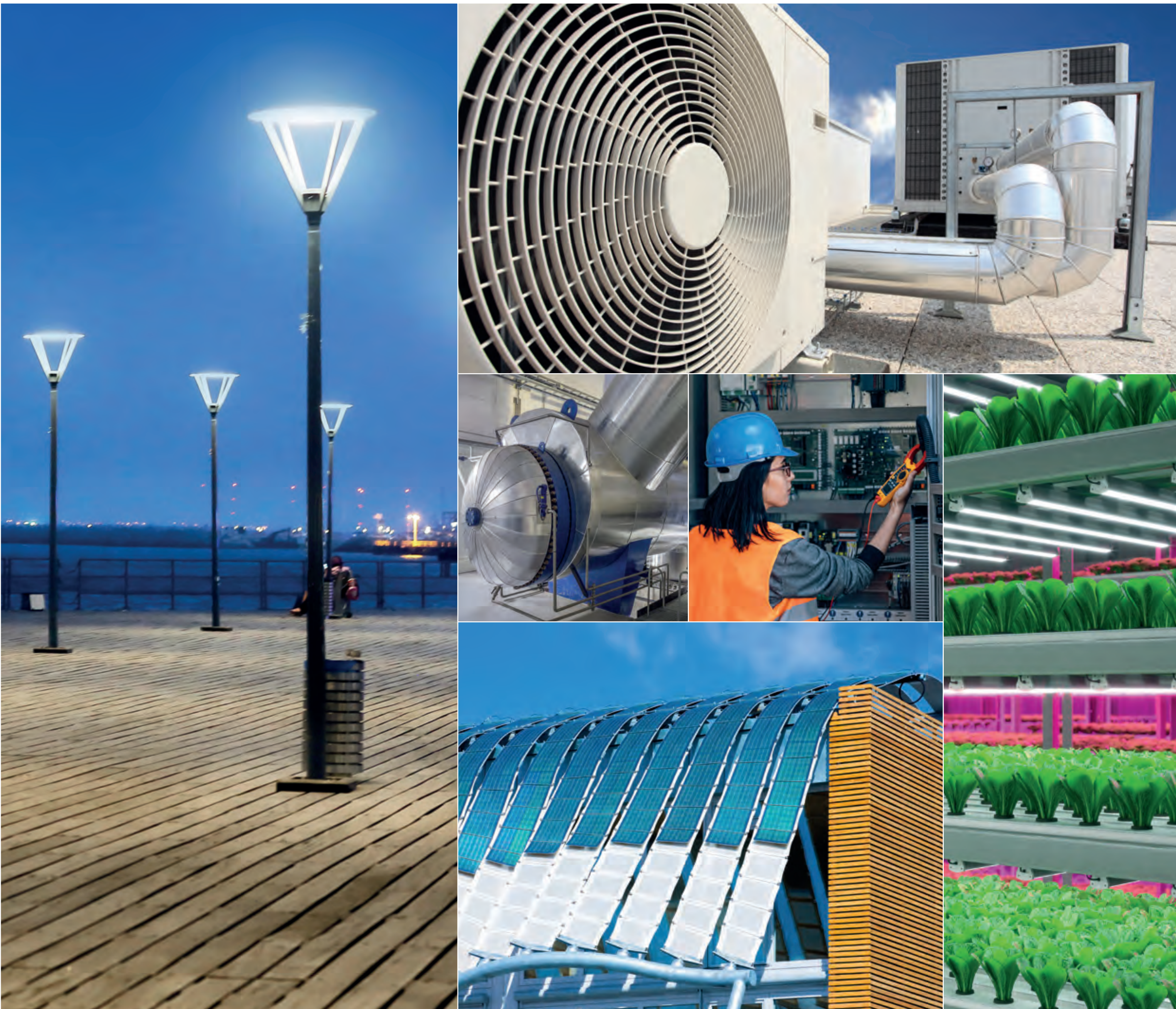
AQUILA ENERGY EFFICIENCY TRUST PLC

ANNUAL REPORT

FOR THE PERIOD FROM 9 APRIL 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021



INVESTING WITH IMPACT
ANNUAL REPORT 2021

AQUILA CAPITAL

Contents

For more information please visit our website
www.aquila-energy-efficiency-trust.com

Investment Objective

AQUILA ENERGY EFFICIENCY TRUST PLC (THE "COMPANY" OR "AEET") SEEKS TO GENERATE ATTRACTIVE RETURNS, PRINCIPALLY IN THE FORM OF INCOME DISTRIBUTIONS BY INVESTING IN A DIVERSIFIED PORTFOLIO OF ENERGY EFFICIENCY INVESTMENTS.

Management

The Company has appointed International Fund Management Limited as its Alternative Investment Fund Manager ("AIFM") to provide portfolio and risk management services. The AIFM is part of the Sanne Group, one of the largest independent financial services groups based in the Channel Islands and is listed on the Main Market of the London Stock Exchange.

The AIFM has appointed Aquila Capital Investmentgesellschaft mbH as its Investment Adviser ("Aquila" or "Investment Adviser"). The Investment Adviser is part of the Aquila Group, which was founded in 2001. Since its inception it has undertaken a range of advisory mandates, mostly focused on renewable energy infrastructure, including energy efficiency.

The Board comprises individuals, all of whom are independent of the Investment Adviser, from relevant and complementary backgrounds offering experience in the management of listed funds, as well as in the energy efficiency and infrastructure sectors.

Capital Structure

As at 31 December 2021 the Company's share capital comprised of 100,000,000 Ordinary shares of GBP 0.01 each. The Ordinary Shares are admitted to trading on the Main Market of the London Stock Exchange and are listed on the premium segment of the Official List.

Financial Highlights

Financial information	As at 31 Dec 2021
NAV per Ordinary Share (pence)[1]	97.38
Ordinary Share price (pence)	95.75
Ordinary Share price discount to NAV[1]	1.7%
Net assets in GBP million	97.38
Ongoing charges[1]	0.9%

Performance summary	% change
NAV total return per Ordinary Share[1]	(0.6%)
Share price total return per Ordinary Share[1]	(4.3%)

1 These are Alternative Performance Measures for the period from commencement of operations on 9 April 2021 to 31 December 2021. Share price total return is based on an opening share price of GBP 1.00 and NAV total return is based on an opening NAV after launch expenses of GBP 0.98 per Ordinary Share.

CHAIR'S STATEMENT

I AM PLEASED TO PRESENT MY FIRST CHAIR'S STATEMENT FOR THE AQUILA ENERGY EFFICIENCY TRUST PLC WHICH COVERS THE PERIOD FROM 9 APRIL 2021 (THE DATE OF INCORPORATION) TO 31 DECEMBER 2021 (THE "PERIOD"). IT HAS BEEN A VERY BUSY PERIOD FOR YOUR BOARD FOR THE REASONS DISCUSSED BELOW.

Strategic review

Despite the optimism at the time of flotation in June last year, deployment of monies raised proved to be very disappointing over the period and on 31 January 2022, we announced that given the slower investment deployment than originally anticipated, the Board was undertaking a comprehensive review of the Company's investment strategy with a view to ascertaining how best to accelerate deployment, whilst maintaining the Company's prudent credit criteria and return objectives.

The Board appointed Complete Strategy Ltd, a consultancy firm experienced in the energy sector, to assist with this review. The review concluded that whilst certain changes are required to enable the Investment Adviser to execute on the Company's investment strategy, the market opportunity for Energy Efficiency Investments located in Europe remains attractive, particularly in the context of high energy prices. The Board consulted extensively with Shareholders before undertaking the review and at its conclusion. Shareholders as a whole were supportive of the continuation of the Company with the certain changes announced on 21 April 2022 and which are outlined below.

Miriam Greenwood OBE,
Chair

Changes following the Strategic review

The Initial Continuation Resolution (for more details see page 36) originally intended for 2025 will now be brought forward and is expected to be voted on by Shareholders during February 2023. Should the Directors determine that the rate of deployment has not improved in the period from conclusion of the review to the end of July 2022, they will consider bringing that date forward.

The Investment Adviser has agreed to amend the current Investment Advisory Agreement such that any advisory fees payable are charged only on committed capital (being the sum of funds actually invested and funds committed for investment in Energy Efficiency Investments), this amendment will be applied retrospectively from the time of the Company's IPO in June 2021. The original Agreement entitled the Investment Adviser to charge fees on the Company's NAV which would have included uninvested cash. This resulted to a reduction of the Investment Adviser fee from £537,331 to £76,698.

In addition, the Investment Adviser has increased the resources allocated to the investment team to help them meet the full deployment target by the end of December 2022 or early 2023.

The Board has also engaged Complete Strategy Ltd for an initial period of six months from April 2022 to provide it with a detailed analysis of monthly deployment performance against agreed performance milestones with the costs of this borne by the Investment Adviser.

The Board are of the view that these actions, together with a focus by the Investment Adviser on larger transactions, partnering arrangements with repeat introducers of transactions and a smaller number of geographies, should provide a basis to enable the Investment Adviser to meet its deployment targets.

Update on deployment & dividends

At the last published update on 21 April 2022, the Company had agreed to invest a total of approximately £19.1 million, of which it had deployed a total of approximately £15.1 million.

As at 31 May 2022, the Company has committed a further £0.5 million and deployed £0.6 million, taking total commitments to £19.7 million and deployment approximately £15.7 million.

In light of slower than anticipated deployment and the current expectation that the IPO proceeds will not be significantly deployed within twelve months of Admission, the Company does not expect that its stated dividend target of 3.5 pence per Ordinary Share for the financial year ending 31 December 2022 will be covered by earnings. The Board will review the position in respect of any dividend which may be declared for the financial year ending 31 December 2022 in light of the deployment of the IPO proceeds as the year progresses. Due to the delay in receiving income for distribution and that the financial statements are yet to be filed, at the date of this report the Board is not recommending payment of a dividend for the first quarter of 2022.

Board changes

Following the resignations of two Directors, we have appointed David Fletcher a highly experienced non-executive Director and Chair of the Audit Committee, as our new Chair of the Audit and Risk Committee ("ARC") and as Chair of the Remuneration Committee. I would like to thank my fellow Director Nick Bliss for standing in as interim Chair of the ARC. We are well advanced in our recruitment process to appoint our fourth Board member.

Green Economy Mark

We are pleased to report that the Company was awarded with London Stock Exchange's Green Economy Mark, which recognises companies that derive 50 per cent or more of their total annual revenues from products and services that contribute to the global green economy. We are committed towards reducing CO2 emissions and improving air quality, while achieving strong returns for our investors and allowing them to contribute to the European Union ("EU") goal of a climate neutral economy.

The need for Energy Efficiency

We believe that energy efficiency is the natural partner to renewable energy if we are to achieve the European goal of net zero by 2050. The more efficient use of energy is one of the main pillars of the energy transition. The reduction of daily energy consumption is Europe's greatest energy resource. We need to make energy efficiency part of our everyday lives, to consume less and consume it better. It protects business and consumers against increases in energy prices, is better for the environment and it improves the competitiveness of our economies. Increasing energy efficiency also ensures reduced dependence on energy imports, thereby improving energy security and reduces conflicts in distribution.

AEET was launched in recognition of the opportunities, both economic and social, that are available in monetising energy efficiency. In terms of implementation, energy efficiency lags the focus and attention that renewables have received and is an area with significant growth potential and opportunities, both currently and for the foreseeable future.

Foreseeable Future

We understand that the actual scope of energy efficiency remains uncertain to many investors. However, our definition includes all processes and measures that optimise energy consumption to save energy. Energy utilisation is increased, and energy losses resulting from the transport, conversion and storage of energy are reduced. We distinguish energy efficiency by its aim of reducing primary energy consumption differentiating from other areas of efficiency in the power sector, such as generation efficiency from renewables and from enablers of distribution efficiency, such as grid-scale batteries.

Being energy efficient means using and paying for less energy, even as value creation increases, producing more competitively and sustainably. In simple terms: the economies across Europe are more competitive and sustainable the more energy-efficient they are. Energy efficiency drives modernisation and innovation processes in all sectors and opens up new markets for export opportunities. It also has the potential to boost employment as it can stimulate local value creation (e.g., through energy-efficient building renovation). Most importantly, energy efficiency is critical in achieving the EU climate targets.

It is widely recognised that there is a financing gap with energy efficiency investments in both the public and private sectors, often because of scale and complexity, thus capital should be directed to focus where it is not currently invested. AEET aims to be among the important private market conduits to facilitate additional energy efficiency investment on a pan-European basis.

Annual General Meeting

We look forward to welcoming Shareholders to the Company's Annual General Meeting ("AGM") to be held on 28 June 2022 at Cannon Place, 78 Cannon Street, London EC4N 6AF. The Company will also hold a General Meeting on 25 July 2022 at 10:00 AM, where this Annual Report will be laid before Shareholders. The reasons for holding two general meetings are explained in detail in the Chair's Letter accompanying the Notice of Meeting published on 1 June 2022.

Outlook

The Board and the Investment Adviser, have considered the risks posed by the war in Ukraine in the context of the Company and are of the view that these risks are counter-balanced by the recent increase in energy prices which brings with it renewed government focus on energy efficiency. We are, of course, very mindful of the terrible tragedy that conflict produces.

We firmly believe that AEET has a differentiated pan-European investment strategy that offers attractive opportunities now, and, in the future, and has the potential to provide Shareholders with an attractive risk-return profile while achieving a positive environmental impact for the real economy and society. Whilst risks around deployment remain, your Board will be actively engaged with the Investment Adviser to support them to reach deployment targets and grow the Company.

Miriam Greenwood OBE DL

Chair of the Board

23 June 2022

WHAT DOES "ADDITIONALITY" MEAN AND WHY IS IT IMPORTANT?

Introduction

To qualify as additional, capital investments must generate an activity (e.g. related to a UN sustainable development goal (UN SDG), such as Goal 7: Affordable Energy, Goal 9: Industries, Innovation and Infrastructure, or Goal: 11 Sustainable Cities and Communities) that would not have occurred without that capital, i.e. they must be "in addition to" a baseline scenario that would have occurred anyway or, in other words, be made knowing that they will make a real, positive difference. The concept of additionality originated in carbon offset markets but, more recently, the term additionality has increasingly appeared in the context of investment, particularly in the case of sustainable finance (for example, as green bonds) or impact investing.

As with many concepts in the impact investing world, there is no consensus on additionality as yet. Moreover, measuring additionality remains challenging because of the need to quantify both the impact of investment and its longer-term benefits. Nonetheless, we believe that it can facilitate funding for otherwise lower priority initiatives; help to integrate increased risk management; encourage more comprehensive project designs; lead to improved outcomes; and align projects with environmental, social, and governance standards.

In the AEET context , we believe that investments which financially support new, expanding, or developing sources of energy efficiency, as opposed to purchasing those already available, should be able to claim additionality. The chosen projects will have a significant impact on displacing emissions by reducing primary energy consumption. Additionality, we would suggest, is new capital provided to address specific problems or underinvested areas highlighted by the UN SDGs.

By definition, additionality puts the focus on more innovative financial arrangements, transactions that tend to be smaller, often more complex, as well as time intensive. We recognise that additionality can never be determined with certainty, as it involves a prediction of future outcomes; it will always require analysis and judgments.

The inclusion of additionality is an important consideration for AEET, as our investment strategy seeks to provide funding for a high percentage of new energy efficiency projects, rather than investing in operations and, thus, existing energy efficiency assets. Therefore, the relevant additionality test for us is whether a project creates an "incremental" reduction in emissions which would not have been possible within the same time frame and/or investment value, without the availability of this funding.

INVESTMENT ADVISORY TEAM

Alex Betts
Senior Investment Manager

Alex Betts has over 30 years' experience in private equity and 15 years in resource efficiency and has invested in a range of industries, geographies and stages. Based in London, he joined Aquila Capital from

Adaxia Capital Partners. Alex is a former member of the private equity team at CCC, was Head of Royal Dutch Shell's corporate venture capital unit and a former partner of Montagu Private Equity. He is British and graduated in Classics from Oxford University.

Bruno Derungs
Senior Investment Manager

Bruno Derungs has over 25 years' experience in private equity and 21 years in resource efficiency and has invested in a range of industries, geographies and stages. Based in Zurich, he joined Aquila Capital part time from Adaxia Capital Partners. Bruno is a former member of the private equity team at CCC, principal at SAM Private Equity, managing director of ATV a Swiss-based venture capital fund and consultant with Bain & Company. He holds a master's degree in electrical engineering from the ETH in Zurich and an MBA from Columbia Business School in New York. He is Swiss and speaks German, Italian and French.

Franco Hauri
Senior Investment Manager

Franco Hauri has over 20 years of experience in private equity with 15 years in resource efficiency of which the last five years have been focused on investing in energy efficiency projects. Based in Zurich, he joined Aquila Capital from Adaxia Capital Partners. Prior to Adaxia, Franco was a member of the private equity team at Climate Change Capital ("CCC"), which span out into Adaxia and prior to CCC he was an investment advisor at NanoDimension, a venture capital firm investing in nanotechnology, and a consultant with Bain & Company. Franco holds an MBA from Harvard Business School and a master's degree in finance, accounting & controlling from the University of St. Gallen (HSG). He is Swiss and speaks German and Italian, Spanish and French.

INVESTMENT ADVISER`S REPORT

Investment Adviser's Background

The Company's AIFM, International Fund Management Limited (part of Sanne Group), has appointed Aquila Capital Investmentgesellschaft mbH as the Investment Adviser to the AIFM in respect of the Company.

The Investment Adviser offers advice on potential energy efficiency investments in line with the Company's Investment Policy. Aquila Capital Investmentgesellschaft mbH is part of Aquila Group, an experienced and long-term investor in real asset investments. Founded in 2001 by Dieter Rentsch and Roman Rosslenbroich, Aquila Group currently manages and/or advises assets worth around €13.9 billion on behalf of institutional investors worldwide (as at 31 December 2021). Daiwa, one of Asia's largest investors, is a minority shareholder in the Group.

By investing in clean energy and sustainable infrastructure, Aquila Capital contributes to the global energy transition and strengthens the world's infrastructure backbone. The company initiates, develops, and manages these essential assets along their entire value chain and lifetime. Aquila Capital's primary objective is to generate performance for its clients by managing the complexity of essential assets.

Currently, Aquila Capital manages wind energy, solar PV and hydropower assets with a generating capacity of more than 15 GW. Additionally, 1.9 million square metres of real estate and green logistics projects have been completed or are under development. Aquila Capital also invests in energy efficiency, carbon forestry, and data centres. Aquila Capital has been carbon neutral since 2006. Sustainability has always been part of the company's value system and is an integral part of its investment strategies, processes and the general management of its assets. The company has more than 600 employees from 48 nations, operating in 16 offices in 15 countries worldwide.

Aquila Capital believes in stringent corporate governance. It is licensed as an alternative investment fund manager (for the avoidance of doubt, it is not acting as AIFM to the Company) in Germany and is, therefore, subject to high European regulatory standards.

INVESTMENT ACTIVITY AND PIPELINE

Investment activity in the period

Since its IPO in June 2021, the Company has begun executing on its strategy to invest in energy efficiency projects which are characterised by projects with (i) a low technology risk through the use of proven technologies; (ii) medium to long term contracts providing for highly predictable cash flows; and (iii) counterparties with good creditworthiness. As at the period end, the Company had entered into commitments to invests £14.1 million of its IPO proceeds of which total investments were £12.3 million. In the period between 1 January 2022 and 31 May 2022, the Company made additional commitments accounting to £5.5 million bringing the total income generating capital deployed since IPO £15.7 million. The Investment Adviser expects the remaining proceeds of the IPO to be deployed by the end of December 2022 or early 2023.

£14.0 million investment in Italian "Superbonus" projects

In December 2021, the Company entered into commitments to finance two clusters of "Superbonus" energy efficiency projects for apartments and other residential buildings in Italy amounting to £14.0 million. "Superbonus" is an incentive measure introduced by the Italian government through Decree "Rilancio Nr. 34" on 19 May 2020, which aims to make residential buildings (condominiums and single houses) more energy efficient through improvements to thermal insulation and heating systems. When qualifying measures are completed, the energy services company ("ESCO") delivering the measures is awarded a tax credit equal to 110% of the cost of the measures. These tax credits can then be sold to banks and, thus, projects can be financed without the need for a financial contribution from landlords.

The projects which the Company has committed to finance are being managed by two ESCOs – Enerstreet and Enerqos Energy Solutions and entail commitments of £8.94 million and £5.15 million respectively. The projects involve a range of energy efficiency measures including insulation, the replacement of heating systems with more efficient solutions, and energy efficient windows.

As at 31 December 2021, £11.9 million had been committed to these projects and was earning a contractual rate of return. Of this, £0.2 million had been deployed in cash. The balance of the commitments is forecast to be deployed before the end of October this year. These projects, which are being delivered in a series of stages, generate tax credits which exceed the cost of the Company's investments. Two Italian banks have agreed to purchase these tax credits, and the proceeds from this will redeem the investments within a period of up to 15 months from December 2021. The investments are structured to deliver a contractual return of 8% p.a. from the expected project start dates. This means that the investment commitments become income generating from the dates set out in the investment documentation and not from the date of cash deployment. The two Italian banks have credit ratings of A and B, respectively with the lower rated bank majority owned by the Italian state.

£0.4 million investments in Acetificio Galletti & Enofrigo projects with project developer, Noleggio Energia

The Company has completed two rooftop solar PV investments developed by Noleggio Energia, for two Italian industrial businesses, enabling these companies to reduce their energy expenses and CO2 emissions and avoid grid losses through the self-consumption of the electricity produced. Noleggio Energia was established in 2017 and is an Italian company that specialises in providing operating leases for energy efficiency and renewable energy projects for commercial and industrial clients in Italy.

The first investment of £0.29 million was completed at the end of June to finance a rooftop solar PV project located in Lombardy for the Italian food product manufacturer Galletti di Galletti Aurelio e C. snc ("Acetificio Galletti"). The project, which is operational, is structured as an operating lease for Acetificio Galletti, which has agreed to make fixed monthly payments for a contractual period of seven years. The investment is expected to deliver a contractual return of 7.2% p.a. Acetificio Galletti is a family-owned business founded in 1871 and is a renowned producer of vinegars, dressings, pickles and other food products. It has an investment grade credit rating (B1.2/BBB) from credit ratings agency Cerved.

The second investment of £0.11 million was completed at the end of December 2021 to finance a rooftop solar PV project in Veneto for Enofrigo SpA. The project, which is also operational, has the same seven-year operating lease structure and contracts similar to those used in the Acetificio Galletti investment. The investment is expected to deliver a contractual return of 9.4% p.a. Enofrigo SpA, founded in 1978, is an Italian designer and manufacturer of wine cabinets and both hot and cold food display units for bars, restaurants, small supermarkets and larger retail chain stores. The company nowadays serves more than 5,000 clients in more than 100 countries. Its Cerved rating is B2.1/BB+.

£0.3 million investment in lighting as a service project developed by Lumenstream

In December 2021 the Company, through its wholly owned subsidiary, Attika Holdings Limited (Attika), invested £0.3 million in a group of four operational lighting projects developed by a Northern Ireland based lighting services company, Lumenstream Limited. The Company has purchased receivables under existing five-year contracts with industrial companies and a leisure business. The investment is forecast to generate a contractual return of 9.6% p.a. over the five years. The industrial companies have investment grade ratings of A1.1-A1.3/AAA-AA- from Cerved. The leisure business is not rated but all payments due under its lighting as a service agreement in the two and a half years up to the time of the investment have been paid. The investment agreement with Lumenstream Limited also included a framework agreement under which the Company has an option to finance future projects developed by Lumenstream, on agreed terms, and under which the Company expects to make additional investments.

INVESTMENT ACTIVITY AND PIPELINE

CONTINUED

Investments completed after 31 December 2021

We are pleased to report that, since the period end, the Company has completed the following investments:

£0.7 million investment for the refinancing of the acquisition of an existing rooftop solar PV plant, with project developer CO-VER Power Technologies.

In January 2022, the Company refinanced the acquisition of an existing rooftop solar PV plant in Ascoli Piceno (Central Italy) with a generating capacity of 901.6 kWp (kilowatts peak). The investment is based on the purchase of receivables generated by an energy service contract between the leading Italian engineering firm CO-VER Power Technologies (CO-VER) and its subsidiary Futura APV srl ("Futura"). The contract governs the management of an operating roof-mounted solar PV plant until April 2028. Thereafter, the investment is based on a feed-in-tariff for an additional six years, aggregating to a 12-year tenor. The investment is forecast to generate a return ranging of between 7.0% and 7.3% p.a.

CO-VER has a successful 20-year history in developing industrial projects in the areas of energy storage systems, co/tri-generation plants and renewable energies. Futura, which was established in 1981, specialises in the design and construction of overhead and floor conveyors and is the owner of the PV plant which is backed by the payments of Gestore dei dervizi energetici (GSE). GSE is a joint stock company managed by the Italian government which is responsible for promoting and developing the growth of renewable assets in Italy. GSE has a credit rating of BBB+ from the Italian government.

£1.2 million investment in rooftop solar PV plant, developed by Noleggio Energia.

In April 2022, the Company invested £1.2 million in a rooftop solar PV plant in self consumption, including the refurbishment of the roof, in Lombardy (Northern Italy). The plant has a capacity of 1 MWp (Megawatt peak) and is for the engineering company Tecnocryo s.p.a (Tecnocryo). The investment is based on the purchase of receivables generated by a 10-year operating lease contract between Tecnocryo and Noleggio Energia. The investment is forecast to generate a contractual return of 7.8% p.a. over a 10-year period. Tecnocryo has been operational since 1992 and focuses on the design and realisation of machines for handling cryogenic fluids. The company has a Cerved credit rating of B2.1, equivalent to BB+, which is just below investment grade.

£1.7 million investment in Comgy GmbH & Co KG (Comgy)

In April 2022 the Company, through Attika, purchased a note for £1.7 million with a tenor of 10 years issued by Comgy. The note provides for a fixed interest rate of 6.5% p.a. and a variable component and is forecast to generate a total return in excess of 10% p.a. Comgy is a wholly owned subsidiary of Comgy GmbH, active in the German sub-metering market. Comgy provides metering equipment, billing and O&M services mainly to housing companies with an average rating comparable to S&P BBB+/BBB. The note purchased by Attika is secured by sub-metering contracts, including equipment rental and billing as well O&M services with tenors of between five and ten years. The structure for the investment in Comgy (transfer of assets and issuing of a note) can be viewed as a framework under which Attika has the opportunity to purchase a series of notes from Comgy secured by additional sub-metering contracts.

£0.1 million additional projects with Lumenstream

In January and April 2022 Attika committed to invest £0.1 million in additional lighting projects developed by Lumenstream for a UK subsidiary of Siemens, which has an investment grade credit rating of AAA/AA- from Cerved and Bearmach Limited, respectively. The projects use the same five-year lighting as a service agreement as the other projects financed by Attika. The total Lumenstream portfolio of projects is forecast to generate a return of in excess of 10.0% p.a. over the contractual period of five years.

£1.5 million additional investment in Italian "Superbonus" projects

In April 2022, the Company committed a further £1.5 million to additional Superbonus projects in Italy. These investments are structured in a very similar way to the first Superbonus investments, using almost identical documentation, to provide for a contractual return of 8% p.a. These projects are being managed by Sol Lucet S.r.l., an energy services company which, since 2013, has successfully installed renewable energy plants with a generating capacity of 17.0 MWp as well as combined heat and power (CHP) plants producing 3.2 MWe (Megawatts electric). Sol Lucet is currently managing solar PV plants with a generating capacity of 14.0 MWp. The tax credits, which these projects are expected to generate by the end of 2022, will be acquired by Credit Agricole, which has a short-term rating of A+ from S&P.

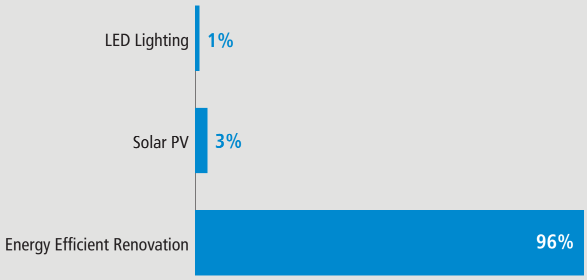
INVESTMENT ACTIVITY AND PIPELINE

CONTINUED

Portfolio Breakdown Based on Committed Capital as at 31 December 2021

Country

Technology



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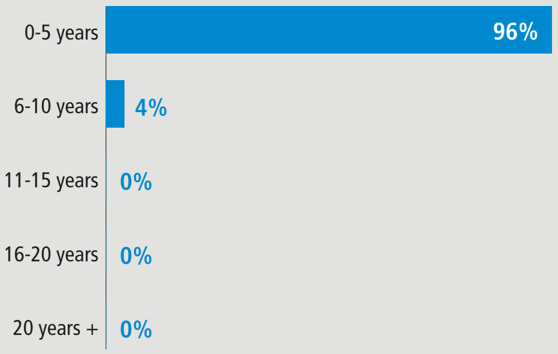
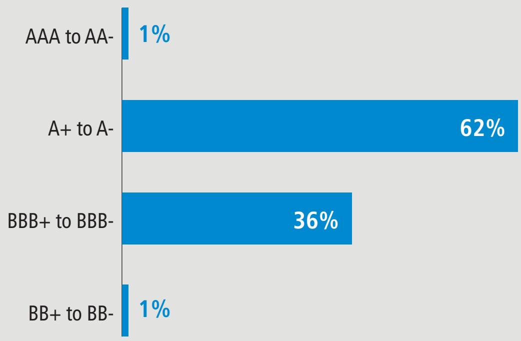


Client Credit Rating



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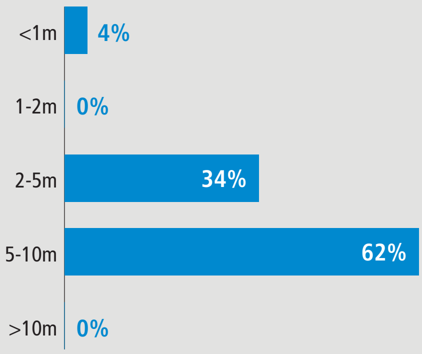

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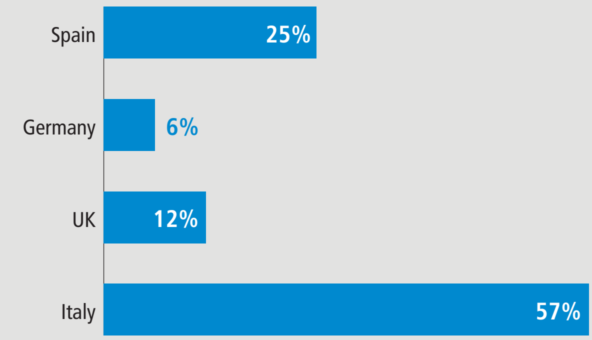
INVESTMENT ADVISER`S REPORT

INVESTMENT ACTIVITY AND PIPELINE

CONTINUED

Portfolio Breakdown Based on Committed Capital as at 30 April 2022

Country



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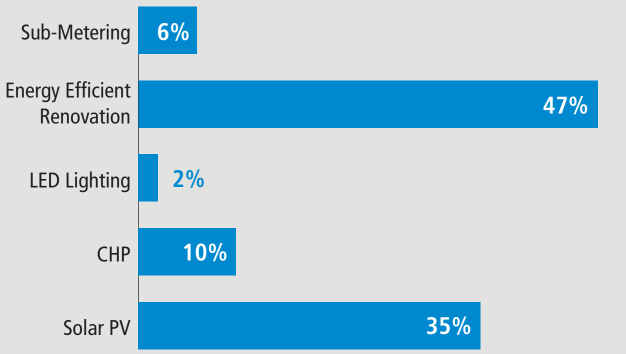

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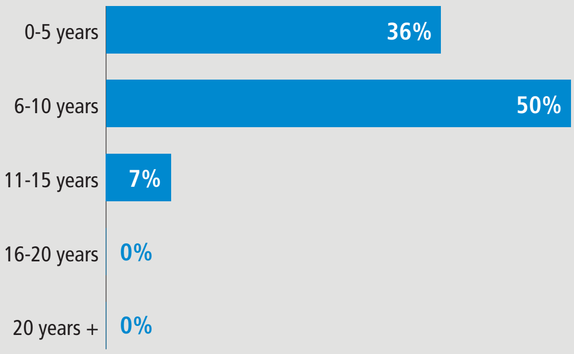

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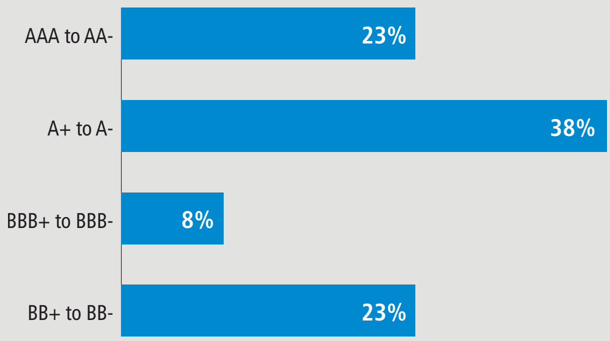

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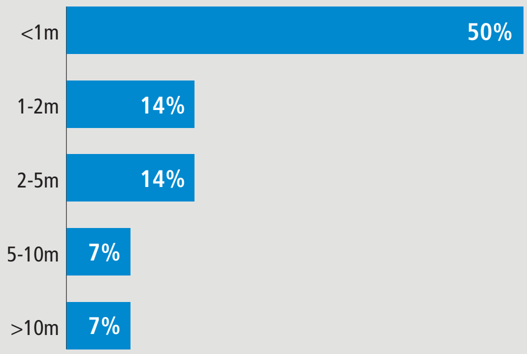

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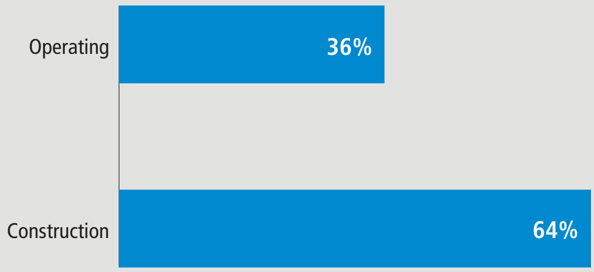

INVESTMENT ACTIVITY AND PIPELINE

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Investment Structures

All the investments in Italy have been made by the Company through directly purchasing notes issued by an Italian special purpose vehicle (SPV) established under securitisation laws in Italy. This SPV has made the capital investments in return for which receivables have been transferred to it. The receivables are the payments due from the purchase of tax credits in the case of the Superbonus investments and from operating leases in the case of the investments developed by Noleggio Energia and EES. The notes issued by the SPV, entitle the Company to the economic return from the receivables and are structured to provide a fixed interest rate amounting to a 3% p.a. return on capital and variable interest to capture the return above 3% p.a.

As with its investments in Italy, the structure of the Company's UK investments is also based on the purchasing of receivables. In this instance, Attika has purchased the receivables due under Lumenstream's five-year lighting as a service contract. Lumenstream has established a special purpose subsidiary to own the lighting installations financed by Attika and subsidiary has contracted with Lumenstream's clients to provide energy saving services through the provision of energy efficient lighting. The receivables from these contracts have been transferred to Attika.

The structure for the Comgy investment in Germany has elements of both the Italian investment structure and the Lumenstream investment structure with Attika, purchasing a note issued by Comgy. This entitles Attika to the economic return from receivables and is structured to provide a fixed interest rate amounting to a 6.5% p.a. return of capital and variable interest to capture the return above 6.5% p.a. As with the Lumenstream structure, Comgy's parent company has transferred a portfolio of sub-metering and other services contracts to Comgy, the receivables from which are payable to Attika, the noteholder.

Investment Pipeline

At the time of the IPO, the Company had access to an advanced pipeline with a value of £180 million spread across 60 potential projects. As at 31 May 2022, the Company's pipeline of investment opportunities had increased to an amount in excess of £282 million across 135 potential projects, many of which were in the advanced pipeline and remain available to the Company. The pipeline is well diversified in terms of (i) geography across Europe; (ii) technologies; (iii) ESCO partners; and (iv) counterparties. Projects with a value of £34 million are in exclusivity and are expected to be completed within three months of the date of this report.

Some projects in the advanced pipeline have been lost for a combination of reasons including (i) the projects did not meet the criteria of the Company, for example, from a return or credit risk perspective; (ii) the projects are no longer being pursued by either the ESCO or the underlying client; and (iii) the projects were lost to competing financiers or ESCOs. However, the main factor affecting planned levels of capital deployment has been delay to completing new projects. We have found that the Company's focus on investing in new or newly completed energy efficiency projects that deliver incremental environmental benefits has led to delays in the expected levels of capital deployment.

Nevertheless, the Company has been able to complete investments developed by ESCOs that are expected to develop numerous projects in the future which the Company is well placed to invest in. Furthermore, the Investment Adviser believes that capital deployment achieved in the period since end December 2021 is encouraging.

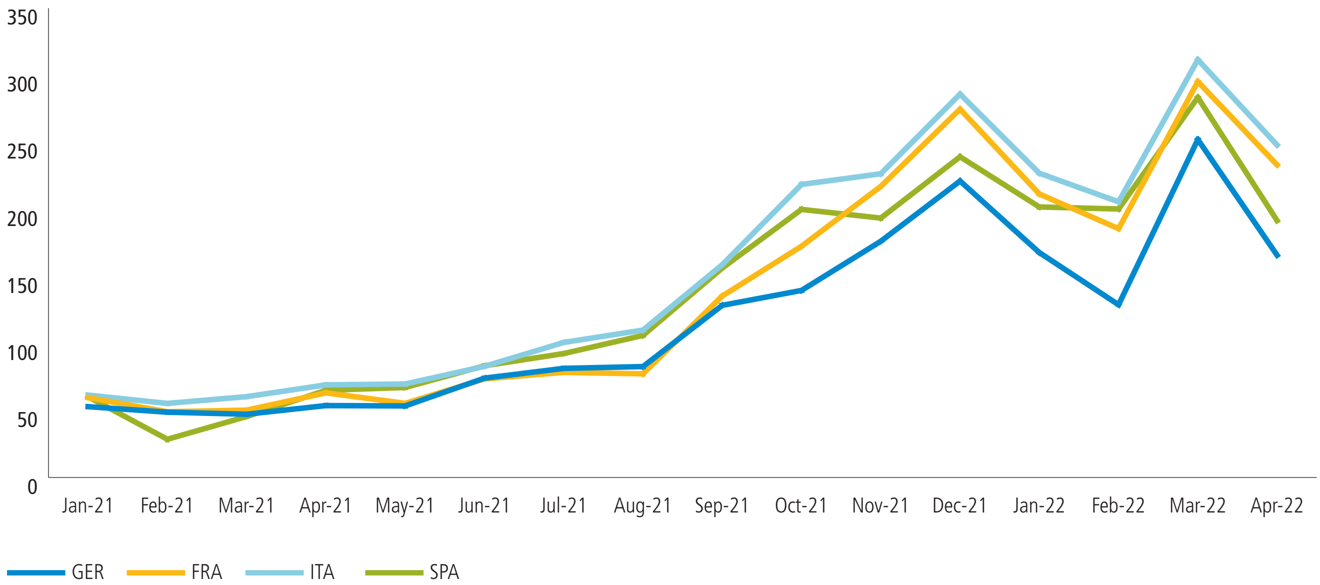
Summary of Deals that have Committed Capital as at 31 May 2022

Project Name	Technology	Business Country	Developer	Counterparty	Credit Rating	AEET Approval Date	TIV (£'000)	Tenor (Yrs)	IRR
Galetti	Solar PV	Italy	Noleggio Energia s.r.l.	Acetificio Galletti SNC	BBB+/BBB-	28/06/2021	293	7	7.2%
Enofrigo	Solar PV	Italy	Noleggio Energia s.r.l.	Enofrigo s.p.a.	BB+-BB	12/10/2021	116	7	9.4%
Lumenstream 1+2	LED Lighting	UK	Lumenstream	4 Northern Ireland Corporates	AAA	12/10/2021	267	5	9.6%
Superbonus ENERQOS	Energy efficient Renovation	Italy	Enerqos Energy Solution s.r.l.	Banca Monte Paschi di Siena or MedioBanca Factoring	BBB+/BBB-	29/10/2021	5,154	1	8.0%
Superbonus ENERSTREET	Energy efficient Renovation	Italy	Enerstreet s.r.l.	BNL Paribas or Banca Intesa	A+/A/A-	29/10/2021	8,940	1	8.0%
Tecnocryo	Solar PV	Italy	Noleggio Energia s.r.l.	Tecnocryo s.p.a	BB+-BB	06/01/2022	1,247	10	7.8%
COVER	Solar PV	Italy	CO-VER	Futura APV srl	A-	28/12/2021	690	12	7.0-7.3%
Comgy	Sub-Metering	Germany	Comgy KG	Comgy GmbH	Not rated	02/02/2022	1,730	9	10.8%
Lumenstream 3	LED Lighting	UK	Lumenstream	2 UK Corporates	AAA/AA-	23/02/2022	121	5	>10%
Superbonus – Sol Lucet	Energy efficient Renovation	Italy	Sol Lucet	Credit Agricole	AA-	14/03/2022	1,526	1	8.0%

Market Trends

Electricity prices for industrial and residential customers across Europe have increased significantly since the completion of the Company's IPO. Given this strong upward pressure on energy prices, we have seen a noticeable increase in investment opportunities in recent months. From our discussions with ESCOs and other market participants, it is clear that marked increases in power prices are accelerating investments in energy efficiency projects and the Company is well positioned to benefit from this increased demand for funding such projects.

Wholesale electricity prices (EUR/MWh)



PROJECT SUPERBONUS (IT)

IMPROVING THE SAFETY AND ENERGY EFFICIENCY OF THE ITALIAN RESIDENTIAL SECTOR

Counterparty	Intesa Sanpaolo S.p.A. is an Italian international banking group. It is Italy's largest and the world's 27th largest bank by total assets. Banca Monte dei Paschi di Siena S.p.A. ("MPS") is an Italian bank founded in 1472. It is the world's oldest bank and the fourth largest Italian commercial and retail bank. Banca Intesa has a short-term rating of A; MPS has a short-term, stand-alone rating of B (but in light of the fact that it is 68.20% owned by the Italian government, it implicitly has a state guarantee).
Project	The Superbonus is an incentive introduced by the Italian government through the decree "Rilancio Nr. 34" of May 19th 2020, which aims to make residential buildings (condominiums and single houses) more energy efficient through improvements to thermal insulation and heating systems. When qualifying measures are completed, the ESCO is awarded a tax credit equal to 110% of the costs of the measures. These tax credits can be sold to banks. Thus, the projects can be financed without the need for a financial contribution from landlords. Two clusters of energy efficiency projects for large scale residential buildings (insulation, energy efficient heating systems and other measures) developed under the Superbonus scheme in Italy have been developed by two ESCOs, Enerstreet Srl ("Enerstreet") and Enerqos Energy Solution Srl ("EES").
Key data	A total investment amount of £14.09 million, with the Enerstreet cluster requiring £8.94 million and EES cluster requiring £5.15 million. First capital deployment in December 2021. Forecast net cash profits £1.0 million[1].

1 The targeted project return is for information purposes only and does not constitute a binding profitability requirement or a guaranteed return.

MARKET COMMENTARY: ENERGY EFFICIENCY

1. An introduction to energy efficiency

By definition, energy efficiency aims to reduce primary energy demand. Primary energy demand is understood to mean the use of energy carriers which, in the field of conventional energy production, are fuels such as coal and gas.

Energy efficiency refers to measures whose implementation results in the same or a better performance with less energy consumption. According to the laws of economics, scarcity of energy makes it necessary to relate the input to the output to maximise the benefit. This means that, for a fixed energy input, the aim is to achieve maximum output or, for a fixed output, the energy input is minimised. An illustrative example of this is the use of energy-saving lamps, which are now mandatory within the EU. Whereas conventional incandescent lamps convert electrical energy into desired lighting and undesired heat, the energy requirement for efficient light sources is reduced due to lower heat losses for the same amount of lighting. However, this simple, obvious and at the same time economically sensible change had to be brought about through legislation. The principle of voluntariness would not have worked here because energy-saving lamps consume less energy but are more expensive to buy.

This contradiction is often encountered when it comes to energy efficiency, but the focus should rather be on the "win-win" situation. The savings potential specific to lighting is up to 70%, which ensures short payback times. By contracting, i.e. outsourcing financing and installation, immediate savings can be achieved, as the measures pay for themselves through part of the savings. Under current conditions, Europe offers a cost-efficient savings potential of 20% to 40% of primary energy.[1]

Energy efficiency is a cornerstone of the energy system transformation. In addition to the savings needed to achieve climate targets, synergy effects with renewable energies offer further great potential for the decarbonisation of the economy. For this reason, the speed of implementation and the visibility of energy efficiency must be accelerated and increased. Only in this way can the limitation of global warming to below 1.5°C be achieved. To achieve this goal, the International Energy Agency ("IEA") estimates that, from 2035 onwards, almost half of the world's energy investments will have to be committed to energy efficiency.

2. Energy Efficiency improvements are crucial to make the energy transition a reality

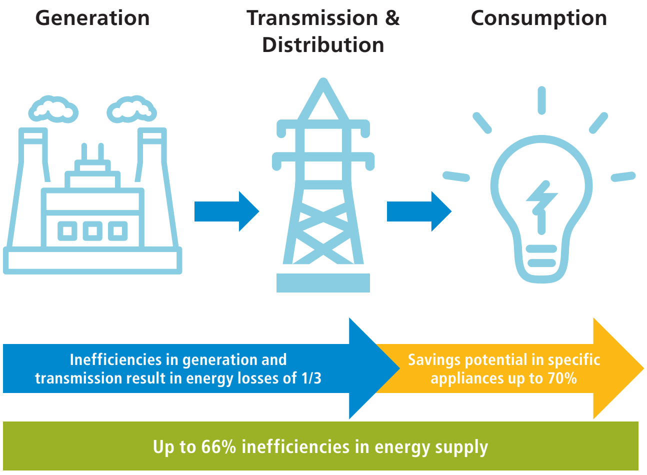
"The cleanest energy is that which is not consumed at all"

On the path towards a climate-neutral economy and society, a reorganisation of the energy system is vital. Systems of conventional energy production and supply are characterised by high inefficiencies. Up to two thirds of the primary energy used is wasted in the process. The potential for making efficiency improvements along the value and supply chains is correspondingly large.

Final energy consumption only covers two thirds of the energy generated in the EU and the UK, as it does not account for losses during energy production and transportation. The relationship can be illustrated using the example of a coal-fired power plant, which has an efficiency of only 30%-40% based on the primary energy used in the form of coal. This means that, when the thermal energy is converted into electricity, around 60%-70% of the energy is not available to the consumer due to heat loss.

Despite the efficiency gains which can be attributed, in particular, to the use of renewable energies and the use of more efficient gas-fired power plants (using CCGTs – combined cycle gas turbines), significant energy losses remain within this process. Not included in this context are grid-related curtailments of renewable energies, which are caused by the high inflexibility of thermal power plants.

In addition, the use of energy-efficient technologies in cross-sectional applications, i.e. applications used across sectors such as IT systems and lighting, open up a further savings potential of up to 70%.



1 *IEA (2020) Carbon Brief "The Marginal Cost of Two Degrees"*

MARKET COMMENTARY: ENERGY EFFICIENCY

CONTINUED

Synergies between Energy Efficiency and Renewable Energy

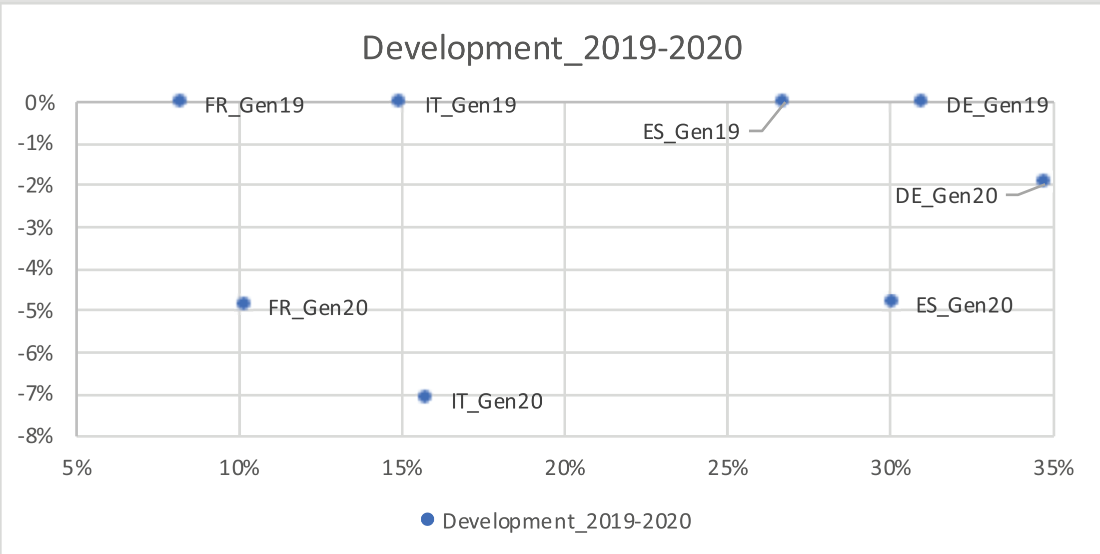
There are considerable interactions between renewable energies and energy efficiency that reinforce each other. On the one hand, renewables are an energy-efficient measure per se. For example, since wind power and solar PV do not require the use of fuels, they are 100% efficient from a primary energy perspective. On the other hand, energy-saving measures on the consumption side increase the share of renewable energies in the national energy mix.

This correlation can be illustrated by comparing 2019 with 2020, the latter being characterised by the ramifications of the pandemic.

The graph illustrates that, in 2020, the importance of renewable energies in the energy mix increased significantly as demand fell. In particular, countries with already high shares of renewable energies (e.g. Spain, Germany) showed a significant inverse correlation between demand and the share of renewables.

In view of the EU's goals to increase very significantly the share of renewable energy, the central importance of establishing energy efficiency as a quasi independent energy source (first fuel) becomes clear.

Comparison energy consumption and renewables share 2019-2020[2]



2 *Aquila Capital Research based on data from ENTSO-E (2021)*

MARKET COMMENTARY: ENERGY EFFICIENCY

CONTINUED

3. Energy Efficient measures in Generation, Transmission and Distribution

Efficiency through decentralised in-house energy generation

Based on the advantages of increased decentralised power generation, renewable energy systems, energy efficiency and small power generators are becoming more important. System efficiency is increasingly becoming the focus of debate. Photovoltaic systems can contribute significantly to the decentralised approach. Existing surfaces, such as roofs, can be used to generate electricity. This means that there are no additional costs for the area and additional land consumption is limited. The technological progress achieved in the recent past and associated cost reductions promise short payback periods and, thus, favourable access to renewable energy. Any excess capacity that results can be fed into the grid, which can generate additional income. From the point of view of efficiency, an additional burden on the grid is avoided because savings of electricity downstream of the meter compared to the direct consumption of locally generated, clean energy have the same effect from the perspective of the public power supply as neither requires grid capacity. Avoiding transport-related energy losses also contributes to the efficiency of energy produced and consumed in-house. Corresponding implementations offer cost-efficient possibilities to increase energy efficiency.

Energy efficiency investments can generate cost savings and income for end users; for example, through the fitting of solar PV systems to already built-up areas, such as the roofs of factories, end users can reduce their energy costs and also generate income through the sale of surplus capacity. The decisive factor in this orientation is the prevailing level of energy prices.

The figure, above, illustrates that potential energy efficiency savings are greatly influenced by fixed price components. This means that energy bills are not as volatile as electricity spot prices. Energy efficiency investments can, therefore, offer diversification for investments in renewable energy generating assets.

Smart meter rollout

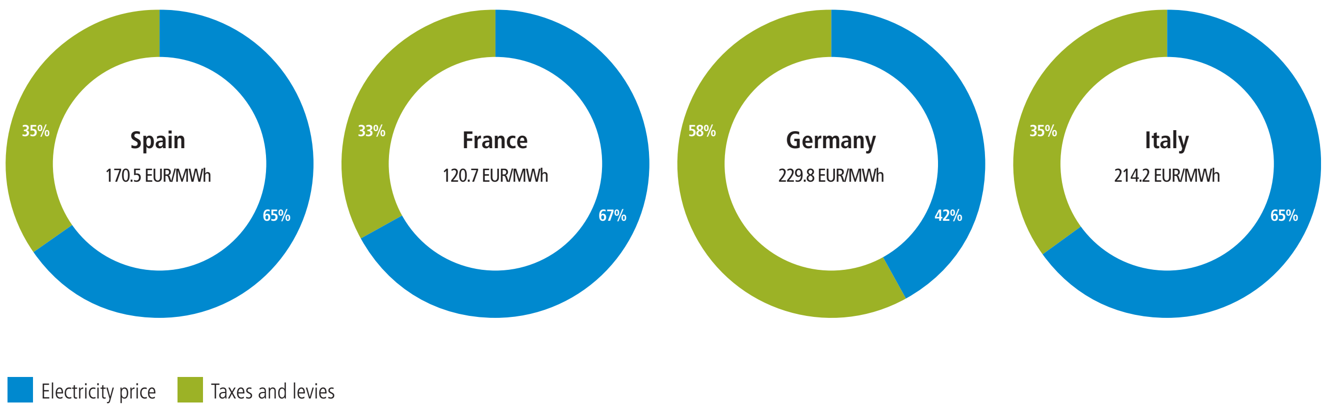
In addition to the energy transition, we are also in the midst of a digital transformation. But instead of seeing this as an additional challenge, the focus should be on synergising both transitions. An accelerated expansion of smart meters makes it possible to use potential lying in the grid. Smart meters offer a digital exchange of consumption data and storage capacities in real time and bring benefits for utilities and consumers. For example, the bidirectional charging and discharging of batteries of an increasing number of Electric Vehicles ('EVs') would increase flexibility on the demand side. While consumers could benefit from lower prices, there would be additional benefits in terms of the loads on grids and efficient use of renewable energy.

Effects of decentralisation

The decentralisation of energy generation plus digitalisation could make the energy supply much more efficient. Increasing demand flexibility in the context of electrification would significantly improve the integration of renewable energies. In combination with renewable self-production, such as through rooftop solar systems, inefficient and emission-heavy fossil fuel generation would decrease significantly. In addition, excessive grid loads would be avoided, minimising transport losses and curtailments of renewable energy sources.

In addition to the positive effects on system efficiency, these effects can realise competitive cost savings, especially for companies.

Offtaker prices for electricity in Europe in 2018 (EUR/MWh)[3]



3 Entsoe (2020)

MARKET COMMENTARY: ENERGY EFFICIENCY

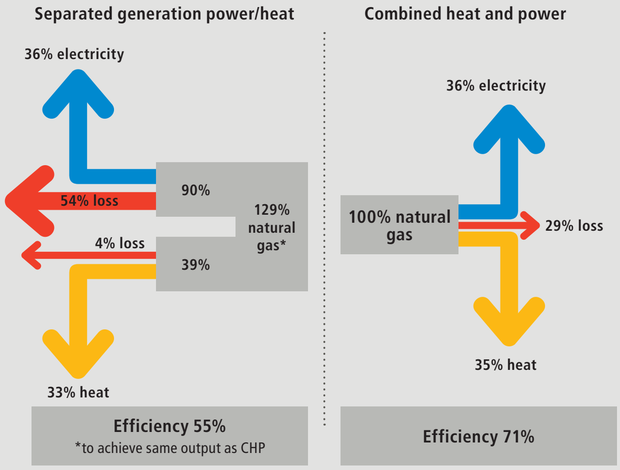
CONTINUED

Excursus on combined heat and power ("CHP")

Initial situation - separate decentralised heat generation and centralised supply of electricity

Many EU member states (e.g. Germany) continue to pursue the construction of flexible gas-fired power plants (gas peakers) in order to close future electricity gaps or to ensure energy security in hours with low renewable energy generation. As a result, further inefficiencies in electricity generation are to be expected (efficiency around 50%). In addition, there are sometimes loads on the grids that even result in renewable energy curtailments.

In contrast, CHP plants offer the possibility of companies supplying themselves with energy while covering their heating needs with otherwise unused waste heat. This is particularly advantageous for companies that require process heat, while benefiting overall from lower costs, fewer emissions and the more effective use of renewable energies.



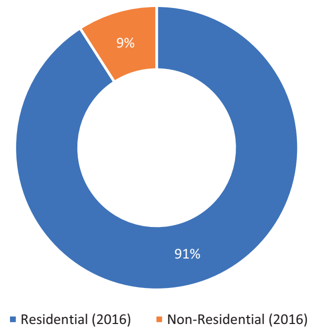
4. Consumption side – Spotlight building sector

The building sector is by far the largest energy consumer within the EU. Accounting for 40% of total energy consumption, buildings are responsible for more than one third of energy-related greenhouse gas emissions (36%) and are thus at the centre of the European "efficiency first" approach.

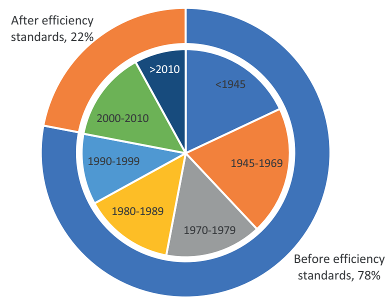
Recent efficiency improvements have made it possible for new buildings to have an approximately 50% lower energy demand compared to 20 year old buildings. However, since 220 million buildings - about 80% of the EU's building stock - were built before 2001, most buildings are not energy efficient. Many of them are heated with fossil fuels and have technologies and appliances with high energy consumption.

Structure EU building Stock:[4]

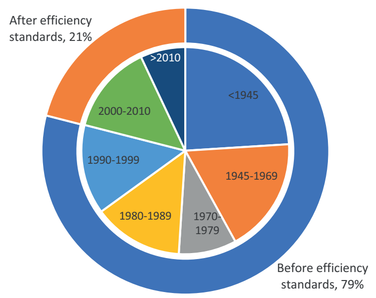
Share Residential/Non-Residential



Residential Stock Age



Non-Residential Stock Age



4 EU Building Stock Observatory (2020)

4. Consumption side – Spotlight building sector continued

As 85%-95% of today's buildings are expected to still be in use in 2050, extensive energy retrofits of buildings are a prerequisite for achieving the EU's climate targets. The goal of reducing emissions by 55% by 2030 requires reducing the emissions from buildings by 60%, energy consumption by 14%, and energy consumption for heating and cooling by 18%. Currently, however, the annual rate of energy retrofits is only running at about 1%, while comprehensive renovations, which have the potential to meet the targets, apply to only 0.2% of the EU's building stock annually.

To achieve the EU's goals, the annual rate of energy renovations must at least double to 2%. By 2030, about 35 million buildings would have to undergo energy-efficient refurbishment, which corresponds to an annual investment requirement of about €275 billion.

Energy efficient measures range from insulation to the electrification of heating and cooling, which can be supplied by renewable energies in the future, to digitalisation via smart applications. The EU is pursuing a strategy that it calls the renovation wave. In view of the ramifications of the pandemic, this is a "win-win" situation. On the one hand, this approach contributes to achieving ambitious goals, in particular, the realisation of electrification via renewable energies; on the other, up to 160,000 additional green jobs could be created. For these reasons, member states are free to use the EU's recovery fund, which prescribes a fixed quota of green investments, to create additional incentives for private investments.

According to plans that recipient states had to submit to the European Commission for review, there is a strong focus on buildings. Apart from Italy, which tops the list of the eight largest beneficiary countries in absolute terms (around €15 billion) an average of 12% of the EU funds are to be used to boost the renovation wave.

Example Italy: Superbonus 110

With the so-called Superbonus 110, the Italian government creates incentives for the energy-efficient refurbishment of buildings. Costs incurred for measures that increase the energy efficiency of buildings can be claimed for at a rate of 110% against tax. When qualifying measures are completed, the ESCO[6] - that carried out the technical installation - is awarded a tax credit equal to 110% of the costs of the measures. These tax credits can be sold to banks and, thus, the projects can be financed without the need for a financial contribution from landlords.

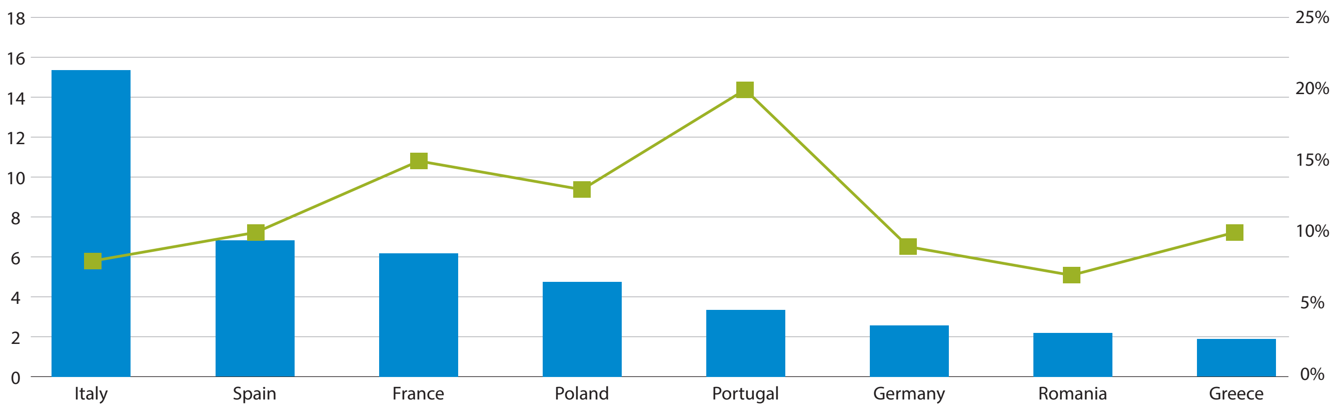
The Superbonus scheme is expected to lead to investments in excess of € 8.75bn, with a net positive contribution for the Italian government of approximately EUR 800m. As of 1 July 2021, more than 24,500 projects for a total investment of € 3.5bn have been submitted, of which 11% are related to condominiums, 43% of the total investment volume. The expectation is that the Superbonus arrangements will be extended for a number of years past the current end date of 31 December 2023, thereby creating attractive and sustainable opportunities for institutional investors in the residential sector. To achieve its climate targets, the EU aims to ensure that targeted renovation rates are incorporated into the national legislation of member countries. The guiding principle in relation to the financing of the renovation wave strategy is:

Ensuring accessible and well-targeted funding, including through the 'Renovate' and 'Power Up' Flagships in the Recovery and Resilience Facility under NextGenerationEU, simplified rules for combining different funding streams, and multiple incentives for private financing"[6]

In accordance with EU targets, the already allocated EU funds and the economic stimulus that is expected to result courtesy of the construction sector, further incentive programmes for European member states are to be expected, analogous to the example set by Italy (Superbonus 110). In this context, we expect a further expansion of sustainable investment opportunities in the area of energy efficiency within the EU.

In addition to financial incentives, ESCOs, which are responsible for technical implementation, will also play a key role. Within the EU, however, the development of this sector is very heterogeneous and requires a correspondingly selective approach in conjunction with the perspective development of partnerships.

Recovery plans for buildings sector by country[5]

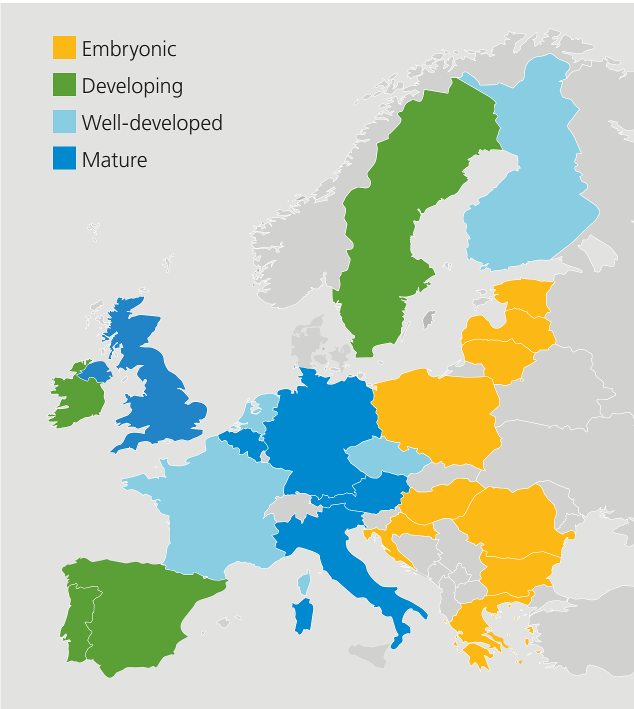


5 *BNEF, 2021*
6 *EU Commission (2022)*

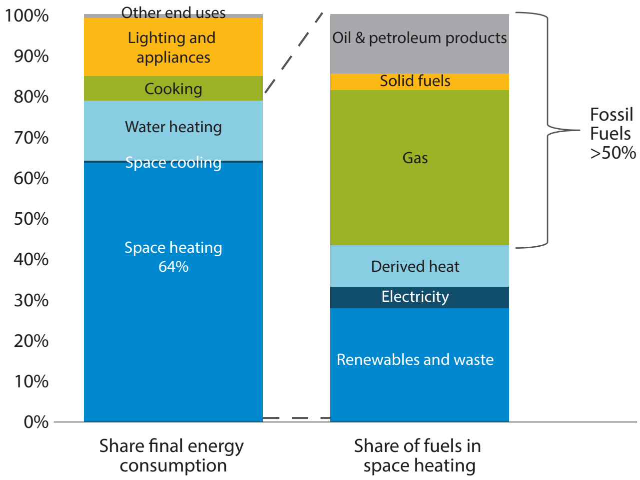
ESCO market development across the EU[7]

The map below, shows that, in Western Europe in particular, structures are already in place that offer the essential prerequisites for energy-efficient renovations. However, Italy offers the best overall conditions currently. The triad of EU funding (€ 15bn), a national incentives programme (Superbonus 110) and a mature and institutionalised ESCO market offers an ideal environment for private sector investors.

Future efforts will primarily be directed towards improvements in thermal insulation, to reduce energy consumption, and the heating of buildings.



Energy consumption residential buildings EU[8]



The figure, above, illustrates the importance of heating in buildings, which is responsible for around two thirds of total energy consumption. As more than 50% of this consumption is based on fossil fuels, the need for energy renovations is of particular importance. The EU's ambitious plans, as well as the urgently needed and time-critical reorganisation of the building sector, will lead to high capital requirements in the future. In the short to medium term, a steadily improving environment for private sector investors in search of sustainable impact investments can therefore be expected. Within the EU, investment opportunities in the field of energy efficiency will show significant growth.

5. Policy Update

Energy efficiency is a main pillar of the energy transition. In this context, the European Commission's increased target of reducing GHG emissions by 55% by 2030 has significantly increased the efficiency targets. With the strategy paper "Fit for 55", the EU Commission published guidelines that must be anchored in national law by the member states.

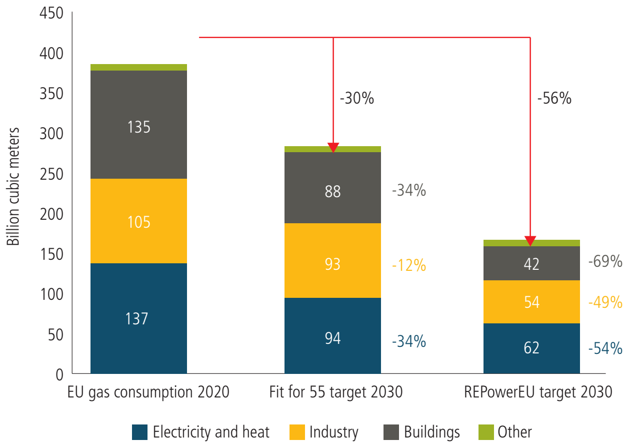
However, in view of the current situation and the urgent need for independence from Russian energy imports, it is clear that even this increase in targets is not enough. There is an urgent need in particular to substitute the supply of Russian natural gas or, ideally, to reduce gas demand altogether. Since energy-efficient measures have the potential to reduce demand in the short term, they are at the centre of the politically, socially and economically necessary efforts.

With the "REPowerEU" package, the aim of which is to end dependence on Russian gas supplies as quickly as possible, the EU Commission once again adapted the goals to the changed, explosive framework conditions.

7 BPIE (2020) "ENERGY SERVICES AND THE RENOVATION WAVE"
8 Eurostat (2022)

5. Policy Update continued

EU gas consumption by sector and scenario targets 2030



EU Commission; Bloomberg New Energy Finance (2022)

With the focus on electrification in the areas of buildings, energy supply and industry, the targets are almost double the already ambitious approach of the "Fit for 55" package. Energy efficiency has the power to drastically accelerate the energy transition in accordance with the new requirements. It is an ongoing responsibility of governments to create efficient and intelligent framework conditions to optimise the market conditions for energy efficiency and simultaneously enable sufficient renewable energy capacities.

In this environment, the use of synergies between the private sector and government subsidy programmes is of central importance. One example is the Italian "Superbonus 110", which has already given a strong boost to the implementation of efficiency measures in the residential segment in Italy in recent years.

6. Conclusion and Outlook

Energy efficiency is a cornerstone of energy system transformation. In addition to the savings needed to achieve climate targets, synergy effects with renewable energies offer further great potential for the decarbonisation of the economy. For this reason, the speed of implementation and the visibility of energy efficiency must be accelerated and increased. Only in this way can we achieve the goal of keeping global warming below 1.5°C. The IEA estimates that, from 2035 onwards, almost half of the world's energy investments will have to be committed to energy efficiency if we are to reach this target.

Furthermore, it must be emphasised that adaptations and the implementation of efficiency measures usually create monetary benefits for the consumer. The negative investment costs of many efficiency measures are significantly lower than the savings that can be made over time, while the entire supply system benefits from higher efficiency both through the avoidance of grid related curtailments and the implementation of smart solutions.

Additional support comes from the governments in Europe. In particular, the public focus is on the building sector which, on the one hand, is the largest consuming sector in Europe and, on the other, is a potential source of enormous economic stimulus that could provide a sustainable and efficient way out of the recent crisis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Introduction

AEET's goal is to generate attractive returns for investors by reducing Primary Energy Consumption ("PEC"). AEET seeks to achieve this through investing principally in a diversified portfolio of energy efficiency projects with high-quality counterparties. AEET's investments positively impact the environment by reducing the amount of carbon dioxide produced, by decreasing PEC and by increasing the amount of renewable energy used. The synergies generated by the reduction of PEC and simultaneously using renewable energy sources further decrease CO2 emissions.

This is reflected across the investment philosophy and approach, including the Company's investment adviser, Aquila Capital Investmentgesellschaft mbH ("Investment Adviser" or "Aquila"), who is dedicated to the green energy transition. The Company is committed to be a responsible investor, ensuring that environmental, social and governance criteria are incorporated into day-to-day investment decisions as well as generating a positive impact for society. By reducing PEC, the Company often improve life standards for end users, for example, better lights, easier maintenance, reduced danger, security of supply and very importantly, the reduction of emissions like Nitrogen Oxides (NOX).

Investment Approach and ESG Approach

AEET's investment approach is focused on investments in energy efficiency projects located primarily in Europe. These assets are predominantly proven operational projects that deliver energy savings for commercial, industrial, and public sector buildings. AEET seeks to invest in projects for the long term with a focus on optimising and improving the assets' PEC.

Technologies typically include:

- **LED Lighting System:** significant reduction of consumed energy (up to 70%) and other positive outcomes: reduced heat emission and therefore less need for ventilation and cooling; better light for workplaces; less maintenance work; reduction in the use of glass (particularly beneficial in food production).
- **LED Street Light Systems:** significant reduction of consumed energy, increased safety (better light, light where needed, choice of light color); integration of other technologies such as sensing (traffic control), mobile communication systems etc.
- **Solar PV:** increases the level of efficient and locally produced renewable energy. Lower transportation costs, free energy source.
- **Biomass Boilers:** locally consumed; generate energy (heat, cooling and electricity) from renewable sources, very often contributing to local job creation. The exhaust for dust needs to be managed and fulfil strict environmental regulations.
- **Combined Heat and Power plants (CHP):** Highly efficient generation of combined energy outputs like electricity and heat or cooling.
- **Electrification of transportation vehicles (batteries) such as trains, trams, buses, ferries, boats etc;** replacement or hybridization of large fossil fuel engines; significant reduction of fossil fuel consumption, other emissions (NOX) and Sulphur oxides (SOX); often create a greener and healthier local environment e.g. by electrification of inner-city buses.
- **HVAC/buildings:** Highly efficient heating, ventilation and air conditioning systems. Often a combination of more efficient use of energy while simultaneously increasing wellbeing, effectiveness, and controllability of system, e.g., avoid overheating/cooling of workspace by taking weather conditions into consideration.
- **Smart Metering/Submetering:** Often providing real-time or timely information about personal consumption volume, patterns and costs of energy (heating, electricity, water or gas) in order to enable energy consumers to manage usage and costs. Pre-requisite to change consumer behaviour which in itself could reduce energy consumption by up to 20% (e.g. avoiding standby electricity consumption).

Environmental Impact

The Company's investment approach is focused on reducing PEC, which should lead to significant reductions in carbon dioxide emissions. In addition, local production of energy (CHP, Biomass Boilers, Solar PV) reduces transportation energy losses and grid over-utilisation. Smart Meters and other control technologies enable a better visibility and management of energy and therefore represent a basis for energy savings.

All projects are managed within the guidelines of local, regional, and national environmental laws in order to adhere to the DNSH (do no significant harm) principals. Aquila Capital will ensure all required regulations and corresponding approvals are completed prior to the acquisition of the assets (planning permission).

Social Impact

Energy efficiency measures not only reduce PEC but typically also increase the life quality and health aspects for different stakeholder, like employees, users of public facilities and/or private individuals. This is mainly achieved through advanced solutions for lighting, heating, cooling and ventilation and the associated control units.

All project developers are required to adhere to local, regional, and national health & safety laws, to train and educate employees accordingly in order to make sure casualties and injuries are voided.

We incorporate Aquila Capital's ESG policy, which excludes suppliers and manufacturers that do not meet Aquila Capital's criteria (exclusion of sectors/subsectors, companies that use unfavourable labour conditions etc).

For all counterparties a rating is performed (in collaboration with a third-party rating agency) assessing creditworthiness of the client as well as a Know Your Client check will be done for the relevant parties involved to increase transparency of the company's activities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

CONTINUED

Governmental Impact

All our business partners are required to adhere to the requirements of the national social security and tax authorities.

Where required by local, regional and/or national authorities our business partner need to provide evidence that they adhere to anti bribery and corruption laws.

Due Diligence

The Investment Advisor performs detailed ESG due diligence for each asset prior to investment. The investment management team follows a structured screening, due diligence and investment process which is designed to ensure that investments are reviewed and compared on a consistent basis. Execution of this process is facilitated by the team's deep experience in energy efficiency project investing. As part of this process, the Investment Adviser will, as relevant for each investment, consider:

- total PEC reduction, and implied greenhouse gas emissions reduced and/or avoided; and/or
- total energy production from renewable and non-renewable sources.

As part of this due diligence, various risks are assessed and documented including risk of climate change, risk of harm to local biodiversity and other environmental risks. These risks are evaluated as part of the technical, legal, and insurance due diligence as applicable. The independent risk management team evaluates the initial evaluation of the investment management team in assessing each asset for acquisition. The Investment Adviser considers the ability for the acquisition to contribute to the UN Sustainable Development Goals and whether it fits within the Principles for Responsible Investment ("PRI").

Governance Framework

AEET benefits from an independent Board of Directors, as well as International Fund Management Limited (part of Sanne Group) functioning as the Alternative Investment Fund Manager ("AIFM"). The Board of Directors supervise the AIFM, which is responsible for making recommendations in relation to any investment proposals put forward by the Investment Adviser. The Investment Adviser is fully regulated and supervised by BaFin in Germany.

The Company has established procedures to deal with any potential conflicts of interest in circumstances where Aquila Capital (or any affiliate) is advising both the AIFM (for the Company) and other Aquila Capital managed funds who are counterparties to the Company. In the context of an investment decision, these procedures may include a fairness opinion in relation to the valuation of an investment, which is obtained from an independent expert.

Monitoring of Environmental, Social & Governance Characteristics

After an investment has been made, continuous ongoing monitoring commences at both the portfolio and asset levels by the Investment Adviser. The aim of this ongoing monitoring is to monitor and calculate the energy consumption/reduction and derive the CO2 reduction from that.

The environmental characteristics of the Company are monitored on a continuous basis throughout the lifecycle of investments, including:

- ongoing monitoring of the PEC based on the energy consumption and derive from that the CO2 savings, where appropriate, monitoring additional environment and ESG relevant developments both at the portfolio and asset level;
- annual reporting, including ESG aspects, to relevant stakeholders including ad-hoc reporting of any material and urgent issues identified in the monitoring process;
- semi-annual ESG risk reporting to the Board.

AEET has been awarded the Green Economy Mark from the London Stock Exchange. The Green Economy Mark identifies London-listed companies and funds that generate between 50% and 100% of total annual revenues from products and services that contribute to the global green economy.

INVESTMENT POLICY

The Company's investment policy (including defined terms) are as set out in its IPO prospectus dated 10 May 2021.

The Company will seek to achieve its investment objective through investment in a diversified portfolio of Energy Efficiency Investments (as defined below) located in Europe, with private and public sector counterparties. The Company will predominantly invest in (i) energy efficiency investments including the installation, in the built environment, transportation industry and other sectors of the economy, of proven technologies and solutions such as energy efficient lighting, smart building and metering services, cogeneration plants, heating, ventilation and air conditioning (HVAC) systems, efficient boilers, solar photo voltaic plants, batteries, other energy storage solutions, electric vehicles and associated charging infrastructure as well as (ii) in the acquisition of majority or minority shareholdings in companies with a strategy that aligns with the Company's investment objective, such as developers, operators or managers of energy efficiency projects ("Equity Investments") ("Energy Efficiency Investments"). These investments seek to reduce primary energy consumption, reduce CO_2 emissions and in many cases deliver economic savings and other benefits to the counterparties including improved air quality. The Company will not invest in fossil fuel extraction or mineral extraction projects. The capital value of the investment portfolio will be supplemented and supported through reinvestment of excess cash flows, asset management initiatives and the use of leverage.

The Energy Efficiency Investments will typically include long term contracts, which entitle the Company or its subsidiaries to receive stable, predictable cash flows payable by the counterparties, who will benefit from the use of the installed equipment during a contractual period typically ranging from five to fifteen years.

The Company will make Energy Efficiency Investments in operational, ready-to-build or under construction assets. The Company may, when making Equity Investments, through such investments, indirectly hold investments that are in the development phase.

In respect of each type of investment, the Company will seek to diversify its commercial exposure by contracting, where practicable, with a range of different equipment manufacturers, project developers and other service providers, as well as off-takers.

Whilst the Company will seek to diversify its commercial exposure by investing in a diversified mix of technologies, the assets of the Company may be predominantly concentrated in a small number of proven technologies.

Investments may be acquired from a single or a range of vendors and the Company may also enter into joint venture or co-investment arrangements alongside one or more co-investors, including Aquila Managed Funds.

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

In circumstances where the Company does not hold a controlling interest in the relevant investments, the Company will secure its rights through contractual and other arrangements, to, inter alia, ensure that the Energy Efficiency Investment is operated and managed in a manner that is consistent with the Company's Investment Policy.

Investment restrictions

The Company aims to achieve diversification principally through investing in a range of portfolio assets across a number of distinct geographies and a mix of technologies. The Company will observe the following investment restrictions when making investments:

- no more than 20 per cent. of its Gross Asset Value will be invested in any single asset;
- no more than 20 per cent. of its Gross Asset Value will be invested in Energy Efficiency Investments with the same Counterparty;
- following full investment of the Net Issue Proceeds, the Company's portfolio will comprise no fewer than ten Energy Efficiency Investments;
- no investments will be made outside of Europe; and
- no more than 7.5 per cent. of its Gross Asset Value, in aggregate, will be invested in Equity Investments, and at all times such investments will only be made with appropriate shareholder protections in place.

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

The Company complies with the investment restrictions set out below and will continue to do so for so long as they remain a requirement of the FCA:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- the Company must at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy; and
- not more than 15 per cent. of the Gross Asset Value at the time an investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

The Directors do not currently intend to propose any material changes to the Company's Investment Policy. As required by the Listing Rules, any material changes to the Investment Policy of the Company will be made only with the approval of Shareholders by way of ordinary resolution.

Currency and hedging

The Company does not intend to use hedging or derivatives for investment purposes but may use derivative instruments such as forwards, options, futures contracts and swaps to hedge currency, inflation, interest rates, commodity prices and/or electricity prices.

Borrowing policy

The Company may make use of long-term debt on both a limited recourse and full recourse basis to finance the acquisition or construction of Energy Efficiency Investments and for working capital purposes. Gearing will be employed at the level of the Company, at the level of any intermediate wholly owned subsidiary of the Company or at the level of the relevant SPV, and any limits set out in this document shall apply on a look-through basis. In addition, the Company may make use of short-term debt, such as a revolving credit facility, to assist with the acquisition of or investment in suitable opportunities as and when they become available. Aggregate gearing, whether via long-term or short-term debt, will not exceed 50 per cent. of Gross Asset Value, calculated at the time of drawdown. The Company will target aggregate gearing, whether via long term or short term debt, of 35 between 40 per cent. of Gross Asset Value, but in any event will not exceed 50 per cent. of Gross Asset Value, in each case calculated at the time of drawdown.

Debt may be secured with or without a charge over some or all of the Group's assets depending on the optimal structure for the Group and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles. Intra-group debt between the Company and subsidiaries will not be included in the definition of borrowings for these purposes.

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

Cash management

Cash held pending investment in Energy Efficiency Investments or for working capital purposes will either be held in cash or invested in cash, cash equivalents, near cash instruments, bearer bonds and/or money market instruments ("Cash and Cash Equivalents"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position. For the avoidance of doubt, the restrictions set out above in relation to investing in UK listed closed-ended investment companies do not apply to money market type funds.

Changes to and compliance with the Investment Policy

The Directors do not currently intend to propose any material changes to the Company's investment policy. As required by the Listing Rules any material changes to the Company's investment policy set will require the approval of Shareholders by way of an ordinary resolution at a general meeting and the approval of the FCA.

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.

In the event of a breach of the investment guidelines and the investment restrictions set out above, the AIFM shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

THE BOARD MEASURES THE COMPANY'S SUCCESS IN ACHIEVING ITS INVESTMENT OBJECTIVE BY REFERENCE TO THE FOLLOWING KEY PERFORMANCE INDICATORS ('KPIS'):

Deployment of IPO proceeds

In the Company's prospectus published on 10 May 2021, it was stated that the proceeds would be significantly deployed or committed to acquire suitable assets within twelve months from IPO (2 June 2022). As announced on 21 April 2022, the Investment Adviser revised this target to the end of December 2022. As at 31 December 2021 and as at 31 May 2022, £14.1 million and £19.6 million of the total IPO proceeds of £100 million have been deployed, respectively.

The Board has engaged an independent adviser, Complete Strategy Ltd for an initial period of six months from the date of the above announcement in April 2022. Complete Strategy will assist the Board in monitoring the deployment of the IPO proceeds by providing the Board with a detailed analysis of monthly deployment performance during the period and its costs will be borne by the Investment Adviser.

To meet its target total dividend in each financial year

As disclosed in the Company's prospectus published on 10 May 2021, the Company is targeting a dividend of a minimum of 3.5 pence per Ordinary Share in relation to the financial year ending 31 December 2022, and a minimum of 5 pence per Ordinary Share in relation to the financial year ending 31 December 2023, with the aim of increasing this dividend progressively over the medium term. The Company did not intend to pay a dividend in the first financial period to 31 December 2021, whilst it was deploying the IPO Proceeds.

However as announced on 21 April 2022, in light of slower than anticipated deployment to date and the current expectation that the IPO proceeds will not be significantly deployed within twelve months of Admission, the Company does not expect that its stated dividend target of 3.5 pence per Ordinary Share for the financial year ending 31 December 2022 will be covered by earnings. The Board will review the position in respect of any dividend which may be declared for the financial year ending 31 December 2022 in light of the deployment of the IPO proceeds as the year progresses. The Board recognises that over the medium to long term dividends form a key component of the total return to shareholders.

Premium or discount of share price to NAV

The Board monitors the price of the Company's shares in relation to their NAV and the premium or discount at which they trade. As at period end, the share price has closed at a (1.7%) discount to the NAV as at 31 December 2021.

Following the Company's period-end, the discount of share price to NAV widened considerably. The Board performed an Investment Strategy Review and engaged very closely with the Company's major Shareholders. For more details please see Chair's Statement on page 2. The Company has shareholder authority to issue and buy back shares if appropriate.

Green credentials

The Investment Adviser for every project, considers the potential energy savings and energy production respectively as well as CO_2emission savings. Since the beginning of commercial operations of the first project (solar plant) in mid-October 2021 and as at 31 December 2022, energy savings of 54.5 MWh were estimated and 25.1 tonnes of reduced CO_2 emissions were calculated. The CO_2avoidance achieved by all the Aquila Capital Funds is in excess of eight million tonnes, which is equivalent to emissions of 0.5 million European households (https://www.aquila-capital.de/en/).

Quality of investments

Investment opportunities are initially analysed by the Investment Adviser. The goal of this analysis is to determine the key characteristics and value drivers of the investment opportunity, including: (i) counterparty creditworthiness; (ii) volume and size of the investment; (iii) duration and price level of remuneration schemes; (iv) expected life of investment; (v) stability of regulatory and tax framework; (vi) visibility into future performance; (vii) other barriers to entry; (viii) correlation of cash flows to inflation; (ix) resilience within the economic environment; (x) expected returns; and (xi) the ability to close successfully on the investment. A portfolio analysis can be found at the Investment Adviser's report at pages 7 to 11.

Maintenance of a reasonable level of ongoing charges

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

Based on the Company's average net assets during the period ended 31 December 2021, the Company's ongoing charges figure calculated in accordance with the AIC methodology was 0.94%.

RISK MANAGEMENT

Principal risks and uncertainties

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

Procedures to identify principal or emerging risks:

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

1. Investment Adviser: the Investment Adviser provides a report to the Board on a quarterly basis or such other period as required on industry trends, insight into future challenges in the energy efficiency sector including the regulatory, political and economic changes likely to impact the sector;
2. Alternative Investment Fund Manager ("AIFM"): following advice from the Investment Adviser and other service providers, the AIFM maintains a register of identified risks including emerging risks likely to impact the Company;
3. Broker: provides advice periodically specific to the Company on the Company's sector, competitors and the investment company market whilst working with the Board and Investment Adviser to communicate with shareholders;
4. Company secretary: briefs the Board on forthcoming legislation/regulatory change that might impact on the Company; and
5. AIC: The Company is a member of the Association of Investment Companies ("AIC"), which provides regular technical updates as well as drawing members' attention to forthcoming industry and regulatory issues.

Procedure for oversight

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

Principal risks

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

Portfolio Risk

Principal Risks	Potential Impact/Description	Mitigation
Counterparty / Credit	The Company allocates funds to a Counterparty that defaults on its obligations. This would impact the Company's ability to meet dividends and achieve its intended goals and returns for its investors.	Continued monitoring of the investments and the counterparties/ service providers, including the use of credit rating data providers, allows the Investment Adviser to identify and address risks early. The Investment Adviser seeks to mitigate credit risks, for example, in the case of Solar PV investments, by the counterparty having the opportunity to sell electricity to the grid or other customers. The Investment Adviser also seeks to structure investments whereby contracts can be adapted/extended to accommodate periods of payment defaults. Diversification of counterparties and service providers ensures any impact is limited. In addition, a diversified portfolio provides further mitigation.
Concentration Risk	Concentration of exposure to investments in a limited number of countries, counterparties, geographical markets, tenure and currencies can lead to default on loans or other obligations resulting in Company underperformance and inability to meet targets.	The Investment Adviser and AIFM constantly monitor existing and proposed investments/portfolio on a pre trade basis, enabling the effective observation of portfolio concentrations and prospectus limits.
Environmental / Social / Governance ESG)	Not integrating ESG adequately into the investment and monitoring processes can lead to reputational risk and exposure to greenwashing claims.	The Investment Adviser performs detailed due diligence on ESG for each asset prior to recommendation. General standards including IFS Performance Standards, IFC Environmental Health and Safety Guidelines ("EHS") and Equator Principles as well as local health and safety and social laws are reviewed on a regular basis for all assets depending on the location and development status of each asset.

Economic and Markets Risks

Principal Risks	Potential Impact/Description	Mitigation
Premium/ Discount Management	Market sentiment moves share price to a discount which may it more difficult for the Company to issue new equity. The Ordinary Shares may trade at a discount to Net Asset Value and not be liquid making Shareholders unable to realise their investments through the secondary market at Net Asset Value or at market price. Loss of market confidence in the Board / Investment Manager.	The Company's Broker monitors the market for the Company's shares and report at quarterly Board meetings. The Company has the authority if appropriate, to purchase Ordinary Shares in the market with the result of, amongst other things, enhancing the Net Asset Value per Ordinary Share. The Company seeks to maintain engagement with share-holders.
Interest Rates/ Inflation	Changes to interest rates may impact discount rates applied to the portfolio valuations and attractiveness of returns. Can affect the spread between, amongst other things, the income on the Company's assets and the expense of its interest-bearing liabilities, the value of its interest-earning assets and its ability to realise gains from the sale of assets (should this be desirable).	The Company may use derivative instruments such as futures, options and swaps to protect the Company from fluctuations of interest rates. Aquila's Asset Management team regularly monitor effectiveness of hedging together with Risk Management. Investment Advisor will manage correlation of cash flows to inflation and resilience to the economic environment. Investment Advisor seeks to incorporate RPI adjustments in investment documentation where possible. In addition, Renewable energies represent an effective protection against inflation, as renewable energies benefit from rising electricity prices with no burden on the cost side in relation to the use of re-sources.

Economic and Markets Risks continued

Principal Risks	Potential Impact/Description	Mitigation
Exchange Rates	The Company holds investments in currencies other than British Pounds. Changes in foreign currency rates may therefore impact the value in sterling between periods of investments and of the income received.	The Company maintains the majority of uninvested cash in base currency (GBP). For any non-base currency assets, the Investment Advisor can use forward foreign exchange contracts to seek to hedge up to 100% of non-GBP exposure.
Pandemic (COVID-19)	COVID-19 and the response by Governments, has had a significant impact on economies across the world over the last two years resulting in market volatility, uncertainty, supply chain issue and speed of decision making.	The Company's response is focused on dealing with the economic impact of COVID-19. All parties to the Company operate effective work from home policies and these are assessed annually.
Equity Market Volatility	The Company's ability to raise equity from investors to repay debt or to support further investments could be impacted by stock market volatility and pricing.	The Company's adviser and broker monitors market conditions and reports regularly to the Board. In the event that the Company is unable to raise new equity or debt capital, the Company could hold back from making new investments until the stock market recovered and, in extremis, investments could be sold to raise liquidity.

Portfolio Management

Principal Risks	Potential Impact/Description	Mitigation
Investment Performance	With investment concentration in energy efficiency space, unquoted investments, changes to regulatory framework or poor investment decisions, there is a risk that the portfolio underperforms and as a result, the target returns are not met over the longer term. This could lead to the dividend not being covered and/or an inability to pay the target dividend.	The Investment Advisor has a well-defined investment strategy and process in place which is regularly reviewed and monitored by the AIFM and the independent Board of Directors. There is limited regulatory risk exposure due to focus on projects with authorisation and project business plans with limited or no exposure to government subsidies. The Investment Advisor has good experience in renewable sustainability/energy transition and understands and manages the risks closely.
Pipeline, Investment Deployment and Cash Drag	An important part of the Investment Adviser's role is its ability to source high quality potential investment opportunities in line with the Company's investment strategy. Should suitable opportunities not be forthcoming and cash remains uninvested the portfolio returns could be lower than that required meet the dividend targets. Slow deployment of investments and excess cash on deposit. Cash drag can lead to reduced portfolio income and inability to pay dividends out of income. Reputational risk of not meeting prospectus targets.	As announced on 31 January 2022 and 21 April 2022, the Board undertook a comprehensive review of the Company's investment strategy, due to slower investment deployment than originally anticipated. The Board appointed Complete Strategy Ltd, a consultancy firm experienced in the energy sector, to conduct this review. The Board with the assistance of Complete Strategy Ltd and the AIFM monitor the investment pipeline received from the Investment Adviser. The Investment Adviser has a track record in originating potential investments. The Investment Adviser continues to build a diversified pipeline of investment opportunities for possible acquisition by the Company. In addition, it is developing relationships with energy services companies, project developers and technology providers which bring multiple investment opportunities to the Investment Adviser. The Investment Adviser continues to originate potential investments and is actively increasing the value of its pipeline. As of 31 May 2022, the total investment value of the pipeline has increased from £178.5 million to £233 million since the time of IPO. The team has expanded to help the origination activity. Further, an emphasis on repeat business with existing partners has been effective in closing transactions and deploying capital.

Portfolio Management continued

Principal Risks	Potential Impact/Description	Mitigation
Competition for Assets	With increasing numbers of investors seeking exposure to energy efficiency assets, it is possible that new competitors will enter the market in which the Company operates. This could lead to increased pricing for the Company's target investments with corresponding lower returns and slower deployment of uninvested cash.	The Board and AIFM oversee the investment pipeline and monitor its progress in relation to Company targets. The Investment Adviser continues to build a diversified pipeline of investment opportunities for possible acquisition by the Company. In addition, it is developing relationships with energy services companies, project developers and technology providers which bring multiple investment opportunities to the Investment Manager.
Changes to subsidies or other support mechanisms for the Company's investments	The value of the Company's investments may be adversely affected if subsidies or other support mechanisms, on which such investments may depend, are changed negatively.	Diversification of investments by technology and geography mitigates the impact of any such risks. Many of the investments which the Investment Adviser seeks do not rely on subsidies or other support mechanisms.
Inappropriate Investment Advice	Lack of resource, experience or depth in the team to source and vet appropriate investments. Possible conflicts with other private Aquila clients and private investing vehicles of which Aquila cannot disclose to Board or AIFM. The Investment Adviser is dependent on key people to identify, acquire and manage the Company's investments.	The Investment Adviser has substantial resources and is not required to commit all of its resources to the Company. The Company and AIFM are made aware of and review potential conflicts of interest at the time of each investment being made. Conflicts of interest and investment allocation policies are in place agreed with the Board. The strength and depth of the Investment Adviser's resources mitigate the risk of a key person departure and provides ability to draw skills from other areas if need be. Investment focus on proven technologies and standardized technical and financial suppliers' DD, including an assessment of supplier's reference projects, reduce the acquisition risks.

Operational Risk

Principal Risks	Potential Impact/Description	Mitigation
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 resulting in reputational damage and possible GDPR concern. Data records could be destroyed resulting in an inability to make investment decisions and/or monitor investments.	Service providers have been carefully selected for their expertise and reputation in the sector. Each service provider has provided assurances to the AIFM and Company on their cyber policies and business continuity plans along with external audit reviews of their procedures where applicable. The AIFM, Administrator and Board include Cyber Risk in their reviews of counter parties.

Financial Risk

Principal Risks	Potential Impact/Description	Mitigation
Portfolio Valuation	The principal component of the Company's balance sheet is its portfolio of energy efficiency assets. The Investment Adviser is responsible for preparing a fair market value of the investments which rely on projections and cashflows. There is a risk that these valuations and underlying assumptions such as discount rates being applied are not a fair reflection of the market meaning that the investment portfolio could be over or under valued.	The Investment Adviser has experience in undertaking valuations of renewable sustainability/energy transition assets. The AIFM and the Board review and interrogate the valuations and underlying assumptions provided by the Investment Adviser.

Regulatory Risks

Principal Risks	Potential Impact/Description	Mitigation
Regulatory Risk	The Company is required to comply with Section 1158 of the Corporation Tax Act to ensure maintenance of investment trust status, UK Listing Authority regulations including Listing rules, Foreign Account Tax Compliance Act and Alternative Investment Fund Managers Directive ("AIFMD"). The Company looks to comply with relevant ESG rules and regulations and continue to monitor those such as the Sustainable Finance Disclosure Regulation ("SFDR"). Failure to comply with the relevant rules and obligations may result in reputational damage to the Company or have a negative financial impact. Impact of post Brexit on the Company and the portfolio. The Board continues to review the impact of Brexit in terms of the new trading deal and general business environment, including possible tax and other issues.	All service providers including the Broker, Administrator, Investment Adviser and AIFM are experienced in these areas and provide comprehensive reporting to the Board and on the compliance of these regulations. The Company complies with article 8 of the SFDR and as noted under "ESG" looks to comply with local requirements in order to mitigate potential risks. Mitigation measures for post Brexit impact includes inflation and interest rate management, currency and cash management, tax and legal advice as appropriate, and Fund marketing through approved channels and AIFM oversees this reporting accordingly.

The Board are of the opinion that these are the principal risks, but mindful of their obligations under the changes made to the AIC Code of Corporate Governance, the Board has also considered below emerging risks.

Emerging Risk

Principal Risks	Potential Impact/Description	Mitigation
Act of War / Sanctions	As evidenced with the ensuing war in Ukraine and the various sanctions and restrictions imposed, there is a possibility there could be supply delays for Operations and Maintenance (O&M), sanction considerations, volatile markets and general uncertainty. More difficult energy markets expected along with inflationary pressures on inputs. It has also led to short term price increases and more focus on renewable energy infrastructure. Possible change to the world order and globalisation.	The invasion of Russia to Ukraine brings uncertainty to the commodities market and how price levels of modules and other hardware will be impacted directly or indirectly. The Company does not have any direct exposure in Ukraine or Russia, there are also no direct business relations with counterparties from these countries; therefore, preliminary assessments lead us to the conclusion that our investments in Europe are not impacted directly at this time.

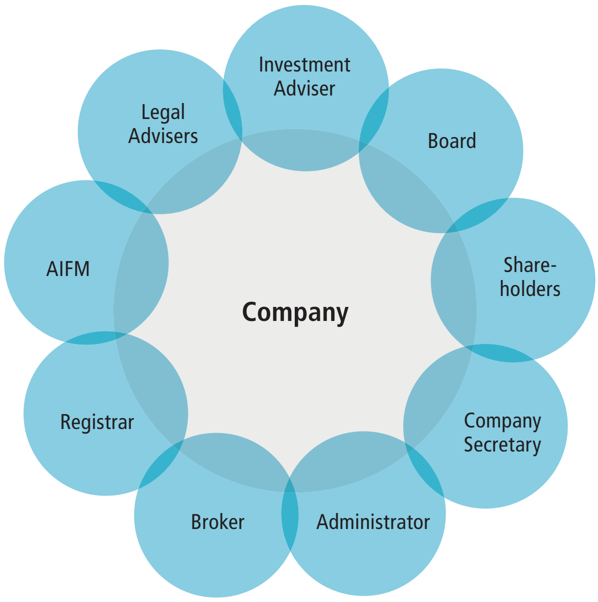
SECTION 172 REPORT

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

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

Employees and stakeholders

As an externally managed investment company, the Company does not have any employees. Its main stakeholders are as set out in the diagram below which explains the relationship between the Company and each of its stakeholders. The Company's stakeholders are the Board, Shareholders, Investment Adviser, AIFM, Administrator, Company Secretary, Broker, Legal Adviser and its Registrar. The Board believes the best interests of the Company are aligned with its stakeholders as all parties aim to ultimately benefit from achieving the Company's investment objectives in compliance with regulatory, legal, ethical and commercial standards.



Company's Operating Model

The Company was listed on the main market of the London Stock Exchange on 2 June 2021. The Company can hold investments directly or via its sole subsidiary, Attika Holdings Limited, which in turn can invest via Special Purpose Vehicles.

Engagement with Key Service Providers

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

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

On at least an annual basis, the Board has committed to undertake a thorough evaluation of each of its service providers during which it considers their performance against the terms of their engagement, including each service provider's fees to ensure that each remain competitive within the market. Additionally, on an annual basis the Board reviews the internal reports produced on behalf of those service providers that are key to the Company's day-to-day administration (the AIFM, Administrator and Registrar) to ensure that there have been no failings in their systems or procedures considered relevant to the Company's operations.

The Investment Adviser is the most significant service provider to the Company and a description of its role can be found on page 6. The Board receives regular reports from the Investment Adviser, discusses the portfolio at each Board meeting and maintains a constructive dialogue between meetings. The Investment Adviser's remuneration is charged only on committed capital (being the sum of funds actually invested and funds committed for investment in Energy Efficiency Investments) and is taken in shares in the Company which aligns the Investment Adviser's interests with those of the Company's Shareholders.

Engagement with Shareholders

Shareholders' views are considered by the Board at their quarterly meetings and assist in the Board's decision-making process.

During the Investment Strategy Review described in the Chair's Statement at page 2, the Board and the Broker engaged constructively with major Shareholders and a number of meetings took place where Shareholders' expectations were communicated to the Board.

In addition, and in order to help the Board in its aim to act fairly between the Company's members, the Board seeks to ensure effective communication is provided to all Shareholders. The Board encourages Shareholders to attend the Annual General Meeting and the General Meeting in July at which the Board and representatives of the Investment Adviser will be available to meet Shareholders in person and to answer questions. The Annual Report has been issued to Shareholders and will be available to view on the Company's website (www.aquila-energy-efficiency-trust.com) as are the Company's factsheets and press releases.

Board Decisions

Engage Service Providers

As a newly incorporated Company which was formed with the intention of listing on the London Stock Exchange as an investment trust with the objective as described on page 1, the Board approved the appointment of each of the Company's service providers to help achieve this goal. Each service provider was carefully chosen based on its merits including the length of experience of each working with investment trusts, and in particular their experience working with renewable funds. The Board considers that each service provider's appointment is in the best interest of the Company's shareholders.

Issue of Equity

In June 2021 the Board approved the issue of 100 million Ordinary shares to those shareholders who had subscribed for shares in accordance with the Company's prospectus issued on 10 May 2021.

Whilst considering their decision, the Board consulted with the Company's service providers and concluded that this sum allowed the Company's portfolio to be suitably diversified and that it would allow economies of scale which would be to the benefit of the Company's long-term interest and the interest of the Company's shareholders.

Acquisitions

The Board was presented with each investment opportunity identified by the Investment Adviser. These had undergone a process of analysis and challenge by the AIFM, including considerations relating to environmental, social and governance issues. The Board considered each proposal against the Company's investment objective, investment policy and strategy as disclosed on page 23.

As at 31 December 2021, over 9.30% of the capital raised was invested and a further 14.13% of the proceeds committed. Further details of these acquisitions can be found on page 8.

Investment Strategy Review

Following the period-end and as per the Company's announcements on 31 January 2022 and 21 April 2022, given slower investment deployment than originally anticipated, the Board undertook a comprehensive review of the Company's investment strategy with a view to ascertain how best to accelerate deployment, whilst maintaining the Company's prudent credit criteria and return objectives. More details can be found at the Chair's Statement on page 2.

Taskforce for Climate-Related Financial Disclosures ("TCFD")

The Company notes the TCFD recommendations on climate related financial disclosures. As stated above, the Company is an investment trust with no employees, internal operations or property and, as such, is exempt from TCFD disclosure requirements. However, it is an asset owner and therefore the Company will work to develop appropriate disclosures about the portfolio. Information sources are developing and consultations on reporting requirements are underway, and we will continue to work alongside our Investment Adviser to provide more information as it becomes available. The Investment Adviser supports the TCFD's recommendations and is in the process of assessing the guidance to ensure disclosure going forward.

Anti-bribery, corruption and tax evasion

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company does not tolerate the criminal facilitation of tax evasion. The Company's AIFM, Investment Adviser, Company Secretary and Administrator 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 with the authority to authorise potential conflicts of interest. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate. The procedure observed by the Board in considering dealing with conflicted matters is as follows:

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

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

The Company has established procedures to deal with any potential conflicts of interest in circumstances where the Aquila Group is advising both the AIFM (for the Company) and Aquila managed funds that 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 Energy Efficiency Investments to be obtained from an independent expert;
- a due diligence and reporting package from relevant professional advisers on which the Company (or other applicable vehicles) can place reliance;
- the AIFM operating its own risk management system and internal control system as well as monitoring approved systems operated by the Investment Adviser; and
- any conflict of interest arising in the course of the transaction being resolved in accordance with procedures agreed between the Investment Adviser and the AIFM, subject to Board agreement.

Employees

The Company has no employees. As at 31 December 2021 the Company had four Directors, of whom three were female and one of whom is male. As at the date of this Report, the Company has three Directors, of whom one is female and two are male. The Board's policy on diversity is contained in the Corporate Governance Statement (see page 44).

Viability statement

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

In reviewing the Company's viability, the Directors have assessed the viability of the Company for the period to 31 December 2024 (the "Look-forward Period"). The Board believes that the Look-forward Period, being approximately three years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the long-term nature of the Company's investment strategy, which is modelled over three years and the principal risks outlined above.

In considering the prospects of the Company, the Directors looked at the key risks facing the Company, focusing on the likelihood and impact of each risk as well as any key contracts, future events or timescales that may be assigned to each key risk. The Directors are satisfied that the Company would continue to remain viable under downside scenarios, including decreasing government regulated tariffs and a decline in long term power price forecasts. The Directors believe that the Company is well placed to manage its business risks successfully over both the short and long term and, accordingly, the Board has a reasonable expectation that the Company will be able to continue in operation and to meet its liabilities as they fall due for a period of at least three years.

The internal control framework of the Company's service providers is subject to a formal review on at least an annual basis. On a half-yearly basis, the Board reviews the risk report prepared by the AIFM.

The Directors do not expect there to be any material increase in the annual ongoing charges of the Company over the Look-forward Period, with the exception of the Investment Advisory fees as explained in the Chair's Statement, and as the Company grows the annual ongoing charges ratio is expected to decrease. The Company's available cash and income from investments provide substantial cover to the Company's operating expenses, and any other costs likely to be faced by the Company over the Look-forward Period of the assessment.

The Directors have agreed to bring forward the Initial Continuation Resolution to February 2023, or earlier if appropriate. The Directors assessed that the Initial Continuation Resolution will pass, however, the Directors recognise that the outcome of this is not yet known and therefore creates material uncertainty around going concern, and may cast significant doubt about the Company's viability. A Continuation vote as to whether the Company continues its business as a closed-ended investment is due to take place during February 2023, which, if passed, will allow the Company to continue for a further year. If the Continuation vote is not passed, then the Directors shall, within six months of such Continuation vote not being passed, put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company.

Outlook

The outlook for the Company, including the future development and performance of the Company, is discussed in the Chair's Statement on page 3 and the Investment Adviser's Report on page 20.

Strategic Report

The Strategic Report set out on pages 2 to 34 of this Annual Report was approved by the Board of Directors on 23 June 2022.

For and on behalf of the Board

Miriam Greenwood
Chair of the Board

23 June 2022

Governance

The Directors present their report and financial statements for the period ended 31 December 2021.

Corporate Governance

The Corporate Governance Statement on pages 41 to 45 forms part of this report.

Introduction and Status

The Company is incorporated in England and Wales as a public limited company and is domiciled in United Kingdom. It is an investment company as defined in section 833 of the Act 2006 and has a premium listing on the London Stock Exchange.

The Company has received approval as an investment trust from HMRC. The Company must meet eligibility conditions and ongoing requirements in order for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the period ended 31 December 2021, and the Directors, under advice, expect the affairs of the Company to continue to satisfy the conditions of an investment trust. The Company seeks to continue to operate as an investment trust in accordance with section 1158 and 1159 of the Corporation Tax Act 2010 (as amended by section 42(2) of the Finance Act 2011).

Greenhouse Gas Emissions ("GHG") and Streamlined Energy and Carbon Reporting ("SECR")

As the Company has outsourced operations to third parties, there are no significant GHG emissions to report in relation to the operation of the Company. In relation to the Company's investments, the level of GHG emissions arising from a low volume of electricity imports and from operation and maintenance activity is not considered material for disclosure purposes. The Company as low user (< 40,000 kwh) falls below the threshold to produce an energy and carbon report under the SECR framework.

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 and intends to do so for the foreseeable future so that the exclusion continues to apply. The Company's ordinary shares are eligible for inclusion in a stocks and shares ISA.

Articles of Association

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

Life of the Company

The Company has been established with an indefinite life. However, under the Articles, Shareholders will have the opportunity to vote on an ordinary resolution on the continuation of the Company at the Annual General Meeting ("AGM") to be held in 2023 (the "Initial Continuation Resolution"), and every four years thereafter (a "Continuation Resolution"). If the Initial Continuation Resolution or any Continuation Resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for consideration by Shareholders as soon as reasonably practicable following the date on which the Initial Continuation Resolution or any Continuation Resolution (as the case may be) is not passed. These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Initial Continuation Resolution or any Continuation Resolution will not necessarily result in the winding up of the Company.

In light of the Investment Strategy Review, the Board is keeping under consideration the option to propose the amendment of the Company's Articles and provide the Shareholders with the opportunity to vote on a Continuation Resolution at the AGM to be held in 2025, instead of 2027 as described above.

Following the Investment Strategy Review described in the Chair's Statement, the Initial Continuation Resolution will be brought forward and is expected to be voted on by Shareholders during February 2023 or earlier.

Alternative Investment Fund Manager ("AIFM")

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

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

i. monitoring the Energy Efficiency Investments in accordance with the Investment Policy;

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

iii. acting upon instructions from the Board with regard to the execution of 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:

i. assisting the Board with the establishment of a risk reporting framework; monitoring the Company's compliance with Investment Policy and the Investment Restrictions in accordance with the AIFM risk management policies and procedures and providing regular updates to the Board;

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

iii. 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 £87,500 per annum plus an additional amount which is equal to 0.015 per cent. per annum of the Net Asset Value of the Company that exceeds £250 million;

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

iii. the reimbursement of the investment adviser fee payable by the AIFM to the Investment Adviser.

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

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

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

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

The Company will benefit from the advisory services provided to the AIFM in respect of the Company and its Energy Efficiency 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 on 12 months' notice in writing.

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

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

(i) 0.95 per cent. per annum of committed capital (plus VAT) of the Company up to and including £500 million; and (ii) 0.75 per cent. per annum of committed capital (plus VAT) of the Company above £500 million.

During the first year 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 Investment Advisory Agreement provides, the Company will instruct its broker to acquire Ordinary Shares to the value of fee due in the relevant period.

Following the Investment Strategy Review described in the Chair's Statement on page 2, the Investment Adviser has agreed to amend the current Investment Advisory Agreement such that any advisory fees payable are charged only on committed capital and apply this amendment retrospectively from the time of the Company's IPO. The original agreement entitled the Investment Adviser to charge fees on the Company's NAV which would have included uninvested cash.

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

The AIFM, Company Secretary and Administrator are part of the Sanne group of companies.

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

Continuing Appointment of the Investment Adviser
Following the Investment Strategy Review described in the Chair's Statement, the performance of the Investment Adviser is subject to a rigorous review by the Board. The continuing appointment of the Investment Adviser is recommended the Board, subject to the outcome of the Initial Continuation Resolution in early 2023 as announced on 21 April 2022.

Share Capital
At the date of incorporation the Company issued 1 Ordinary Share of GBP 0.01 and 50,000 Management Shares of GBP 1.00 each. At listing on 2 June 2021 the Company issued 99,999,999 Ordinary Shares. On 2 June 2021 the 50,000 Management Shares were redeemed. The Ordinary Shares are admitted to trading on the Main Market for listed securities of the London Stock Exchange and are listed on the premium segment of the Official List.

At the period end the Company's issued share capital comprised 100,000,000 Ordinary Shares.

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

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.

Results and dividend
The Company's revenue loss after tax for the period amounted GBP 0.6 million. As disclosed in the Company's IPO Prospectus, the Company did not intend to pay a dividend in the first financial period to 31 December 2021, whilst it was deploying the IPO Proceeds.

As per the Company's announcement released on 21 April 2022, in light of slower than anticipated deployment to date and the current expectation that the IPO proceeds will not be significantly deployed within twelve months of Admission, the Company does not expect that its stated dividend target of 3.5 pence per Ordinary Share for the financial year ending 31 December 2022 will be covered by earnings. The Board will review the position in respect of any dividend which may be declared for the financial year ending 31 December 2022 in light of the deployment of the IPO proceeds as the year progresses.

Notifiable Interest in the Company
As at 31 December 2021, 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*
Investec Wealth & Investment Limited	25,776,761	25.78
Lion Umbrella Fund I S. A. SICAV-RAIF	12,978,637	12.98
Schroders Plc	11,402,743	11.4
Stichting Juridisch Eigendom Privium Sustainable Impact Fund	6,000,000	6.00
Marmarkon 4 S.à r.l.	5,847,819	5.85
City of Bradford - West Yorkshire Pension Fund	5,000,000	5.00

** Based on number of Ordinary Shares in issue of 100,000,000 at the Company's period end.*

Subsequent to the period end the Company was notified that the holding of Investec Wealth & Investment Limited was reduced to 24,988,431 Ordinary shares, representing 24.99% of the Company's shares in issue as at the latest practicable date.

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. During the Investment Strategy Review, the Board engaged closely with major shareholders to discuss their expectations and requirements.

The Company's Annual General Meeting will be held on 28 June 2022 at 2.00pm at CMS Law, Cannon Place, 78 Cannon St, London EC4N 6AF and the Company's General Meeting will be held on 25 July 2022 at 10:00 am. Shareholders are encouraged to attend both meetings. Proxy voting figures will be made available shortly after the AGM and the General Meeting on the Company's website where Shareholders can also find the Company's quarterly factsheets, dividend 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 appointment at the Company's General Meeting and the Board will seek authority to determine their remuneration for the forthcoming year.

Going concern

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

The Company continues to meet day-to-day liquidity needs through its cash resources. 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 Company's cash position, income and expense flows. The Company's net assets at 31 December 2021 were GBP 97.4million. As at 31 December 2021, the Company held GBP 80million in cash and cash equivalents. The total expenses for the period ended 31 December 2021 was GBP 0.6 million, which represented approximately 0.6% of average net assets during the period. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new investments. The Directors are confident that the Company has sufficient cash balances to fund commitments to acquisitions should they become payable.

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

Following the slower than anticipated investment deployment and the consequential appointment of an independent consultant to review the Company's investment strategy, the results of this review were announced on 21 April 2022. The review concluded that the market opportunity for the Company remains attractive and that the actions to be taken in relation to the execution of the investment strategy and other changes provided an improved basis for the Company to execute its investment objective, with full deployment targeted by the end of December 2022 or early 2023. In reaching this conclusion, the Directors consulted with shareholders who, overall, were supportive of the continuation of the Company with these changes. An element of the consultation process was the Directors' proposal to bring forward the Initial Continuation Resolution to February 2023, or earlier if appropriate. A further resolution will be put at the February 2023 General Meeting, conditionally upon the Continuation resolution being passed, to amend the Articles of Association of the Company so that a Continuation vote will be put at the AGM of the Company to be held in 2026 and every four years thereafter, as envisaged in the May 2021 IPO Prospectus. If any Continuation resolution put to shareholders is not passed, then the Directors shall, within six months of such Continuation resolution not being passed, put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company. Taking into account the factors above, the Directors have assessed that the Initial Continuation Resolution will pass, however, the Directors recognise that the outcome of this is not yet known and therefore creates material uncertainty around going concern, due to the event falling within 12-month period from the approval of this Annual Report. The Directors note 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.

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

Resolutions relating to the following items will be proposed at the forthcoming Annual General Meeting ("AGM") to be held on 28 June 2022.

Ordinary resolutions

Resolution 1. To elect Miriam Greenwood OBE as a director of the Company.

Resolution 2. To elect David Fletcher as a director of the Company.

Resolution 3. To elect Nicholas Bliss as a director of the Company.

Special resolutions

Resolutions 4 and 5. To give authority to issue new shares and to dis-apply pre-emption rights

At the forthcoming AGM, the Board are seeking authority to allot up to a maximum of 10% of the Company's shares in issue as at the date of the Notice of AGM (equating to 10 million Ordinary Shares) and to dis-apply pre-emption rights. Authority granted under these resolutions will expire at the conclusion of the AGM to be held in 2023 unless renewed prior to this date via a General Meeting.

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

Resolution 6. To give authority for the Company to purchase its own shares.

The Directors recommend that an authority to purchase up to 14,999,000 Ordinary Shares (subject to the condition that not more than 14.99% of the Ordinary Shares in issue, excluding Treasury Shares, at the date of the AGM are purchased) be granted and a resolution to that effect will be put to the AGM. Any Ordinary Shares purchased will either be cancelled or, if the Directors so determine, held in treasury.

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

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

Resolution 7. To authorise calling general meetings (other than Annual General Meetings) on 14 clear days' notice.

The Board believes that it is in the best interests of Shareholders of the Company to have the ability to call meetings on 14 days' clear notice on matters requiring urgent approval. The Board will therefore propose resolution 7 at the AGM to approve the reduction in the minimum notice period from 21 to 14 clear days for all general meetings other than annual general meetings.

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

General Meeting
Resolutions relating to the following items will be proposed at the forthcoming General Meeting ("GM") to be held on 25 July 2022.

Ordinary resolutions

1. To receive the Company's Annual Report and Accounts for the period ended 31 December 2021, with the reports of the Directors and auditors thereon.

2. To approve the Directors' Remuneration Policy Report included in the Annual Report and Accounts for the period ended 31 December 2021.

3. To approve the Directors' Remuneration Implementation Report included in the Annual Report and Accounts for the period ended 31 December 2021.

4. To appoint PricewaterhouseCoopers as auditors to the Company.

5. To authorise the Directors to fix the remuneration of the auditors until the conclusion of the next Annual General Meeting of the Company.

6. To approve the Company's dividend policy being the payment of four quarterly interim dividends.

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

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

Outlook

The outlook for the Company, including the future development and performance of the Company, is discussed in the Chair's Statement on page 3 and the Investment Advisers' Report on page 20.

By order of the Board

Maria Matheou

For and on behalf of
Sanne Fund Services (UK) Limited
Company Secretary
23 June 2022

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Framework

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that it is an investment company with no employees and outsources investment management and other key functions to external service providers.

Statement of Compliance and Application of the AIC Code's Principles

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

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

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

Compliance

Throughout the period ended 31 December 2021 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 has decided not to nominate a Senior Independent Director. The Board considers that all Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns may be conveyed.

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.

BOARD LEADERSHIP AND PURPOSE

Purpose

The Company is an investment company and its investment objective and policy are set out on page 1. Any material change to the investment policy requires Shareholder approval.

The Company is governed by a Board of Directors, all of whom are non-executive, and it has no employees. The business model adopted by the Board to achieve the Company's objective has been to contract the services of the Investment Adviser and AIFM to manage the portfolio and the risks associated in accordance with the Board's strategy and under its oversight. The Board monitors adherence to the Company's investment policy and regularly reviews the Company's performance in meeting its investment objective.

All other functions are provided by third parties under the oversight of the Board.

The Board reviews the performance of the AIFM and Investment Adviser and its other key service providers on an ongoing basis.

Experience and Contribution of Directors

During the period, the Board of Directors comprised of Miriam Greenwood, Nicholas Bliss, Lisa Arnold and Laura Sandys. Lisa Arnold and Laura Sandys both resigned on 28 January 2022. David Fletcher was appointed to the Board subsequent to the period end, on 29 April 2022.

The experience and contribution of the Directors, following David Fletcher's appointment on 29 April 2022, can be summarised as follows:

Miriam Greenwood OBE DL
(Non-Executive Chair)
Appointed on 19 April 2021

With qualifications as a barrister and in corporate finance, Miriam has spent more than 30 years working for a number of leading investment banks and other financial institutions and has been a non-executive director of a several publicly listed and private companies. She was, for nine years until 2013, a non-executive director of the Gas and Electricity Markets Authority (Ofgem) and, until recently, Chair of the Gas Network Innovation Competition for seven years and has extensive experience in the energy and utilities industry. Miriam is Chair of SMS plc and holds non-executive director positions at River and Mercantile Group plc and at Gulf International Bank (UK) where she also chairs their respective Remuneration Committees. She is also a non-executive director of Canopius Managing Agents Ltd. Beyond Board roles, Miriam is an adviser to Ofgem on the current RIIO2 price control and to the Mayor of London's Energy Efficiency Fund. A Deputy Lieutenant of the City of Edinburgh, Miriam was awarded an OBE for services to corporate finance. Miriam chairs the Management Engagement Committee and the Nomination Committee.

Nicholas Bliss
(Non-Executive Director)
Appointed on 19 April 2021

Nicholas established and led the global infrastructure and transport sector group at the international law firm Freshfields Bruckhaus Deringer LLP where he was a partner for over 20 years and also served on the Partnership Council, the supervisory board of the firm. During this period he led on mandates involving some of the most notable infrastructure projects across the UK, Europe, Africa and the Gulf. In particular, he was heavily involved in the development and application of PFI, PPP and other project finance techniques to the delivery of major infrastructure projects. Since leaving Freshfields, he has developed an expertise in both advising and acting as an independent director in "distressed situations" at SPV corporates owned by infrastructure funds or industrials. Among his other engagements, he is Of Counsel at Chatham Partners LLP, a Hamburg based infrastructure/energy/real estate "boutique" law firm. Nicholas acted as interim Chair of the Audit & Risk Committee as well as Remuneration Committee between 28 January 2022 and 29 April 2022.

David Fletcher
(Non-Executive Director)
Appointed on 29 April 2022

David was group finance director of Stonehage Fleming Family & Partners, a leading independently owned multi-family office, until 2019 having joined in 2002. Prior to that, he spent 20 years in investment banking with JPMorgan Chase, Robert Fleming & Co. and Baring Brothers & Co Limited, latterly focused on financial services in the UK (asset management and life insurance). He started his career with Price Waterhouse and is a chartered accountant. David is an independent non-executive director of Ecofin U.S. Renewables Infrastructure Trust PLC, where he is the chair of the audit committee, and an independent chair of JP Morgan Claverhouse Investment Trust plc. Additionally, David is an independent non-executive director of abrdn Smaller Companies Income Trust plc, where he is the chair of the audit committee. With effect from his appointment to the Board on 29 April 2022, David is Chair of the Audit and Risk Committee.

All Directors are members of each Committee.

Board Committees

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

Audit and Risk Committee
The committee has formal terms of reference which clearly define roles and responsibilities. It meets at least three times a year or more often if required. A separate report of the work of the Committee during the period under review is set out on pages 49 to 51. The Committee comprises all the independent non-executive Directors. During the period, Lisa Arnold acted as a Committee Chair. Following the Board restructure on 28 January 2022, Nicholas Bliss acted as interim Chair of the Committee until he was succeeded by David Fletcher on 29 April 2022.

Remuneration Committee
The committee has formal terms of reference which clearly define roles and responsibilities. It meets at least once a year or more often if required. Its principal duties include (i) agreeing the policy for the remuneration of the Directors and reviewing any proposed changes to the policy; (ii) reviewing and considering ad hoc payment to the Directors in relation to duties undertaken over and above normal business; and (iii) if required, appointing independent professional remuneration advice. The Committee comprises all the independent non-executive Directors. During the Period, Lisa Arnold acted as a Committee Chair. Following the Board restructure on 28 January 2022, Nicholas Bliss acted as interim Chair of the Committee until he was succeeded by David Fletcher on 29 April 2022.

Nomination Committee
The committee has formal terms of reference which clearly define roles and responsibilities. It meets at least once per annum. Its principal duties include:

i. identifying individuals qualified to become Board members and selecting the director nominees for election at general meetings of the Shareholders or for appointment to fill vacancies;

ii. determining director nominees for each committee of the Board;

iii. considering the appropriate composition of the Board and its committees; and

iv. undertaking an annual performance evaluation of the Board and its committees.

Following the resignation of the two Directors on 28 January 2022, the Committee initiated a search for their replacements. This process included preparing a job description for each role and engaging an external search agency. As a result of this exercise, David Fletcher was appointed as a Director to the Board on 29 April 2022 and the appointment of another Director is expected to be completed soon.

The Nomination Committee comprises all the independent non-executive Directors and is chaired by Miriam Greenwood.

Management Engagement Committee
The committee has formal terms of reference which clearly define roles and responsibilities. It meets at least once a year or more often if required. Its principal duties include regularly reviewing the contracts, the performance and the remuneration of the Company's key service providers. The Management Engagement Committee comprises all the independent non-executive Directors and is chaired by Miriam Greenwood. The results of the review of the performance of the Investment Adviser in the context of the Investment Strategy Review are explained in the Chair's Statement on page 2.

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

Since the Company had only launched in June 2021, a Management Engagement Committee meeting was not held during the first financial period, due to its short life to the Company's period end and the Board's need to spend longer in developing a true understanding of the Company's service providers before analysing their performance. The Management Engagement Committee met in February 2022 to carry out the review of the Company's key service providers and consider their continuing appointment for the next financial year ending 31 December 2022.

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

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

Meeting Attendance

	Board	Audit and Risk Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Miriam Greenwood	4/4	2/2	0/0	1/1	1/1
Lisa Arnold	4/4	2/2	0/0	1/1	1/1
Nicholas Bliss	4/4	2/2	0/0	1/1	1/1
Laura Sandys	4/4	2/2	0/0	1/1	1/1

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.

Directors' share dealings
The Directors comply with the Share Dealing Code adopted by the Company in accordance with UK Market Abuse Regulations (the "Share Dealing Code") in relation to their dealings in Ordinary Shares. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Share Dealing Code by the Directors.

DIVISION OF RESPONSIBILITIES

The independent Board is responsible to Shareholders for the overall management of the Company. The following sets out the division of responsibilities between the Chair, the Board and its Committees.

Role of the Chair
The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. The Chair sets the agenda for the Board and, in conjunction with the Company Secretary, ensures that accurate, timely and clear information is circulated to the Directors five working days prior to the meeting. The Board has implemented various policies and procedures to ensure the Company runs effectively and efficiently.

An open, informed and transparent environment is promoted at each Board meeting and the Chair maintains open communication channels with the other Directors, AIFM, Investment Adviser and Company Secretary between Board meetings.

Senior Independent Director
Due to the size and structure of the Board it was considered unnecessary to identify a senior independent non-executive director. The Board considers that all Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns may be conveyed.

Role of the Board
All Board members are independent non-executive Directors, who continue to be independent of the Investment Manager. The Board is responsible for the governance of the Company, notwithstanding any delegation of responsibilities to third parties. It has oversight over the management and conduct of the Company's business, strategy and development. The Board determines the Investment Objective and Investment Policy as well as risk appetite and has overall responsibility for the Company's activities, including review of investment activity and performance. The Board ensures the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and reviews the overall effectiveness of systems in place. The Board is responsible for approval of any changes to the capital, corporate and/or management structure of the Company. The Board Members offer strategic guidance and specialist advice; whilst providing constructive and effective challenge, especially to the decisions of the Investment Adviser. The Board scrutinises and assesses the performance of third party service providers (including the Investment Adviser and AIFM).

The Board's main focus is to promote the sustainable long-term success of the Company, to deliver value for Shareholders and contribute to wider society. The Board does not routinely involve itself in day-to-day business decisions. The AIFM is responsible for the risk management of the Company pursuant to AIFMD and the Investment Adviser for portfolio management.

Appointment and Replacement of Board
The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association which require that a Director shall be subject to election at the first AGM after appointment and re-election at least every three years thereafter. However, in accordance with the UK Code, the Board has resolved that all Directors shall stand for annual re-election at each AGM. Further details of the Board's process for the appointment and replacement of Board members can be found on page 47.

Independent advice
A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. No professional advice has been independently sought during the Period. The Directors have access to the advice and services of the Company Secretary.

Role of Committees
The role of each Committee is described in their respective terms of reference, which can be found on the Company's website.

COMPOSITION, SUCCESSION AND EVALUATION

Composition
At the date of this report, the Board consists of three independent non-executive Directors including the Chair.

A search for the appointment of an additional non-executive Director is underway. All of the Directors are independent of the Investment Adviser and are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are shown on page 42.

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

The Board recommends that all the Directors should be elected for the reasons highlighted in the Notice of Annual General Meeting.

Board diversity
The Board recognises the benefits of diversity and supports the recommendations of the Davies Report. All Board appointments will be made on merit and have regard to diversity including factors such as ethnicity, gender, skills, background and experience. As at 31 December 2021 the Company had four Directors, three of whom were female and one of whom was male. As at the date of this Report, the Company has three Directors, one female and two male.

Board tenure and succession

The Directors recognise that independence is not a function of service or age and that experience is an important attribute within the Board. In order to ensure continuity, the Board has adopted a succession plan that allows for a gradual refreshment. Accordingly, the Board may decide to recommend a Director with more than nine years' service for re-election at the Company's AGM.

Performance evaluation

Due to the fact the Company only launched in June 2021, a performance evaluation of the Board, its committees and the individual Directors has not taken place during the period under review. An evaluation requiring the Directors to complete detailed questionnaires on the operation of the Board, and its committees, and the individual contribution of each Director and the performance of the Chair will take place during the year ending 31 December 2022.

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

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

AUDIT, RISK AND INTERNAL CONTROL

Audit

The Audit and Risk Committee monitors the performance, objectivity and independence of the external auditors and this is assessed before the approval of the Annual Report. In evaluating PwC's performance, the Audit and Risk Committee examine robustness of the audit process, the independence and objectivity of the auditor and the quality of delivery.

The Audit and Risk Committee satisfy themselves that the Annual Report taken as a whole is fair, balanced and understandable. The assessment of the performance during the period and the judgements, estimates and assumptions made throughout the annual report are considered formally as a committee agenda item.

Risk

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 26 to 30.

Internal control

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

Financial aspects of internal control

These are detailed in the Report of the Audit and Risk Committee on page 49.

Other aspects of internal control

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

The Administrator and Company Secretary, Sanne Fund Services (UK) Limited, reports separately in writing to the Board concerning risks and internal control matters within its remit, including internal financial control procedures and company secretarial matters. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Contact with the Investment Adviser, the AIFM and the Administrator enable the Board to monitor the Company's progress towards its objectives and encompass an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored regularly and a formal review, utilising a detailed risk assessment programme, takes place at least annually. This includes review of the internal controls reports of the Administrator, the AIFM and the Registrar.

Based on the work of the Audit and Risk Committee, and the reviews of the reports received by the Audit and Risk Committee on behalf of the Board, the Board has concluded that there were no material control failures during the period under review and up to the date of this report.

REMUNERATION

The Remuneration Committee comprises all the Directors of the Board. It meets at least annually and is responsible for considering and making appropriate recommendations to the Board in relation to Directors' remuneration.

The Company does not have any executive Directors or employees, and, as a result, operates a simple and transparent remuneration policy with no variable element, that reflects the non-executive Directors' duties, responsibilities and time spent. The Company's remuneration policy will be put to Shareholders for approval at the Company's General Meeting to be held on 25 July 2022 and is detailed within the Directors' Remuneration Report on page 46.

During the period, there have been no major decisions or changes related to the Directors' remuneration from their remuneration awarded prior to the Company's listing. No director is involved in deciding their own remuneration outcome.

DIRECTORS' REMUNERATION REPORT

Annual Chair's statement

I am pleased to present the first Remuneration Committee (the "Committee") report for the period ended 31 December 2021. It is set out in two sections: a) Remuneration Policy – a summary of our current Policy which will be put to vote for the first time at the Company's upcoming General Meeting in July 2022; and b) Remuneration Implementation Report – a description on how the Directors' Remuneration Policy has been implemented during the period.

During the period, the Remuneration Committee undertook a review of Directors' fees. As this is the first financial period of the Company's operations, no change in the Directors' remuneration was proposed and therefore the Directors' remuneration remains consistent with the disclosures included in the Company's prospectus published on 10 May 2021.

The Remuneration Committee Report for the period to 31 December 2021 has been prepared in accordance with sections 420-422 of the Act, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the Regulations) and the Listing Rules. 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. The Remuneration Committee met once during the period under review.

General Meeting approval of the Remuneration Policy and Remuneration Implementation Report

The Company's Remuneration Policy will be put forward for approval by Shareholders at the Company's General Meeting on 25 July 2022. In accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the Regulations), the Remuneration Policy is required to be put to Shareholders for approval every three years, unless a material variation to the Remuneration Policy is proposed and in which case Shareholder approval will be sought to amend the policy.

Remuneration Policy

Directors are remunerated in the form of fees, in respect of their appointment as a non-executive Director of the Company and their appointment as non-executive Director of Attika Holdings Limited, with the split of fees between these appointments agreed between the parties in writing. Directors' fees are payable in quarterly instalments in arrears. The Company's Articles of Association limit the fees payable to the Directors in aggregate to £250,000 per annum. Subject to the overall limit, the Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to promote the long-term success of the Company. All Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chair of the Board (also Chair of the Nomination and Management Engagement committees) and the Chair of the Audit and Risk Committee (also Chair of the Remuneration Committee), who are paid a higher fee in recognition of their additional responsibilities. As provided for in clause 107 of the Articles of Association and the Directors' appointment letters, the Directors are entitled an additional fee where a Director undertakes any special duties, or services outside their ordinary duties as a Director.

The policy is to review fee rates annually, although such review will not necessarily result in any change to the rates, and account is taken of fees paid to the directors of other similar investment trust companies.

Consideration of Shareholders' views

Shareholders have not expressed any views on the Company's Remuneration policy. The General Meeting to be held on 25 July 2022 will be the first opportunity for Shareholders to vote on the Directors' Remuneration Policy.

Effective date

The Remuneration Policy will become effective from the date of the Company's General Meeting on 25 July 2022, should it be approved by Shareholders.

Remuneration Implementation Report

Directors' Remuneration

Each of the Directors is entitled to receive a fee of £37,000 per annum, save for the Chair of the Board (also Chair of the Nomination and Management Engagement committees), who is entitled to receive an additional fee of £18,000 per annum and the Chair of the Audit and Risk Committee (also Chair of the Remuneration Committee), who is entitled to receive an additional fee of £5,000 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 non-executive director of Attika Holdings Limited. The Board also considered the split of Directors' fees between such appointments and decided that a split between the Company and Attika Holdings Limited of 70%/30% respectively was appropriate with effect from 1 January 2022.

During the period the Committee reviewed the Directors' remuneration, and it was agreed that the remuneration levels would remain as set out in the Company's Prospectus.

The table below provides a single figure for the total remuneration of each Director for the period ended 31 December 2021.

Single figure for total remuneration (audited)

	Date of appointment to the Board	Fees to 31 December 2021* £	Expenses reimbursed to 31 December 2021 £	Total £
Miriam Greenwood	19 April 2021	35,679	–	35,679
Nicholas Bliss	9 April 2021	24,003	–	24,003
Lisa Arnold**	9 April 2021	27,246	–	27,246
Laura Sandys**	9 April 2021	24,003	–	24,003
Total		**110,931**		**110,931**

** From 7 May 2021.*

*** Resigned on 28 January 2022.*

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 commissions or performance related payments will be made to the Directors by the Company.

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

Directors' service contracts, term and loss of office

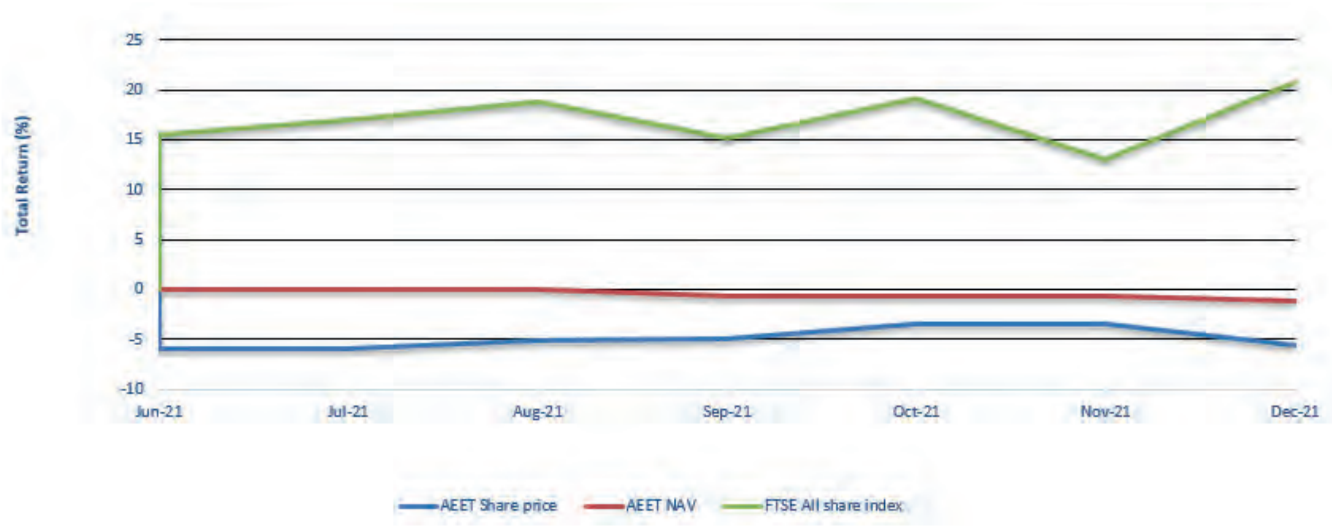
The Directors do not have service contracts with the Company. The Directors have appointment letters which provide for an initial term of three years. In accordance with the AIC Code, each member of the Board will seek annual re-election by Shareholders at the AGM. There are no agreements in place to compensate the Board for loss of office.

Directors' indemnities

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

Performance

The following chart shows the performance of the Company's NAV and share price (total return) by comparison to the FTSE All share index for the period since the Company was listed. The Company does not have a specific benchmark but has deemed the FTSE All share index to be the most appropriate comparator for its performance.



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, the Investment Adviser's fees and operating expenses incurred by the Company.

	Period ended 31 December 2021 £
Directors' fees	110,931
Investment Adviser's fee*	76,698
Proposed dividend	Nil
Operating expenses	476,660

** For more details on the calculation of the Investment Adviser's fees please see page 37.*

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' holdings (Audited)

At 31 December 2021 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.

	As at 31 December 2021
Miriam Greenwood	24,000
Lisa Arnold*	20,100
Nicholas Bliss	20,000
Laura Sandys*	15,000
David Fletcher**	n/a

** Resigned on 28 January 2022 and following the Period-end.*

*** Appointed on 29 April 2022.*

Remuneration Consultants

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

Recruitment agencies

The Board will not pay any incentive fees to any person to encourage them to become a director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors. No such external agency was engaged during period under review. After the period-end, the Board agreed that an executive search firm would be best positioned to identify potential candidates following the Board restructure on 28 January 2022. Following a tender process, the Company engaged Longwater Partners subsequent to period end to assist in the recruitment of David Fletcher. Longwater Partners have no other connection to the Company or the individual Directors, and there are processes in place to ensure the advice received by the Board is independent.

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 period to 31 December 2021:

a) the major decisions on Directors' remuneration;

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

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

David Fletcher
Chair of the Remuneration Committee
23 June 2022

REPORT OF THE AUDIT AND RISK COMMITTEE

Introduction

I am pleased to present the first Audit and Risk Committee (the "Committee") report for the period ended 31 December 2021. At least once a year the Committee meets with the external Auditors without any representative of the Manager or Administrator being present. The Committee's effectiveness will be reviewed on an annual basis as part of the Board's performance evaluation process (see page 43).

Role and Composition

The role of the Committee is to ensure that shareholder interests are properly protected in relation to the application of financial reporting and internal control principles and to assess the effectiveness of the audit. The Committee's role and responsibilities are set out in full in its terms of reference which are available on request from the Company Secretary and can be found on the Company's website (www.aquila-energy-efficiency-trust.com). A summary of the Committee's main responsibilities and how it has fulfilled them is set out below. Review of the Company's internal control and risk management fall within the terms of reference of the Committee.

The Committee comprises all the Directors and the Board is satisfied that the Committee has sufficient and recent financial experience, and as a whole, has competence relevant to the sector in which the Company operates to discharge its functions effectively. Following the resignation of two members of the Audit and Risk Committee including its Chair, Nicholas Bliss acted as interim Committee Chair until 29 April 2022, when I was appointed to the Board and became the new Chair of the Audit and Risk Committee. Between 28 January 2022 and 27 April 2022, the interim Chair was assisted by Mazars LLP, with the costs borne by the Investment Adviser. The experience of the members of the committee can be assessed from the Director's biographies set out on page 42.

Main Activities of the Committee

The Company was listed on the London Stock Exchange on 2 June 2021. The Committee met formally twice during the period and three times after the period-end. PwC, the external Auditors, attended the second meeting during the period. The AIFM's risk function provided reports on their monitoring programme for these meetings.

As this is the first, partial year of operation, with no interim reports or NAV required, the Committee worked with its advisers to set an appropriate governance framework. The matters considered, monitored and reviewed by the Committee during the course of the period included the following:

- monitored and reviewed the Company's emerging and principal risks and internal controls;
- considering the ongoing assessment of the Company as a going concern;
- considered the appointment, independence, objectivity and remuneration of the Auditor;
- reviewed the audit plan;
- approved the accounting principles including valuation methodology and fair value;
- monitored the preparation and timetable for the production of the Annual Report & Accounts; and
- considered the financial and other implications on the independence of the auditor arising from the provision of non-audit services.

Going concern

The Committee reviewed the Company's going concern assessment and concluded that although there are conditions that indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, it is appropriate for the Company's financial statements to be prepared on a going concern basis as described in the Directors' Report on page 38.

Internal control and risk

During the period 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 30 and the Company's principal risks can be found on pages 27 to 30.

The Committee also considered the internal control reports of its AIFM, Investment Adviser, 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.

Financial aspects of internal control

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

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

The Statement of Directors' Responsibilities in respect of the financial statements is on page 52 and a Statement of Going Concern is on page 38. The Report of the Independent Auditor is on pages 53 to 57.

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 period ended 31 December 2021.

Valuation and existence of investments

The Company's accounting policy is to designate investments at fair value through profit or loss. Therefore, the most significant risk in the Company's financial statements is whether its investments are fairly valued due to the uncertainty involved in determining the investment valuations. The Committee reviewed the procedures in place for ensuring the accurate valuation and existence of investments, and approved the valuation of the Company's investments and their existence at the period 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 investments on an annual basis as at 31 December each year. The valuations are updated as at 30 June each year. The valuation principles used to calculate the fair value of the assets are based on International Private Equity and Venture Capital Valuation Guidelines.

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

The Audit and Risk Committee has satisfied itself that the investments have been fairly valued. The investment's fair value as at 31 December 2021 is the purchase cost, adjusted by any foreign exchange differences. The purchase cost is deemed to be appropriate basis of fair value due to the timing of investment acquisition (i.e. close to period end date).

Recognition of income

Income may not be accrued in the correct accounting period. The Committee reviewed the Administrator's procedures for recognition of income and reviewed the treatment of income receivable in the period 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, against the eligibility conditions and ongoing requirements it must meet in order for investment trust status to be maintained.

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.

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.

Audit arrangements

PwC was selected as the Company's auditor at the time of the Company's launch. The auditor was formally engaged in November 2021. This is Richard McGuire's first year as the Company's audit partner. The appointment of the auditor will be reviewed annually by the Committee and the Board and is subject to approval by Shareholders. In accordance with the Financial Reporting Council's ("FRC") guidance, the audit will be put out to tender within ten years of the initial appointment of PwC. Additionally, the audit partner must be rotated every five years and is next eligible for rotation in 2026.

The audit plan was presented to the Committee at its December 2021 Committee meeting, ahead of the commencement of the Company's period-end audit. The audit plan sets out the audit process, materiality, scope and significant risks.

Auditors' Independence

The Audit and Risk Committee considered the independence of the auditor and the objectivity of the audit process and is satisfied that PwC has fulfilled its obligations to Shareholders and as independent auditor to the Company for the year. After due consideration, the Audit and Risk Committee recommends the re-appointment of PwC and their re-appointment will be put forward to the Company's Shareholders at the General Meeting on 25 July 2022.

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

Effectiveness of external audit

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

Provision of non-audit services

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

During the period, the Company engaged PwC to perform reporting accountant services in relation to the Company's Initial Public Offering. PwC received a fee of £109,200 (including VAT of £18,200) for non-audit services.

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

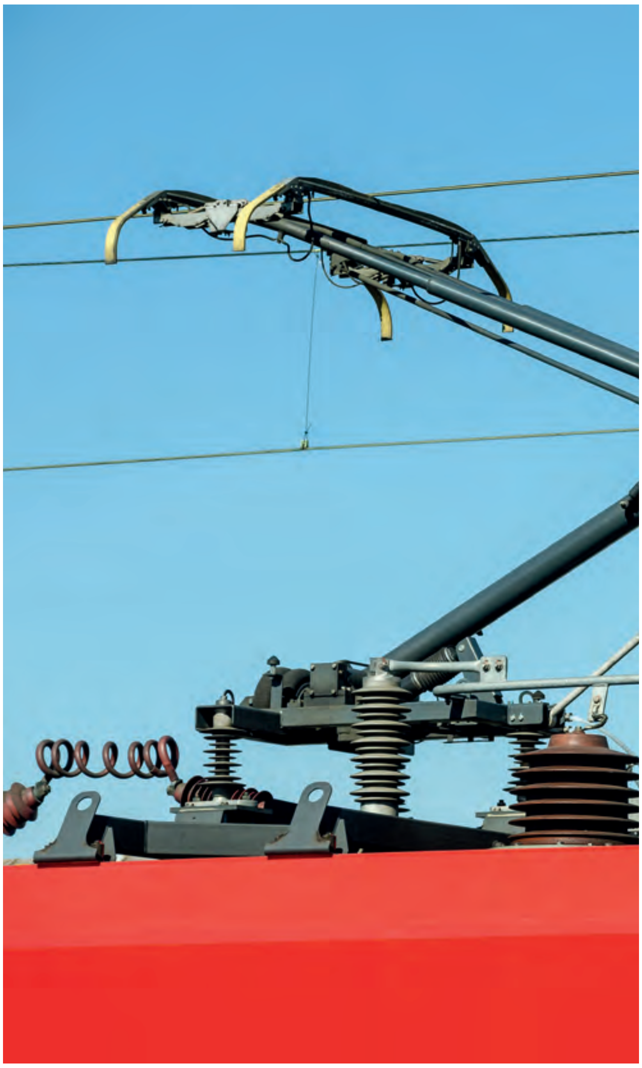
Conclusion with respect to the Annual Report

The production and audit of the Company's Annual Report is a comprehensive process requiring input from different contributors. In order to reach the conclusion that the Annual Report when taken as a whole is fair, balanced and understandable, the Board has requested that the Committee advises on whether it considers these criteria satisfied. In so doing the Committee has considered the following:

- the comprehensive control framework around the production of the Annual Report;
- the extensive levels of review undertaken in the production process, by the Investment Adviser and the Committee;
- the internal control environment as operated by the Investment Adviser and other suppliers including any checks and balances within those systems; and
- the unqualified audit report from the Auditor confirming their work based on substantive testing of the financial statements.

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the period ended 31 December 2021, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy, and it has reported on these findings and provided such conclusion to the Board.

David Fletcher
Chair of the Audit and Risk Committee
23 June 2022



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 UK adopted international financial reporting standards in conformity with the requirements of the Companies Act 2006.

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

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

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

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

The Directors have delegated responsibility to the Investment Adviser for the maintenance and integrity of the corporate and financial information included on 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

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

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

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

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

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

For and on behalf of the Board,

Miriam Greenwood
Chair
23 June 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUILA ENERGY EFFICIENCY TRUST PLC

Report on the audit of the financial statements

Opinion

In our opinion, Aquila Energy Efficiency Trust PLC's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss and cash flows for the period from 9 April 2021 to 31 December 2021;
- 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: Statement of Financial Position as at 31 December 2021; the Statement of Profit or Loss and Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

Other than those disclosed in the Report of the Audit and Risk Committee and Note 7, we have provided no non-audit services to the Company 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. A Continuation vote as to whether the Company continues its business as a closed-ended investment trust is due to take place during February 2023 which, if passed, will allow the Company to continue for a further year. A further resolution will be put at the February 2023 General Meeting, conditionally upon the Continuation resolution being passed, to amend the Articles of Association of the Company so that a Continuation vote will be put at the AGM of the Company to be held in 2026 and every four years thereafter, as envisaged in the May 2021 IPO Prospectus. If the Continuation vote is not passed, then the Directors shall, within six months of such Continuation vote not being passed, put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company. However, the outcome of the vote is not yet known and cannot at this stage be determined with any certainty considering the performance of the Company compared with its strategy. 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:

- evaluating the Directors' updated risk assessment and considering whether it addressed the relevant threats presented by the macroeconomic environment;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment covering a period of 12 months from the date of approving the financial statements, of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third party service providers;
- the Directors' assessment that the continuation vote would pass;
- the strategic review and changes to the future investment strategy of the Company;
- the Company's recent performance compared with its strategy, in particular during 2022; and.
- the discussions with and/or feedback received by the Board and its professional advisers from a wide range of shareholders.

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 Special Purpose Vehicles (SPVs) and investment in its wholly-owned subsidiary, Attika Holdings Limited.
- The Company is an Investment Trust Company and has appointed Aquila Capital Investmentgesellschaft mbH (the "Investment Adviser") to manage its assets.
- The financial statements are prepared for the Company by Sanne Fund Services (UK) Limited (the "Administrator") to whom the Directors delegated 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: £1,947,620 based on 2% of net assets.
- Performance materiality: £1,460,715.

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.

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 and Note 4 to the financial statements. The Company has £12.307 million of investments held at fair value through profit or loss. The Company holds renewable energy efficiency investments through its investment in Special Purpose Vehicles (SPVs) and Attika Holdings Limited ("HoldCo"). The SPV investments have been made by the Company through directly purchasing notes issued by the SPV. The investments held within the SPVs have been made by purchasing notes issued by the SPVs. The fair value of the investments at 31 December 2021, is equal to its purchase cost given the investments were completed close to the balance date. Determining the valuation methodology and determining the inputs and assumptions within the valuation is subjective and complex. This,combined with the significance of the investments balance in the statement of financial position, meant that this was a key audit matter for our current year audit.	On a sample basis, we agreed investments acquired during the reporting period to underlying agreements and bank statements. We planned our audit to critically assess management's assumptions and the investment valuation in which they are applied. We have assessed whether the valuation methodology adopted for the underlying investments within the SPVs was appropriate and in line with accounting standards and industry guidelines. 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.

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	£1,947,620
How we determined it	2% of net assets
Rationale for benchmark applied	Net assets are deemed the appropriate benchmark because Investment Trusts measure their performance on their net assets.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £1,460,715 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.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £97,381 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 period ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement 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, 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 the principal risks of non-compliance with laws and regulations related to ongoing qualification as an Investment Trust under the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the 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 (investment income and unrealised gains on investments) or to increase total shareholders' funds, and management bias in accounting estimates, such as the valuation of investments held at fair value through profit or loss. Audit procedures performed by the engagement team included:

- Enquiries of the Board of Directors, Investment Adviser and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging 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, including calculation of numerical aspects of the eligibility conditions;
- Reviewing of financial statement disclosures to underlying supporting documentation; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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 16 November 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Richard McGuire (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 June 2022

Financial Statements

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE PERIOD FROM 9 APRIL 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

	Notes	Revenue £'000	Capital £'000	Total £'000
Unrealised losses on investments	4	–	(17)	(17)
Net foreign exchange losses		–	(29)	(29)
Investment Income	5	91	–	91
Investment Advisory fees	6	(77)	–	(77)
Other expenses	7	(587)	–	(587)
Loss on ordinary activities before taxation		**(573)**	**(46)**	**(619)**
Taxation	8	–	–	–
Loss on ordinary activities after taxation		**(573)**	**(46)**	**(619)**
Return per Ordinary Share	9	(0.01p)	(0.00p)	(0.01p)

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

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

The notes on pages 63 to 73 form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £'000
Fixed assets		
Investments at fair value through profit or loss	4	12,307
Current assets		
Trade and other receivables	10	5,274
Cash and cash equivalents		80,129
		85,403
Creditors: amounts falling due within one year	11	(329)
Net current assets		**85,074**
Net assets		**97,381**
Capital and reserves: equity		
Share capital	12	1,000
Share premium		–
Special reserve	13	97,000
Capital reserve		(46)
Revenue reserve		(573)
Shareholders' funds		**97,381**
Net assets per Ordinary Share	14	97.38p
No. of ordinary shares in issue		100,000,000

Approved by the Board of Directors and authorised for issue on 23 June 2022.

Signed on behalf of the Board of Directors

The notes on pages 63 to 73 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 9 April 2021		–	–		–	–	**–**
Shares issued in period	12	1,000	99,000	–	–	–	**100,000**
Share issue costs		–	(2,000)	–	–	–	**(2,000)**
Transfer to special reserve	13	–	(97,000)	97,000	–	–	**–**
Loss for the period		–	–	–	(46)	(573)	**(619)**
Closing equity as at 31 December 2021		**1,000**	**–**	**97,000**	**(46)**	**(573)**	**97,381**

The notes on pages 63 to 73 form part of these financial statements.

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STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 9 APRIL 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

	Notes	2021 £'000
Operating activities		
Loss on ordinary activities before taxation		(619)
Adjustment for unrealised losses on investments		17
Increase in trade and other receivables		(5,274)
Increase in creditors		329
Net cash flow used in operating activities		**(5,547)**
Investing activities		
Purchase of investments	4	(12,324)
Net cash flow used in investing activities		**(12,324)**
Financing activities		
Proceeds of share issues	12	100,000
Share issue costs		(2,000)
Net cash flow generated from financing activities		**98,000**
Increase in cash		**80,129**
Cash and cash equivalents at start of period		**–**
Cash and Cash equivalents at end of period		**80,129**

1. GENERAL INFORMATION

Aquila Energy Efficiency Trust Plc (the "Company") is a public Company limited by shares incorporated in England and Wales on 9 April 2021 with registered number 13324616. 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 2 June 2021 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 address of the Company is 6th Floor, 125 London Wall, London, EC2Y 5AS.

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

Sanne Fund Management (Guernsey) Limited acts as the Company's Alternative Investment Fund Manager (the "AIFM") for the purposes of Directive 2011/61/EU on alternative investment fund managers ("AIFMD").

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

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

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006

The financial statements have also been prepared as far as is relevant and applicable to the Company in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("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 Sterling. Accordingly, the financial statements are presented in Sterling rounded to the nearest thousand. They have been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out below. However, fluctuations in foreign exchange differences are considered in the sensitivity analysis, see note 4.

Accounting for Subsidiary

The Company owns 100% of its subsidiary Attika Holdings Limited ("HoldCo"), the registered office address of the HoldCo is 6th Floor, 125 London Wall, London, EC2Y 5AS. The Company has acquired Energy Efficiency Investments through its investment in the HoldCo. The Company will finance the HoldCo through a mix of SPV investments, equity and direct investments. The Company meets the definition of an investment entity as described by IFRS 10. Under IFRS 10 an investment entity is required to hold subsidiaries at fair value through profit or loss and therefore does not consolidate the subsidiary.

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

Characteristics of an investment entity

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

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

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

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

In assessing whether the Company 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 Energy Efficiency Investments due to high barriers to entry and capital requirements;

II. the Company intends to hold these Energy Efficiency Investments over the contractual period of the asset for the purpose of capital appreciation and investment income. Thereby, the exit strategy for AEET refers to the end point of the contractual period for all Energy Efficiency investments. The existing Energy Efficiency Investments that have committed capital are expected to generate renewable energy output between 1 and 7 years from their relevant commercial operation date (this has the potential to be longer depending on the tenor of future investments), the Directors believe the Company is able to generate returns to the investors during that period; and

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

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

The Directors have also satisfied themselves that Attika Holdings Limited meets the characteristic of an investment entity. Attika Holdings Limited has one investor, Aquila Energy Efficiency Trust Plc, however, in substance Attika Holdings Limited is investing the funds of the investors of Aquila Energy Efficiency Trust 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 day-to-day liquidity needs through its cash resources. 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 Company's cash position, income and expense flows. The Company's net assets at 31 December 2021 were GBP 97.4million. As at 31 December 2021, the Company held GBP 80million in cash. The total expenses for the period ended 31 December 2021 was GBP 0.6 million, which represented approximately 0.6% of average net assets during the period. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

The major cash outflows of the Company are the payment costs relating to the acquisition of new investments. The Directors are confident that the Company has sufficient cash balances to fund commitments to acquisitions should they become payable.

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

Following the slower than anticipated investment deployment and the consequential appointment of an independent consultant to review the Company's investment strategy, the results of this review were announced on 21 April 2022. The review concluded that the market opportunity for the Company remains attractive and that the actions to be taken in relation to the execution of the investment strategy and other changes provided an improved basis for the Company to execute its investment objective, with full deployment targeted by the end of December 2022 or early 2023. In reaching this conclusion, the Directors consulted with shareholders who, overall, were supportive of the continuation of the Company with these changes. An element of the consultation process was the Directors' proposal to bring forward the Initial Continuation Resolution to February 2023, or earlier if appropriate. A further resolution will be put at the February 2023 General Meeting, conditionally upon the Continuation resolution being passed, to amend the Articles of Association of the Company so that a Continuation vote will be put at the AGM of the Company to be held in 2026 and every four years thereafter, as envisaged in the May 2021 IPO Prospectus. If any Continuation resolution put to shareholders is not passed, then the Directors shall, within six months of such Continuation resolution not being passed, put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company. Taking into account the factors above, the Directors have assessed that the Initial Continuation Resolution will pass, however, the Directors recognise that the outcome of this is not yet known and therefore creates material uncertainty around going concern, due to the event falling within 12-month period from the approval of this Annual Report. The Directors note 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.

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 4 to the financial statements.

As disclosed above, 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 SPVs are contractual period 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.

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

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.

Energy Efficiency investments are not sensitive to fluctuations in future revenues if a fixed indexation clause is applied to its cashflow schedule.

Adoption of new IFRS standards from 1 January 2022
A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 January 2022. None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments
Financial assets
The Company's financial assets principally comprise of cash and cash equivalents, investments held at fair value through profit and loss, and trade and other receivables.

The Company's investment in HoldCo is 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 Profit or Loss and Comprehensive Income at each valuation point.

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

SPV investments and equity investments in HoldCo are designated at fair value through profit or loss. Gains or losses resulting from the movements in the fair value are recognized in the Company's Statement of Profit or Loss and Comprehensive income at each valuation point.

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 recognized in the Statement of Profit or Loss and 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 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 Profit or Loss and 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.

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 energy efficiency 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.

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

Dividend income is recognised when the right to receive it is established and is reflected in the Statement of Profit or Loss and 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 Profit or Loss and Comprehensive Income, all expenses are presented as revenue items as they are directly attributable to the operations of the Company.

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

Foreign currency
Transactions denominated in foreign currencies are translated into Sterling 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 Profit or Loss and Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Capital account of the Statement of Profit or Loss and Comprehensive Income.

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

Trade and other payables
Trade and other payables are initially recognised at fair value, and subsequently re-measured at amortised cost using the effective interest method where necessary.

Share capital 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.

Repurchase 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

(a) Summary of valuation	SPV investments £'000	Equity investments £'000	Total £'000
Investments at fair value through profit or loss	12,154	153	12,307
	12,154	**153**	**12,307**
(b) Movements during the period:			
Opening balance of investments, at cost	–	–	–
Additions, at cost	12,324	–	12,324
Cost of investments at 31 December 2021	**12,324**	**–**	**12,324**
Revaluation of investments to fair value:			
Unrealised movement in fair value of investments	(170)	153	(17)
Balance of capital reserve – investments held at 31 December 2021	**(170)**	**153**	**(17)**
Fair value of investments at 31 December 2021	**12,154**	**153**	**12,307**
(c) Loss on investments in period (per Statement of Profit or Loss and Comprehensive Income)			
Movement on unrealised valuation of investments held	(170)	153	(17)
Loss on investments	**(170)**	**153**	**(17)**

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

Level 1
The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3
Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

	31 December 2021			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit or loss	–	–	12,307	12,307
	–	**–**	**12,307**	**12,307**

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 31 December 2021.

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

	31 December 2021 £'000
Opening balance	–
Additions during the period	12,324
Unrealised loss on investments adjustments	(17)
Closing balance	**12,307**

Valuation Methodology

SPV investments

The Company acquired SPV investments during the period. The SPV investments have been made by the Company through directly purchasing notes issued by an Italian SPV established under securitisation laws in Italy. The Investment Adviser has determined that the fair value as at 31 December 2021 is the purchase cost, adjusted by any foreign exchange differences. The purchase cost is deemed to be appropriate basis of fair value due to the timing of investment acquisition (i.e. close to period end date). The Directors have satisfied themselves as to the fair value of the SPV investments as at 31 December 2021.

Equity investments

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

Valuation Assumptions

		31 December 2021
Foreign exchange rates	GBP / EUR	0.84

Foreign Exchange Rate Sensitivity

This sensitivity considers a 10% movement in relevant non-GBP currencies, which in the case of the Portfolio Valuation at 31 December 2021 is EUR. A 10% increase in foreign exchange rates would result in a NAV per share reduction of 1.22p based on the Portfolio Valuation as at 31 December 2021.

A 10% decrease in foreign exchange rates would result in a NAV per share increase of 1.22p based on the Portfolio Valuation as at 31 December 2021.

5. INVESTMENT INCOME

	For the period ended 31 December 2021 £'000
Investment income	36
Bank interest income	55
Total Investment Income	**91**

6. INVESTMENT ADVISORY FEES

	For the period ended 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000
Investment Advisory fees	77	–	77

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

(i) 0.95 per cent. per annum of Committed Capital of the Company up to and including £500 million; and

(ii) 0.75 per cent. per annum of Committed Capital of the Company above £500 million.

7. OTHER EXPENSES

	For the period ended 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000
Secretary and administrator fees	108	–	108
Tax compliance	13	–	13
Directors' fees	111	–	111
Broker fees	30	–	30
Auditor's fees	119	–	119
AIFM fees	51	–	51
Registrar's fees	13	–	13
Marketing fees	58	–	58
FCA and listing fees	12	–	12
Other expenses	72	–	72
Total expenses	**587**	**–**	**587**

Prior to appointment as the Company's Auditor, the auditors received a fee of £109,200 (including VAT of £18,200) for non-audit reporting accountant services, which have been treated as a capital expense and included in 'share issue costs' disclosed in the Statement of Changes in Equity on page 62.

8. TAXATION

(a) Analysis of charge in the period

	For the period ended 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000
Corporation tax	–	–	–
Taxation	–	–	–

(b) Factors affecting total tax charge for the period:
The effective UK corporation tax rate applicable to the Company for the period is 19.00%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company.

The differences are explained below:

	Revenue £'000	Capital £'000	Total £'000
Loss on ordinary activities before taxation	(573)	(46)	(619)
Corporation tax at 19%	(109)	(9)	(118)
Effects of:			
Utilised management expenses	109	–	109
Losses on investments not taxable	–	9	9
Total tax charge for the period	–	–	–

Investment companies which have been approved by the 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.

9. RETURN PER ORDINARY SHARE

Return per share is based on the loss for the period of £619,000 attributable to the weighted average number of Ordinary Shares in issue 79,699,248 in the period to 31 December 2021. Revenue loss and capital losses are £573,000 and £46,000 respectively.

10. TRADE AND OTHER RECEIVABLES

	As at 31 December 2021 £'000
Intercompany receivable	5,170
Interest income receivable	36
Prepaid Expenses	68
Total	**5,274**

11. TRADE AND OTHER PAYABLES

	As at 31 December 2021 £'000
Accrued expenses	329
Total	**329**

12. SHARE CAPITAL

	As at 31 December 2021 No. of shares	£'000
Allotted, issued and fully paid:		
Ordinary Shares of 1p each ('Ordinary Shares')	100,000,000	1,000
Total		

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

On admission 2 June 2021, 99,999,999 Ordinary Shares were allotted and issued to shareholders as part of the placing and offer for subscription in accordance with the Company's prospectus dated 10 May 2021.

For the period from 9 April 2021 to 31 December 2021	Shares is issue at the beginning of the period	Shares subscribed	Shares in issue at the end of the period
Management shares	–		
Ordinary shares	–	100,000,000	100,000,000

13. SPECIAL RESERVE

As indicated in the Company's prospectus dated 10 May 2021, following admission of the Company's Ordinary Shares to trading on the London Stock Exchange, the Directors applied to the Court and obtained a judgement on 12 August 2021 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 £97,000,000.

14. NET ASSETS PER ORDINARY SHARE

Net assets per ordinary share as at 31 December 2021 is based on £97,381,000 of net assets of the Company attributable to the 100,000,000 Ordinary Shares in issue as at 31 December 2021.

15. 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.

(i) Currency risk
Foreign currency risk is defined as the risk that the fair values of future cashflows will fluctuate because of changes in foreign exchange rates. The Company's financial assets and liabilities are denominated in GBP and substantially all of its revenues and expenses are in GBP. 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 cash and investments.

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2021 are summarised below:

	Interest bearing £'000	Non-interest bearing £'000	Total £'000
Assets			
Cash and cash equivalents	38,055	42,074	80,129
Trade and other receivables	–	5,274	5,274
Investments at fair value through profit or loss	12,154	153	12,307
Total assets	**50,209**	**47,502**	**97,710**
Liabilities			
Creditors	–	(329)	(329)
Total liabilities	**–**	**(329)**	**(329)**

(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 at 31 December 2021 the Company held investments with an aggregate fair value of £12,307,000. All other things being equal, the effect of a 10% increase or decrease in the share prices of the investments held at the period end would have been an increase or decrease of £1,231,000 in the loss after taxation for the period ended 31 December 2021 and the Company's net assets at 31 December 2021. The 10% sensitivity has been used based on the industry practice for listed investment trusts and is deemed to be appropriate for the Company.

The Investment Adviser has determined that the fair value of the investments as at 31 December 2021 is the purchase cost, adjusted by any foreign exchange differences. The purchase cost is deemed to be appropriate basis of fair value due to the timing of investment acquisition (i.e. close to period end date). The Directors have satisfied themselves as to the fair value of the investments as at 31 December 2021.

Credit risks

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 and cash at bank. The Company's credit risk exposure is minimised by dealing with financial institutions with investment grade credit ratings. The Company has advanced share holder loans to Holdco, however it does not consider these loans a risk as they are intra-Group. No balances are past due or impaired.

	As at 31 December 2021 £'000
Investments at fair value through profit or loss	12,154
Trade and other receivables	5,274
Cash and cash equivalents	80,129
Total	**97,557**

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

	Rating	As at 31 December 2021 (£'000)
Goldman Sachs-Liquid reserve fund	AAA-S&P Rating	25,000
EFG Deposit account	A / F1-Fitch Rating	38,055
Royal Bank of Scotland International	A–2 / BBB-S&P Rating	17,074
		80,129

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

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

	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	Total £'000
Assets				
Investments at fair value through profit or loss	–	–	12,307	12,307
Trade and other receivables	5,274	–	–	5,274
Cash and cash equivalents	80,129	–	–	80,129
Liabilities				
Other creditors	(329)	–	–	(329)
	85,074	**–**	**12,307**	**97,381**

Capital management
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 primary capital management objectives are to ensure the sustainability of its capital to support continuing operations, meet its financial obligations and allow for growth opportunities. Generally, acquisitions are anticipated to be funded with a combination of current cash and equity.

16. RELATED PARTY TRANSACTIONS

Fees payable to the Investment Advisor are shown in the Income Statement. As at 31 December 2021, the fee outstanding to the Adviser was £77,000. The Company owns 100% of Attika Holdings Limited, as disclosed in note 2. As at 31 December 2021, the Company has a receivable balance of £5.17 million against Attika Holdings Limited.

Fees are payable to the directors at an annual rate of £55,000 to the Chairman, £42,000 to the Chairman of the Audit and Risk Committee and £37,000 to the other directors. These fees were effective from the date of appointment of each director being 9 April 2021 for each Board member except Miriam Greenwood who was appointed on 19 April 2021.

During the period, £36,000 was paid to the Chairman; £27,000 was paid to the Chairman of the Audit Risk Committee; and £24,000 was paid to the other directors. Total payment made during the period is £87,000.

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

	Ordinary shares At 31 December 2021
Miriam Greenwood OBE DL	24,000
Nicholas Bliss	20,000

17. SUBSEQUENT EVENTS

The Company entered into £5,659,000 amount of investments post 31 December 2021 through 23 June 2022.

Other Information

OTHER INFORMATION

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

ALTERNATIVE PERFORMANCE MEASURES

(Discount)/Premium

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

As at 31 December 2021 (Audited)		Page	
NAV per Ordinary Share (pence)	a	1	97.38
Share price (pence)	b	1	95.75
(Discount)/Premium	**(b÷a)-1**		**-1.7%**

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 31 December 2021 (Audited)		Page	'000
Period end NAV	a	n/a	97,381
Annualised expenses (prorated based on the total number of days per year over the number of days from date of incorporation: £664,000 x 365 days/ 266 days)	b	n/a	911
Ongoing charges	**(b÷a)**		**0.9%**

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 2021 (Audited)		Page	Share price	NAV
Opening at 2 June 2021 (pence)	a	n/a	100.00	98.00
Closing at 31 December 2021 (pence)	b	1	95.75	97.38
Total return	**(b÷a)-1**		**-4.3%**	**-0.6%**

n/a = not applicable.

Note: There were no dividends paid during the period ended 31 December 2021.

GLOSSARY

AIC	Association of Investment Companies.
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) Aquila Energy Efficiency Trust 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 Energy Efficiency Trust Plc.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
EMEA	Europe, the Middle East and Africa.
EU	European Union.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing. See also "leverage" below.
Gearing effect	The effect of borrowing on a company's returns.
General Meeting "GM"	A meeting 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.
Gross Asset Value	The sum of the value of the assets a company owns
GWh	Gigawatt hour.
The Holdco	Attika Holdings Limited.
IEA	International Energy Agency
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
IPO	Initial Public Offering.
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
IRR	Internal rate of return.
Leverage	An alternative word for "Gearing". Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of a company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Liquidity	The extent to which investments can be sold at short notice.
Net assets or net asset value ('NAV')	An investment company's assets less its liabilities.
NAV per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury)
Ongoing charges	A measure of the regular, recurring annual costs of running an investment company, expressed as a percentage of average net assets.
Ordinary Shares	The Company's ordinary shares in issue.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share.
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.
Total return	A measure of performance that takes into account both income and capital returns. This may take into account capital gains, dividends, interests and other realised variables over a given period of time.

COMPANY INFORMATION

Directors (all non-executive)	Miriam Greenwood OBE DL (Chair) Nicholas Bliss David Fletcher
Registered office *(Registered in England and Wales with Company number. 11932433)*	6th Floor 125 London Wall London England EC2Y 5AS
AIFM	Sanne Fund Management (Guernsey) Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
Investment Adviser	Aquila Capital Investmentgesellschaft mbH Valentinskamp 70 D-20335 Hamburg Germany
Broker	Peel Hunt LLP 100 Liverpool Street London EC2M 2AT
Administrator and Company Secretary	Sanne Fund Services (UK) Limited 6th Floor 125 London Wall London England EC2Y 5AS
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