by its portfolio on an annual basis.*

3 *Proportional share.*

4 *All references to cents are in Euros, unless stated otherwise.*

5 *Adjusted for dividends paid during the period.*

6 *Represents the Company's proportionate share of total debt at the asset special purpose vehicle ("SPV") level across its existing investments as of 30 June 2020.*

7 *GAV is the sum of the Company's NAV and proportional share of debt.*

8 *This disclosure is considered to represent the Company's alternative performance measures ("APM"). Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated.*

9 *Dividends paid/payable and declared relating to the period.*

10 *Calculation based on average NAV over the period and regular recurring annual operating costs of the Company.*

11 *Opening NAV at IPO after launch expenses: EUR 0.98 per Ordinary Share. Calculation includes dividends.*

12 *Total returns based on Ordinary Share price in Euro plus dividends paid for the period. Opening Ordinary Share price at IPO: EUR 1.00.*

CHAIRMAN'S STATEMENT

INTRODUCTION

On behalf of the Board, I am pleased to present the interim report of Aquila European Renewables Income Fund Plc for the six months ended 30 June 2020.

Our investment strategy remains unchanged and we remain committed to developing a diversified multi-technology portfolio of wind, hydropower and solar photovoltaic ("PV") assets across Europe (excluding the United Kingdom). We typically target assets which have long operating lives and which are supported by a high degree of contracted revenues in the form of power purchase agreements and/or governmental subsidies, so as to optimise our risk adjusted investment returns.

The Board is pleased to report that during the first half of 2020 and notwithstanding the turbulent market conditions resulting from the global COVID-19 pandemic, the existing investment portfolio operated strongly, the Company was able to raise additional equity for further asset acquisitions allowing it to broaden its existing investor base and two new assets were successfully acquired.

Renewables remains an asset class which offers investors exposure to highly defensive earnings, with a low correlation to other asset classes. This has become increasingly important during challenging market conditions, as we have recently observed during the COVID-19 pandemic. The Company is well positioned in this regard, given its large proportion of contracted revenues and diversified asset base (both by technology and geography).

The pressing need to combat climate change through a global transition to clean energy is expected to gain even further momentum as a result of the COVID-19 pandemic and as evidenced by the EUR 750 billion stimulus package recently announced by the European Commission, a large portion of which will be dedicated to green and renewable industries. The Company and its Investment Adviser, Aquila Capital, remain committed to the ongoing development of the green economy and are encouraged by such positive developments.

DIVIDENDS AND RETURNS

For the period ended 31 December 2019, the Company paid dividends in line with its dividend target of 1.5 cents per Ordinary Share. The Company is targeting a dividend of 4.0 cents per Ordinary Share in relation to the year ending 31 December 2020, subsequently increasing to 5.0 cents per Ordinary Share thereafter, with the aim of increasing the dividend progressively over the medium term.

The dividend target for the year ending 31 December 2020 remains unchanged, despite current market conditions observed as a result of the COVID-19 pandemic, reflecting the defensive nature of our portfolio. During the reporting period, the Company has paid 1.5 cents per Ordinary Share[13] and its dividend cover was approximately 1.9 times for the six months ended 30 June 2020[14]. In addition, the Company has declared a further dividend of 0.75 cents per Ordinary Share in relation to the quarterly period ending 30 June 2020.

As of 30 June 2020, the Company's NAV was EUR 190.8 million, representing a marginal decrease of 2.5% per Ordinary Share[15] since 31 December 2019. This decrease in NAV was largely attributable to a reduction in short-term forecast power prices, which came under significant pressure in response to the COVID-19 pandemic. The NAV represents the fair market valuation of the Company's portfolio, based on a discounted cash flow analysis over the life of each of the Company's assets. The assumptions which underpin the valuation are provided by the Investment Adviser and the Board has satisfied itself with the calculation methodology and assumptions.

13 *Representing 0.75 cents in relation to the period ending 31 December 2019 and a further 0.75 cents in relation to the period ending 31 March 2020.*

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

15 *Adjusted for dividends paid during the six month period.*

PORTFOLIO[16]

Since the initial public offering ("IPO") in June 2019, the Company has acquired a pan-European portfolio of six assets, across wind and hydropower, with a combined generation capacity of 197 MW (compared to 132 MW as of 31 December 2019). The Company has established a geographically diversified portfolio, with interests in Denmark, Finland, Norway and Portugal. In the period ended 30 June 2020, the portfolio produced 230.1 GWh of electricity, which was 11.0% above budget, largely due to favourable wind conditions in the Nordics observed during the first quarter of 2020.

Our Investment Adviser Aquila Capital Investmentgesellschaft mbH ("Aquila Capital") has an in-house asset management team who diligently monitor the operations and performance of our assets. In early 2020, as the COVID-19 pandemic started to trigger a global economic shutdown, Aquila Capital's asset management team reacted quickly by working with our asset operations and maintenance ("O&M") providers to ensure the safety and well-being of our contractors, but also to preserve the continued operation of our assets. We are grateful for their efforts and are pleased to report that our operations were largely unaffected by the COVID-19 pandemic.

Aquila Capital's asset management team is also responsible for optimising earnings and enhancing the value of our existing asset portfolio. During the reporting period, our assets benefitted from a number of important initiatives as a result of proactive asset management, resulting in cost reductions and improvements in operating efficiency which we expect to yield benefits over time.

EQUITY RAISING AND ACQUISITIONS

The Company has been very active in raising and deploying capital following the successful IPO. On 5 March 2020, the Company announced an intention to raise EUR 25.0 million under its placing programme to fund future acquisition opportunities. On the following day, the Board was pleased to report that, due to strong market demand, the placing was increased to EUR 40.0 million and remained oversubscribed.

16 *All figures quoted in this section are presented on a proportional basis.*

Shortly after the equity raising, the Company successfully completed two acquisitions, including Svindbaek II, which is an operational 9.6 MW wind project co-located within our existing Svindbaek wind farm. Svindbaek II benefits from a government subsidy scheme in the form of a feed-in premium for approximately nine years. In June 2020, the Company also acquired a 13.7% interest in The Rock, a 400 MW wind farm located in Norway, which is currently under construction and is expected to be completed in the fourth quarter of 2021. The Rock also has power purchase agreements ("PPA") in place for 15 years, covering a large portion of production. The Rock is the Company's largest asset in terms of generation capacity and after completion it is expected to be one of the largest onshore wind farms in Norway.

The Board was pleased to note that Kempen & Co recently initiated coverage on the Company in August 2020. Kempen & Co are the second broker to cover the Company, which is testament to its rapid growth following the IPO, but also recognises our growing significance in the renewables market, and our ambition to broaden our investor base beyond the UK, especially given that our portfolio is being constructed on a European (excluding the UK) basis.

LEVERAGE

The Company continues to target only a moderate level of leverage across its investment portfolio. As at 30 June 2020, the Company had approximately EUR 81.9 million of non-recourse debt (on a proportional basis) at the asset level, equivalent to approximately 30.0% of the Company's GAV. The Company's debt has a weighted average maturity of 12.6 years and is predominantly hedged and amortising.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company's 197 MW portfolio has the potential to power approximately 140,000 households and offset approximately 170,000 tonnes of CO_2 emissions annually[17]. With the objective of providing investors with a truly diversified portfolio of renewable assets, the Company contributes to the following four United Nations Sustainable Development Goals:

- Take urgent action to combat climate change and its impacts

17 *CO^2 savings are based on the Company's proportionate share. Calculations follow the methodology of the Greenhouse Gas Protocol. CO^2 savings of European assets are based on the European average. Household data represents potential number of households which could be powered by AERIFs share of electricity generated by its portfolio on an annual basis.*

- Ensure access to affordable, reliable, sustainable and modern energy for all
- Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
- Make cities inclusive, safe, resilient and sustainable

Our goal is to be a responsible investor, ensuring that environmental, social and governance criteria are incorporated into our day-to-day investment decisions as well as generating a positive impact for society. We aim to provide our shareholders with long-term and sustainable investment solutions in the area of renewable energy. This is reflected across our investment philosophy and approach, including the selection of our investment adviser, Aquila Capital, who is dedicated to the green energy transition. As a signatory to the United Nations' Principles for Responsible Investments, Aquila Capital has integrated environmental, social and governance ("ESG") risks as well as opportunity assessments across every single stage of its investment process in real assets, reflecting the sustainable strategy of both Aquila Capital and the Company.

On 8 June 2020, we were pleased to hold our inaugural annual general meeting ("AGM"). Under normal circumstances, we would have encouraged our shareholders to attend the Company's AGM, however in light of the situation regarding the COVID-19 pandemic and to comply with the UK Government's guidance, the AGM was held privately, with shareholder votes conducted by proxy. We are pleased to report that shareholders and their representatives approved all of the resolutions with a significant majority.

CONCLUSION AND OUTLOOK

The European Union remains at the forefront of global renewable energy deployment and the region is an attractive destination for renewables investors, offering diversification and a broad spectrum of risk profiles. Whilst the COVID-19 pandemic has slowed down global economic activity across most sectors in recent months, we expect that Europe will continue to lead the transition towards a low carbon society, with substantial investments required in renewable energy generation in order to meet the binding targets set by the EU Renewable Energy Directive. The Company has successfully positioned itself to take advantage of this process, given its European investment mandate and established presence in the region, by virtue of our existing asset base, along with our Investment Adviser, who is headquartered in Germany with an expansive footprint throughout Europe.

The Board is pleased with the performance of the portfolio over the reporting period, underpinned by the Company's strategy of diversification, despite a difficult market backdrop as a result of the COVID-19 pandemic. Whilst there was some downward pressure on electricity prices observed during the reporting period (as a result of the COVID-19 pandemic), market prices have already begun to show signs of a recovery, reflecting the strong underlying fundamentals of long-term demand for electricity. The Company's strategy is to target assets with high levels of support in the form of fixed-price PPAs or government subsidies, which has also provided further insulation against fluctuations in market prices.

Despite the rapid global shutdown in economic activity as a result of the COVID-19 pandemic, the Company's portfolio demonstrated the resilient and defensive nature of renewable assets as an investment class. This was further evidenced by the Board's commitment to its dividend target during 2020, as outlined in the IPO prospectus.

The Board is pleased with the Company's two most recent acquisitions completed during the first half of 2020 and looks forward to further opportunities to acquire assets which complement the portfolio, whilst still maintaining a disciplined investment approach. In addition, the Board along with the Investment Adviser will also continue to explore opportunities for value enhancement across the existing portfolio.

IAN NOLAN
Chairman
14 September 2020

INVESTMENT ADVISES' REPORT

INVESTMENT PORTFOLIO, FINANCIAL PERFORMANCE AND VALUATION

INVESTMENT PORTFOLIO
Portfolio as at 30 June 2020

Project	Type of asset	Country	Capacity[18]	Status	COD[19]	Asset life from COD[19]	Equipment Manufacturer	Energy offtaker[22]	Ownership in asset	Leverage[20]	Acquisition date
Tesla	Wind energy	Norway	150 MW	Operational	2013-2018	25y	N100, N90, N117 (Nordex)	PPA with utility/Spot	25.9%	31.2%	Jul 2019
Sagres	Hydro power	Portugal	103 MW	Operational	1951-2006	n.a.[24]	Various	FiT[24]/Spot	18.0%[22]	44.7%	Jul 2019
Holmen II	Wind energy	Denmark	18 MW	Operational	2018	25y	V126-3.6 (Vestas)	FiP[25]/Spot	100.0%	43.9%	Jul 2019
Olhava	Wind energy	Finland	35 MW	Operational	2013-2015	27.5y	V112-3.0, V126-3.3 (Vestas)	FiT[23]/Spot	100.0%	53.6%	Sep 2019
Svindbaek I + II	Wind energy	Denmark	32 MW	Operational	2018	25y	SWT-3.2-101 (Siemens)	FiP[25]/Spot	99.9%	20.9%	Dec 2019, Mar 2020
The Rock	Wind energy	Norway	400 MW	Under construction	2021	30y	Nordex	PPA/Spot	13.7%	0.0%[26]	Jun 2020

18 Installed capacity at 100% ownership.

19 Commissioning date ("COD").

20 Leverage drawn as a percent of investment fair value as at 30 June 2020, in total representing 30% of GAV.

21 Price hedging will be implemented when market exposure increases significantly.

22 Remaining shares are held by entities managed and/or advised by Aquila Capital.

23 Feed-in tariff ("FiT") is structured as a Contract for Difference ("CfD").

24 21 Individual assets; average concession life of 12 years remaining.

25 Feed-in premium ("FiP") is structured as a CfD at the spot market price.

26 Maximum envisaged leverage throughout The Rock's construction and operations is approximately 47%.

ACQUISITIONS

During the period, the Company successfully completed the following acquisitions:

- **Svindbaek II:** in March 2020 the Company announced the acquisition of Svindbaek II for EUR 13.2 million, adding a further 9.6 MW of production capacity to the portfolio. The acquisition of Svindbaek II completes the acquisition of all wind turbines associated with the Svindbaek wind farm. The wind turbines have also been operating since 2018 and benefit from a Danish premium tariff for a fixed volume of production which is expected to last for approximately nine years. Svindbaek II helps to save 6,529 tonnes of CO_2 emissions per annum, saving an estimated 156,695 tonnes over the projected lifetime of the asset[27]. The acquisition was fully equity funded.

- **The Rock**: in June 2020, the Company announced the acquisition of 13.7% of the equity in an onshore wind farm under construction, The Rock, located in Mosjöen, Norway. The project's construction began in 2019 and the Company anticipates that the wind farm will be fully operational in the fourth quarter of 2021. Once construction is completed, the wind farm will comprise 72 wind turbines with a total capacity of 400 MW, which makes The Rock one of the biggest onshore wind farms in Europe. The project is expected to have an operational life of 30 years. In the first year of operation, approximately 91% of the production will be hedged by a PPA. For the following 14 years, it has entered into PPAs covering approximately 70% of production. Prior to completion of construction, the Company will earn income through forward funding construction finance.

Shortly after completion of the acquisition, the project secured long-term, non-recourse project financing to assist with construction[27]. Once fully operational, The Rock will save approximately 51,270 tonnes of CO_2 emissions per annum, saving an estimated 1,538,091 tonnes over the projected lifetime of the asset[28].

27 Maximum envisaged leverage throughout The Rock's construction and operations is approximately 47%.

28 AERIF proportional share of CO_2 tonnes.

CAPITAL DEPLOYMENT PROFILE SINCE IPO

In accordance with the Company's investment objectives, the current portfolio is geographically diversified, with investments located in Denmark, Finland, Norway and Portugal. The current portfolio compromises four operating onshore wind farms, one onshore wind farm under construction and a portfolio of 21 hydropower plants. As outlined in the IPO prospectus, the Company is targeting a multi-technology portfolio of wind, hydropower and solar PV assets across Europe (excluding the UK).

GEOGRAPHICAL ALLOCATION[29]

The Company typically seeks investment opportunities which benefit from a high degree of contracted revenues and stable cash flows. Approximately 70% of the present value of the Company's forecast revenue over the next five years is contracted in the form of government regulated tariffs or fixed price PPA's, underpinned by high credit quality counterparties.

PORTFOLIO PERFORMANCE[30]

The portfolio power generation relative to the budget for the reporting period ended 30 June 2020 is set out in the table below.

Technology	Country	Electricity Production (GWh)	Budget (GWh)	Performance vs. Budget (%)
Wind	Denmark, Norway, Finland	185.9	166.2	11.9
Hydropower	Portugal	44.1	41.2	7.2
		---------	---------	---------
Total		230.1	207.4	11.0
		=====	=====	=====

During the reporting period, production accounted for 230.1 GWh, representing approximately 11.0% above budget. The outperformance was largely driven by a strong result in the first quarter of 2020, with higher than expected wind performance in the Nordic regions (11.9% above budget) which accounted for over 80% of the portfolio's production for the first half of 2020. Additionally, the Portuguese hydropower portfolio produced 7.2% more electricity than budget over the reporting period.

29 Based on the fair value of the assets as of 30 June 2020 the total may differ from 100% due to rounding differences.
30 All figures quoted in this section are presented on a proportional basis totals may differ due to rounding differences.

Whilst we have observed a price recovery across our key markets, prices during the reporting period remain below pre-COVID-19 pandemic levels, due to high hydro stocks in the Nordics and the impact of lower power demand as a result of the COVID-19 pandemic, as well as lower gas prices in Iberia. Due to the Company's high degree of contracted revenues, movements in market prices only affected the Company's uncontracted revenue.

We are pleased to report that there were no major incidents in the reporting period.

OPERATIONAL HIGHLIGHTS

- **Sagres**: hydropower production performance was strong and outperformed the budget by 7.2% in first half of 2020. This was due to the high availability of power plants and efficiency improvements introduced by the new O&M provider. Despite the higher than expected production, revenue was largely in line with budget, as a result of lower realised prices as a result of the COVID-19 pandemic and higher renewable energy supply throughout Iberia. Operating expenditure in the first half of 2020 was 20.0% below budget mainly due to cost savings from programming improvements resulting in lower reactive energy.

- **Tesla:** production was 9.3% above budget, mainly due to favourable wind conditions. However, as power market prices decreased significantly in Q2 2020, revenues declined by 13.0% against budget for the first half of 2020. Tesla benefits from a PPA which covers approximately 70% of production, providing an attractive hedge against negative movements in market prices. Despite increases in production, operating costs were 6.3% below budget in first half of 2020.

- **Holmen II:** production was marginally below budget (0.5%) in the first half of 2020. Strong wind conditions in February balanced weaker production performance in the second quarter of 2020. Revenue was significantly impacted by declining market prices, which fell by approximately 50% (from DKK 0.21/kWh to DKK 0.11/kWh). Despite the reduction in prices, revenue only declined by 36.8% compared to budget, as a result of subsidies and hedging.

- **Olhava**: production as well as revenue was 22.9% above budget in the first half of 2020. Finland recorded above average wind conditions in the first quarter of 2020, supporting production significantly. The strong performance in the first quarter of 2020 balanced the weaker second quarter, which was negatively influenced by lower market prices. In the second quarter of 2020, Aquila Capital’s asset management team also successfully renegotiated a total contract manager ("TCM") contract at Olhava, resulting in a 70% reduction in costs on a per wind turbine generator (“WTG”) basis.

- **Svindbaek:** production was 12.9% above budget in the first half of 2020. However, similar to Holmen II, Svindbaek was affected by low market power prices and as a result, revenue declined 25.8% compared to budget. Due to wind speeds of up to 17.8 m/s, the turbines experienced blade vibrations and had to be shut down intermittently, however availability of the turbines averaged 98.4% over the period. Operating costs were higher than expected as a result of additional inspections required, as well as transaction costs involved relating to the acquisition of Svindbaek II.

- **The Rock:** shortly after completing the acquisition in June 2020, a long-term project financing was also successfully completed. Aquila Capital’s asset management team continue to work with their technical advisers and the developer to advance the project throughout licensing and construction.

PORTFOLIO VALUATION

EUR million	As at 30 June 2020	As at 31 December 2019
NAV	190.8	158.9
Debt	81.9	85.0
	---------	---------
GAV	272.7*	243.9

	=====	=====
Debt (% of GAV)	30.0	34.8
	=====	=====

** Totals may differ due to rounding differences*

PORTFOLIO VALUATION – KEY ASSUMPTIONS

Metric		As at 30 June 2020	As at 31 December 2019
Discount rate	Weighted average	7.3%	7.6%
Long-term inflation	Weighted average	2.0%	2.0%
Asset life (from COD)	Wind (weighted average)	26.3[31]	25.7
	Hydropower (weighted average)	n.a.[32]	n.a.
Power prices[33]	Weighted average	2 year avg. – ~EUR 28/MWh Long-term forecast (refer below)	2 year avg. – ~EUR 41/MWh Long-term forecast (refer below)

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31 Including The Rock and Svindbaek II.

32 21 Individual assets; average concession life of 12 years remaining.

33 2 year average forecasts are based on market forward pricing in each of AERIFs relevant markets, weighted based on equity invested. Excludes The Rock.

LEVERAGE

As at 30 June 2020, the Company had approximately EUR 81.9 million of non-recourse debt (on a proportional basis) at the asset level, equivalent to approximately 30.0% of the Company's GAV. Under the Company's investment restrictions, long-term debt cannot exceed 50% of the GAV.

The Company's debt has a weighted average maturity of 12.6 years and is predominantly hedged via interest rate swaps. The majority of the Company's investments have separate, non-recourse project debt, with the exception of Svindbaek II, which was acquired on an unlevered basis. The majority of the Company's debt is fully amortising with minimal cross-currency exposure. The

Company currently has no existing fund level debt.

MARKET OUTLOOK

During the first half year of 2020, a combination of supply and demand shocks led to a sharp decrease in commodity and electricity prices. In the oil market, the price war between Russia and Saudi Arabia, along with the resumption of gas transit between Russia and Ukraine led to an expansion of supply, while high oil stocks were still available due to unfavourable weather conditions. The windy, wet and mild winter led to high wind energy feed-in, a muted power demand and a substantial hydro balance in the Nordics, Pyrenees and Alps regions, resulting in lower demand for fuel. Due to the COVID-19 pandemic energy demand across industries and countries, such as China, one of the largest importers of gas, coal, and oil globally, decreased significantly. Subsequent lockdowns caused demand for commodities and electricity in Europe to fall sharply. Some European electricity markets experienced price reductions of 37-90% in March 2020.

Despite these interim shocks, futures across European markets generally indicate a pricing recovery is already underway from the low levels observed in March. The degree of pricing recovery is influenced by a combination of macroeconomic factors (including monetary policy and other governmental measures), as well as the voracity of the COVID-19 pandemic infections and the development of a vaccine. Notwithstanding the impacts of the COVID-19 pandemic, the Company is confident in its position, underpinned by its diversified operating portfolio and low merchant risk exposure, with approximately 70% of its revenue contracted (in the form of fixed price PPAs or government regulated tariffs) over the next five years[34], providing strong earnings visibility. The Company will continue to target new investment opportunities which are long-life assets, supported by PPA and/or government regulated tariffs in order to optimise risk adjusted returns and provide earnings visibility for shareholders. In this regard, the Company is also buoyed by the favourable outlook for renewables in Europe.

Another trend we expect to continue is investor interest in long term fixed-price PPAs to mitigate market power price risk. Whilst utilities have traditionally dominated the market, corporate off-takers are becoming increasingly prevalent. Commensurate with increasing demand and popularity, PPA structures have evolved over time to become increasingly complicated and highly structured in response.

34 Asset revenues are discounted by the weighted average of all discount rates used for the asset valuations as of 30 June 2020.

A growing number of off-takers are seeking highly nuanced structures which not only provide a hedging solution, but also deliver on their green ambitions. In response to these trends, Aquila Capital has established a strategic, in-house Merchant Market Desk ("MMD") to satisfy the growing and increasingly complex demands of the PPA market, with bespoke in-house expertise. The MMD team comprises nine experienced professionals throughout Europe, with local origination capabilities in various target markets. The MMD team offers services throughout the lifetime of a project and represents a strategic hub for all hedging activities across the group, as described below. The Company views the implementation of PPAs and broader energy risk management as an important part of its overall strategy.

AQUILA CAPITAL'S MERCHANT MARKET DESK

PPA sourcing and structuring

- Run competitive off-taker selection processes through our **extensive network** in the energy industry
- **Quantitative evaluation** of the offers in term of risk and reward and propose an **optimal solution for our investors**
- Individual view of market price risks and opportunities and delivery obligations in order to find **optimal structure of a PPA**
- Working closely with **project finance** to pre-assess and determine which structures are bankable to avoid unnecessary cost or delays

Market and pricing analysis

- We **provide pricing** for Aquila Group projects, backed by several third-party power price forecasts
- Rigorous analysis and monitoring of **the main drivers for power prices**
- Monitoring **policy/regulatory developments** in relevant markets at EU and national level
- Negotiation and structuring of **Elcerts and GoOs**

Energy and market risk management

- We **measure, monitor and manage** merchant exposure through selling at spot, entering into short-term PPAs and analysing the suitability of financial products, such as **options and forwards**

- Constant dialogue with investors, banks and off-takers on developing new and innovative structures for **risk diversification** and enabling capture of more of the upside

- **Risk analysis** and **portfolio optimization** of different Aquila funds

FX and interest rate hedging strategies

- MMD's FX and interest rate specialist works across all asset classes to advise our investment teams on how to **hedge risk in all transactions and portfolios**

- Where appropriate, interest rate and FX derivatives are employed to **manage asset exposures** with respect to adverse interest rate and foreign exchange moves

The European Union has been at the forefront of global renewable energy deployment for over two decades and this trend is expected to continue. European leaders continue to support the transition to a low carbon society through an increase of their country's renewable energy share ("RES"), which is targeting 32% RES of final energy consumption by 2030. By 2030, it is expected that more than half of Europe's electricity will be supplied by wind and solar. This will require a substantial investment in renewable generation capacity throughout the region. Favourable economic trends are expected to continue to facilitate future investment in renewables, where the price for solar PV modules has declined by 85% since 2010, whilst wind turbine prices have also decreased by 51% over the same time period[35]. We have also observed similar trends in the costs of O&M services, which have also benefitted from increased competition and scale.

Climate change and the pressing need for a global energy transition are expected to gain even further momentum as a result of the COVID-19 pandemic. Whilst the COVID-19 pandemic has slowed down global economic activity, governments now have the chance to tailor their economic recovery programs to accelerate the phasing out of polluting industrial processes and further embrace the green transition. The environmental impact of shutdown measures to counter the COVID-19 pandemic have been seen as a full-scale illustration of what drastic action can produce in a short amount of time curtailing greenhouse gas emissions.

The Company is uniquely positioned to benefit from the energy transition, given its European focus and established portfolio of assets which contribute towards the green economy. The Board will continue to work with the Investment Adviser to selectively target investment opportunities which meet the Company's investment objectives.

AQUILA CAPITAL INVESTMENTGESELLSCHAFT MBH
14 September 2020

35 2010 to 2018.

INTERIM MANAGEMENT REPORT

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Chairman's Statement and the Investment Adviser's Report in this interim report provide details of the important events which have occurred during the period and their impact on the financial statements. The following statements on related party transactions, going concern, the Directors' Responsibility Statement, the Chairman's Statement and Investment Adviser's Review, together constitute the Interim Management Report for the Company for the six months ended 30 June 2020. The outlook for the Company for the remaining six months of the year ending 31 December 2020 is discussed in the Chairman's Statement and the Investment Adviser's Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are detailed in the Company's most recent Annual Report for the year ended 31 December 2019, which can be found on the Company's website at www.aquila-european-renewables-income-fund.com. These remain unchanged during the period under review. The key risks are summarised below:

- **Economic and political risk** – the revenue and value of the Company's investments may be affected by future changes in the economic and political situation;

- **Operational risks** – the risk that the portfolio underperforms and, as a result, the target returns are not met over the longer term;

- **Compliance, tax and legal risks** – the failure to comply with the relevant regulatory changes, tax rules and obligations may result in reputational damage or create a financial loss to the Company;

- **Financial risks** – the risk that the valuations and underlying assumptions used to value the investment portfolio are not a fair reflection of the market, resulting in the investment portfolio being over or under-valued;

- **Pandemic** – can significantly impact economies across the globe as the response of governments to limit the spread of a disease could create operational challenges for the Company's service providers and with the operation of the Company's assets. This ongoing pandemic may lead to a fall in demand for electricity with a resulting impact on electricity prices which are likely to fall; and

- **Construction Risk** – Where the Company invests in development/construction projects various additional risks such as, but not limited to, delays in completion, cost overruns, defects in construction, permit related issues/claims, may result in additional costs and/or delays in expected asset completion, revenue and ultimately impact on the value of the asset (increase discount rate).

Principal risks, including emerging risks, are mitigated and managed by the Board through continual review, policy setting and regular reviews of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board relies on periodic reports provided by the Alternative Investment Fund Manager, Investment Adviser and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including legal advisers, and environmental advisers.

The Board was advised that the Audit Committee had carried out a formal review of the risk matrix at the Audit Committee meeting held on 16 April 2020. Specifically, the operational risks and financial impact as a result of the COVID-19 pandemic, and measures introduced to combat its spread, were discussed, with updates on operational resilience received from the Investment Adviser, Administrator and other key service providers. The Board is satisfied that the key service providers have the ability to continue their operations efficiently in a remote or virtual working environment. The Investment Adviser is in close contact with each asset's operation and maintenance service provider and continues to work with the counterparties to identify and mitigate the risk the COVID-19 pandemic may pose. The Board has assessed other relevant areas of risk (price and operational risks) and agreed that mitigants remain appropriate, in light of the COVID-19 pandemic.

The Board is of the opinion that these principal risks are equally applicable to the remaining six months of the financial year as they were to the six months being reported on.

RELATED PARTY TRANSACTIONS

The Company's Investment Adviser, Aquila Capital Investmentgesellschaft mbH is considered a related party under the Listing Rules. Details of the amounts paid to the Company's Investment Adviser and the Directors during the period are detailed in the Note 10 to the Financial Statements.

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 Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this document. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. The Company's net assets as at 30 June 2020 were EUR 190.8 million (31 December 2019: EUR 158.9 million). As at 30 June 2020, the Company held EUR 41.5 million (31 December 2019: EUR 38.9 million) in cash. The total expenses for the period ended 30 June 2020 was EUR 1.3 million (31 December 2019: EUR 1.5 million). At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

As at 30 June 2020, the Company had approximately EUR 81.9 million of non-recourse debt (on a proportional basis) at the SPV level and the Directors are satisfied that all key financial covenants are forecast to continue to be complied with for at least the forthcoming 12-month period from the date of this document.

The Company has sufficient cash to meet its future investment commitment.

In light of the COVID-19 pandemic the Directors have fully considered each of the Company's investments. The Directors do not foresee any immediate material risk to the Company's investment portfolio and income from underlying SPVs. A prolonged and deep market decline could lead to falling values to the underlying business or interruptions to cash flow, however the Company currently has more than sufficient liquidity available to meet known future obligations.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE HALF YEARLY REPORT

We confirm that to the best of our knowledge:

- these Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as required by DTR 4.2.4R of the Disclosure Guidance and Transparency Rules ("DTR") of the UK's FCA; and

- the Chairman's Statement, the Investment Adviser's Report and the Statement of Principal Risks and Uncertainties, together with the Condensed Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:

  (a) DTR 4.2.7R of the DTR of the UK's FCA, being an indication of important events that have occurred during the six month period ended 30 June 2020 and their impact on the Condensed Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the DTR of the UK's FCA, being related party transactions that have taken place during the six month period ended 30 June 2020 and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

IAN NOLAN
Chairman
14 September 2020

FINANCIAL STATEMENTS

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 June 2020

		Six months ended 30 June 2020(Unaudited)			For the period 8 April 2019 to 31 December 2019(Audited)		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Unrealised (losses)/gains on investments	3	–	(6,759)	(6,759)	–	8,608	8,608
Net foreign exchange losses		–	(8)	(8)	–	(13)	(13)
Interest Income	4	2,709	–	2,709	1,609	–	1,609
Investment Advisory fees	5	(716)	–	(716)	(654)	–	(654)
Other expenses		(549)	–	(549)	(810)	–	(810)
		-------------	-------------	-------------	-------------	-------------	-------------
Profit/(loss) on ordinary activities before finance costs and taxation		1,444	(6,767)	(5,323)	145	8,595	8,740
Finance costs		(161)	–	(161)	(199)	–	(199)
		-------------	-------------	-------------	-------------	-------------	-------------
Profit/(loss) on ordinary activities before		1,283	(6,767)	(5,484)	(54)	8,595	8,541

taxation							
Taxation		–	–	–	–	–	–
		-------------	-------------	-------------	-------------	-------------	-------------
Profit/(loss) on ordinary activities after taxation		1,283	(6,767)	(5,484)	(54)	8,595	8,541
		========	========	========	========	========	========
Earnings/(loss) per Ordinary Share (cents)	6	0.89c	(4.69c)	(3.80c)	(0.04c)	7.11c	7.07c
Earnings/(loss) per Ordinary Share-diluted (cents)	6	0.89c	(4.68c)	(3.79c)	(0.04c)	7.09c	7.05c
		========	========	========	========	========	========

The total column of the Income Statement 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 period.

Profit/(loss) on ordinary activities after taxation is also the “Total comprehensive income for the period”.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	As at 30 June 2020(Unaudited) EUR ’000	As at 31 December 2019(Audited) EUR ’000
Fixed assets			
Investments at fair value through profit or loss	3	146,750	118,660
		-------------	-------------
Current assets			
Trade and other receivables		2,953	1,927
Cash and cash equivalents		41,548	38,862

	Note		
		-------------	-------------
		44,501	40,789
		-------------	-------------
Creditors: amounts falling due within one year			
Other creditors		(481)	(532)
		-------------	-------------
		(481)	(532)
		-------------	-------------
Net current assets		44,020	40,257
		-------------	-------------
Total assets less total liabilities		190,770	158,917
		========	========
Capital and reserves: equity			
Share capital	7	1,934	1,547
Share premium		39,876	313
Special reserve		145,903	148,516
Capital reserve		1,828	8,595
Revenue reserve		1,229	(54)
		-------------	-------------
Total Shareholders' funds		190,770	158,917
		========	========
Net assets per Ordinary Share (cents)	8	98.6c	102.7c
		========	========

Approved by the Board of Directors and authorised for issue on 14 September 2020.

Ian Nolan

(Chairman)

Company number 11932433

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020(Unaudited)

	Notes	Share capital EUR '000	Share premium account EUR '000	Special reserve EUR '000	Capital reserve EUR '000	Revenue reserve EUR '000	Total EUR '000
Opening equity as at 1 January 2020		1,547	313	148,516	8,595	(54)	158,917
Shares issued in period	7	387	40,273	–	–	–	40,660
Share issue costs		–	(710)	–	–	–	(710)
(Loss)/profit for the period		–	–	–	(6,767)	1,283	(5,484)
Dividend paid	9	–	–	(2,613)	–	–	(2,613)
		-------------	-------------	-------------	-------------	-------------	-------------
Closing equity as at 30 June 2020		1,934	39,876	145,903	1,828	1,229	190,770
		========	========	========	========	========	========

FOR THE PERIOD 8 APRIL 2019 TO 31 DECEMBER 2019(Audited)

	Notes	Share capital EUR '000	Share premium account EUR '000	Special reserve EUR '000	Capital reserve EUR '000	Revenue reserve EUR '000	Total EUR '000
Opening equity as at 8 April 2019		–	–	–	–	–	–
Shares issued in period	7	1,547	153,112	–	–	–	154,659
Share issue costs		–	(3,123)	–	–	–	(3,123)
Transfer to special reserve		–	(149,676)	149,676	–	–	–
Profit/(loss) for the period		–	–	–	8,595	(54)	8,541
Dividend paid	9	–	–	(1,160)	–	–	(1,160)
		-------------	-------------	-------------	-------------	-------------	-------------

Closing equity as at 31 December 2019	1,547	313	148,516	8,595	(54)	158,917
	========	========	========	========	========	========

CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	Six months ended 30 June(Unaudited) 2020 EUR ’000	For the period 8 April 2019 to 31 December 2019(Audited) EUR ’000
Operating activities			
(Loss)/profit on ordinary activities before taxation		(5,484)	8,541
Adjustment for unrealised losses/(gains) on investments		6,759	(8,608)
Increase in other debtors		(1,026)	(1,927)
(Decrease)/increase in other creditors		(51)	532
		-------------	-------------
Net cash flow from/(used in) operating activities		198	(1,462)
Investing activities			
Purchase of investments	3	(34,849)	(110,052)
		-------------	-------------
Net cash flow used in investing activities		(34,849)	(110,052)
Financing activities			
Proceeds of share issues	7	40,660	154,659
Share issue costs		(710)	(3,123)
Dividend paid		(2,613)	(1,160)

Net cash flow from financing activities	37,337	150,376
Increase in cash	2,686	38,862
Cash and cash equivalents at start of period	38,862	–
Cash and cash equivalents at end of period	41,548	38,862

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL INFORMATION

Aquila European Renewables Income Fund Plc is a public Company limited by shares incorporated in England and Wales on 8 April 2019 with 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 the Company's Ordinary Shares were admitted to trading on the London Stock Exchange. The Directors intend, at all times, to conduct the affairs of the Company as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

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

The Company's investment objective is to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of Renewable Energy Infrastructure Investments.

2. BASIS OF PREPARATION

The condensed financial statements included in this Interim Report have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies, critical accounting judgements, estimates and assumptions are consistent with those used in the latest audited financial statements to 31 December 2019 and should be read in conjunction with the Company's annual audited financial statements for the period ended 31 December 2019. The interim financial statements have been prepared in accordance with IFRS to the extent that they have been adopted by the EU and with those parts of the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017) applicable to companies under IFRS. The financial statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss.

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

These condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as of 31 December 2019. The audited annual accounts for the year ended 31 December 2019 have been delivered to the Companies House. The audit report thereon was unmodified.

These financial statements are presented in Euro ("EUR") which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest thousand, unless otherwise stated.

Accounting for Subsidiary

The Company owns 100.0% of its subsidiary Tesseract Holdings Limited ("HoldCo") the registered office and principal of business of the Company is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB. The Company has acquired Renewable Energy Infrastructure Investments (the "SPVs") through its investment in the HoldCo. The Company finances the HoldCo through a mix of loan investments and equity. The loan investment finance represents shareholder loans (the "Shareholder loans") provided by the Company to HoldCo. The Company meets the definition of an investment entity as described by IFRS 10. Under IFRS 10 an investment entity is required to hold subsidiaries at fair value through profit or loss and therefore does not consolidate the subsidiary.

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

Going concern

The Directors have adopted the going concern basis in preparing the financial statements. Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources and the impacts of the COVID-19 pandemic.

Segmental reporting

The Chief Operating Decision Maker, 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 Chief Operating Decision Maker to manage the Company presents the business as a single segment.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. Estimates, by their nature, are based on judgement and available information.

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 3 to the financial statements.

The Directors have concluded that the Company meets the definition of an investment entity as defined in IFRS 10.

This conclusion involved a degree of judgement and assessment as to whether the Company met the criteria outlined in the accounting standards.

The key assumptions that have a significant impact on the carrying value of the Company's underlying investments in the SPVs are useful life of the assets, the discount factors, 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.

3. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	As at 30 June 2020(Unaudited)			As at 31 December 2019(Audited)		
	Shareholder Loans EUR '000	Equity Investments EUR '000	Total EUR '000	Shareholder Loans EUR '000	Equity Investments EUR '000	Total EUR '000
(a) Summary of valuation						
Analysis of closing balance:						
Investments held at fair value through profit or loss	102,430	44,320	146,750	67,581	51,079	118,660
	-------------	-------------	-------------	-------------	-------------	-------------
Total investments	102,430	44,320	146,750	67,581	51,079	118,660
	========	========	========	========	========	========
(b) Movements during the period:						
Opening balance of investments, at cost	67,581	42,471	110,052	–	–	–
Purchases at cost	34,849	–	34,849	67,581	42,471	110,052
	-------------	-------------	-------------	-------------	-------------	-------------
Total cost of investments	102,430	42,471	144,901	67,581	42,471	110,052
	========	========	========	========	========	========
Revaluation of investments to fair value:						
Unrealised investments	–	1,849	1,849	–	8,608	8,608
	-------------	-------------	-------------	-------------	-------------	-------------
Balance of capital reserve – investments held at 30 June 2020	–	1,849	1,849	–	8,608	8,608
	-------------	-------------	-------------	-------------	-------------	-------------
Fair value of investments at 30 June 2020	102,430	44,320	146,750	67,581	51,079	118,660
	========	========	========	========	========	========
(c) Gains on investments in year (per Income Statement)						
Movement on unrealised valuation of investments held	–	(6,759)	(6,759)	–	8,608	8,608
	-------------	-------------	-------------	-------------	-------------	-------------
(Losses)/gains on investments	–	(6,759)	(6,759)	–	8,608	8,608
	========	========	========	========	========	========

Fair value investments

The Investment Adviser has carried out fair market valuations of the SPV investments as at 30 June 2020 and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All SPV investments are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement.

The key assumptions that have a significant impact on the carrying value of the Company's underlying investments in SPVs are the discount factors, useful life of the assets, 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.

The discount factors applied to the cashflows are reviewed annually by the Investment Adviser to ensure they are at the appropriate level. The weighted average valuation discount rate applied to calculate the SPV valuation is 7.3% as at 30 June 2020 (31 December 2019: 7.6%).

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

The operating costs of the operating companies are frequently partly or wholly subject to indexation and an assumption is made that inflation will increase at a long-term rate. The SPVs valuation assumes long-term inflation rate according to long-term central bank targets.

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. Power prices used in the valuation are based on market forward pricing, and then a rolling average of capture rates.

The following assumptions were used in valuations at:

Metric		**30 June 2020**	**31 December 2019**
Discount rate	Weighted average	7.3%	7.6%
Long-term inflation	Weighted average	2.0%	2.0%
Asset life	Wind (weighted average)	26.3	25.7
	Hydropower (weighted average)	n.a.	n.a.
Power prices	Weighted average	2 year average. – ~EUR 28/MWh Long-term forecast	2 year average. – ~EUR 41/MWh Long-term forecast

Fair value measurements

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

Level 1

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

Level 2

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

Level 3

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

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

The classification of the Company's investments as detailed in Note 12 held at fair value is detailed in the table below:

	As at 30 June 2020(Unaudited)			
	Level 1	Level 2	Level 3	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Investments at fair value through profit and loss				
Equity investments in HoldCo	–	–	44,320	44,320
Shareholder loan investments in HoldCo	–	–	102,430	102,430
	–	–	146,750	146,750

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

Due to the nature of the investments, they are always expected to be classified as level 3. There have been no transfers between levels during the period ended 30 June 2020 (31 December 2019: nil).

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

	As at 30 June 2020(Unaudited)	As at 31 December 2019(Audited)
	EUR '000	EUR '000
Opening balance	118,660	–
Additions during the period/year	34,849	110,052

Unrealised (losses)/gains on investments adjustments	(6,759)	8,608
	-------------	-------------
Closing balance	146,750	118,660
	========	========

4. INTEREST INCOME

	Six months ended 30 June 2020(Unaudited) EUR '000	Six months ended 30 June 2020(Audited) EUR '000
Income from investments		
Interest received from shareholder loans	2,709	1,609
	-------------	-------------
Total Income	2,709	1,609
	========	========

5. INVESTMENT ADVISORY FEES

	Six months ended 30 June 2020(Unaudited)			For the period 8 April 2019 to 31 December 2019(Audited)		
	Revenue EUR '000	Capital EUR '000	Total EUR '000	Revenue EUR '000	Capital EUR '000	Total EUR '000
Investment Advisory fees	716	–	716	654	–	654
	========	========	========	========	========	========

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

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

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

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

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

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

Share based payments

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

In respect of the period to	Investment advisory fees	Fair value of issue price	Number of shares	Date of issue
31 March 2020	EUR 359,625	100.37 cents	358,299	18 May 2020
30 June 2020	EUR 356,714	99.38 cents	358,939	11 August 2020
	===========	===========	===========	===========

6. EARNINGS/(LOSS) PER ORDINARY SHARE

Earnings/(loss) per share is based on the loss for the period of EUR 5,484,000 (31 December 2019: profit of EUR 8,541,000) attributable to the undiluted weighted average number of Ordinary Shares in issue of 144,183,561 (31 December 2019: 120,853,408) and the diluted weighted average number of Ordinary Shares in issue of 144,542,500 (31 December 2019: 121,143,666) in the period to 30 June 2020. Revenue profits and capital losses are EUR 1,283,000 (31 December 2019: revenue loss of EUR 54,000) and EUR 6,767,000 (31 December 2019: capital profit of EUR 8,595,000) respectively.

Weighted average number of shares used as the denominator

	Number of shares
Weighted average number of Ordinary Shares used as the denominator in calculating basic earnings per share	144,183,561
The effect settled investment advisory fees by issuing Ordinary Shares	358,939
Weighted average number of Ordinary Shares and potential Ordinary Shares used as the denominator in calculating diluted earnings per share	144,542,500
	==========

7. SHARE CAPITAL

	As at 30 June 2020(Unaudited)		As at 31 December 2019(Audited)		
	No. of Shares	EUR '000		No. of Shares	EUR '000
Allotted, issued and fully paid:					
Ordinary Shares of 1 cent each	193,411,877	1,934	154,668,084	1,547	1,547
	----------------	----------------	----------------	----------------	----------------
Total	193,411,877	1,934	154,668,084	1,547	1,547
	==========	==========	==========	==========	==========

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

On 11 February 2020, the Company issued 290,258 Ordinary Shares to the Company's Investment Adviser, in relation to advisory fees payable for the period ended 31 December 2019.

On 6 March 2020, the Company issued Ordinary Shares of 38,095,235 raising aggregate gross proceeds of EUR 40.0 million.

On 18 May 2020, the Company issued 358,299 Ordinary Shares to the Company's Investment Adviser, in relation to advisory fees payable for the period ended 31 March 2020.

Since the period end, the Company issued a further 358,939 Ordinary Shares to the Company's Investment Adviser, in relation to advisory fees payable for the period ended 30 June 2020.

8. NET ASSETS PER ORDINARY SHARE

Net assets per Ordinary Share as at 30 June 2020 is based on EUR 190,770,000 (31 December 2019: EUR 158,917,000) of net assets of the Company attributable to the 193,411,877 (31 December 2019: 154,668,084) Ordinary Shares in issue as at 30 June 2020.

9. DIVIDEND DECLARED AND PAID

The Company has declared the following interim dividends in respect of the period under review:

	Six months ended 30 June 2020(Unaudited)			
	In respect of the period to	Dividend amount per Ordinary Share	Amount EUR '000	Pay Date
1st Interim Dividend	31 March 2020	0.75 cents	1,451	22 June 2020
2nd Interim Dividend	30 June 2020	0.75 cents	1,453	14 September 2020
Total			**2,904**	

	Period ended 31 December 2019(Audited)			
	In respect of the period to	Dividend amount per Ordinary Share	Amount EUR '000	Pay Date
1st Interim Dividend	30 September 2019	0.75 cents	1,160	29 November 2019
2nd Interim Dividend	31	0.75 cents	1,162	20 March

	December 2019			2020
Total			**2,322**	

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

	Six months ended 30 June 2020(Unaudited)			
	In respect of the period to	Dividend amount per Ordinary Share	Amount EUR ’000	Pay Date
2nd Interim Dividend	31 December 2019	0.75 cents	1,162	20 March 2020
1st Interim Dividend	31 March 2020	0.75 cents	1,451	22 June 2020
Total			**2,613**	

	Period ended 31 December 2019(Audited)			
	In respect of the period to	Dividend amount per Ordinary Share	Amount EUR ’000	Pay Date
1st Interim Dividend	30 September 2019	0.75 cents	1,160	29 November 2019
Total			**1,160**	

10. TRANSACTIONS WITH THE INVESTMENT ADVISER AND RELATED PARTY TRANSACTIONS

Fees payable to the Investment Adviser are shown in the Income Statement. As at 30 June 2020, the fee outstanding to the Investment Adviser was EUR 356,714 (31 December 2019: EUR 300,417).

Fees are payable to the Directors, effective from appointment of the Directors 8 April 2019, at an annual rate of EUR 75,000 to the

Chairman, EUR 46,000 to the Chairman of the Audit Committee and EUR 41,000 to the other directors. Directors fees paid during period was EUR 102,000.

During the period, the Company advanced shareholder loans to HoldCo EUR 34,849,000. The accrued interest and the shareholder loans outstanding at the period end was EUR 104,996,000.

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

	Ordinary Shares As at 30 June 2020(Unaudited)	Ordinary Shares At 31 December 2019(Audited)
Ian Nolan	100,000	100,000
David MacLellan	75,000	75,000
Kenneth MacRitchie	50,000	50,000
Patricia Rodrigues	50,000	50,000
	========	========

11. DISTRIBUTABLE RESERVES

The Company's distributable reserve consists of the Special reserve and Revenue reserve. The Company currently pays dividends from the Special reserve.

Capital reserve represents unrealised investments as such its 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 1,229,000 as at 30 June 2020(31 December 2019: EUR loss of 54,000).

12. SUBSIDIARIES, ASSOCIATES AND OTHER ENTITY

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

Subsidiary entity name	Effective ownership %	Activity	Country of incorporation	Registered address
Tesseract Holdings Limited	100.0	HoldCo Subsidiary entity, owns underlying SPV investments	United Kingdom	1st Floor Senator House 85 Queen Victoria Street London EC4V 4AB
Holmen II Wind Park ApS	100.0	Subsidiary entity, owns investment in Holmen II	Denmark	Gyngemose Parkvej 50, 2860 Søborg, Denmark
Aalto Wind No 2 Ltd. Oy	100.0	Subsidiary entity, owns investment in Oldhava	Finland	Oy, Bulevardi 1, 6th floor, 00100 Helsinki, Finland
Svindbaek Vindkraft HoldCo ApS	100.0	Subsidiary entity, owns investment in Svindbaek	Denmark	Gyngemose Parkvej 50, 2860 Søborg, Denmark
Svindbaek Vindkraft GP ApS	100.0	Subsidiary entity	Denmark	Gyngemose Parkvej 50, 2860 Søborg, Denmark

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

The following table shows associates and other entity of the Company. The Company’s investments in associates and other entity are held through HoldCo.

Associate entity name	Effective ownership %	Activity	Country of incorporation	Registered address

Aquia Enlica, Lda	18.0	Associate entity, owns equity investment in Sagres	Portugal	RuaFilipe Folque, nº 10 J, 2º direito, Lisbon
Midtfjellet Vindkraft AS	25.9	Associate entity, owns equity investment in Tesla	Norway	Sandviksvågen 45, Fitjar, Norway
Oyfjellet Wind HoldCo Sarl	13.7	Other entity, owns equity investment in The Rock	Luxembourg	Am Scheerleck 23, 6868 Wecker, Grand Duchy of Luxembourg

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

HoldCo finances its SPV investments through a mix of shareholder loans and equity. The shareholder loans accrue at an interest rate range of 5.5% to 10.5%.

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

The Company and the HoldCo do not provide financial support, guarantees or any other financial benefits to the subsidiaries associates and other entity.

13. POST BALANCE SHEET EVENTS

Since the period end, the Company issued 358,939 Ordinary Shares to the Company`s Investment Adviser, in relation to advisory fees payable for the period ended 30 June 2020.

On 10 September 2020, the Company announced it had entered into a Sale and Purchase Agreement to acquire 100% of the equity in a Portuguese solar portfolio for approximately EUR 16 million.

ALTERNATIVE PERFORMANCE MEASURES

PREMIUM

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

As at 30 June 2020		
NAV per Ordinary Share (cents)	a	98.63
Share price (cents)	b	100.50
Premium	(b÷a)-1	1.9%
	========	========

TOTAL RETURN

Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/Share price.

As at 30 June 2020		Share price	NAV
Opening at 1 January 2020 (cents)	a	107.8	102.7
Dividend adjustment	b	1.5	1.5
Closing at 30 June 2020 (cents)	c	100.5	98.6
Total return	((b+c)÷a)-1	(5.4%)	(2.5%)
	=========	========	========

n/a = not applicable.

ONGOING CHARGES

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

As at 30 June 2020	EUR'000

Average NAV	a	191,548
Annualised expenses*	b	2,537
Ongoing charges	(b÷a)	1.3%
	========	========

* Annualised expenses consists of investment advisory fees and other expenses.

DIVIDEND COVER

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

As at 30 June 2020		EUR'000
Net cashflow	A	5,041
Dividend paid	b	2,613
Dividend cover	(a÷b)	1.9
	========	========

VALUATION RECONCILIATION

	EUR'000
As at 30 June 2020	
Valuation reduction due to reduction in forecast electricity prices	5,200
Valuation reduction due to other expenses, taxation and foreign exchange losses	1,559
Total valuation reduction as per Condensed Statement of Comprehensive Income	6,759
	========

Contact information:

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PraxisIFM Fund Services (UK) Limited

The information contained within the financial statements in this half year report has not been audited however, it has been reviewed by the Company's auditors.

The figures and financial information for the year ended 31st December 2019 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies, including the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

A copy of the half-yearly report will be submitted to the National Storage Mechanism and will shortly be available for inspection at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism.