

## **Aquila European Renewables Income Fund – General Update**

### **COVID-19 Update**

Since the launch of Aquila European Renewables Income Fund plc (“AERIF” or the “Fund”) in June 2019, the portfolio has been built on the basis of a robust investment strategy, from which AERIF is currently benefiting. In particular, this includes assets with low gearing, the lowest possible foreign currency impact and a high level of contracted revenues in the near and mid-term. Further, the portfolio of assets is diversified across renewable technologies, energy markets and regions.

The Fund’s existing investments in Sagres, Holmen II, Tesla, Olhava, Svindbaek I and II are connected to the power grid as existing investments and continue to produce electricity regardless of current market conditions. There is no project development risk for these investments.

Each of the Fund’s existing investments continue to benefit from contracted revenue either in the form of government subsidies (i.e. feed-in tariffs) or private power purchase agreements (“PPA”) which last between 6 and 10 years. As a result, the electricity prices for a large portion of the production volume are protected and not fully dependent on short to medium term macroeconomic developments. Over 70% of the present value of AERIF’s forecast revenue over the next 5 years is contracted in the form of governmental subsidies or fixed price PPA<sup>1</sup>, providing excellent earnings visibility.

As a result of the pro-active asset management practices implemented by Aquila Group, all existing facilities are technically in top condition and production is not affected by current market conditions. In fact, the production during January and February outpaced forecast across all investments in the portfolio. Aquila Group’s asset management teams are in close contact with the technical and commercial operating managers of the affiliated companies in order to continue to ensure the best possible operation of the plants and, if necessary, to react to changing risk profiles.

AERIF’s investment adviser, Aquila Capital Investmentgesellschaft mbH (“Investment Adviser”) and other stakeholders have implemented procedures to ensure the safety and wellbeing of all employees, as well as preserving business continuity.

### **Liquidity and Capital Position**

Following the successful EUR 40 million placement which closed on 6 March 2020, AERIF benefits from a strong liquidity position and currently holds approximately EUR 64m in cash at the Fund level. AERIF’s liquidity position is also further supported by cash balances held within its portfolio of operating assets, which continue to generate operating cash flows.

As of 31 December 2019, AERIF reported total debt of approximately 35% of its gross asset value. All of AERIF’s debt is long-term, fully amortising, non-recourse project finance debt at the asset level (and is not cross-collateralised). All of AERIF’s investments are performing above minimum bank covenanted levels.

AERIF continues to remain in compliance with its investment policy restrictions, as outlined in the IPO prospectus.

### **Investment Pipeline Update and Dividend Confirmation**

Shortly after closing the successful placement, AERIF was able to quickly deploy capital. On 23 March 2020, AERIF announced the successful acquisition of Svindbaek II for approximately EUR 13.2 million. As a result of the successful placement, the Fund is well positioned to deploy capital into its identified pipeline of opportunities which the Fund’s Investment Adviser is pursuing for consideration by the Board.

On 20 December 2019, AERIF announced it had entered into a Sale and Purchase Agreement (“SPA”) to acquire a 100% interest in a construction-ready wind farm project in Finland (“Project Korkeakangas”) for total consideration of EUR 36.7 million<sup>2</sup>. The company’s right to purchase this asset runs until December 2020. The conditions to completion have yet to be met by the vendor, and until that time the Company will work closely with the vendor to monitor the construction progress.

Despite the delay in closing Project Korkeakangas and due to the investment pipeline, we reaffirm the Fund’s ability to meet its planned 2020 dividend distribution to shareholders.

AERIF will continue to keep the market updated of any developments and is committed to its investment objectives, as outlined in the IPO prospectus.

**Ends**

**For further details contact:**

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<sup>1</sup> Present value of operating revenue over the next 5 years as at 31 December 2019. Revenue streams are discounted by the weighted average of all discount rates used in the asset valuations as of 31 December 2019

<sup>2</sup> Comprises purchase consideration and capital commitment to completion

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**NOTES**

Aquila European Renewables Income Fund ("AERIF" or the "Company") is a London-listed renewable energy infrastructure investment company with the aim to provide investors with an attractive long-term, income-based return in EUR through a diversified portfolio of hydropower, onshore wind and solar PV investments across continental Europe and Ireland. Through the diversification of generation technologies, the seasonal production patterns of these asset types complete each other to balance the cash flow, while the geographic diversification serves to reduce exposure to one single energy market. AERIF is targeting an aggregate annual yield of 5.0% once fully invested.

Further details can be found on AERIF's website at [www.aquila-european-renewables-income-fund.com](http://www.aquila-european-renewables-income-fund.com).