AQUILA CAPITAL

AQUILA ENERGY EFFICIENCY TRUST PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

INVESTING WITH IMPACT
ANNUAL REPORT 2024

AQUILA CAPITAL

Contents

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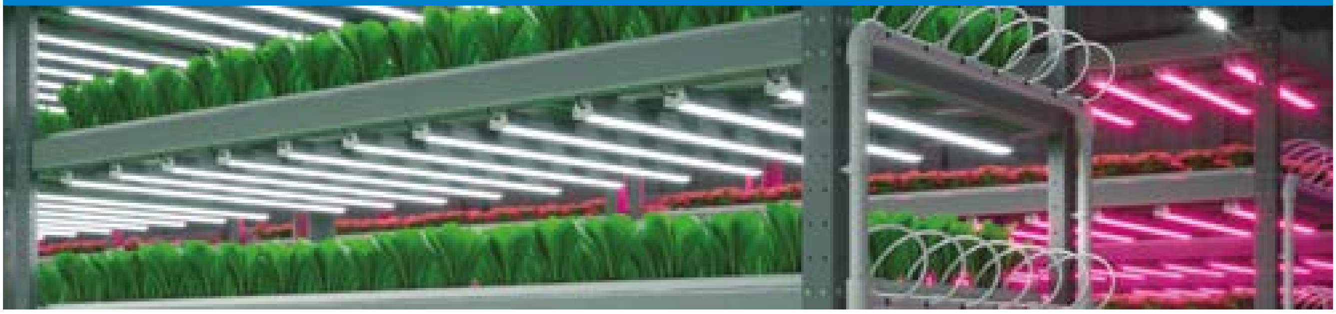
Investment Objective

FOLLOWING THE ADOPTION OF A NEW INVESTMENT POLICY AT THE 2023 AGM, AQUILA ENERGY EFFICIENCY TRUST PLC IS BEING MANAGED WITH THE INTENTION OF REALISING ALL REMAINING ASSETS IN THE PORTFOLIO IN A PRUDENT MANNER CONSISTENT WITH THE PRINCIPLES OF GOOD INVESTMENT MANAGEMENT AND WITH A VIEW TO RETURNING CASH TO SHAREHOLDERS IN AN ORDERLY MANNER.



Management

The Company has appointed FundRock Management Company (Guernsey) Limited as its Alternative Investment Fund Manager ("AIFM") to provide portfolio and risk management services. The AIFM is part of the Apex Group.

The AIFM has appointed Aquila Capital Investmentgesellschaft mbH as its Investment Adviser ("Aquila Capital" 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 four non-executive Directors, 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 2024, the Company's share capital comprised 81,438,268 ordinary shares of £0.01 each ("Ordinary Shares") (31 December 2023: 100,000,000). The Ordinary Shares are admitted to trading on the Main Market of the London Stock Exchange.

Highlights (Consolidated figures)

Financial information	As at 31 December 2024	As at 31 December 2023
NAV per Ordinary Share (pence)	85.55	94.28
Ordinary Share price (pence)	52.00	57.25
Ordinary Share price discount to NAV[1] (%)	(39.2)	(39.3)
Dividend per Ordinary Share (pence)[2]	6.139	–
Net assets (£ million)	69.67	94.28
Ongoing charges[1] (%)	3.8	3.5

Performance summary	For the year ended 31 December 2024 % change	For the year ended 31 December 2023 % change
NAV total return per Ordinary Share[1,3]	(2.7)	0.3
Share price total return per Ordinary Share[1,3]	1.6	(17.6)

1 Alternative Performance Measures ("APMs"), as defined by the European and Markets Authority. Definitions of APMs, and other terms used in the report, are given on page 92 together with supporting calculations where appropriate.
2 Dividend declared and paid in respect of the financial year.
3 Adjusted for dividends paid during the financial year.

ON BEHALF OF THE BOARD, I AM PLEASED TO PRESENT THE ANNUAL REPORT (THE "ANNUAL REPORT") FOR AQUILA ENERGY EFFICIENCY TRUST PLC, FOR THE YEAR ENDED 31 DECEMBER 2024.

Investment Performance

The Company's NAV per share as at 31 December 2024 was 85.55p (2023: 94.28p), representing a decrease of 9.3% which, amongst other things, reflects the payment of a dividend of 6.139 pence per ordinary share on 1 November 2024 as part of the return of capital to s. The Company's shares continued to trade at a significant discount to NAV over the period. The NAV total return, which includes an adjustment for the dividend paid, amounted to a negative 2.7% return. As discussed in previous Statements, the focus has been on maximising value for the return of capital to Shareholders. This has meant working on withdrawing from pre-existing commitments where legally possible, negotiating exits to achieve acceptable realisations and only advancing commitments of further capital where legally committed to do so. The results of this are further detailed in the Investment Adviser's report.

The Group's investments continue to produce income. In 2024, total investment income was £5.4 million, a decrease of £0.6 million versus the previous year and net revenue loss was £0.2 million (2023: £0.9 million profit). In the same period, investment income from investments was £4.7 million compared to £5.0 million in the previous year, a decrease of £0.3 million, which was largely attributable to lower investment income from the Company's Superbonus investments in Italy. The Superbonus investments are described in further detail in the Investment Adviser's Report on pages 8 to 9 of this Annual Report. In the same period, interest income from cash deposits was £0.7 million compared to £0.9 million in the previous year, a decrease of £0.2 million as a consequence of the lower level of average cash balances held during the period following the return of capital referred to.

In line with the Company's investment policy, on 31 December 2024, £53.3 million of the Company's investments of £56.3 million were denominated in Euros. Information on the Company's continued use of forward foreign exchange agreements to hedge the value of the Euro-denominated investments can be found on page 7 in the Investment Adviser's report.

Following an extensive asset sale process run on behalf of the Company, by its financial advisors, and which ended in February 2024, the Board has continued to seek and assess opportunities to realise capital through the sale of assets. This remains challenging. As discussed in previous reports, the portfolio consists of assets that are geographically diverse, small in size, contractually complex and many have lengthy maturities of between ten to eighteen years. Furthermore, because of the Managed Run-Off status of the Company, additional complexities have arisen around the realisation of and protection of value in the Company's assets. Our counterparties on some of these investments are aware of the Managed Run-Off position of the Company, and it appears that this is potentially placing us at a disadvantage in certain negotiations/relationships. The Board remains actively involved in negotiating terms to protect the value in the portfolio and continues to work actively with its financial and legal advisers on seeking alternative ways to deliver the return of capital to our Shareholders.

Return of Capital

On 6 March 2024, the Company announced that it intended to return capital to Shareholders by way of a Tender Offer to ordinary Shareholders of up to 18,561,732 ordinary shares for a maximum aggregate cash consideration of £17.5 million. This entitlement to tender was undertaken at a price of 94.28p, the Company's NAV per share at 31 December 2023. The Tender Offer was launched on 19 April 2024 and the result of the Tender Offer was announced on 13 May 2024; 90,231,121 shares were validly tendered, and the requisite Special Resolution was passed, resulting in the purchase by the Company of 18,561,732 shares, which was the maximum amount possible under the terms of the Tender Offer.

The Board intends to continue returning capital to Shareholders, either through the payment of dividends or by means of Tender Offers as soon as sufficient realisation proceeds are received. We have engaged with the majority of our largest Shareholders who have expressed a preference for returns of capital to occur in meaningful tranches, and we will continue with that strategy, if appropriate. However, if realisations are either delayed or it takes longer to make sizeable returns of capital, the Board will still consider the payment of dividends which provide a much more cost-effective return of capital. As noted, a dividend of 6.139p per share was paid on 1 November 2024.

Significant Developments since 31 December 2024

In the 3 months ended 31 March 2025, proceeds of £23.8 million were realised from repayments:

- In January and February 2025, the Company received £0.5 million and £7.0 million from a quarterly contractual payment and full repayment, respectively, of the Bio-LNG investment in Germany; and
- In February and March 2025, three of the five Superbonus investments were largely repaid realising proceeds of £16.3 million. This represents repayment of the majority of Superbonus investments in Italy.

The repayments of the Superbonus investments were made after negotiation by two of the three developers of these projects (the "ESCOs"), and not from proceeds received from the purchasers of the tax credits generated from these projects, which was the expected source of repayment when these investments were initially made. The return from the Superbonus projects was in two parts, payments for the tax credits and an interest element calculated by reference to the delay in receiving payment. In order to mitigate the significant delayed interest cost, which was being borne by ESCOs, a repayment plan was proposed to reduce the impact of late payment interest accruing on these investments. To accelerate the realisation of these Superbonus investments, which has been significantly slower than originally anticipated, the Company accepted a modest discount of the full late payment interest due on these investments. These investments achieved internal rates of return of greater than 9% p.a.

The Board is in discussions whether an early repayment plan for the two other Superbonus investments is feasible and in Shareholders' interests, taking into account the contractual arrangements.

Costs

The Board continues to be very mindful of the costs incurred in the running of the Company whilst it is in Managed Run-Off. The unintended and unhelpful consequences of the Managed Run-Off are numerous. In particular, some investment counterparties and service providers no longer have the same incentives and motivation to cooperate with the Company and this is, in some cases, leading to additional costs being incurred. We will remain focused on cost recovery and reduction, in particular, where additional costs have been incurred as a consequence of underperformance of particular services provision.

Return of Capital post year end

Given the recent substantial repayments of investments and the accumulated cash position at 31 March 2025 of £36.4 million, excluding £2.5 million cash held as collateral for hedging, the Company will make a distribution of £30 million as quickly and as cost-effectively as practicable. The assets remaining after the realisations referred to above and excluding the two Superbonus investments, have an average life of 8.9 years. Currently, no significant realisations are expected on a contractual basis for several years.

The Board of Directors has declared a special interim dividend of 36.837 pence per Ordinary Share in respect of the first six months of the financial year ending 31 December 2025 payable on 30 May 2025 to Shareholders on the register on 9 May 2025. The ex-dividend date is 8 May 2025.

Miriam Greenwood OBE DL

Chair of the Board

28 April 2025

Overview

During 2024, the Investment Adviser continued to support the Managed Run-Off of the Company's Portfolio by, (i) limiting new investment activity to the execution of commitments agreed up to the date of the continuation vote in February 2023, (ii) the withdrawal from pre-existing legally binding commitments where feasible on acceptable terms, (iii) undertaking negotiations to achieve the realisation of individual investments at acceptable terms before their contracted maturity date, and (iv) the monitoring of performance and addressing where necessary operating performance and/or payment issues in the Company's Portfolio.

During 2024, the Company invested the second and final tranches of two investments, a rooftop Solar PV project in Italy with an investment of £0.4 million and a biogas investment in Germany with an investment of £3.7 million. These investments were completed in the first half of 2024 and no additional investments, except for transaction costs, were made in the second half of 2024. The final tranche of an investment for the Spanish building refurbishment project was not required because it was offset against the receipt of grant funding for this project. There now remains only one small investment commitment, excluding sundry investment costs, of less than £0.05 million to a UK lighting project.

During 2024, the Company realised two Solar PV investments in Spain generating proceeds of £1.0 million. One of these transactions enabled the Company to withdraw from an existing commitment to invest £0.5 million in another solar PV project in Spain. In February 2025, the Company completed the sale of its Bio-LNG investment in Germany at a small premium to book value of £7.4 million as at 31 December 2024. Total proceeds from this investment in 2025 amounted to £7.5 million after taking account of a scheduled cash receipt of £0.5 million in January 2025.

During 2024, the Company received £5.0 million of cash from the Superbonus investments in Italy, which were valued at £24.8 million as at 31 December 2024 (£30.9 million as at 31 December 2023). This amount was substantially less than expected. However, as reported in the Chair's Statement above, following negotiations with two ESCOs, £16.3 million was received by the end of March 2025, from the repayment of the majority of the Superbonus investments.

The Investment Adviser is in discussions whether an early repayment plan for the two remaining Superbonus investments is feasible and in Shareholders' interests, taking into account the contractual position.

The Investment Adviser continues to closely monitor the performance of all of the Company's investments and, in particular, the receipt of cash payments, which are due on a monthly, quarterly and annual basis. In 2024, the large majority of the Company's other (i.e. non-Superbonus) investments and, in particular, all of the larger investments, performed in accordance with their contractual terms. However, there are investments in the portfolio which continue to be problematic:

- Two Solar PV investments in Spain, which were written down as at 31 December 2024 to £0.4 million (£1.3 million as at 31 December 2023) because of operational difficulties with individual projects, the failure of the ESCOs which developed the projects to remedy these difficulties and expected higher O&M costs from having to replace these ESCOs.
- The two wind investments in the UK, which were written down to a value of £1.0 million as at 31 December 2024 (£1.9 million as at 31 December 2023), principally because of operational problems at individual sites, which have resulted in lower than expected electricity production and higher operational and maintenance costs.

It has also been necessary in 2024 to make further provisions of £0.8 million against three amortised cost investments, taking these investment values to zero:

- The German sub-metering investment, which had a book value of £0.2 million as at 31 December 2023 versus cost of £1.7 million, was fully provided against as at 30 June 2024 and 31 December 2024 because, following the insolvency of the service provider in October 2023, it now appears that any sale proceeds from selling the sub-metering contracts are unlikely to exceed tax and other liabilities of the SPV into which the original investment was made.

- The UK CHP investment, which had a book value of £0.5 million as at 31 December 2023 versus cost of £1.0 million, was reduced to a book value of zero because, following the ESCO's client, Vale of Mowbray, entering into administration and subsequently liquidation, there has been no significant progress to date with the new owner of the site nor in securing a new customer for the CHP equipment.
- A Solar PV project in Spain, which had a book value of £0.1 million as at 31 December 2023 versus cost of £0.2 million, was also fully impaired as at 31 December 2024. This investment, which comprised two Solar PV installations, was developed and maintained by an ESCO which entered into bankruptcy in 2024 and it has not proved possible to secure a new O&M provider to replace the ESCO on economic terms to protect the value of the investment.

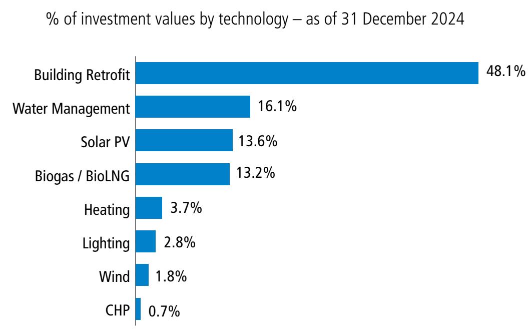
As at 31 December 2024, £53.3 million of the Company's total investments of £56.3 million were denominated in Euros. During 2024, the Company continued to use forward foreign exchange agreements to hedge the value of the Euro denominated investments. In the year ended 31 December 2024 the Company reported realised foreign exchange gains of £3.5 million, receiving £3.6 million in cash upon settlement of these forward foreign exchange agreements. The Company continues to seek to hedge approximately 100% of the value of the Company's Euro denominated investments. The quantum of the forward foreign exchange agreements is modified upon the rollover of the contracts, which have maturities of between one and three months, to reflect additional deployment and returns of capital and changes in valuation. As at 8 April 2025, the Company had entered into forward foreign exchange agreements in an amount of £31.3 million following the significant repayment of Euro denominated investments. £2.5 million of the Company's cash balances continue to be held as security by the bank providing the forward foreign exchange contracts.

As at 31 December 2024, the Company's cash position, including cash held as collateral for foreign exchange hedging, was £14.4 million. The cash position increased significantly to £38.9 million as at 31 March 2025 because of the repayments of the Bio-LNG investment in Germany and the partial repayments of the Superbonus investments.

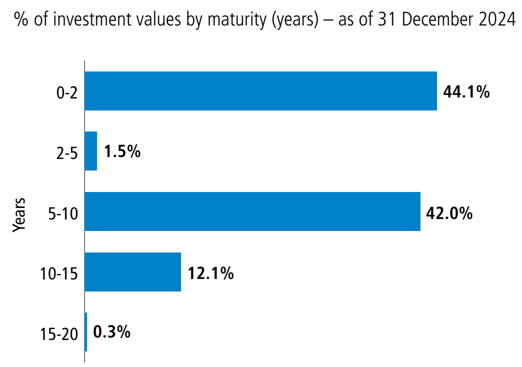
Portfolio Overview

As at 31 December 2024, the Company's portfolio of 29[1] Energy Efficiency Investments was diversified across geographies (Italy, Spain, Germany and the United Kingdom), technologies, counterparties and ESCO partnerships. The Company's portfolio is characterised by projects with (i) a low technology risk through the use of proven technologies; (ii) medium to long-term contracts providing for predictable cash flows; and (iii) counterparties with good creditworthiness.

i) Projects by Technology



ii) Projects by Tenor



1 Investments with a value of zero as at 31 December 2024 are excluded

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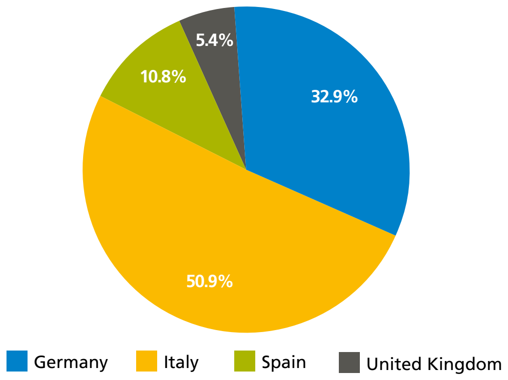
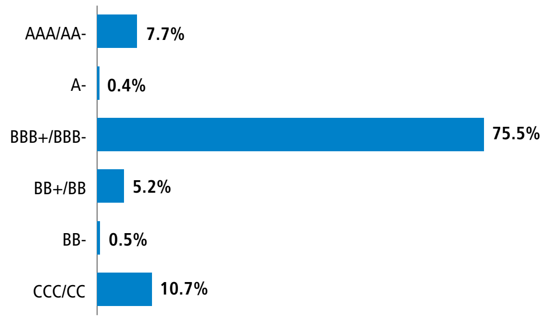
iii) Projects by Country

% of investment value by country – as of 31 December 2024



iv) Projects by Investment Grade

% of investment values by credit rating – as of 31 December 2024



Approximately 84% of the Company's investments by value as at 31 December 2024 (72% as at 31 December 2023) had investment grade counterparties, as assessed using either the Investment Adviser's credit analysis or external agencies. The increase in the percentage of investment grade counterparties is mostly attributable to an improvement in the credit rating of one of the ESCOs managing two Superbonus investments from BB+/BB to BBB+/BBB-. However, the percentage of the higher investment grade ratings, i.e. above BBB+/BBB-, reduced from 19% of the Company's investments by value as at 31 December 2023 to 8% as at 31 December 2024. This change was primarily due to a change in the credit rating of the German Bio-LNG investment from A- to BBB+/BBB-. As reported above, this project has now been realised.

For projects which are non-investment grade, there are typically additional protections. These protections include the ability to export power to the grid, and to extend the maturity of a contract with the ESCO and the underlying counterparty to recover missed payments. The latter is possible because the Company's financing agreements are of a shorter duration than the useful life of equipment installed and, in many cases, of a shorter duration than the contract between the ESCO and the counterparty. The credit quality and performance of the Company's portfolio is discussed further below in respect of valuations and Expected Credit Loss ('ECL').

The Company's portfolio comprises largely fixed return cash flows. Following a renegotiation of the terms of the German Bio-LNG investment, 95% of the total investment value provides a fixed rate of return from contracted cash flows (84% as at 31 December 2023). Approximately 5% by investment value has variable cash flows linked to power production and power prices, or inflation indexation. In many cases, these variable return investments have significant fixed income elements, for example feed-in tariffs or fixed power prices in Power Purchase Agreements. In addition, certain investments have downside protections, for example, minimum contractual returns in order to reduce the risk of lower than forecast cash flows.

The Company's portfolio of investments is expected to achieve an overall unlevered average return of 9.2% per annum, an increase from the yield of 8.1% per annum reported in the Half-Yearly Financial Report for the six months ended 30 June 2024. The increase is mostly attributable to reductions in the carrying value of the Company's investments as at 31 December 2024.

Investments in Italy (£28.7 million value as at 31 December 2024)

In 2024, the Company invested £0.4 million to complete a rooftop Solar PV project developed by Noleggio Energia, with whom the Company has made seven investments. As at 31 December 2024, total investment value in Italy was £28.7 million across a total of 13 investments and there were no outstanding investment commitments.

1) Investments in Italian "Superbonus" projects (£24.9 million value as at 31 December 2024)

In 2024, the Company received £5.0 million from the Superbonus investments while no further capital was required to be deployed. The ESCOs continued to experience delays with final payments from the buyers of the tax credits. However, in the three months ended 31 March 2025 the Company received £16.3 million in substantial repayment of three of the five Superbonus investments.

"Superbonus" is an incentive measure introduced by the Italian Government through Decree "Rilancio Nr. 34" on 19 May 2020, which aimed to make residential buildings (condominiums and single houses) more energy efficient through improvements to thermal insulation and heating systems. When qualifying measures were completed, ESCOs delivering the measures were awarded a tax credit equal to 110%[2] of the cost of the measures. These tax credits

2 The Italian Government has made various modifications to Superbonus, including the value of tax credits awarded and how these tax credits can be utilised.

can then be sold to banks, insurance companies and other corporations and, thus, projects can be financed without the need for a financial contribution from landlords. The projects involve a range of energy efficiency measures including insulation, the replacement of heating systems with more efficient solutions and energy efficient windows.

2) Solar PV investments for self-consumption in Italy (£3.8 million value as at 31 December 2024)

As at 31 December 2024, the Company had invested in eight rooftop Solar PV projects with an aggregate capacity of 5.1 MWp and a book value of £3.8 million. Following completion of the final project in January 2024 with an investment of £0.4 million, all of these projects are operational and cash generative. These projects enable companies to reduce their energy costs and CO^2 emissions and avoid grid losses through the self-consumption of the electricity produced.

2.i) Projects with Noleggio Energia

Of the eight Solar PV projects which the Company has committed to finance, seven projects have been developed by the ESCO Noleggio Energia, which 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. These projects are all structured as the purchase of receivables from operating leases with maturities of five to ten years, with a remaining weighted average maturity of 7.3 years outstanding, and all use very similar documentation. Energia has paid the SPV the monthly receivables from these operating lease agreements, which provide for fixed rates of return with a weighted average return of 8.4% per annum.

2.ii) Project with 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 902 kWp. The investment, with an original cost of £0.7 million, 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 S.r.l. ("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 twelve-year tenor. The investment, which generated total cash receipts of £0.3 million in the period from inception of the investment until 31 December 2024, is forecast to generate a return of 8.4% per annum based on the valuation as at 31 December 2024 of £0.58 million.

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 is the owner of the PV plant which benefits from feed-in tariffs payable by Gestore dei Servizi 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 currently has a credit rating of BBB+ from the Italian Government.

Investments in Spain (£6.1 million value as at 31 December 2024)

In 2024, the Company deployed no further capital into investments in Spain, other than a small amount for investment costs. As at 31 December 2024, total investment value in Spain was £6.1 million across a total of six investments and there were no outstanding investment commitments.

1) Solar PV investments in Spain (£3.8 million value as at 31 December 2024)

During 2024, the Company completed the sale of two Solar PV projects, generating cash proceeds of £1.0 million. As at 31 December 2024, the Company had capital invested in five Solar PV installation projects throughout Spain with five project developers. The largest project, with a value of £2.8 million as at 31 December 2024 has been structured to provide a fixed rate of return. The other four projects have been structured under Power Purchase Agreements ("PPAs") with maturities of up to eighteen years and have variable revenues, often subject to a combination of production fluctuations, power price changes and inflation. In addition, excess production beyond the on-site demand may be injected into the grid. These variable revenue risks are mitigated by conducting technical due diligence prior to making commitments and by contracted prices within the PPAs.

As reported earlier in the Investment Adviser's Report, there are operational issues with three Solar PV projects in Spain, which were developed by ESCOs which have entered into administration. These issues resulted in negative fair value adjustments or impairments of £1.0 million as at 31 December 2024 compared to the position as at 31 December 2023. In all of these cases, the Investment Adviser has been seeking to exercise its legal rights including its step in rights to procure a new ESCO to manage the projects so that the PPAs can be maintained with the counterparties.

2) Building Energy Efficiency Investments in Spain (£2.3 million value as at 31 December 2024)

The Spanish Government has established incentive schemes to promote energy efficiency measures in buildings, including the "Programa de Rehabilitacion Energetica de Edificios" ("PREE"). PREE is a €402.5 million incentive scheme in Spain which is designed to promote and reward energy efficiency improvements for condominiums and other buildings, improving their energy rating by at least one energy class. Under this scheme, the Company has invested £2.3 million to fund the refurbishment of condominiums, which is being managed by a leading ESCO specialised in designing and implementing energy efficiency and renewable energy projects in Spain. The investment cash flows, which are expected to commence in the second quarter of 2025, are based on the purchase of receivables generated by the underlying energy saving contracts between the ESCO and the "Comunidad de Proprietarios"; the legal entities which represent each of the owners of the apartments in a residential building. The receivables have been rated with the S&P equivalent of AAA/AA-.

Investments in Germany (£18.6 million value as at 31 December 2024)

In 2024, the Company invested £3.7 million to complete the financing of the installation of liquefaction equipment at a biogas plant in Northern Germany. There are no further investment commitments outstanding to investments in Germany. Following the decision as at 30 June 2024 to provide in full against this sub-metering investment in Germany, the Company has three investments across three distinct technologies including water management solutions, Bio-LNG and heat pumps.

All of the investments in Germany now provide for fixed rates of return because in December 2024 the Company agreed to modify the terms of the Bio-LNG investment to take out the variable return element, which previously provided for the right to receive 5% of revenue generated by the project in addition to a fixed return of 5% per annum on the capital invested, capped at £1.1 million across eight years. The investment was therefore structured to provide for a fixed rate of return of 8.5% per annum.

As reported earlier in the Investment Adviser's Report, the Company completed the sale of the Bio-LNG investment in Germany in February 2025 at a small premium to the net book value at 31 December 2024. The two other investments with a book value of £11.1 million as at 31 December 2024 are performing in line with their contracts.

Investments in the United Kingdom (£3.0 million value as at 31 December 2024)

In 2024, the Company deployed no further capital into investments in the United Kingdom. There remains, however, a small commitment outstanding of less than £0.05 million for lighting investments. In May 2024, one of the CHP investments was realised through a refinancing arranged by the ESCO which developed the project. The realisation resulted in proceeds of £0.1 million, which was equal to the book value at the date of realisation. As at 31 December 2024, the CHP investment with EGA Energy was provided against in full, resulting in an impairment cost in 2024 of £0.5 million. Seven investments remain in the United Kingdom of which four are lighting, one is CHP and two are in wind power.

The lighting and CHP investments are fixed return investments although one of the lighting investments benefits from annual inflation adjustments to the income. The wind investments are variable return investments due to the variability of operation and maintenance costs, power production and export tariffs, which are renewed each year, although a significant percentage of revenue is based on feed-in tariffs which benefit from annual inflation adjustments.

The fixed return investments performed satisfactorily. However, the wind investments, which had a value of £1.9 million as at 31 December 2023, have been written down to a value of £1.0 million as at 31 December 2024 due primarily to operational problems at individual sites, which have resulted in lower than expected electricity production and higher operation and maintenance costs. In addition, the ESCO has withheld payments due to the Company in 2024 because it has not generated sufficient income to cover its operating costs. The Company is in negotiations with the ESCO to restructure the wind investments.

Valuations and ECL Provisions as at 31 December 2024

As at 31 December 2024, the Company's investments had a book value of £56.3 million, with investments held at amortised cost valued at £46.3 million and investments held at fair value through profit or loss valued at £10.0 million (see Note 4 to the Accounts).

The investments held at amortised cost are net of ECL provisions of £4.4 million, which increased by £2.5 million from £1.9 million as at 31 December 2023, reflecting:

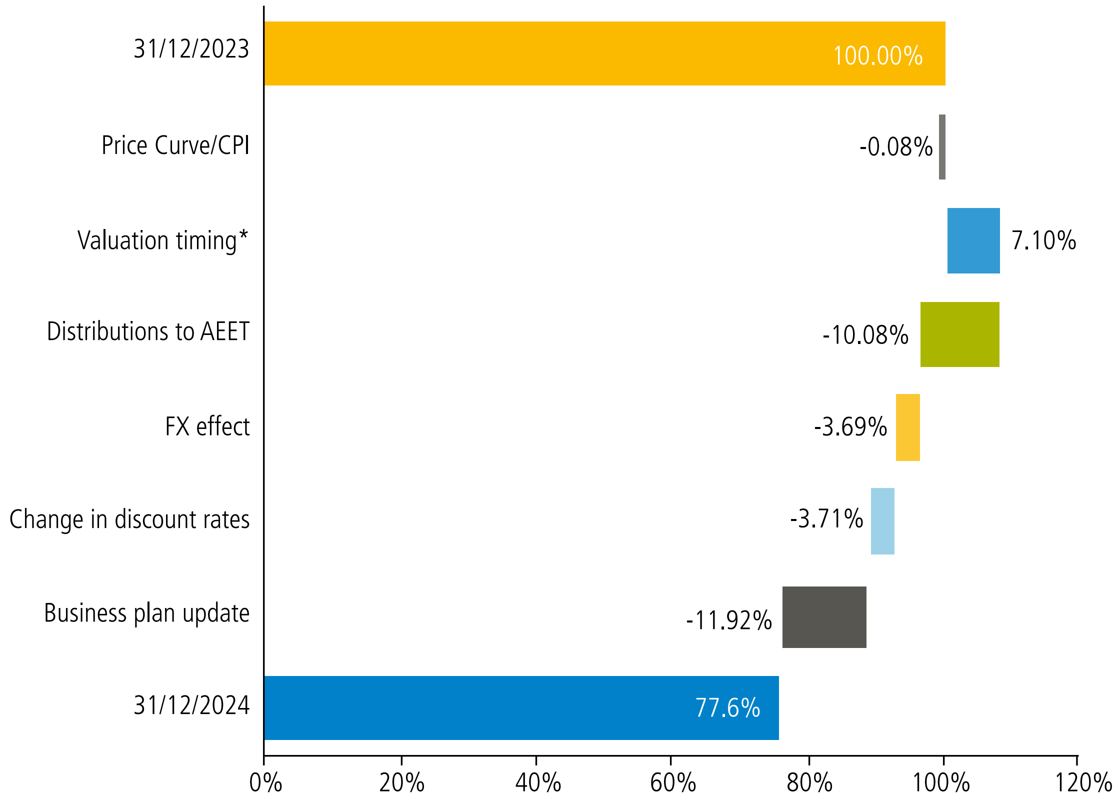
- an increase for Superbonus investments to reflect the credit risk moving to the ESCOs themselves rather than the purchasers of the tax credits generated by these investments; and
- additional provisions against the three investments which were fully impaired as at 31 December 2024.

Apart from these projects, the Company has not experienced payment issues of material significance on the receivables from amortised cost investments due to be paid to it in 2024.

As at 31 December 2024, the Company's eight fair value investments had a book value of £10.0 million and comprised:

- The German Bio-LNG investment with a value of £7.4 million;
- four Solar PV projects in Spain with an aggregate value of £1.0 million;
- two wind projects in the United Kingdom with an aggregate value of £1.0 million; and
- a Solar PV project in Italy with a value of £0.6 million.

The changes in fair value of these investments are summarised in the chart below.



The change in valuation of the investments held at fair value through profit or loss, as reported above, was impacted primarily by operational issues with the wind investments in the United Kingdom and Solar PV investments in Spain:

- The two wind investments in the UK, which had a value of £1.9 million as at 31 December 2023, have been marked down to a value of £1.0 million as at 31 December 2024 due primarily to operational problems at individual sites, which have resulted in lower than expected electricity production and higher operation and maintenance costs.
- Two Solar PV investments in Spain, which had a value of £1.3 million as at 31 December 2023, have been marked down to a value of £0.4 million as at 31 December 2024 due to operational difficulties with individual projects and the failure of the ESCOs, who developed the projects, which resulted in the need to introduce new operational and maintenance service providers.

These operational issues have resulted in negative changes to the forecast cash flows, referred to in the chart above as business plan updates, and resulted in a negative change of –11.9%. Other negative impacts on valuation were:

- An overall increase in the discount rates applied to the valuations, which had a negative effect of –3.7%
- FX effects, -3.7%;
- Distributions from these investments, -10.1%; and
- Changes to forecast power price and inflation assumptions, -0.1%.

These impacts were offset by valuation timing, that is the time value of money effect between the two valuation dates, which had a positive effect of +7.1%. In addition, the Company benefited from gains from forward foreign exchange contracts which mitigated the negative FX effects reported above.

Summary of Investments as at 31 December 2024

Description	Receivables Weighted Avg. Credit Ratings	Term Years	Technology	Status	Country	Value £k	Commitment o/s £k
Receivables (fixed) from sales of tax credits generated under the Italian Superbonus, which supports energy efficiency retrofits of residential buildings.	BB-	2	Building Retrofit	Construction	Italy	24,835	–
Subscription for Notes (fixed) entitling the Note holder to receivables generated through services agreements for heat pump systems, water management services and sub-metering hardware and services in Germany.	BBB+ / BBB-	9-15	Heat Pumps Water Management Sub-meters	Default	Germany	11,128	–
Subscription for a Note (fixed) for the refinancing of an operating biogas plant in north-eastern Germany and an upgrade to a Bio-LNG facility.	BBB+ / BBB-	8	Biogas / Bio-LNG	Operational	Germany	7,423	–
Receivables (fixed/variable) from solar PV plants and building refurbishment projects in Spain.	BBB+ / BBB-	10 -18	Solar PV	Operational	Spain	6,098	–
Receivables (fixed/variable) from Solar PV projects in Italy.	BBB+ / BBB-	7-10	Solar PV	Operational	Italy	3,826	–
Receivables (fixed/variable) from wind, CHP, metering and lighting as a service contracts in the UK.	BBB+ / BBB-	5-14	Wind Lighting CHP Metering	Operational	United Kingdom	3,021	41

Notes:
The term is the original maturity of the investment.

Introduction

The Company's goal is to generate attractive returns for investors by reducing Primary Energy Consumption ("PEC"). The Company seeks to achieve this through investing principally in a diversified portfolio of energy efficiency projects with high-quality counterparties. The Company'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[3] generated by the reduction of PEC and simultaneously using renewable energy sources further decrease CO_2 emissions.

This is reflected across the investment philosophy and approach of both the Company and its Investment Adviser, Aquila Capital, who are dedicated to the green energy transition. The Company is committed to being 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 improves 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. In 2024, the portfolio performed as follows:

- 5,285 tonnes of avoided CO_2 emissions ("tCO_2e"); and
- 19,581 MWh of energy saved,
- for total emission savings equivalent to 2,312 passenger flights around the world[4].

Method of Calculation for Energy Savings (kWh) and Avoided CO_2 Emissions (tCO_2e)

The energy savings (in kWh) and avoided CO_2 emissions (in tCO_2e) are reported to Aquila Capital by third parties, including the development companies, ESCOs and other third parties. These reports are supported by asset-level documentation of individual methodologies. Aquila Capital has reviewed the individual methodologies for technical consistency and reconciled the reported values for plausibility. Where quantification of likely energy savings and avoided CO_2 emissions is not clear, for example, with the Superbonus projects in Italy and the Bio-LNG, water metering and heat pump projects in Germany, no estimations are included in the avoided CO_2 emissions and energy savings statistics above.

Only energy savings and avoided CO_2 emissions for operational projects are considered on a pro-rata basis for the time of operation during the reporting period. Avoided CO_2 emissions are estimated in gross terms and derived from energy savings in kWh using a conversion factor (except CHP, see below) which measures the grid's emission intensity. Emissions incurred during the life cycle of light bulbs such as materials sourcing, manufacturing, installation, maintenance etc. are not available. The reported metrics are estimations based on assumptions. For technical reasons, it is not possible or feasible to observe or measure actual energy or emission avoidance in real-time.

- **LED/Lighting:** Savings estimates are derived based on technical, product-specific attributes provided by the product manufacturer. Lighting assets are typically not connected to a distinct circuit. These solutions are designed according to the requirements of a given functional unit, i.e. office, street or space, which varies on asset level. Changes in the number of light bulbs or lumen are not considered.
- **Solar PV:** Electricity production is translated into emissions avoidance with a conversion factor (see above). Production estimates for Solar PV assets are evaluated during technical due diligence processes.
- **CHP:** Avoided CO_2 emissions are calculated directly by comparing the asset's emissions based on the feedstock used for a specific plant with a reference co-generation unit's emission factor.

ESG Approach

The Company has adopted Aquila Capital's ESG Integration Policy[5], ensuring that environmental, social and governance criteria have been incorporated into day-to-day investment decisions as well as generating a positive contribution

3 International Renewable Energy Agency (Irena), "Synergies between renewable energy and energy efficiency" (2017), available at: https://www.irena.org/publications/2017/Aug/Synergies-between-enewable-energy-and-energy-efficiency#:~:text=Renewables%20would%20account%20for%20about,country%2C%20sector%20and%20technology%20levels

4 Passenger flights around the world: This number is derived from passenger flight emissions data retrieved on 4 April 2023 from the International Civil Aviation Organization; https://applications.icao.int/icec/Home/Index. The total emissions associated with a passenger flight around the world based on a standard itinerary from New York to Dubai, Bangkok, Sydney, Los Angeles and back to New York in the economy class is 2,285.80 kg CO_2.

5 For details please refer to: https://www.aquila-capital.de/fileadmin/user_upload/ESG_report/Aquila_Group_ESG_Integration_Policy.pdf for society. The Company's investment approach is focused on investments in energy efficiency projects located primarily in Europe. These investments are predominantly into proven technologies that deliver energy savings for commercial, industrial and public sector buildings. Prior to the adoption of the New Investment Policy by Shareholders in June 2023 the Company sought to invest in projects for the long term with a focus on optimising and improving the assets' PEC (and, of course, the Company's investments continue to meet this initial objective). Technologies include:

- LED Lighting Systems;
- Solar PV;
- HVAC/Buildings; and
- Bio LNG.

Environmental Contribution

The Company's investments are focused on reducing PEC, which should lead to significant reductions in greenhouse gas 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.

Social Contribution

Energy efficiency measures not only reduce PEC, but typically also have a positive impact on health and quality of life for different stakeholders, such as employees and users of public facilities. This is largely achieved through the installation of advanced solutions for lighting, heating, cooling, ventilation and the associated control units. All project developers are required to adhere to local, regional and national health and safety laws, to train and educate employees accordingly, to make sure casualties and injuries are avoided. Aquila Capital's ESG Integration Policy, as adopted by the Company, has sought to exclude suppliers and manufacturers that do not meet Aquila Capital's criteria (exclusion of certain sectors/subsectors, or companies that, for example, use unfavourable labour conditions). For all counterparties, a rating has been performed (in collaboration with a third-party rating agency) assessing the creditworthiness of the relevant counterparty as well as a "Know Your Client" check for the relevant parties involved to increase transparency of the counterparties' activities.

Governmental Contribution

The Company's business partners are required to adhere to the requirements of the relevant social security and tax authorities. The Company's business partners are required to provide evidence that they adhere to anti-bribery and corruption laws.

Due Diligence

The Investment Adviser performed detailed ESG due diligence for each asset prior to investment. The investment management team followed a structured screening, due diligence and investment process 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, as relevant for each investment, considered:

- total PEC reduction, and implied CO_2 emissions reduced and/or avoided; and/or
- total energy production from renewable and non-renewable sources.

Governance Framework

The Company has an independent Board of Directors, with FundRock Management Company (Guernsey) Limited as the AIFM. The Board of Directors supervises 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 maintains a comprehensive risk register which is regularly updated and reviewed by the AIFM and the Board of Directors. 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. 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 ESG

The Company's commitment to and compliance with the Company's established ESG approach is monitored on a continuous basis throughout the lifecycle of investments, as they become operational. This includes:

- ongoing monitoring of the PEC based on the energy consumption and deriving from that the CO_2 savings, where appropriate, monitoring additional environment and ESG relevant developments both at the portfolio and asset level; and
- annual reporting, including ESG aspects, to relevant stakeholders including ad-hoc reporting of any material and urgent issues identified in the monitoring process.

The Company 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.

Aquila Capital Investmentgesellschaft mbH

28 April 2025

INVESTMENT POLICY

As at the date of this Annual Report, the Company's investment policy (including defined terms) is as adopted at the June 2023 AGM pursuant to the Continuation Managed Run-Off Resolution, which replaced the previous investment objective and policy in its entirety and is set out below.

The Company will be managed with the intention of realising all remaining assets in the Portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning cash to Shareholders in an orderly manner.

The Company will pursue its investment objective by effecting an orderly realisation of its assets in a manner that seeks to achieve the best balance for Shareholders between maximising the value received from those assets and making timely returns of capital to Shareholders. This process might include sales of individual assets, mainly structured as loans/receivables, or groups of assets, or running off the Portfolio in accordance with the existing terms of the assets, or a combination.

The Company will cease to make any new investments or to undertake capital expenditure except where, in the opinion of both the Board and the Investment Adviser (or, where relevant, the Investment Adviser's successors):

- the investment is a follow-on investment made in connection with an existing asset in order to comply with the Company's pre-existing obligations; or
- failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Company; or
- the investment is considered necessary to protect or enhance the value of any existing investments or to facilitate orderly disposals,

and in these circumstances the Company will observe the following restrictions when making any such 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;
- 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.

Any cash received by the Company as part of the realisation process prior to its distribution to Shareholders will be held by the Company as cash on deposit and/or as cash equivalents.

The Company will not undertake new borrowing.

As required by the UK Listing Rules, any material change 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 use hedging or derivatives for investment purposes. The functional currency of the Company is sterling. With many of its investment assets in euros the Company uses a series of regular forward foreign exchange contracts to provide protection against movements in the sterling exchange rate. Under these arrangements the Company is required to provide £2.5million in cash as collateral for these forward foreign exchange contracts.

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 FCA's restriction that 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 of the London Stock Exchange, does not apply to money market type funds.

Changes to and compliance with the Investment Policy

As required by the Listing Rules, any material changes to the Company's Investment Policy as set out above 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 KEY PERFORMANCE INDICATORS ("KPIs") DESCRIBED BELOW:

Efficient Return of Capital

In line with the Managed Run-Off status of the Company, the Board is focussed on the efficient return of capital to Shareholders.

On 19 April 2024, the Company launched a Tender Offer of up to 18,561,732 Ordinary Shares, representing approximately 18.6 per cent. of the Company's Issued Ordinary Share Capital. Further to Shareholder approval at the Company's general meeting held on 13 May 2024, 90,231,121 Ordinary Shares were tendered and 18,561,732 Ordinary Shares were acquired at the Tender Price of 94.28 pence per Ordinary Share, equating to £17.5 million being returned to Shareholders, and then cancelled by the Company.

As and when sufficient cash has been accumulated, the Board's intention is for there to be further distribution of cash to Shareholders. However, if realisations are either delayed or it takes longer to make sizeable returns of capital, the Board will consider the payment of dividends.

The Company paid an interim dividend of 6.139p per Ordinary Share, amounting to £5.0 million, to Shareholders on 1 November 2024.

The Company has announced on 28 April 2025 the intention to return a further £30.0[1] million by way of a special interim dividend.

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. The share price closed at a 39.2% discount to the NAV as at 31 December 2024. As at 25 April 2025, the latest date prior to the publication of the Annual Report, the share price discount to NAV was 25.4%.

Maintenance of a reasonable level of ongoing charges

The expenses of managing the Group are carefully monitored by the Board. The Board receives and reviews management accounts which contain an analysis of expenditure which are reviewed at quarterly Board meetings. The Board reviews the ongoing charges on a quarterly basis. Based on the Group's average net assets during the year ended 31 December 2024, the Group's ongoing charges figure calculated in accordance with the AIC methodology was 3.8% (31 December 2023: 3.5%). Following the announcement of a special interim dividend on 28 April 2025 the Board is reviewing its cost structure to reduce the costs in absolute terms to a level more appropriate for a company of its size.

1 The Board has announced a special interim dividend of 36.837p per share, payable on 30 May 2025, to Shareholders on the register on 9 May 2025. The ex-dividend date is 8 May 2025.

Principal Risks and Uncertainties

During the year under review, 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, which is responsible for the risk and portfolio management services and outsources the portfolio management to the Investment Adviser. Each service provider has a role with respect to the identification of risks:

1. Investment Adviser: the Investment Adviser submits a quarterly report on the investment portfolio to the Board which includes risks faced by the projects in the portfolio, plus an update on hedging;

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

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

4. Company Secretary: briefs the Board on forthcoming legislation/regulatory change that might impact on the Company; and

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

Procedure for oversight

The Audit and Risk Committee undertakes a 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 is practicable, mitigated.

Principal Risks

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

Portfolio

Principal Risks	Potential Impact/Description	Mitigation
Counterparty / Credit	The risk that the Company has allocated funds to a Counterparty that defaults on its obligations. This could impact the financial performance of the Company and its ability to meet dividends as well as achieving its intended goals and returns for its investors.	The Company has sought to invest mostly, although not exclusively, in projects where the counterparties have an investment grade or near investment grade rating. The Investment Adviser uses third party credit rating service providers to support its credit risk assessments. Continued monitoring of the investments and the associated counterparties/service providers, including the use of credit rating data providers, allows the Investment Adviser to identify and address these 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 where possible. The Investment Adviser also seeks to structure investments whereby contracts can be adapted/extended to accommodate periods of payment defaults. The Board closely scrutinises, on an asset specific basis, the fair value calculations and expected credit loss provisions proposed by the Investment Adviser. An independent credit rating services company provides probability of default ("PD") and loss given default ("LGD") ratios of individual counterparties to support the calculation of ECL provisions. Diversification of counterparties and service providers ensures any impact is limited. In addition, a diversified portfolio provides further mitigation.
Concentration risk	The risk that the concentration of investments in a limited number of countries, counterparties, geographical markets, tenure and currencies could expose the Company to unnecessary fluctuations in a narrow range of markets. This risk could negatively impact the Company's performance and ability to meet strategic targets.	The AIFM and the Investment Adviser continuously monitor the existing portfolio against the Company's portfolio concentration limits and investment policy. This mitigates the risk by ensuring that concentration limits and asset diversification limits are observed. As at 31 December 2024, the Company had no substantial geographic exposure to any one country (with assets principally in Italy, Spain, Germany and the UK).
Environmental/ Social/ Governance ("ESG")	Failure to adequately consider ESG implications when making and monitoring investments could lead to reputational risk: exposure to greenwashing claims and potentially have an adverse impact on the portfolio's ability to achieve its targeted returns.	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

Principal Risks	Potential Impact/Description	Mitigation
Discount management	Market sentiment has moved the share price to a persistent discount to NAV. There is a risk that the Company will not be able to find ways to bring the share price back to NAV, leading to Shareholders being 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 Adviser.	The Company's Broker monitors the market for the Company's shares and reports 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 Board and Broker maintains engagement with Shareholders and ensures good market information is available to investors. Following the successful continuation and managed run-off vote in June 2023, the Board, with its advisers, continues to consider strategic options, including asset realisations, to maximise value for Shareholders.
Interest rates/ inflation	Changes to interest rates may impact the valuation of the investment portfolio by impacting the valuation discount rate. This in turn may have an adverse impact on the attractiveness of returns. Although energy prices have fallen from the heights, they reached in mid-2022, current global geopolitics could drive a return to increased energy prices and volatility, as well as prolonged higher inflation and interest rate levels.	The Company's investments, which provide in many cases for fixed returns, are not significantly exposed to inflation and interest rate movements because the income streams from investments are not subject to significant deductions for operating costs associated with the investments. While there may be O&M costs these are not a high percentage of revenues and so any inflationary pressures on such costs are not expected to have a significant impact. Furthermore, the Company has not taken on indebtedness to finance its investments and so there is no risk of the costs of indebtedness negatively impacting the revenues from investments. Were the Company to take on indebtedness it may use derivative instruments such as futures, options and swaps to protect the Company from fluctuations in interest rates. The Investment Adviser manages the correlation of cash flows to inflation and resilience to the economic environment. The Investment Adviser has sought to incorporate RPI adjustments in investment documentation where possible. In addition, investing in energy efficiency assets can in some cases provide an effective protection against inflation, as many such assets benefit from rising electricity prices with no burden on the cost side in relation to the use of resources.
Relations with ESCOs during managed run-off	Entering a managed run-off has strained relations with some ESCOs who may have expected further volume from AEET over time, giving rise to further counterparty/ credit risk for the Company.	In certain investments there is risk on the ESCO to provide a continuing service to enable the underlying investment, for example, to deliver energy savings or produce renewable energy. Where relationships may be strained the ESCO may not deliver such service and/or there may be a requirement to secure an alternative service provider, in which circumstances receivables may be at risk and/ or the cost of delivering the necessary services may increase. Appropriate provisions have been made within the financial statements where necessary. Communications with the ESCOs from the Investment Adviser ("IA") take into account these considerations and professional advice has been sought by the Company where needed. The Board and IA will continue to monitor relations with ESCOs as the run-off progresses.

Principal Risks continued

Economic and Markets continued

Principal Risks	Potential Impact/Description	Mitigation
Service provider risk	Risks that the Company's third-party service providers do not perform to the appropriate standards. Potential lack of resource, experience or depth in the Investment Adviser's team to manage the Company's investments. This may be exacerbated by the Managed Run-off status of the Company which has led, over time, to reduced fees for the Investment Adviser. Possible conflicts with other private Aquila clients and private investing vehicles which Aquila cannot disclose to the Board or the AIFM. The Investment Adviser is dependent on key people to identify, acquire and manage the Company's investments.	The Board continues to monitor the quality of services provided by all of its service providers, and in particular, the Investment Adviser. Where it is deemed that work carried out by any service provider is of insufficient quality, the Board will procure additional services from other service providers with a view to ensuring the required standard of portfolio management and reporting is maintained. The Board will reserve its right to recover the cost of such additional services from the current service providers. Additionally through the Management Engagement Committee, the Board conducts a formal assessment of each key service provider's performance once a year. To assist its ability to properly oversee the Company's service providers, the Board requires each service provider to notify it as soon as reasonably practicable following any material breach of its contract with 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 and agreed with the Board. The strength and depth of the Investment Adviser's resources mitigate the risk of a key person departure and provides the ability to draw skills from other areas if needed.

Operational

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 both the AIFM and the Company on their cyber policies and business continuity plans along with external reviews of their procedures where applicable. The AIFM, Administrator and Board include Cyber Risk in their reviews of counterparties.

Financial

Principal Risks	Potential Impact/Description	Mitigation
Portfolio Carrying Value	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 where such investments have variable returns. Fair value calculations rely on projections, which involve estimates of the future, which are inherently judgmental. There is a risk that these valuations and underlying assumptions such as discount rates being applied are not a fair reflection of an open market valuation, therefore the investment portfolio could be over or under valued. Investments with fixed returns are measured at amortised cost and subject to expected credit loss provisions, which are based on numerous assumptions and judgments.	The Investment Adviser has experience in undertaking valuations of renewable sustainability/energy transition assets. In addition, independent advice from a professional accounting services firm has been received to ensure that the Portfolio valuation adheres to the relevant accounting standards. The AIFM and the Board review and interrogate the valuations and underlying assumptions provided by the Investment Adviser. It should be noted that valuations are held at fair value and at amortised cost and not at net realisable value.
Act of War/ Sanctions	As evidenced with conflict in the Ukraine and the Middle East, various sanctions and restrictions imposed. There is a possibility that there could be supply delays for Operations and Maintenance ("O&M"), sanction considerations, volatile markets and general uncertainty. More difficult energy markets are 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. Conflict 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, Russia or the Middle East, there are also no direct business relationships with counterparties from these countries; therefore assessments have led the Company to the conclusion that its investments in Europe are not impacted directly at this time.
Capital Preservation	During the run-off, there is a risk that overdistribution of cash will leave the Company short of sufficient liquidity to meet ongoing expenditure.	The Board, Investment Adviser and AIFM will review the ongoing liquidity requirements and cashflow forecasts of the Company prior to making distributions to ensure that sufficient funds are maintained throughout the run-off process.

Emerging Risks

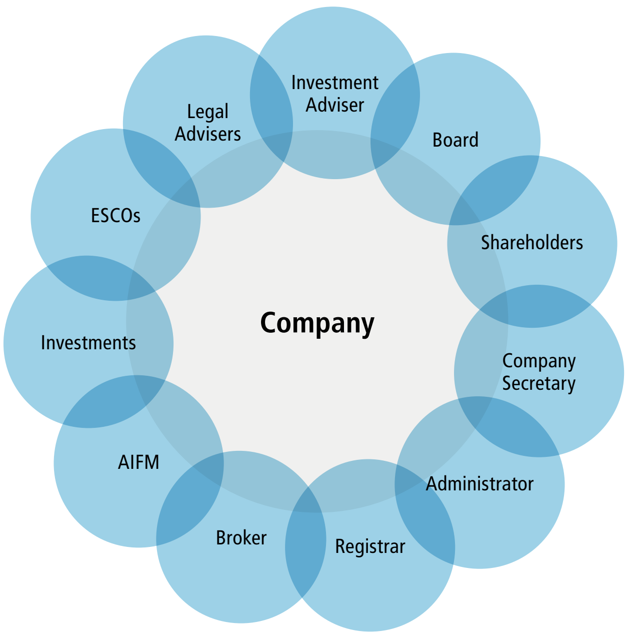
Principal Risks	Potential Impact/Description	Mitigation
Shrinking Company size relative to cost base.	As the run-off progresses there will be a significantly reduced size to the portfolio, which will in turn reduce the IA fee and potentially place a strain on available IA resourcing. As several costs are fixed, this will potentially lead to a growing cost base relative to the size of the Company.	The Board will continue to monitor the services of IA and other providers during run-off. Should it be considered that there is either a lack of sufficient service, this can be addressed prior to it having a detrimental effect on the Company. Conversely, should the Board feel that costs are becoming disproportionately high relative to the requirements of the Company, steps can be taken to scale back providers and their associated costs where possible.

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, Investments, ESCOs, 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 through subsidiaries.

Engagement with Key Service Providers

The Board has identified that its key service providers are the Company's AIFM, Administrator, Company 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 29. 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).

Engagement with Shareholders

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

The Board and the Company's Broker engage constructively with major Shareholders and the Board has meetings with them as and when requested.

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 on 28 May 2025 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 press releases.

Board Decisions

Investments

When the Company was set up and looking to invest the proceeds raised in the IPO in June 2021, the Board was presented with each investment opportunity identified by the Investment Adviser, unless these fell under the authority delegated to the AIFM to approve investments within certain agreed criteria ("Delegated Authority"). 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 approved proposal against the Company's investment objectives, investment policy and strategy. Following the failure of the continuation vote on 28 February 2023, no new commitments were made from that date, but contractually committed sums were invested to honour existing contractual obligations.

During 2024, £4.2 million was deployed into investments, which had been committed to on or before the date of the Continuation Vote. As at 31 December 2024, the total value of investments was £56.3 million. Further details for these investments can be found at the Investment Adviser's report on pages 6 to 12.

Since the approval by Shareholders of the Managed Run-Off in 2023 and following the unsuccessful attempt, run on behalf of the Company by its financial advisers, to seek offers from market participants for the portfolio of assets (which ended in February 2024), the Board has continued to seek opportunities to realise capital through the sale of assets. Where the Board has been presented an opportunity to realise an investment prior to its designated term it has considered each opportunity against various criteria but particularly whether the disposal represented fair value and was in Shareholders' interests, taking into account the New Investment Policy.

Return of Capital

On 6 March 2024, the Company announced that it intended to return capital to Shareholders by way of a Tender Offer to ordinary Shareholders of up to 18,561,732 ordinary shares for a maximum aggregate cash consideration of £17.5 million. This entitlement to tender was undertaken at a price of 94.28p, the Company's NAV per share at 31 December 2023. The Tender Offer was launched on 19 April 2024 and the result of the Tender Offer was announced on 13 May 2024; 90,231,121 shares were validly tendered, and the requisite Special Resolution was passed, resulting in the purchase by the Company of 18,561,732 shares, which was the maximum amount possible under the terms of the Tender Offer.

Decisions Following Year-End

Investments

As announced on 28 February 2025, the Company has entered into agreements to realise its Bio-LNG investment in Germany and the majority of its Italian Superbonus investments for a combined gross consideration of £26.8 million.

As a result of these realisations, the Company has announced on 28 April 2025 the payment of a special interim dividend of 36.837 pence per Ordinary Share.

Task Force 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.

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 Aquila Capital is advising both the AIFM (for the Company) and other Aquila Capital managed funds that are counterparties to the Company. These procedures may, on a case-by-case basis, include:

- identifying whether potential conflicts of interest exist on individual transactions and the nature of the potential conflicts of interest;
- establishing that an individual transaction has been negotiated on arm's length commercial terms;
- 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 2024, the Company had four Directors, of whom two were female and two were male. The Board's policy on diversity is contained in the Corporate Governance Statement (see page 40).

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 2027 (the "Look-forward Period").

Following the change in investment policy approved by Shareholders at the 2023 AGM, the Company entered a managed run-off, meaning that it is not making any new investments (save for in limited circumstances as set out in the New Investment Policy) and its investing activity is solely in respect of funding legal commitments to existing investments (the "Managed Run-Off"). The Board will continue to review strategic options in respect of the Company's assets to realise the maximum value for Shareholders in the shortest possible time, recognising the inherent difficulties in the construction of the portfolio, including the number of investments, multiple geographies and long tenors. While the Company is continuing to explore strategic options there remains no certainty that any of these options will materialise and be put to Shareholders for consideration. Accordingly, the Directors recognise that these conditions indicate the existence of material uncertainty which may cast significant doubt about the Group and the Company's viability over the Look-forward Period.

Although the Company is in a Managed Run-Off, 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 maturity of the Company's assets, 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 have a reasonable expectation that the Company has adequate resources to: continue in operation; realise the Company's assets in an orderly manner; and meet its liabilities as they fall due, over the Look-forward Period.

Outlook

The outlook for the Company, including the future development and performance of the Company, is discussed in the Chair's Statement on page 4 and the Investment Adviser's Report on page 6.

Strategic Report

The Strategic Report set out on pages 4 to 27 of this Annual Report was approved by the Board of Directors on 28 April 2025.

For and on behalf of the Board

Miriam Greenwood OBE DL
Chair of the Board

28 April 2025

The Directors present their report and financial statements for the year ended 31 December 2024.

Corporate Governance

The Corporate Governance Statement on pages 34 to 42 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 the United Kingdom. It is an investment company as defined in section 833 of the Act and has a premium listing on the London Stock Exchange.

The Company received approval as an investment trust from HMRC. The Company must meet eligibility conditions and ongoing requirements in order for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the year ended 31 December 2024, 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. The Company qualifies as a low energy user and is therefore not required to produce an energy and carbon report under the SECR framework. 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.

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.

Alternative Investment Fund Manager ("AIFM")

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

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

- monitoring the Energy Efficiency Investments in accordance with the Investment Policy;
- evaluating investment opportunities identified by the Investment Adviser and making relevant recommendations to the Board; and
- 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:

- assisting the Board with the establishment of a risk reporting framework; monitoring the Company's compliance with its Investment Policy and the Investment Restrictions in accordance with the AIFM risk management policies and procedures and providing regular updates to the Board; and
- carrying out a risk analysis of the Company's exposures, leverage, counterparty and concentration risk; and 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 the purpose of calculating the NAV.

Under an agreement dated 10 May 2021, the AIFM is entitled to:

- a management fee of £87,500 per annum (subject to annual RPI) plus an additional amount which is equal to 0.015% per annum of the Net Asset Value of the Company that exceeds £250 million;
- an additional fee of £3,000 per annum (subject to annual RPI) in respect of each jurisdiction in which a marketing notification has been made in accordance with the UK AIFMD and the EU AIFM Directive; and
- the reimbursement of the investment advisory 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 by the Investment Adviser 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, entered into at the time of IPO, the following fee is payable to the Investment Adviser:

(i) 0.95% per annum of NAV (plus VAT) of the Company up to and including £500 million; and

(ii) 0.75% per annum NAV (plus VAT) of the Company above £500 million.

Under the Investment Advisory Agreement, the Investment Adviser is entitled to an advisory fee based on the Company's NAV. As announced on 21 April 2022, the Investment Adviser agreed to amend the 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), with this amendment to be applied retrospectively from the time of the Company's IPO.

Company Secretary and Administrator

Apex Listed Companies Services (UK) Limited has been appointed to provide company secretarial and administration services to the Group. The AIFM, Company Secretary and Administrator are part of the Apex 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

The performance of the Investment Adviser is subject to rigorous review by the Board. During 2024, the continuing appointment of the Investment Adviser was recommended by the Board.

Share Capital

As at 31 December 2024, the Company's issued share capital comprised 81,438,268 Ordinary Shares (31 December 2023: 100,000,000).

Voting rights

Each Ordinary Share 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 Group's revenue loss after tax for the year amounted £0.2 million (2023: £0.9 million). An interim dividend of 6.139p per Ordinary Share was paid in respect of the period ended 30 June 2024 and the Board has declared a special interim dividend of 36.837 pence per ordinary share in respect of the first six months of the financial year ending 30 June 2025, payable on 30 May 2025, to Shareholders on the register on 9 May 2025. The ex-dividend date is 8 May 2025.

Notifiable Shareholders

As at 31 December 2024, 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*	Date notified
Rathbones Investment Management Ltd	14,653,937	17.99	24/12/2024
Schroders Plc	12,087,401	14.84	16/05/2024
Lion Umbrella Fund I S. A. SICAV-RAIF	12,978,637	12.98	23/02/2022
Stichting Juridisch Eigendom Privium Sustainable Impact Fund	4,795,151	5.89	16/05/2024
Marmarkon 4 S.à r.l.	5,847,819	5.85	28/06/2021
City of Bradford - West Yorkshire Pension Fund	5,000,000	5.00	03/06/2021
Premier Miton Group plc	3,308,654	4.06	20/05/2024

** Percentage held as at the date notified.*

Since year end, the Company has been notified of the following change to the above shareholdings:

- Rathbones Investment Management Ltd notified the Company on 10 March 2025 that it had sold 1,295,225 Ordinary Shares, resulting in a holding of 16.40% of the issued share capital of the Company; and
- Morgan Stanley notified the Company on 11 March 2025 of a holding of 5.04% of the issued share capital of the Company.

Shareholder Engagement

The Board is mindful of the importance of engaging with the Company's Shareholders to gauge their views on topics affecting the Company. The Chair engaged closely with its major Shareholders during the year to discuss their expectations and requirements.

The Company's Annual General Meeting will be held on 28 May 2025 at 2:00pm at the offices of CMS Cameron McKenna Nabarro Olswang LLP located at Cannon Place, 78 Cannon Street, London EC4N 6AF. Shareholders are encouraged to attend the Annual General Meeting of the Company. Proxy voting figures will be made available shortly after the AGM on the Company's website.

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 Annual General Meeting and the Board will seek authority to determine their remuneration for the forthcoming year.

Going Concern

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

The Group and Company continue to meet day-to-day liquidity needs through their cash resources. The Directors have a reasonable expectation that the Group and Company have 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 taken into account the following considerations:

- The Group's investment commitments, amounting to £0.04 million, and its income and expense flows;
- No new commitments have been entered into since 28 February 2023;
- The £36.4 million cash balance at 31 March 2025 (excluding £2.5 million held as collateral for FX hedging) following the receipt of repayments up to that date; and
- The potential income from the remaining investments.

The Board has announced that a special interim dividend of 36.837 pence per Ordinary Share will be paid on 30 May 2025. Total expenses for the year were £3.0 million (excluding impairment losses) (2023: £3.3 million), which represented 3.8% of average net assets during the year (2023: 3.5%). The Board, Investment Adviser and AIFM will review the ongoing liquidity requirements and cashflow forecasts of the Company prior to making further distributions to ensure that sufficient funds are maintained throughout the run-off process. At the date of approval of this document, based on the aggregate of investments and cash held, the Group and Company have substantial operating expenses cover. The Directors are also satisfied that the Group and Company would continue to remain viable under downside scenarios.

As set out in the 2023 Annual Report, at the 2023 AGM, Shareholders voted in favour of the Company's change of investment policy (the "New Investment Policy"). Following the 2023 AGM, and in accordance with the New Investment Policy, the Company entered a continuation and managed run-off of its portfolio ("Managed Run-Off"), meaning that it is not making any new investments (save for the limited circumstances as set out in the New Investment Policy) and its investing activity is solely in respect of funding legal commitments to existing investments.

The Continuation and Managed Run-Off Resolution was put forward as a resolution to Shareholders in response to the outcome of the Company's continuation vote held in February 2023, which did not pass.

As referred to above, the Company is operating currently under a Managed Run-Off with the term of some of the Company's assets being several years. While the Company is continuing to explore other strategic options, there remains no certainty that any of these options will materialise and be put to Shareholders for consideration.

Accordingly, while the Directors recognise that these conditions indicate the existence of material uncertainty which may cast significant doubt about the Group and 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 Group and the Company should be prepared on a going concern basis. Neither the Group nor the Company financial statements include any potential costs of liquidation and the financial statements do not include the other adjustments that would result if the Group and the Company were unable to continue as a going concern.

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 ("AGM")

The Company's AGM will be held on 28 May 2025 at the offices of CMS Cameron McKenna Nabarro Olswang LLP located at Cannon Place, 78 Cannon Street, London EC4N 6AF. Full details of the AGM, the resolutions proposed and how to vote by proxy are described in the Notice of AGM, which can be found on the Company's website. Shareholders are welcome at any time to submit questions they may have to aeetcosecmbx@apexgroup.com.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM to be held on 28 May 2025.

Special Resolution 10.

Authority for the Company to purchase its own shares

This resolution replaces the authority given at last year's annual general meeting for the Company to make market purchases of its own Ordinary Shares as permitted by the Companies Act 2006. The Directors recommend that an authority to purchase up to a maximum of 12,207,596 Ordinary Shares, representing 14.99% of Ordinary Shares in issue as at 28 April 2025, being the latest practicable date prior to the publication of the Notice of AGM, (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. Any Ordinary Shares purchased will either be cancelled or, if the Directors so determine, held in treasury. At the date of this document, the Company did not hold any shares in treasury.

The price per Ordinary Share that the Company may pay is set at a minimum amount of the nominal value of each Ordinary Share and a maximum amount of the higher of: (i) 105%. of the average of the previous five business days' middle market prices as derived from the Daily Official List of the London Stock Exchange; and (ii) the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out. 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.

This authority would continue to provide flexibility in the management of the Company's capital resources. The Directors will only exercise this authority if the Directors believe that such exercise would be likely to achieve the best balance for Shareholders for making timely returns of capital to Shareholders.

Special Resolution 11.

Authority to call general meetings (other than annual general meetings) on 14 clear days' notice

The minimum notice period for general meetings of the Company is 21 days unless Shareholders approve a shorter period for general meetings (other than an annual general meeting), which cannot be less than 14 clear days. The Board believes that it is in the best interests of Shareholders to have the ability to call meetings on 14 clear days' notice on matters requiring urgent approval and resolution 11 seeks such approval.

In accordance with the Companies (Shareholders' Rights) Regulation 2009, the Company will offer 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. If given, the approval would be effective until the Company's next annual general meeting.

Outlook

The outlook for the Company, including the future development and performance of the Company, is discussed in the Chair's Statement on page 4 and the Investment Adviser's Report on page 6.

By order of the Board

Sinead van Duuren
For and on behalf of
Apex Listed Companies Services (UK) Limited
Company Secretary
28 April 2025

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

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

The AIC Code is available on the AIC website (www.theaic.co.uk) and the UK Code can be found on the Financial Reporting Council's website (www.frc.org.uk). The 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 year ended 31 December 2024 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 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

The Company is an investment company and its investment objective and policy are set out on page 16. 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

As at the date of this report, the Board of Directors consists of four non-executive Directors, whose biographies are included below.

Miriam Greenwood OBE DL

*Non-Executive Chair**
Appointed on 19 April 2021

With qualifications as a barrister and in corporate finance, Miriam spent more than 30 years working for a number of leading investment banks and other financial institutions. In previous roles, she served as a non- executive Director of the UK energy regulator OFGEM and on the Board of a number of publicly quoted companies and was also a founding partner of SPARK Advisory Partners, an independent corporate advisory business.

Miriam is currently chair of ESP Utilities Group Ltd, senior independent director of Canopius Group Limited, a non-executive director of Canopius Managing Agents, Encyclis Holdco Limited and Liontrust Asset Management plc, and an adviser 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 in 2000.

David Fletcher

*Non-Executive Director, Senior Independent Director**
Appointed on 29 April 2022

David was Group Finance Director of Stonehage Fleming Family & Partners, a leading independently owned multi-family office, 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. He is the Chair of JPMorgan Claverhouse Investment Trust plc. He is also a director and Audit Committee Chairman at Ecofin US Renewables Infrastructure Trust plc. David is a graduate of Oxford University.

Nicholas Bliss
*Non-Executive Director**
Appointed on 9 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.

Janine Freeman
*Non-Executive Director**
Appointed on 2 November 2022

Janine Freeman is an experienced, senior energy industry executive and Non-executive Director with over 20 years in the energy industry. Driving investment in clean energy infrastructure has been her primary focus for much of that time. Janine is currently a Non-executive Director and Audit and Risk Committee Chair at Harmony Energy Income Trust plc, a non-executive director of Phoenix Technologies Holdings Limited and Executive Chair at Intelligent Resource Management Ltd. Previously, Janine was a Director at PwC within the Deals team, where she led on Net Zero Investment Strategy & Deals. At National Grid plc, where Janine spent 16 years, she was a member of the UK Executive Committee and the GB Electricity System Operator Executive Committee. Janine achieved her Chartered Accountancy qualification (ACA) at Deloitte & Touche in London.

*All the 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 year under review is set out on pages 48 to 50. The Committee comprises all the independent non-executive Directors and is chaired by David Fletcher. In accordance with the AIC Code, the Chair of the Board is a member of the Audit and Risk Committee as she was independent on appointment and she remains so.

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 and is chaired by Janine Freeman.

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.

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 Nicholas Bliss.

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.

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.

Meeting Attendance during the year ended 31 December 2024

	Board	Audit and Risk Committee	Management Engagement Committee	Remuneration Committee	Nomination Committee
Miriam Greenwood	6/6	5/5	1/1	1/1	1/1
David Fletcher	6/6	5/5	1/1	1/1	1/1
Nicholas Bliss	6/6	5/5	1/1	1/1	1/1
Janine Freeman	6/6	5/5	1/1	1/1	1/1

In addition, a number of ad hoc Board and Committee meetings were held during the year under review 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.

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

The Senior Independent Director provides a sounding board to the Chair, and serves as an intermediary for the other directors and Shareholders.

Role of the Board

All Board members are independent non-executive Directors, who continue to be independent of the AIFM and Investment Adviser. 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 AIFM and Investment Adviser).

The principal objectives of the Board are the run-off of the portfolio and the continuing evaluation of any strategic proposals. 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 Corporate Governance Code, the Board has resolved that all Directors shall stand for annual re-election at each AGM.

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 year ended 31 December 2024. 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 four independent non-executive Directors including the Chair. 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 pages 35 and 36.

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 Company's policy is that the Board should have an appropriate level of diversity in the boardroom with the overriding aim of ensuring that the Board is composed of the best combination of people for ensuring effective oversight of the Company and constructive support and challenge to the Investment Adviser. All Board appointments will be made on merit and have regard to diversity including factors such as ethnicity, gender, skills, background and experience. There will be no discrimination on the grounds of gender, religion, race, ethnicity, sexual orientation, age or physical ability. As at 31 December 2024, the Company had 4 Directors, 2 of whom were female and 2 of whom were male. As at the date of this Report, the Company has 4 Directors, 2 female and 2 male.

The Board takes account of the FCA's listing rule (UKLR6.6.6R(9)(a)) concerning public disclosures on whether a company has met the following targets on board diversity:

a) at least 40% of individuals on the board are women;

b) at least one of the senior board positions (defined by the FCA as either the chair, senior independent director, chief executive or chief financial officer) is held by a woman; and

c) at least one individual on the board is from a minority ethnic background.

As at 31 December 2024, the Board meets the criteria of two of the three targets as a) 50% of the Board are women, and b) the Chair of the Board is a woman. The Board does not meet target c) as no Board members are from a minority ethnic background. There have been no new appointments to the Board in 2024, however, the Board would seek to include candidates from minority ethnic backgrounds on a short-list as part of the recruitment of a new director.

The below tables set out the diversity data required under UKLR6.6.6R(10) as at 31 December 2024. As an externally managed investment company, the Board employs no executive staff, and therefore does not have a chief executive officer (CEO) or a chief financial officer (CFO), both of which are deemed senior board positions by the FCA.

The following information has been provided by each Director. There have been no changes since 31 December 2024.

Board diversity as at 31 December 2024

Gender	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	2	50%	1[1]
Women	2	50%	1[2]
Prefer not to say	–	–	–

Ethnic background	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or Other White (including minority white groups)	4	100%	2[1,2]

1 David Fletcher is Senior Independent Director.

2 Miriam Greenwood is Chair of the Board.

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. 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

A formal annual performance evaluation was conducted on the Board, the Chairman, the Committees, the Investment Manager, and the main service providers for the year ended 31 December 2024. The evaluation was conducted by the Company Secretary with the oversight of the Chair and Senior Independent Director.

The results of the Board performance evaluation were positive and demonstrated that the Directors were committed to the fulfilment of their duties and with a high level of engagement.

A policy of insurance against Directors' and Officers' liabilities is maintained by 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 the Auditors' performance, the Audit and Risk Committee examines the robustness of the audit process, the independence and objectivity of the auditor and the quality of delivery.

The members of 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 year ended 31 December 2024 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 4 to 27.

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 reviewed the effectiveness of the internal control system throughout the year ended 31 December 2024.

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, the Administrator and Company Secretary.

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

Annual Chair's Statement

I am pleased to present the Remuneration Committee (the "Committee") report for the year ended 31 December 2024. It is set out in two sections:

a) Remuneration Policy – a summary of our current and future Policy which was last approved at the Company's General Meeting in July 2022 and which will be put to Shareholders, as a binding vote by way of an ordinary resolutions at the forthcoming Annual General Meeting ("AGM") to be held on 28 May 2025. The below stated Remuneration Policy remains unchanged from the Remuneration Policy last placed before Shareholders at the Company's AGM held in 2022, except for one minor change; it has been updated to clarify that the Chair of the Board, each Committee Chair and the Senior Independent Director will receive a higher fee in recognition of their additional duties;

b) Remuneration Implementation Report – a description on how the Directors' Remuneration Policy has been implemented during the year under review. The Remuneration Implementation Report is put forward for approval by Shareholders on an annual basis.

The Remuneration Committee Report for the year to 31 December 2024 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 twice during the year under review.

General Meeting approval of the Remuneration Policy and Remuneration Implementation Report

The Company's Remuneration Policy was approved 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, 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 appointments as non-executive Directors of the Company and as non-executive Directors of Attika Holdings Limited, a wholly owned subsidiary of the Company, 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 £500,000 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 (who is also Chair of the Nomination Committee), the Chair of the Audit and Risk Committee, the Chair of the Remuneration Committee, the Chair of the Management Engagement Committee and the Senior Independent Director, who are paid a higher fee in recognition of their additional responsibilities. As provided for in clause 107 of the Articles of Association and in accordance with the relevant provisions of the AIC Code, as well as each Director's appointment letter, the Directors are entitled to 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. As part of this process reference is made to the fees paid to the directors of other similar investment trust companies.

Consideration of Shareholders' Views

The General Meeting which was held on 25 July 2022 was the first opportunity for Shareholders to vote on the Directors' Remuneration Policy. The Remuneration Policy was approved with 99.93% votes in favour.

Effective Date

The Remuneration Policy was effective from 25 July 2022, being the date at which the Policy was approved by Shareholders at the Company's General Meeting. At the Annual General Meeting on 12 June 2024 the Directors' Remuneration Report as set out in the 2023 Annual Report was approved with 99.92% in favour.

Remuneration Implementation Report

Directors' remuneration

During the year ended 31 December 2024, the Remuneration Committee undertook a review of Directors' fees.

With effect from 1 July 2024 each of the Directors was entitled to receive a fee of £44,899 per annum (31 December 2023: £43,676) with the Chair of the Board (who is also Chair of the Nomination Committee) entitled to receive an additional fee of £27,389 per annum (31 December 2023: £26,643). With effect from 1 July 2024, the Chair of the Audit & Risk Committee, who is also the Senior Independent Director of the Company received an additional total fee of £11,613 per annum (31 December 2023: £11,297). The Chair of the Remuneration Committee, appointed with effect from 1 July 2024 received an additional £6,607 per annum (31 December 2023: £5,902 for her additional Board and Committee engagement work prior to appointment). The Chair of the Management Engagement Committee received an additional £6,607 per annum (31 December 2023: £5,902). All these fees represented an increase of 2.8% over the previous year.

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 that the split of Directors' fees between the Company and Attika Holdings Limited of 70%/30% respectively remained appropriate with effect from 1 July 2024.

The Board believes that the level of increase and resulting fees appropriately reflect the level of demands on the individual Directors, prevailing market rates for an investment trust of the Company's size and complexity, the increasing complexity of regulation and resultant time spent by the Directors on matters, and it will also enable the Company to continue to attract appropriately experienced Directors in the future.

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.

The decision by Shareholders to vote against Continuation at the end of February 2023 meant that the duties of the Directors have been beyond those normally expected as part of their appointment. Therefore, in accordance with Principal 8 of the AIC Code it was decided that provision should be made for additional fees. In view of the additional duties and responsibilities, the Remuneration Committee decided, immediately following the Continuation Vote and before detailed work commenced on reviewing the options to implement Shareholders' wishes, to increase with effect from 1 March 2023 the monthly fees of the Chair of the Board and the Chair of the Audit & Risk Committee by £2,500 and £1,900 respectively and by £1,150 for the Chair of the Management Engagement Committee and £1,010 for the other non-executive Director. This was set out in detail in the Remuneration Report within the Annual Report for the year ended 31 December 2022.

On 1 July 2023, and taking into account the approval by Shareholders of the Managed Run Off resolution at the June 2023 Annual General Meeting, and the review of strategic options for the portfolio, including the possible sale of assets and other options, these monthly fees were maintained and increased to £2,930 for the Chair of the Board, £2,291 for the Chair of Audit & Risk Committee, Chair of the Remuneration Committee and Senior Independent Director and £1,239 for the other Directors.

With effect from 1 July 2024, the additional monthly fees were maintained and increased to £3,012 for the Chair of the Board, £2,355 for the Chair of the Audit & Risk Committee and £1,699 for each of the Remuneration and Management Engagement Committee Chairs.

The standard fees for Directors are reviewed annually and the additional monthly fees are subject to regular review.

Directors' Remuneration

The table below (audited) provides a single figure for the total remuneration of each Director.

	Date of appointment to the Board	Fees for the year ended 31 December 2024[1] (£)	Taxable benefits (£)	Total (£)	Fees for the year ended 31 December 2023[1] (£)
Miriam Greenwood	19 April 2021	106,954	–	106,954	92,852
Nicholas Bliss	9 April 2021	67,902	–	67,902	59,794
David Fletcher	29 April 2022	83,613	–	83,613	71,861
Janine Freeman	2 November 2022	67,902	–	67,902	56,512
Total		**326,371**	**–**	**326,371**	**281,019**

1 Including fees in respect of directorships in Attika Holdings Limited.

No additional expenses were paid to the Directors (2023: nil). None of the above fees were paid to third parties.

The annual percentage change in remuneration in respect of the financial years prior to the current year in respect of each Director is as follows:

	% change 2023 to 2024	% change 2022 to 2023	% change 2021 to 2022[1]
Miriam Greenwood	15.19	61.24[2]	–
Nicholas Bliss	13.56	41.60[3]	–
David Fletcher	16.35	135.17[4]	–
Janine Freeman	20.16	750.83[5]	–

1 The fees received for the period to 31 December 2021 and the year to 31 December 2022 are not comparable as they cover different durations and two Directors joined the Board in 2022. Accordingly, a year-on-year percentage change has not been included in the table above.

2 The 61.24% increase in 2023 for Miriam Greenwood arose mainly from the introduction of an additional monthly fee to reflect the extra duties and responsibilities as Chair of the Board arising from the failed continuation vote at the end of February 2023, the approval of the Managed Run Off resolution at the end of June 2023 and the continuing review of strategic options for the portfolio as detailed in this Remuneration Report.

3 The 41.60% increase in 2023 for Nicholas Bliss arose mainly from the introduction of an additional monthly fee to reflect the extra duties and responsibilities arising from the failed continuation vote at the end of February 2023, the approval of the Managed Run Off resolution at the end of June 2023 and the continuing review of strategic options for the portfolio as detailed in this Remuneration Report.

4 The 135.17% increase in 2023 for David Fletcher arose mainly from (i) his appointment part way through 2022 (29 April 2022) (ii) the introduction of an additional monthly fee to reflect the extra duties and responsibilities arising from the failed continuation vote at the end of February 2023, the approval of the Managed Run Off resolution at the end of June 2023 and the continuing review of strategic options for the portfolio and (iii) his appointment to the role of Senior Independent Director of the Board on 1 July 2023 as detailed in this Remuneration Report.

5 The 750.83% increase in 2023 for Janine Freeman arose mainly from (i) her appointment part way through the year as a Director on 2 November 2022 (ii) the introduction of an additional monthly fee to reflect the extra duties and responsibilities arising from the failed continuation vote at the end of February 2023, the approval of the Managed Run Off resolution at the end of June 2023 and the continuing review of strategic options for the portfolio and (iii) to reflect her role and particular involvement on the Audit & Risk Committee as detailed in the Remuneration Report in the 2023 Annual Report.

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 Company's share price (total return) by comparison to the FTSE All share index for the period since the Company commenced operations on 2 June 2021. 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.

Total return rebased to 100 at date commencement of operations on 2 June 2021

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.

	31 December 2024 £'000	31 December 2023 £'000	change %
Directors' fees payable	326	281	16.0
Dividends paid to Shareholders	4,999	1,250	
Repurchase of shares via a Tender Offer	17,500	–	
Total Distribution to Shareholders	22,499	1,250	1,699.9

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.

Directors' Share Interests

The Company's Articles of Association do not require Directors to own shares in the Company. The Shares held by Directors, including those of connected persons, at the beginning and end of the financial year are set out below.

	31 December 2024			31 December 2023		
	Director	Connected person	Total	Director	Connected person	Total
Miriam Greenwood	19,181	–	19,181	24,000	–	24,000
David Fletcher	38,598	12,832	51,430	42,425	14,181	56,606
Nicholas Bliss	16,280	–	16,280	20,000	–	20,000
Janine Freeman	–	–	–	–	–	–

The information in the above table has been audited. There have been no changes following the year end.

Remuneration Consultants

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

Recruitment Agencies

The Board has not paid and will not pay any incentive fees to any person to encourage them to become a director of the Company.

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Remuneration Policy and Remuneration Implementation Report summarises, as applicable, for the year ended 31 December 2024:

a) the major decisions on Directors' remuneration;

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

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

Janine Freeman
Chair of the Remuneration Committee
28 April 2025

REPORT OF THE AUDIT AND RISK COMMITTEE

Introduction

I am pleased to present the Audit and Risk Committee (the "Committee") report for the year ended 31 December 2024. At least once a year the Committee Chair meets with the external Auditors without any representative of the Investment Adviser or Administrator being present. The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process (see page 41).

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. In accordance with the AIC Code, the Chair of the Board is a member of the Audit Committee as she was independent on appointment and she remains so. The experience of the members of the Committee can be assessed from the Director's biographies set out on pages 35 and 36.

Main Activities of the Committee

The Committee met formally five times during the year under review and twice after the year-end. PwC, the external Auditors, attended three meetings in 2024 and twice after the year-end. The AIFM's risk function provided reports on their monitoring programme for these meetings.

The matters considered, monitored and reviewed by the Committee during the course of the year under review included the following:

- a detailed analysis of the Group and Company's semi-annual NAVs and underlying assumptions;
- monitored the Group and Company's reserves and reviewed the Group and Company's net income, cash position and cash flow forecasts and recommended appropriate dividend levels and the tender offer level to the Board;
- monitored and reviewed the Group and Company's emerging and principal risks and internal controls;
- considered the ongoing assessment of the Group and Company as a going concern;
- considered the appointment, independence, objectivity and remuneration of the Auditor;
- reviewed the audit plan;
- approved the accounting principles including the investment entity status, the valuation methodology including fair value and amortised cost;
- monitored the preparation and timetable for the production of the Annual Report & Accounts;
- monitored the integrity of the financial statements of the Group and Company, including its annual and half-yearly reports, and any other formal announcements relating to its financial performance, and reviewed and reported to the Board on significant financial reporting issues and judgements contained within them; and
- considered the financial and other implications on the independence of the auditor arising from the provision of non-audit services.

Following the proposed distribution of capital to Shareholders referred to in the Chair's statement on page 5 the Board is reviewing all its costs with a view to reducing them to a level more appropriate for the size of the Group and Company.

Going Concern

The Committee reviewed the Group's and 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 Group's and Company's ability to continue as a going concern, it is appropriate for the Group's and Company's financial statements to be prepared on a going concern basis as described in the Directors' Report on page 31.

Internal Control and Risk

During the year under review, 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 19 and the Company's principal risks can be found on pages 20 to 23.

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 Group and Company and for reviewing their 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 used for publication, and that the assets of the Group and Company are safeguarded.

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

The Statement of Directors' Responsibilities in respect of the financial statements is on page 51 and a Statement of Going Concern is on page 31. The Report of the Independent Auditor is on pages 52 to 59.

Financial Statements and Significant Accounting Matters

The Committee reviewed the financial statements and considered the following significant accounting issues in relation to the Group and Company's financial statements for the year ended 31 December 2024.

Investment Entity Status

As a result of the development of the portfolio of investments, the actual investments made and the structure of those investments, many of which were receivables purchase investments with fixed rates of return, the Committee determined that this required judgement and re-assessment of the Company's investment entity status for the year ended 31 December 2022. As a result of this re-assessment, which identified that fixed rate of return investments constituted a substantial proportion of the pipeline of investments and resultant actual investments, the Committee determined that as from 1 January 2022 the Company was no longer an investment entity. This has continued to be the position in 2023 and 2024.

Valuation and Existence of Investments

The Group's and Company's accounting policy is to designate investments at fair value through profit or loss, or at amortised cost less expected credit loss provisions, whichever is appropriate, adjusted by any foreign exchange differences. Investments with variable returns are measured at fair value and investments with a fixed return structure are measured at amortised cost. Therefore, the most significant risk in the Group and Company's financial statements is the carrying value of the Group and Company's investments because fair values, the effective interest method and expected credit loss provisions have been arrived at using a number of judgments. The Committee reviewed the procedures in place for ensuring the accurate valuation and existence of investments and approved the valuation of the Company's investments and their existence at the year-end with the Investment Adviser, the AIFM and other service providers.

The Board has approved a Valuation Policy which sets out the valuation process. The process includes a valuation by the Investment Adviser of the Group and Company's investments on an annual basis as at 31 December each year. These 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.

For those investments measured at amortised cost the Company has used the effective interest method and has calculated an expected credit loss provision in accordance with IFRS 9.

The Audit and Risk Committee has satisfied itself with the investment valuation, the calculation of amortised cost values and expected credit loss provisions.

Recognition of Income

Income may not be accrued correctly. Calculations of investment income using the effective income method have been provided to the Company by the Investment Adviser. The Committee reviewed the Administrator's procedures for recognition of income and reviewed the treatment of income receivable in the year under review.

Tax Status

The Company may suffer tax on gains on the realisation of investments if investment trust status is not maintained. The Committee reviewed the compliance of the Company during the year under review, 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 fourth 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 Senior Statutory Auditor must be rotated every five years and is next eligible for rotation in 2026.

The audit plan was presented to the Committee at its November 2024 meeting, ahead of the commencement of the Company's year-end audit. The audit plan sets out the audit process, materiality, scope and significant risks.

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 ended 31 December 2024.

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, AIFM and Investment Adviser 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 to 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.

PwC was not engaged to provide non-audit services to the Company during the year ended 31 December 2024.

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 have been satisfied. In so doing the Committee has considered the following:

- the 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; and
- the internal control environment as operated by the Investment Adviser and other suppliers including any checks and balances within those systems.

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 31 December 2024, 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
28 April 2025

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 Group and the Company financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and 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 accounting standards 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 Group and Company will continue in business.

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

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

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

Directors' Confirmations

The Directors consider that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's and 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 Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and 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 Group's and 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 Group's and Company's auditors are aware of that information.

For and on behalf of the Board,

Miriam Greenwood OBE DL
Chair of the Board
28 April 2025

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 Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 and of the Group's and Company's loss and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statement of Financial Position and the Company Statement of Financial Position as at 31 December 2024; the Consolidated Statement of Profit or Loss and Comprehensive Income, the Company Statement of Profit or Loss and Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Company Statement of Cash Flows for the year then ended; and the Notes to the Financial Statements, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

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

Independence

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

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

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Group's and the Company's ability to continue as a going concern. The Company held a continuation vote in February 2023, which did not pass. At the Annual General Meeting of the Company (the"AGM") held on 14 June 2023, Shareholders voted in favour of the Company's change of investment policy (the "New Investment Policy"). Following the AGM, and in accordance with the New Investment Policy, the Company entered a continuation and managed run-off of its portfolio ("Managed Run-Off"), meaning that it is not making any new investments (save for the limited circumstances as set out in the New Investment Policy) and its investing activity is solely in respect of funding legal commitments to existing investments. The Company is operating currently under a Managed Run-Off with the term of some of the Company's assets being of several years. While the Company is continuing to explore other strategic options, there remains no certainty that any of these options will materialise and be put to Shareholders for consideration. 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 Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and 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 Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtained the Directors' going concern assessment and corroborated key assumptions to underlying documentation and ensured this was consistent with our audit work in these areas;
- Assessed the appropriateness of the key assumptions used both in the base case and downside scenarios, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Tested the integrity of the underlying formulae and calculations within the going concern and cash flow models; and
- Considered the appropriateness of the mitigating actions available to the Directors in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the Directors' control and are achievable.

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 Group's and 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 energy efficient investments through its investments in its subsidiaries, Attika Holdings Limited and one compartment of SPV Project 2013 S.r.l.;
- The Company is an Investment Trust Company and has appointed Aquila Capital Investmentgesellschaft mbH (the "Investment Adviser") to manage its assets, and;
- The financial statements are prepared for the Group by Apex Listed Companies Services (UK) Limited (the "Administrator") to whom the provision of certain administrative functions has been delegated. The Group audit team performed all the work and did not use component auditors.

Key audit matters

- Material uncertainty related to going concern
- Valuation of investments held at fair value through profit or loss (Group)
- Carrying value of investments at amortised cost (Group)
- Investment in subsidiary held at fair value through profit or loss (Company)

Materiality

- Overall Group materiality: £1,393,000 (2023: £1,886,000) based on 2% of net assets.
- Overall Company materiality: £1,323,000 (2023: £1,791,000) based on 2% of net assets capped at 95% of Group materiality.
- Performance materiality: £1,045,000 (2023: £1,414,000) (Group) and £992,000 (2023: £1,344,000) (Company).

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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of investments held at fair value through profit or loss (Group)	
The Group holds energy efficient investments through its subsidiaries Attika Holdings Limited and SPV Project 2013 S.r.l. These underlying investments held in Attika Holdings Limited and SPV Project 2013 S.r.l. are either held at fair value through profit or loss or at amortised cost. The investments at fair value of the Group are £10,022k. The fair value of the investments have principally been valued on a discounted cash flow basis, which necessitates significant estimates in respect of the forecasted cash flows and discount rates applied. Determining the valuation methodology and determining the inputs and assumptions within the valuations are subjective and complex. This, combined with the significance of the investments at fair value through profit or loss balance in the consolidated statement of financial position, meant that this was a key audit matter for our current year audit.	We planned our audit to critically assess management's assumptions and the investment valuation models in which they are applied. We have assessed whether the valuation methodology adopted for the investments held at fair value through profit and loss was appropriate and in line with accounting standards and industry guidelines. For a sample of investments at fair value, we performed the following procedures: • We tested the mathematical accuracy of the valuation models; • We engaged our internal valuation experts to provide audit support in reviewing and concluding on the fair valuation of a sample of the investments held at fair value. Our internal valuations experts developed an independent range to benchmark against management's discount rates taking into account items such as country risk premia and price risk exposure which vary depending on the asset; and • We agreed the key valuation drivers to relevant supporting documentation. Specifically, we have agreed a sample of inputs driving the revenue in the underlying models to supporting documentation such as signed contracts. No material issues were identified in our audit testing.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments at amortised cost (Group) As stated above, the Group holds energy efficient investments through its subsidiaries Attika Holdings Limited and through SPV Project 2013 S.r.l. These underlying investments held in Attika Holdings Limited and SPV Project 2013 S.r.l. are either held at fair value through profit or loss or at amortised cost. The investments at amortised cost of the Group are £46,309k. The amount is net of the allowance for expected credit losses in accordance with IFRS 9. The impairment assessment requires estimates and judgements to be applied by the Directors, especially around expected credit loss allowance under IFRS 9, such that changes to key inputs to the estimates and/or judgements made may result in a material change to the carrying value. These factors combined with the significance of the investments at amortised cost balance in the consolidated statement of financial position, meant that this was a key audit matter for our current year audit.	We understood and evaluated the methodology and assumptions applied, by reference to IFRS 9 and industry practice, and tested the techniques used, in determining the amortised cost and recognition of any expected credit loss. For a sample of investments at amortised cost, we performed the following procedures: • We obtained confirmations of the investments or performed alternative procedures such as agreeing to supporting documentation, where applicable; • We assessed key assumptions used, such as those relating to when a significant increase in credit risk has occurred; • We assessed the key parameters within the expected credit loss model such as the probabilities of default and loss given default; and • We tested the mathematical accuracy of the amortised cost models. No material issues were identified in our audit testing.
Investment in subsidiary held at fair value through profit or loss (Company) The Company's investment in subsidiaries is held at £38,399k between an investment in Attika Holdings Limited of £9,048k held at cost less impairment and an investment in one compartment of SPV Project 2013 S.r.l (the "Italian SPV") of £29,351k held at fair value through profit or loss. The fair value of the Italian SPV as at 31 December 2024 has been determined through an aggregation of the fair value of the Italian SPV's individual investments adjusted for the cash and liabilities of the Italian SPV at 31 December 2024. The fair values of the Italian SPV's individual investments take account of projections of future cash flows and discount rates which seek to take account of the risk profile of the counterparty and other areas of judgment. The valuation of the investment in the Italian SPV was identified as a key audit matter given the components of the underlying valuation such as forecast cash flows and discount rates are inherently subjective.	We obtained management's calculations of the fair value of the investment in the Italian SPV. We performed the following procedures: • Obtained the calculation for the fair value of the Italian SPV. • Tested the mathematical accuracy of the calculation and agreed the inputs to the supporting documentation; and • In respect of the underlying investments in the Italian SPV, we agreed the forecast cash flows to supporting documentation such as signed contracts, tested the mathematical accuracy of the valuation models and assessed the discount rates used. Our testing did not identify any evidence of material misstatement.

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 Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group consists of the Company and its two subsidiaries in the UK and Italy, Attika Holdings Limited and one compartment of SPV Project 2013 S.r.l. respectively. All three were determined to be financially significant components for the purposes of the Group audit. The Group operates common processes and controls in accounting for its investments held at fair value through and profit and loss and investments at amortised cost and investment income. The related balances were therefore audited by the Group team in the UK and the Group team was able to get sufficient coverage over the components' balances such that there was no need for the involvement of component auditors. As part of designing our audit of the Company, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The impact of climate risk on our audit

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

Materiality

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

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

	Financial statements – Group	Financial statements – Company
Overall materiality	£1,393,000 (2023: £1,886,000).	£1,323,000 (2023: £1,791,000).
How we determined it	2% of net assets	2% of net assets capped at 95% of Group materiality
Rationale for benchmark applied	Net assets are deemed to be the appropriate benchmark because the Group's performance is measured on its net asset value.	Net assets are deemed to be the appropriate benchmark because the Company's performance is measured on its net asset value.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1,028,000 and £1,323,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

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% (2023: 75%) of overall materiality, amounting to £1,045,000 (2023: £1,414,000) for the Group financial statements and £992,000 (2023: £1,344,000) for the Company financial statements.

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

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £69,665 (Group audit) (2023: £94,281) and £66,182 (Company audit) (2023: £90,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report, for the year ended 31 December 2024 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 Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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

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

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report and Directors' Report is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and 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 Group's and 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 Group and 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 Group and Company and their 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 Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and 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 Group or 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 Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the ongoing qualification as an Investment Trust under Section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase profit 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 or carrying value of of investments held at amortised cost less expected credit losses. Audit procedures performed by the engagement team included:

- Enquires with the Board of Directors, Investment Adviser and the Administrator, over consideration of known or suspected instances of non-compliance with laws and regulations 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 and carrying value of investments held at amortised cost less expected credit losses (see related key audit matters above);
- Identifying and testing journal entries, based on risk criteria, made throughout the year as well as those made as part of the year end reporting process;
- Reviewing relevant meeting minutes, including those of the Board of Directors and Audit and Risk Committee;
- Assessment of the Company's compliance with the requirements of Section 1158 of the Corporation Tax Act 2010;
- Reviewing the financial statements 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 Company 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. The period of total uninterrupted engagement is 4 years, covering the years ended 31 December 2021 to 31 December 2024.

Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 April 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		For the year ended 31 December 2024			For the year ended 31 December 2023		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Losses on investments at fair value through profit and loss	4	–	(2,077)	(2,077)	–	(2,380)	(2,380)
Unrealised (loss)/gain on derivatives		–	(24)	(24)	–	122	122
Realised gain on derivatives		–	3,493	3,493	–	1,713	1,713
Net foreign exchange loss		–	(3,241)	(3,241)	–	(64)	(64)
Investment Income	5	5,397	–	5,397	5,948	–	5,948
Investment advisory fees	6	(647)	–	(647)	(808)	–	(808)
Impairment loss	4	(2,554)	–	(2,554)	(1,735)	–	(1,735)
Other expenses	7	(2,374)	–	(2,374)	(2,492)	–	(2,492)
(Loss)/profit on ordinary activities before taxation		**(178)**	**(1,849)**	**(2,027)**	**913**	**(609)**	**304**
Taxation	8	–	–	–	–	–	–
(Loss)/profit on ordinary activities after taxation		**(178)**	**(1,849)**	**(2,027)**	**913**	**(609)**	**304**
(Loss)/return per Ordinary Share	9	(0.20)p	(2.09)p	(2.29)p	0.91p	(0.61)p	0.30p

The total column of the Consolidated Statement of Profit or Loss and Comprehensive Income is the profit and loss account of the Group.

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

Profit/(loss) on ordinary activities after taxation is also the "Total comprehensive income/(expense) for the year".

The notes on pages 68 to 91 are an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		For the year ended 31 December 2024			For the year ended 31 December 2023		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
(Losses)/gains on investments at fair value through profit or loss	4	–	(1,299)	(1,299)	–	961	961
Net foreign exchange loss		–	(1,728)	(1,728)	–	(37)	(37)
Investment income	5	4,203	–	4,203	4,080	–	4,080
Investment advisory fees	6	(647)	–	(647)	(808)	–	(808)
Other expenses	7	(1,939)	–	(1,939)	(1,912)	–	(1,912)
Impairment loss	4	(923)	–	(923)	(2,041)	–	(2,041)
Profit/(loss) on ordinary activities before taxation		**694**	**(3,027)**	**(2,333)**	**(681)**	**924**	**243**
Taxation	8	–	–	–	–	–	–
Profit/(loss) on ordinary activities after taxation		**694**	**(3,027)**	**(2,333)**	**(681)**	**924**	**243**
Return/(loss) per Ordinary Share	9	0.79p	(3.43)p	(2.64)p	(0.68)p	0.92p	0.24p

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

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

Profit/(loss) on ordinary activities after taxation is also the "Total comprehensive income/(expense) for the year".

The notes on pages 68 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments at fair value through profit or loss	4	10,022	10,492
Investments at amortised cost	4	46,309	54,990
		56,331	**65,482**
Current assets	10		
Trade and other receivables		80	652
Derivative financial instrument		–	122
Cash and cash equivalents		14,417	29,082
		14,497	**29,856**
Creditors: amounts falling due within one year	11		
Payables		(1,137)	(1,057)
Derivative financial instrument		(24)	–
Net current assets		**13,336**	**28,799**
Net assets		**69,667**	**94,281**
Capital and reserves: equity			
Share capital	12	814	1,000
Capital redemption reserve	13	186	–
Special reserve	13	70,913	93,500
Capital reserve	13	(2,027)	(178)
Revenue reserve	13	(219)	(41)
Shareholders' funds		**69,667**	**94,281**
Net asset value per Ordinary Share	14	85.55p	94.28p
No. of Ordinary Shares in issue		81,438,268	100,000,000

Approved by the Board of directors and authorised for issue on 28 April 2025.

Signed on behalf of the Board of Directors

Miriam Greenwood OBE DL

Aquila Energy Efficiency Trust PLC is incorporated in England and Wales with Company number 13324616.

The notes on pages 68 to 91 are an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investment in subsidiaries	4	38,399	45,654
Current assets	10		
Trade and other receivables		27,348	27,548
Cash and cash equivalents		7,620	22,548
		34,968	**50,096**
Creditors: amounts falling due within one year	11	(3,411)	(874)
Net current assets		**31,557**	**49,222**
Net assets		**69,956**	**94,876**
Capital and reserves: equity			
Share capital	12	814	1,000
Capital redemption reserve	13	186	–
Special reserve	13	70,913	93,500
Capital reserve	13	(104)	2,923
Revenue reserve	13	(1,853)	(2,547)
Shareholders' funds		**69,956**	**94,876**

Approved by the Board of directors and authorised for issue on 28April 2025.

Signed on behalf of the Board of Directors

Miriam Greenwood OBE DL

Aquila Energy Efficiency Trust PLC is incorporated in England and Wales with Company number 13324616.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

For the year ended 31 December 2024	Notes	Share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 1 January 2024		**1,000**	**–**	**93,500**	**(178)**	**(41)**	**94,281**
Repurchase and cancellation of the Company's own shares following a Tender Offer	12	(186)	186	(17,500)	–	–	**(17,500)**
Expenses of Tender Offer		–	–	(88)	–	–	**(88)**
Dividend paid	15	–	–	(4,999)	–	–	**(4,999)**
Loss for the year		–	–	–	(1,849)	(178)	**(2,027)**
Closing equity as at 31 December 2024		**814**	**186**	**70,913**	**(2,027)**	**(219)**	**69,667**

For the year ended 31 December 2023	Notes	Share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 1 January 2023		**1,000**	**–**	**94,750**	**431**	**(954)**	**95,227**
Dividend paid	15	–	–	(1,250)	–	–	**(1,250)**
(Loss)/profit for the year		–	–	–	(609)	913	**304**
Closing equity as at 31 December 2023		**1,000**	**–**	**93,500**	**(178)**	**(41)**	**94,281**

The notes on pages 68 to 91 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

For the year ended 31 December 2024	Notes	Share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 1 January 2024		**1,000**	**–**	**93,500**	**2,923**	**(2,547)**	**94,876**
Repurchase and cancellation of the Company's own shares following a Tender Offer	12	(186)	186	(17,500)	–	–	**(17,500)**
Expenses of Tender Offer		–	–	(88)	–	–	**(88)**
Dividend paid	15	–	–	(4,999)	–	–	**(4,999)**
(Loss)/profit for the year		–	–	–	(3,027)	694	**(2,333)**
Closing equity as at 31 December 2024		**814**	**186**	**70,913**	**(104)**	**(1,853)**	**69,956**

For the year ended 31 December 2023	Notes	Share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 1 January 2023		**1,000**	**–**	**94,750**	**1,999**	**(1,866)**	**95,883**
Dividend paid	15	–	–	(1,250)	–	–	**(1,250)**
Profit/(loss) for the year		–	–	–	924	(681)	**243**
Closing equity as at 31 December 2023		**1,000**	**–**	**93,500**	**2,923**	**(2,547)**	**94,876**

The notes on pages 68 to 91 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	For the year ended 31 December 2024 £'000	For the year ended 31 December 2023 £'000
Operating activities			
(Loss)/profit on ordinary activities before taxation		(2,027)	304
Adjustments for:			
Unrealised loss on investments	4	2,060	2,380
Unrealised loss/(gain) on derivative instruments		24	(122)
Realised loss on investments	4	17	–
Realised gains on derivative investments		–	(108)
Impairment loss		2,554	1,735
Net foreign exchange loss		3,241	116
Decrease/(increase) in trade and other receivables		572	(310)
Increase in creditors: amounts falling due within one year		80	968
Interest receivable from amortised cost investments	4	(4,008)	(2,420)
Net cash flow from operating activities		**2,513**	**2,543**
Investing activities			
Purchase of investments	4	(4,224)	(21,834)
Repayment of investments	4	9,894	3,050
Net cash flow used in investing activities		**5,670**	**(18,784)**
Financing activities			
Tender Offer payment		(17,500)	–
Expenses of Tender Offer		(88)	–
Dividends paid	15	(4,999)	(1,250)
Net cash flow used in financing activities		**(22,587)**	**(1,250)**
Decrease in cash and cash equivalents		**(14,404)**	**(17,491)**
Cash and cash equivalents at start of year		29,082	46,625
Effect of foreign currency exchange translation		(261)	(52)
Cash and cash equivalents at end of year		**14,417**	**29,082**

The notes on pages 68 to 91 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	For the year ended 31 December 2024 £'000	For the year ended 31 December 2023 £'000
Operating activities			
(Loss)/profit on ordinary activities before taxation		(2,333)	243
Adjustments for:			
Unrealised loss/(gain) on investments	4	1,299	(961)
Net foreign exchange loss/(gain)		1,728	(17)
Shareholder loan interest income		(1,936)	(1,912)
Adjustment for impairment loss		923	2,041
Movement in intercompany balances		2,443	(1,901)
Decrease/(increase) in trade receivables		199	(91)
Increase/(decrease) in creditors: amounts falling due within one year		94	(175)
Net cash flow generated from/(used in) operating activities*		**2,417**	**(2,773)**
Investing activities			
Purchase of investments	4	(294)	(4,808)
Repayment of investments	4	3,724	1,306
Net cash flow used in investing activities		**3,430**	**(3,502)**
Financing activities			
Loan to subsidiary		1	(4,437)
Shareholder loan interest income received		1,936	1,782
Tender Offer payment		(17,500)	–
Expenses of Tender Offer		(88)	–
Dividends paid	15	(4,999)	(1,250)
Net cash flow used in financing activities		**(20,650)**	**(3,905)**
Decrease in cash and cash equivalents		**(14,803)**	**(10,180)**
Cash and cash equivalents at start of year		22,548	32,714
Effect of foreign currency exchange translation		(125)	14
Cash and cash equivalents at end of year		**7,620**	**22,548**
*Cash flows from operating activities were presented after the following non-cash transactions:			
Conversion of intercompany receivables to investment in subsidiary		–	11,791
Conversion of intercompany receivable to Shareholder loan		–	23,076
		–	34,867

The notes on pages 68 to 91 are an integral part of these financial statements.

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 to continue conducting the affairs of the Company so as to retain its status as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

The Company owns 100% of its subsidiary, Attika Holdings Limited (the "HoldCo" or ''AHL'') and 100% of the notes issued by one compartment of SPV Project 2013 S.r.l. (the ''SPV'' or ''Italian SPV'') issued to the Company, which entitles the Company to a 100% economic interest in the receivables purchased through the proceeds of these notes, together the ''Group''.

The registered office address of the Company is 4th Floor, 140 Aldersgate Street, London, EC1A 4HY.

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.

FundRock Management Company (Guernsey) Limited (formerly 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 Group's Investment Adviser is Aquila Capital Investmentgesellschaft mbH authorised and regulated by the German Federal Financial Supervisory Authority.

Apex Listed Companies Services (UK) Limited (the "Administrator") (formerly Sanne Fund Services (UK) Limited) provides administrative and company secretarial services to the Group under the terms of an administration agreement between the Company and the Administrator. The Italian SPV is administered by Zenith Service S.p.A.

2. BASIS OF PREPARATION

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

The consolidated financial statements have also been prepared as far as is relevant and applicable to the Group in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC") in July 2022.

The consolidated 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 financial statements are presented in sterling rounded to the nearest thousand. They have been prepared in accordance with the accounting policies, significant judgements, key assumptions and estimates set out below.

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

The financial statements have also been prepared as far as is relevant and applicable to the Company in accordance with the Statement of Recommended Practice ("SORP") issued by the AIC in July 2022.

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. The capital of the Company was raised in sterling and majority of its expenses are in sterling. The liquidity of the Company is managed in sterling as the Company's performance is evaluated in that currency. Accordingly, the financial statements are presented in sterling rounded to the nearest thousand. They have been prepared in accordance with the accounting policies, significant judgements, key assumptions and estimates as set out below.

Basis of consolidation
The Company does not satisfy the definition of an investment entity in paragraph 27(c) if IFRS 10, as it does not measure and evaluate the performance of substantially all of its investment on a fair value basis. It is therefore required to prepare consolidated accounts.

The Group's financial statements consolidate those of the Company and of its subsidiaries at 31 December 2024. The subsidiaries have a reporting date of 31 December. AHL's functional currency is sterling. The Italian SPV's functional currency is the euro. However, to align with the Group's functional currency, the balances of Italian SPV have been converted to sterling at the year-end rate for the Statement of Financial Position accounts and at the average rate during the year for the Statement of Profit or Loss and Comprehensive Income accounts.

All transactions and balances between Group companies are eliminated on consolidation. The accounting policies adopted by the Group are consistent with those adopted by the Company and the subsidiaries.

Accounting for wholly owned entities

AHL
The Company owns 100% of its subsidiary, AHL. The registered office address of AHL is Leaf B, 20th Floor, Tower 42, Old Broad Street, London, England, EC2N 1HQ. The Company has acquired Energy Efficiency Investments through its investment in the subsidiary. The Company will finance the subsidiary through a mix of equity and debt instruments. The Company consolidates the subsidiary.

Italian SPV
The Italian SPV is a Company established under the laws of Italy to hold securitised receivables. The Company does not hold any equity in the SPV. However, it does own 100% of the notes issued by one compartment of the SPV which entitles the Company to an 100% economic interest in the receivables purchased through the proceeds of these notes. The Company does not have an economic interest in any of the other securities receivables issuances by the Italian SPV. The notes subscribed by the Company, issued by the Italian SPV, and the receivables purchased from the proceeds of these notes, together with all associated assets and liabilities and income and costs, are ring-fenced from other assets and liabilities of the Italian SPV and thus the Company's holdings have been deemed a silo under IFRS 10 paragraph B77. The Company consolidates the results of the Italian SPV in respect of the performance of the receivables in the silo.

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 Group and Company.

The Group and Company continue to meet day-to-day liquidity needs through their cash resources. The Directors have a reasonable expectation that the Group and Company have 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 taken into account the following considerations:

- The Group's investment commitments, amounting to £0.04 million, and its income and expense flows;
- No new commitments have been entered into since 28 February 2023;
- The £36.4 million cash balance at 31 March 2025 (excluding £2.5 million held as collateral for FX hedging) following the receipt of repayments up to that date; and
- The potential income from the remaining investments.

The Board has announced that a special interim dividend of 36.837 pence per Ordinary Share will be paid on 30 May 2025. Total expenses for the year were £3.0 million (excluding impairment losses) (2023: £3.3 million), which represented 3.8% of average net assets during the year (2023: 3.5%). The Board, Investment Adviser and AIFM will review the ongoing liquidity requirements and cashflow forecasts of the Company prior to making further distributions to ensure that sufficient funds are maintained throughout the run-off process. At the date of approval of this document, based on the aggregate of investments and cash held, the Group and Company have substantial operating expenses cover. The Directors are also satisfied that the Group and Company would continue to remain viable under downside scenarios.

At the Annual General Meeting of the Company (the "AGM") held on 14 June 2023, Shareholders voted in favour of the Company's change of investment policy (the "New Investment Policy"). Following the AGM, and in accordance with the New Investment Policy, the Company entered a continuation and managed run-off of its portfolio ("Managed Run-Off"), meaning that it is not making any new investments (save for the limited circumstances as set out in the New Investment Policy) and its investing activity is solely in respect of funding legal commitments to existing investments.

The Continuation and Managed Run-Off Resolution was put forward as a resolution to Shareholders in response to the outcome of the Company's continuation vote held in February 2023, which did not pass.

As referred to above, the Company is operating currently under a Managed Run-Off with the term of some of the Company's assets being of several years. While the Company is continuing to explore other strategic options, there remains no certainty that any of these options will materialise and be put to Shareholders for consideration.

Accordingly, while the Directors recognise that these conditions indicate the existence of material uncertainty which may cast significant doubt about the Group and 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 Group and the Company should be prepared on a going concern basis. Neither the Group nor the Company financial statements include any potential costs of liquidation and the financial statements do not include the other adjustments that would result if the Group and the Company were unable to continue as a going concern.

Critical accounting judgements, estimates and assumptions
The preparation of the consolidated financial statements requires the application of estimates and assumptions which may affect the results reported in the consolidated 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 and expected credit loss as disclosed in note 4 to the financial statements.

Investment fair value
The key assumptions that have a significant impact on the value of the Group's investments are discount rates, energy yield, power prices and capital expenditure factors. The impact of risks associated with climate change is assessed on an investment-by-investment basis and factored into the underlying cash flows where relevant.

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 semi-annually by the Investment Adviser to ensure they are at the appropriate level. The Investment Adviser will take into consideration market transactions, where they are of similar nature, when considering changes to the discount factors used.

2. BASIS OF PREPARATION CONTINUED

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

The values of Energy Efficiency investments are not significantly sensitive to fluctuations in future revenues if a fixed indexation clause is applied to its cash flow schedule.

Expected credit loss (''ECL'') allowance for financial assets measured at amortised cost

The calculation of the Group's ECL allowances and provisions against receivable purchase agreements under IFRS 9 is complex and involves the use of significant judgement and estimation. Loan impairment provisions represent an estimate of the losses incurred in the loan portfolios at the balance sheet date. The calculation involves the formulation and incorporation of multiple conditions into ECL to meet the measurement objective of IFRS 9. Further details are given in note 4 to the financial statement below.

New Standards, Interpretations and Amendments Adopted from 1 January 2024

A number of new standards and amendments to standards are effective for the annual periods beginning after 1 January 2024. None of these have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

New Standards and Amendments Issued but not yet Effective

The relevant new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and Company's financial statements are disclosed below.

Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations or financial statements.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income ('FVOCI').

The Group does not expect these amendments to have a material impact on its operations or financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of comprehensive income and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's and Company's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's and Company's net profit, the Group and Company expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group and Company has performed, the following might potentially impact operating profit:
  - Foreign exchange differences currently aggregated in the line item 'Net foreign exchange loss/gain' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
  - The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of comprehensive income – this break-down is only required for certain nature expenses; and
  - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of comprehensive income between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group and Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

3. MATERIAL ACCOUNTING POLICIES

Financial instruments

Financial assets
The Group's and Company's financial assets principally comprise cash and cash equivalents, investments held at fair value through profit and loss, investments held at amortised cost, derivative financial instruments, interest income receivables, Shareholder loan receivables and prepayments and other receivables.

Interest income receivables, prepayments and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The Group's investments are debt instruments held at fair value through profit or loss and debt instruments at amortised cost. Gains or losses resulting from the movements in the fair value are recognised in the Group's Consolidated Statement of Profit or Loss and Comprehensive income under the capital column. Debt instruments at amortised cost are revalued with the functional currency exchange rate at each valuation point and recognised in the Group's Consolidated Statement of Profit or Loss and Comprehensive income and are subject to ECL.

Derivatives comprise forward currency transactions used to hedge the Group's foreign currency exposure. The fair value of the currency forward transactions is the difference between the spot rate and the forward rate at the date of the Consolidated Statement of Financial Position.

Investment in Subsidiaries
The Company's investment in its subsidiary AHL comprises equity shares and a Shareholder loan. The Company's equity investment in its subsidiary AHL, is held at cost less impairment in the Company's Statement of Financial Position.

The Company's investment in SPV is held at fair value through profit or loss. The fair value of SPV as at 31 December 2024 has been determined through an aggregation of the fair value of SPV's individual investments adjusted for the cash and liabilities of SPV as at 31 December 2024. Where returns are not fixed, the fair value of SPV's individual investments take account of forecast power production and power price curves provided by independent research companies. Discount rates take account of the risk profile of the counterparty and other areas of judgment.

Financial liabilities
The Group'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 method. The Group's financial liabilities also include derivative financial instruments.

Recognition and derecognition
Financial assets and financial liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

At initial recognition, financial instruments classified at fair value through profit or loss are measured at fair value which is normally the transaction price. Other financial instruments not classified at fair value through profit or loss are measured initially at fair value but are adjusted for incremental and directly attributable transaction costs.

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 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 Group 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 Group has transferred substantially all risks and rewards of ownership.

Classification and measurement of financial assets
IFRS 9 contains a classification and measurement approach for debt instruments that reflects the business model in which assets are managed and their cash flow characteristics. For debt instruments two criteria are used to determine how financial assets should be classified and measured:

- The entity's business model (i.e. how an entity manages its debt Instruments in order to generate cash flows by collecting contractual cash flows, selling financial assets or both); and
- The contractual cash flow characteristics of the financial asset (i.e. whether the contractual cash flows are solely payments of principal and interest).

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit and loss ("FVTPL"):

(a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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3. MATERIAL ACCOUNTING POLICIES CONTINUED

A debt instrument is measured at fair value through other comprehensive income ("FVOCI") if it meets both of the following conditions and is not designated as at FVTPL:

(a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In assessing whether the contractual cash flows are solely payments of principal and interest, the contractual terms of the instrument are considered. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent to initial recognition, financial assets that are classified as measured at fair value through profit or loss are measured at fair value in the Consolidated Statement of Financial Position (with no deduction for sale or disposal costs). Gains and losses resulting from the movement in fair value are recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income.

Subsequent to initial recognition, financial assets that are measured at amortised cost require the use of the effective interest method and are subject to expected credit loss.

Taxation
The tax charge for the year is based on amounts expected to be received or paid.

Deferred tax is provided on all timing differences that have originated but not reversed by the accounting date.

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

Segmental reporting
The Chief Operating Decision Maker ("CODM"), which is the Board, is of the opinion that the Group 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 Group presents the business as a single segment.

Income
Income includes interest and dividends receiveable from investments held at fair value and at amortised cost, and bank interest.

Investment interest income for the year is recognised in the Consolidated Statement of Profit or Loss and Comprehensive income using effective interest method calculation.

Interest and dividends receivable are recognised when the right to receive them is established and is reflected in the Consolidated Statement of Profit or Loss and Comprehensive Income as Investment Income.

Bank interest income is recognised for the year in the Consolidated Statement of Profit or Loss and Comprehensive income on an accruals basis.

Expenses
All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Consolidated Statement of Profit or Loss and Comprehensive Income, all expenses are presented as revenue as it is directly attributable to the operations of the Group.

Details of the Group's fee payments to the Investment Adviser are disclosed in note 6 to the consolidated financial statements. Details of the Group's other expenses are disclosed in note 7 to the consolidated financial statements. These fees are presented under the revenue column in the Consolidated Statement of Profit or Loss and Comprehensive Income.

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 year-end are reported at the rates of exchange prevailing at the year-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 Consolidated Statement of Profit or Loss and Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Capital account of the Consolidated Statement of Profit or Loss and Comprehensive Income.

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

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.

Realised gains and losses on investments
Realised gains and losses comprise the difference between the sale proceeds of an investment and its fair value, and are deemed to be realised when the proceeds have settled.

ECL allowance for financial assets measured at amortised cost
Many of the Group's investments are financial assets measured at amortised cost. These investments are structured as purchases of receivables or purchases of notes which have the right to receivables. The purchased receivables derive from energy services agreements for the provision of energy efficiency and/or renewable energy solutions provided by Energy Service Companies ("ESCOs") to their corporate clients and these receivables provide a fixed return for the Group. ESCOs are businesses that provide energy-related services to end-users, often focusing on energy efficiency projects. The receivables are due to be received over a range of maturities from less than 12 months to more than fifteen years. Individual agreements provide for the receivables to be paid mostly on a monthly or quarterly basis.

In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment in accordance with IFRS 9. Under the IFRS 9 expected credit loss model, expected credit losses are recognised at each reporting period, even if no actual loss events have taken place. In addition to past events and current conditions, reasonable and supportable forward-looking information that is available without undue cost or effort is considered in determining impairment, with the model applied to all financial instruments subject to impairment testing.

At initial recognition, allowance is made for ECL resulting from default events that are possible within the next 12 months (12-month expected ECL). In the event of a significant increase in credit risk, allowance (or provision) is made for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

Financial assets where 12-month ECL is recognised are Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit-impaired are allocated to Stage 3. Stage 2 and Stage 3 are based on lifetime ECL.

The measurement of ECL, is primarily based on the product of the instrument's probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD"), taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the EIR.

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ("Lifetime PD") of the obligation. This has been calculated by an external third party credit rating agency using a wide range of parameters such as the company's financial statements and the macro economic environment. The external credit rating company have also designed a downside and upside scenario based on historic data. Company financials are modified to reflect various factors leading to a deterioration in performance.
- In each of the scenarios, various macro and financial variables are flexed and applied in the calculation. The macros variables are GDP growth, inflation, unemployment rate and interest rate. The financial variables are turnover, net debt, Shareholder equity, working capital, tangible assets, interest expense, EBITDA, EBIT and net income. A base, optimistic and pessimistic scenario is applied for each of these above variables to calculate the corresponding expected credit loss.

The probability weighting of the scenarios was based an analysis of the level of severity. It was determined that a weighting of 50% for the base case and 25% for each of the other scenarios was appropriate. The resulting forecasts are thus neither overly optimistic nor unduly conservative for IFRS9 purposes.

	Optimistic	Base Case	Mild Pessimistic
IFRS 9 Probability Weighting	25%	50%	25%

- The EAD represents the amounts the Group is owed at the reporting date.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan ("Lifetime LGD").

The ECL is determined by estimating the PD, LGD, and EAD for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL.

Management is aware that there is a high level of judgement in calculating the scenarios and the inputs given the assets are relatively recent with limited historic data.

The main difference between Stage 1 and Stage 2 is the respective PD horizon. Stage 1 estimates use a maximum of a 12-month PD, while Stage 2 estimates use a lifetime PD. The main difference between Stage 2 and Stage 3 is that Stage 3 is effectively the point at which there has been a default event or the investment can be considered to be credit-impaired.

3. MATERIAL ACCOUNTING POLICIES CONTINUED

Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognised. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

In assessing whether a counterparty has had a significant increase in credit risk the following indicators are considered:

1. Early signs of cashflow/liquidity problems such as an ongoing delay in servicing of payables.
2. Significant increase in PD.
3. Actual or expected late payments or restructuring of payments due.
4. Actual or expected significant adverse change in operating results of the borrower, where this information is available.
5. Significant adverse changes in business, financial and/or economic conditions in which the counterparty operates.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The Group uses a rebuttable presumption that a credit deterioration (i.e. stage 1 to stage 2) occurs no later than when a payment is 90 days past due. The Group uses this 90-day backstop for all its assets. Assets can move in both directions through the stages of the impairment model. The Directors do not believe that being 30 days overdue is considered a credit deterioration given the nature and payment profile of some of its small counterparties. Payments are different from consumer loan payments and often comprise a very large number of payments, each of a very small amount. There is also significant evidence of catch-up payments, where a counterparty has just past the 30 days, and very rarely have these counterparties missed the payment completely.

We recognise that individual credit exposures, which define the Group's investments, are different from, for example, consumer mortgage or consumer car loan portfolios. Late payments can arise due to the corporate counterparties refusing to utilise direct debit or standing order payment processes with the result that payment chasing can be required for relatively small amounts, eg lighting service contracts. Accordingly, we do expect that in certain cases 90 days late payments may not lead to movements through the ECL stages.

4. INVESTMENTS

Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the following three levels:

Level 1

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

Level 2

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

Level 3

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

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

	31 December 2024				31 December 2023			
Group	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments at fair value through profit and loss	–	–	10,022	10,022	–	–	10,492	10,492
Derivative financial instruments	–	(24)	–	(24)	–	122	–	122
		(24)	**10,022**	**9,998**	**–**	**122**	**10,492**	**10,614**

There are no transfers between investment levels for the Group during the year.

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

Company	31 December 2024 Level 1 £'000	31 December 2024 Level 2 £'000	31 December 2024 Level 3 £'000	31 December 2024 Total £'000	31 December 2023 Level 1 £'000	31 December 2023 Level 2 £'000	31 December 2023 Level 3 £'000	31 December 2023 Total £'000
Investment in SPV at fair value through profit or loss	–	–	29,351	29,351	–	–	35,683	35,683

There are no transfers between investment levels for the Company during the year.

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

	31 December 2024 Group £'000	31 December 2023 Group £'000
Opening balance	10,492	11,742
Additions during the year	3,683	1,675
Disposals during the year	(1,564)	(1,551)
Realised losses	(17)	–
Urealised losses	(2,060)	(1,374)
Net FX losses	(512)	–
Closing balance	**10,022**	**10,492**

The movement on investments at amortised cost of the Group during the year is shown below:

	31 December 2024 Group £'000
Opening balance	54,990
Additions during the year	541
Receipts during the year	(8,330)
Income accrued in the year	4,008
Net FX losses	(2,346)
Impairment	(2,554)
Closing balance	**46,309**

4. INVESTMENTS CONTINUED

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

	31 December 2024 Company £'000	31 December 2023 Company £'000
Opening balance	35,683	31,220
Additions during the year	294	4,808
Repayments during the year	(3,724)	(1,306)
Net FX losses	(1,603)	–
Unrealised (losses)/gains	(1,299)	961
Closing balance	**29,351**	**35,683**

Assets and liabilities not carried at fair value but for which are fair value is disclosed

The following table presents the fair value of the Group's assets and liabilities not measured at fair value through profit and loss at 31 December 2024 but for which fair value is disclosed:

	31 December 2024		31 December 2023	
	Carrying value £'000	Fair market value £'000	Carrying value £'000	Fair market value £'000
Assets				
Investments at amortised cost	46,309	46,543	54,990	57,221

For all other assets and liabilities not carried at fair value, the carrying value is a reasonable approximation of fair value.

Valuation methodology

Debt instruments at fair value through profit or loss

The Group through its subsidiary (AHL) and its notes in the Italian SPV has acquired debt instruments at fair value through profit or loss. The Investment Adviser has determined the fair value of debt investments as at 31 December 2024. The Directors have satisfied themselves as to the fair value of the debt instrument investments as at 31 December 2024.

Valuation Assumptions and Inputs

The determination of what qualifies as 'observable' data requires significant judgment. Observable data is defined as market information that is readily available, regularly updated, reliable, verifiable, non-proprietary, and sourced from independent entities actively participating in the relevant market.

The investments fall under Level 3 classification, as they are not publicly traded and rely on inputs that cannot be directly observed. The discount rate, power price and energy yield are the key unobservable inputs that significantly influence the fair value of investments. Any increase or decrease in these factors would have an impact on valuation as can be seen in our sensitivities below.

Valuation assumptions and Inputs

Discount rates	The discount rate used in the valuations is derived according to internationally recognised methods. Typical components of the discount rate are risk free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class as well as specific premia for other risks such as development and construction.
Power price	Power prices are based on power price forecasts from leading market analysts. The forecasts are independently sourced from a provider with coverage in almost all European markets as well as providers with regional expertise.
Energy yield	Estimated based on third party energy yield assessments as well as operational performance data (where applicable).
Inflation rates	Long-term inflation is based on central bank targets for the respective jurisdiction.
Capital expenditure	Based on the contractual position (e.g. engineering, procurement and construction agreement), where applicable.

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

The Net Asset Value impacts from each sensitivity is shown below.

Discount rates
The Discounted Cash Flow (''DCF'') valuation of the investments which are held at fair value represents one component of the Net Asset Value of the Group and the key sensitivities are considered to be the discount rate used in the DCF valuation and assumptions.

The weighted average valuation discount rate applied to calculate the investment valuation is 9.2% (2023: 7.7%). An increase or decrease in this rate by 0.5% at investment level has the following effect on valuation.

	31 December 2024		31 December 2023	
Discount rate	**+0.5% Change £'000**	**-0.5% Change £'000**	**-0.5% Change £'000**	**+0.5% Change £'000**
Valuation	(59)	61	(242)	250

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

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

	31 December 2024		31 December 2023	
Power price	**-10.0% Change £'000**	**+10.0% Change £'000**	**-10.0% Change £'000**	**+10.0% Change £'000**
Valuation	(48)	51	(64)	66

Energy yield
The base case assumes a (''P50'') level of output. The P50 output is the estimated annual amount of electricity generation (in MWh) that has a 50% probability of being exceeded both in any single year and over the long term and a 50% probability of being under achieved. Hence the P50 is the expected level of generation over the long term. The sensitivity illustrates the effect of a 10% lower annual production (a downside case) and a 10% higher annual production (upside case). The sensitivity is applied throughout the whole term of the projects.

The table below shows the sensitivity of the project values to changes in the energy yield applied to cash flows from project as explained above.

	31 December 2024		31 December 2023	
Energy yield	**-10.0% Change £'000**	**+10.0% Change £'000**	**-10.0% Change £'000**	**+10.0% Change £'000**
Valuation	(296)	297	(555)	533

Inflation rates
As most payments are fixed and not linked to the inflation rate, a sensitivity of the inflation rate has only a negligible impact on the NAV.

Capital expenditure
The Group has contractual protections if capex is delayed (i.e. reduce the capex or increase receivables due) and the Group is not obliged to fund cost overruns. Therefore, capex sensitivities are not appropriate for the Group's type of investments.

4. INVESTMENTS CONTINUED

Investments at Amortised Cost

a) Investments at amortised cost

The disclosure below presents the gross carrying value of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for ECL. Please see Note 3 for more detail on the allowance for ECL where the Group has classified the investment portfolio according to stages.

The following table analyses loans by staging for the Group as at 31 December 2024:

	31 December 2024			31 December 2023		
Group	**Gross Carrying Amount £'000**	**Allowance for ECL £'000**	**Net Carrying Amount £'000**	**Gross Carrying Amount £'000**	**Allowance for ECL £'000**	**Net carrying amount £'000**
Fixed Value Investments at amortised cost						
Stage 1	21,194	(118)	21,076	54,399	(259)	54,140
Stage 2	27,156	(1,923)	25,233	156	(24)	132
Stage 3	2,384	(2,384)	–	2,306	(1,588)	718
Total Assets	**50,734**	**(4,425)**	**46,309**	**56,861**	**(1,871)**	**54,990**

b) Expected Credit Loss allowance for IFRS 9

Impairment Provisions are driven by changes in credit risk of instruments, with a provision for lifetime ECL recognised where the risk of default of an instrument has increased significantly since initial recognition.

The following table analyses Group ECL by stage.

Group	31 December 2024 £'000	31 December 2023 £'000
At 1 January	1,871	136
Charge for the year – Stage 1	(141)	182
Charge for the year – Stage 2	1,899	(35)
Charge for the year – Stage 3	796	1,588
Allowance for ECL at 31 December	**4,425**	**1,871**

Stage 2 losses

The stage 2 ECL provision increased because certain investments were deemed to be in arrears of more than 90 days as at 31 December 2024 and because the credit risk of Superbonus investments was deemed to have changed to the ESCOs themselves rather than the purchasers of the tax credits generated by these investments.

Stage 3 losses

The Stage 3 losses relate to full impairments against three investments, which were partially provided against as at 31 December 2023: a CHP investment in the United Kingdom, the sub-metering investment in Germany and a Solar PV investment in Spain where the prospects of significant recoveries were deemed remote.

Measurement uncertainty and sensitivity analysis of ECL

The recognition and measurement of ECL is complex and involves the use of judgement and estimation. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objective of IFRS 9.

The ECL recognised in the financial statements reflects the effect on expected credit losses of a range of three possible outcomes, calculated on a probability-weighted basis, based on the economic scenarios described in Note 3 to the financial statements, including management overlays where required. The probability-weighted amount is typically a higher number than would result from using only the base (most likely) economic scenario. ECLs typically have a non-linear relationship to the many factors which influence credit losses, such that more favourable macroeconomic factors do not reduce defaults as much as less favourable macroeconomic factors increase defaults. The ECL calculated for each of the scenarios represents three outcomes that have been evaluated to estimate ECL. As a result, the ECL calculated for the upside and downside scenarios should not be taken to represent the upper and lower limits of possible actual ECL outcomes. There is a high degree of estimation uncertainty in numbers representing tail risk scenarios when assigned a 100% weight. A wider range of possible ECL outcomes reflects uncertainty about the distribution of economic conditions and does not necessarily mean that credit risk on the associated loans is higher than for loans where the distribution of possible future economic conditions is narrower.

The PD ratios ranged from 0.02% to 8.27% for Stage 1 investments and 1.41% to 27.62% for Stage 2 investments. On a weighted basis the PD ratios for Stage 1 investments were 1.32% and for Stage 2 investments 9.03%. The PD ratios for Stage 3 investments were 100%. The LGD ratios ranged from 12.0% to 100.0% for Stage 1 investments and 16.9% to 82.3% for Stage 2 investments. On a weighted basis the LGD ratios for Stage 1 investments were 31.0% and for Stage 2 investments 80.5%. The LGD ratios for Stage 3 investments were 100%.

Two downside scenarios were provided as follows: the first scenario is LGD% assumed increased to 100%, in which event we calculate that this would result in an ECL provision of £5,159,000. A further second, harsher scenario would be to assume that in addition to an LGD% of 100%, the PD% is also increased by 50%. In this case the ECL provision would be £6,544,000.

Investments held by the Company

The Company holds 100% of the equity shares of its subsidiary, AHL, which are held at cost less impairment in the Company's Statement of Financial Position. The Company also holds the loan notes in the Italian SPV, which are held at fair value through profit or loss in the Company's Statement of Financial Position.

The Company's investments in subsidiaries comprise the following:

Company	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Investment in the Italian SPV, held at fair value through profit or loss	29,351	35,683
Investment in AHL, held at cost less impairment	9,048	9,971
Total investments	**38,399**	**45,654**

The movement in the Company's investment in AHL was as follows:

Gross carrying amount	For the year ended 31 December 2024 £'000	For the year ended 31 December 2023 £'000
Opening balance	**11,791**	**–**
Additions during the year	–	11,791
Closing balance	**11,791**	**11,791**
Accumulated impairment		
Opening balance	(1,820)	–
Impairment loss recognised in the year	(923)	(1,820)
Closing carrying amount	**9,048**	**9,971**

5. INVESTMENT INCOME

Group	For the year ended 31 December 2024 £'000	For the year ended 31 December 2023 £'000
Investment interest income	4,679	5,027
Bank interest income	718	921
Total investment income	**5,397**	**5,948**

Company	For the year ended 31 December 2024 £'000	For the year ended 31 December 2023 £'000
Investment interest income	3,797	3,426
Bank interest income	406	654
Total investment income	**4,203**	**4,080**

6. INVESTMENT ADVISORY FEES

	For the year ended 31 December 2024			For the year ended 31 December 2023		
Group	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Investment advisory fees	**647**	**–**	**647**	808	–	808

	For the year ended 31 December 2024			For the year ended 31 December 2023		
Company	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Investment advisory fees	**647**	**–**	**647**	808	–	808

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

Group	For the year ended 31 December 2024 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 December 2023 Revenue £'000	Capital £'000	Total £'000
Secretary and administrator fees	297	–	297	281	–	281
Tax compliance	37	–	37	62	–	62
Directors' fees	326	–	326	281	–	281
Broker's fees	320	–	320	182	–	182
Auditors' fees*						
- Fees payable to the Company's auditors for the audit of the Company's annual accounts	506	–	506	590	–	590
- Fees payable to the Company's auditors and its associates for other services: audit of the accounts of subsidiaries	27	–	27	26	–	26
AIFM fees	112	–	112	91	–	91
Registrar's fees	52	–	52	23	–	23
Marketing fees	93	–	93	104	–	104
FCA and listing fees	29	–	29	26	–	26
Investment expenses	169	–	169	332	–	332
Legal fees	169	–	169	235	–	235
Other expenses	237	–	237	259	–	259
Total other expenses	**2,374**	**–**	**2,374**	**2,492**	**–**	**2,492**

Company	For the year ended 31 December 2024 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 December 2023 Revenue £'000	Capital £'000	Total £'000
Secretary and administrator fees	219	–	219	199	–	199
Tax compliance	26	–	26	41	–	41
Directors' fees	228	–	228	203	–	203
Broker's fees	320	–	320	182	–	182
Auditor's fees*						
- Fees payable to the Company's auditors for the audit of the Company's annual accounts	506	–	506	590	–	590
- Fees payable to the Company's auditors and its associates for other services:	27	–	27	26	–	26
AIFM fees	112	–	112	91	–	91
Registrar's fees	52	–	52	23	–	23
Marketing fees	93	–	93	104	–	104
FCA and listing fees	29	–	29	26	–	26
Legal fees	169	–	169	235	–	235
Other expenses	158	–	158	192	–	192
Total other expenses	**1,939**	**–**	**1,939**	**1,912**	**–**	**1,912**

** For the year to 31 December 2024, the statutory audit fees payable to the Company's auditors and its associates for the audit of the Company and consolidated financial statements were £325k (2023: £309k), excluding VAT. Further fees of £97k were also included in the year in relation to the statutory audit of the Company and consolidated financial statements for the year to 31 December 2023, excluding VAT (2023: £178k in relation to the statutory audit of the Company and consolidated financial statements for the year to 31 December 2022, excluding VAT). The audit fees payable to the Company's auditors and its associates for the audit of the Company's subsidiaries are £23k (2023: £22k) excluding VAT, which was paid by the Parent entity.*

8. TAXATION

(a) Analysis of charge in the year

Group	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	–	–	–	–	–	–
Taxation	**–**	**–**	**–**	**–**	**–**	**–**

Company	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	–	–	–	–	–	–
Taxation	**–**	**–**	**–**	**–**	**–**	**–**

(b) Factors affecting total tax charge for the year

The tax assessed for the year is higher (2023: lower) than the Company's applicable rate of corporation tax for the year of 25% (2023: 23.5%).

The factors affecting the current tax charge for the year are as follows

The effective UK corporation tax rate applicable to the Company for the period is 25% (2023: 23.5%). 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:

Group	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/profit on ordinary activities before taxation	(178)	(1,849)	(2,027)	913	(609)	304
Corporation tax at 25% (2023: 23.5%)	(45)	(462)	(507)	215	(143)	72
Effects of:						
Excess management expenses brought forward	(30)	–	(30)	(320)	(35)	(355)
Deemed interest payment under income streaming rules	(52)	–	(52)	–	–	–
Non deductible expenses	162	–	162	415	–	415
Movements on investments not allowable/taxable	(35)	462	427	(310)	178	(132)
Tax charge for the year	**–**	**–**	**–**	**–**	**–**	**–**

Company	For the year ended 31 December 2024 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 December 2023 Revenue £'000	Capital £'000	Total £'000
Profit/(loss) on ordinary activities before taxation	694	(3,027)	(2,333)	(681)	924	243
Corporation tax at 25% (2023: 23.5%)	174	(757)	(583)	(160)	217	57
Effects of:						
Excess management expenses brought forward	(30)	–	(30)	(320)	–	(320)
Group relief	(460)	–	(460)			
Deemed interest payment under income streaming rules	(77)	–	(77)	–	–	–
Non deductible expenses	393	–	393	480	–	480
Movements on investments not allowable/ taxable	–	757	757	–	(217)	(217)
Tax charge for the year	**–**	**–**	**–**	**–**	**–**	**–**

The Company has an unrecognised deferred tax asset of £nil (2023: £89,000) based on a main rate of corporation tax of 25% (2023: 25%). In its 2021 budget, the UK government announced that the main rate of corporation tax would increase to 25% for the fiscal year beginning on 1 April 2023. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

Given the Company's intention to meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for deferred UK capital gains tax on any capital gains or losses arising on the revaluation or disposal of investments.

9. RETURN/(LOSS) PER ORDINARY SHARE

Group

Return per share is based on the consolidated loss for the year of £2,027,000 (2023: profit of £304,000) and the weighted average number of Ordinary Shares in issue of 88,335,524 (2023: 100,000,000) during the year. Consolidated revenue loss amounts to £178,000 (2023: profit of £913,000) and consolidated capital loss amounts to £1,849,000 (2023: loss of £609,000).

Company

Return per share is based on the Company loss for the year of £2,333,000 (2023: profit of £243,000) and the weighted average number of Ordinary Shares in issue of 88,335,524 (2023: 100,000,000) during the year. Company revenue profit amounts to £694,000 (2023: loss of £681,000) and Company capital loss amounts to £3,027,000 (2023: profit of £924,000).

10. CURRENT ASSETS

Trade and other receivables	As at 31 December 2024 Group £'000	Company £'000	As at 31 December 2023 Group £'000	Company £'000
Trade receivables	80	56	652	255
Shareholder loan receivable	–	27,292	–	27,293
Total	**80**	**27,348**	**652**	**27,548**

At 31 December 2024, the Company had a Shareholder loan receivable from AHL in the amount of £27,292,000 (2023: £27,293,000). The interest rate is 7.90% per annum which is then being adjusted every fourth quarter of the financial year in order for AHL to earn a gross margin of at least 50bps from its financing activities. The loan is repayable in full on 31 December 2046.

10. CURRENT ASSETS CONTINUED

Derivative financial instruments

	As at 31 December 2024		As at 31 December 2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Forward currency contracts	**–**	**–**	**122**	**–**

The forward currency contracts outstanding at 31 December 2023 comprised the following:

Sale of euro 37,198,000 for £32,431,000 for settlement on 9 January 2024; and Sale of euro 34,834,000 for £30,362,000 for settlement on 23 February 2024.

Cash and cash equivalents
Cash and cash equivalents comprises bank balances held by the Group and Company, including short-term deposits.

The carrying amount of these represents their fair value. Cash balances in excess of a predetermined amount are placed on short-term deposit at market rates of interest.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Payables

	As at 31 December 2024		As at 31 December 2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Intercompany balance with Attika Holdings Limited	–	2,443	–	–
Accrued expenses	1,094	968	1,016	874
Unsettled trades	43	–	41	–
Total	**1,137**	**3,411**	**1,057**	**874**

Derivative financial instruments

	As at 31 December 2024		As at 31 December 2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Forward currency contracts	**24**	**–**	**–**	**–**

The forward currency contracts outstanding at the year end comprised the following:

Sale of euro 38,000,000 for £31,411,000 for settlement on 21 January 2025; and Sale of euro 28,900,000 for £24,212,000 for settlement on 28 February 2025.

12. SHARE CAPITAL

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Allotted, issued and fully paid:		
Ordinary Shares of 1p each		
Opening balance of 100,000,000 Ordinary Shares	1,000	1,000
Repurchase and cancellation of 18,561,732 (2023: nil) Ordinary Shares following a Tender Offer	(186)	–
Closing balance of 81,438,268 (2023: 100,000,000) Ordinary Shares	**814**	**1,000**

The Ordinary Shares rank pari passu and each share carries one vote in the event of a poll at a general meeting.

Following a Tender Offer during the year, the Company repurchased and cancelled 18,561,732 of its own Ordinary Shares, nominal value £185,617 for a total consideration of £17,500,000, representing 18.6% of the Ordinary Shares outstanding at the beginning of the year.

13. RESERVES

Group	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000
At 1 January 2024	–	93,500	(178)	(41)
Repurchase and cancellation of Ordinary Shares following a Tender Offer	186	(17,500)	–	–
Expenses of Tender Offer	–	(88)	–	–
Dividends paid	–	(4,999)	–	–
Loss on ordinary activities after taxation	–	–	(1,849)	(178)
At 31 December 2024	**186**	**70,913**	**(2,027)**	**(219)**

Company	Capital redemption reserve[1] £'000	Special reserve[2] £'000	Capital reserve[3] £'000	Revenue reserve[4] £'000
At 1 January 2024	–	93,500	2,923	(2,547)
Repurchase and cancellation of Ordinary Shares following a Tender Offer	186	(17,500)	–	–
Expenses of Tender Offer	–	(88)	–	–
Dividends paid	–	(4,999)	–	–
(Loss)/profit on ordinary activities after taxation	–	–	(3,027)	694
At 31 December 2024	**186**	**70,913**	**(104)**	**(1,853)**

The Company's Articles of Association permit dividend distributions out of realised capital profits.

[1] The capital redemption reserve represents the accumulated nominal value of shares repurchased for cancellation. This reserve is not distributable.

[2] The special reserve arose following the cancellation of the share premium account in 2021. As a result, this became a distributable reserve and may be used to repurchase the Company's own Ordinary Shares or distributed as dividends.

[3] The capital reserve comprises realised and unrealised gains and losses on investments and foreign currency. An analysis has not been made between those that are realised (and may be distributed as dividends or used to repurchase the Company's own Ordinary Shares) and those that are unrealised.

[4] The revenue reserve may be distributed as dividends or used to repurchase the Company's own Ordinary Shares. The balance on the Company's revenue reserve is currently negative and therefore no distribution can be made.

14. NET ASSET VALUE PER ORDINARY SHARE

The Group's net asset value per Ordinary Share as at 31 December 2024 is based on the £69,667,000 (2023: £94,281,000) net assets of the Group attributable to the 81,438,268 (2023: 100,000,000) Ordinary Shares in issue as at 31 December 2024.

The Company's net asset value per Ordinary Share as at 31 December 2024 is based on the £69,956,000 (2023: £94,876,000) net assets of the Company attributable to the 81,438,268 (2023: 100,000,000) Ordinary Shares in issue as at 31 December 2024.

15. DIVIDENDS

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

	For the year ended 31 December 2024		For the year ended 31 December 2023	
Dividend paid in the year	**Pence per Ordinary Share**	**Total £'000**	**Pence per Ordinary Share**	**Total £'000**
Interim – paid 1 November 2024	6.139p	4,999	–	–
Total	**6.139p**	**4,999**	**–**	**–**

The Company is not required to pay a dividend in respect of the current or prior year in order to satisfy the requirements of Section 1159 of the Corporation Tax Act 2010, as it has a negative balance on its revenue reserve. The above dividend was paid out of the special reserve.

The Company paid an of 1.25p per share, amounting to £1,250,000 on 20 March 2023, in respect of the year ended 31 December 2022.

16. 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 the Group's operations. The Group'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 are 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 Group's and the Company's financial assets and liabilities are denominated in sterling and the euro and substantially all of its revenues and expenses are in sterling and the euro. The Group and the Company are therefore exposed to foreign currency risk.

For any non-base currency assets, the Investment Adviser can use forward foreign exchange contracts to seek to hedge up to 100% of non-sterling exposure.

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

With many of its investment assets denominated in the euro, the Group uses a series of regular forward foreign exchange contracts to provide a level of protection against movement in the sterling exchange rate. Under these arrangements the Group is required to provide £2.5 million in cash as collateral for these forward foreign exchange contracts. Following the failure of the Continuation vote, the Group is currently reviewing the strategic options for realising value for Shareholders. The Board will consider the appropriateness of the current hedging arrangements and the cash collateral as part of the review of strategic options and in light of the cash requirements of the Group.

The currency profile of the Group as at 31 December 2024 is as follows:

Assets	31 December 2024 GBP £'000	31 December 2024 EUR £'000	31 December 2024 Total £'000	31 December 2023 GBP £'000	31 December 2023 EUR £'000	31 December 2023 Total £'000
Cash and cash equivalents	7,358	7,059	14,417	23,547	5,535	29,082
Trade and other receivables	56	24	80	159	493	652
Derivative financial instruments	–	–	–	122	–	122
Investments	3,021	53,310	56,331	3,566	61,916	65,482
Total assets	**10,435**	**60,393**	**70,828**	**27,394**	**67,944**	**95,338**
Liabilities						
Creditors	(986)	(151)	(1,137)	(901)	(156)	(1,057)
Derivative financial instruments	(24)	–	(24)	–	–	–
Total liabilities	**(1,010)**	**(151)**	**(1,161)**	**(901)**	**(156)**	**(1,057)**

If the value of sterling against euro increased or decreased by 10% (2023: 10%), if all other variables remained constant, the NAV of the Group would increase or decrease by £6,039,000 (2023: £6,794,000) without taking account of the Group's forward foreign exchange contracts.

The currency profile of the Company as at 31 December 2024 is as follows:

Assets	31 December 2024 GBP £'000	31 December 2024 EUR £'000	31 December 2024 Total £'000	31 December 2023 GBP £'000	31 December 2023 EUR £'000	31 December 2023 Total £'000
Cash and cash equivalents	3,957	3,663	7,620	19,884	2,664	22,548
Shareholder loan receivable	27,292	–	27,292	27,293	–	27,293
Trade and other receivables	56	–	56	255	–	255
Investments in subsidiaries	9,048	29,351	38,399	9,971	35,683	45,654
Total assets	**40,353**	**33,014**	**73,367**	**57,403**	**38,347**	**95,750**
Liabilities						
Intercompany balance with Attika Holdings Limited	(2,443)	–	(2,443)	–	–	–
Accrued expenses	(968)	–	(968)	(874)	–	(874)
Total liabilities	**(3,411)**	**–**	**(3,411)**	**(874)**	**–**	**(874)**

If the value of the sterling against euro increased or decreased by 10% (2023: 10%), if all other variables remained constant, the NAV of the Group would increase or decrease by £3,301,000 (2023: £3,835,000).

(ii) Interest rate risk
The Group's interest rate risk on interest bearing financial assets is limited to interest earned on cash and investments. The interest rates of investments held at amortised cost are fixed therefore the interest rate risk is minimal. Investments held at fair value through profit or loss have variable returns based on e.g. power production levels and not on variability in interest rates.

16. FINANCIAL RISK MANAGEMENT CONTINUED

The Group's interest and non-interest bearing assets and liabilities as at 31 December 2024 are summarised below:

	31 December 2024			31 December 2023		
Assets	**Interest bearing £'000**	**Non-interest bearing £'000**	**Total £'000**	**Interest bearing £'000**	**Non-interest bearing £'000**	**Total £'000**
Cash and cash equivalents	9,121	5,296	14,417	27,817	1,265	29,082
Trade and other receivables	–	80	80	–	652	652
Derivative financial instruments	–	–	–	–	122	122
Investments	46,309	10,022	56,331	54,990	10,492	65,482
Total assets	**55,430**	**15,398**	**70,828**	**82,807**	**12,531**	**95,338**
Liabilities						
Creditors	–	(1,137)	(1,137)	–	(1,057)	(1,057)
Derivative financial Instruments	–	(24)	(24)	–	–	–
Total liabilities	**–**	**(1,161)**	**(1,161)**	**–**	**(1,057)**	**(1,057)**

The Company's interest and non-interest-bearing assets and liabilities as at 31 December in each reporting year are summarised below:

	31 December 2024			31 December 2023		
Assets	**Interest bearing £'000**	**Non-interest bearing £'000**	**Total £'000**	**Interest bearing £'000**	**Non-interest bearing £'000**	**Total £'000**
Cash and cash equivalents	3,971	3,649	7,620	21,606	942	22,548
Trade and other receivables	–	56	56	–	255	255
Shareholder loan receivable	27,292	–	27,292	27,293	–	27,293
Investments in subsidiaries	29,351	9,048	38,399	35,683	9,971	45,654
Total assets	**60,614**	**12,753**	**73,367**	**84,582**	**11,168**	**95,750**
Liabilities						
Intercompany balance with Attika Holdings Limited	–	(2,443)	(2,443)	–	–	–
Accrued expenses	–	(968)	(968)	–	(874)	(874)
Total liabilities	**–**	**(3,411)**	**(3,411)**	**–**	**(874)**	**(874)**

(iii) Price risk

Price risk is defined as the risk that the fair value of a financial instrument held by the Group will fluctuate. As of 31 December 2024 the Group held investments at fair value through profit or loss with an aggregate fair value of £10,022,000 (2023: £10,492,000). All other things being equal, the effect of a 10% increase or decrease in the prices of the investments held at the year-end would have been an increase or decrease of £1,002,000 (2023: £1,049,000) in the profit after taxation for the year ended 31 December 2024 and the Group's net assets at 31 December 2024. The sensitivity of the investment valuation due to price risk is shown further in note 4.

As of 31 December 2024 the Company held investments at fair value through profit or loss with an aggregate fair value of £29,351,000 (2023: £35,683,000). All other things being equal, the effect of a 10% increase or decrease in the prices of the investments held at the year-end would have been an increase or decrease of £2,935,000 (2023: £3,568,000) in the profit after taxation for the year ended 31 December 2024 and the Company's net assets at 31 December 2024.

(iv) Credit risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfil its contractual obligations. The Group and the Company is exposed to credit risk in respect of the investments valued at amortised cost, interest income receivable and other receivables and cash at bank. The Group and the Company's credit risk exposure is minimised by dealing with financial institutions with investment grade credit ratings.

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 these risks early. Where possible, the Investment Adviser seeks to mitigate credit risks 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.

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

		As at 31 December 2024		As at 31 December 2023	
	Rating	**Company £'000**	**Group £'000**	**Company £'000**	**Group £'000**
Goldman Sachs-Liquid Reserves Fund	AAAmmf (Fitch Rating)	249	249	6,632	6,632
EFG Deposit account	A (Fitch Rating)	7,333	9,000	15,858	19,248
Royal Bank of Scotland International	A+ (Fitch Rating)	38	5,013	58	2,998
Bank of New York Mellon	AA (Fitch Rating)	–	155	–	204
		7,620	**14,417**	**22,548**	**29,082**

The table below shows the amortised cost investment balances of the Group as well as the credit rating for each counterparty:

Group	**As at 31 December 2024 £'000**	**As at 31 December 2023 £'000**
A	4,346	5,871
B	33,865	31,890
C	8,098	16,509
D	–	720
	46,309	**54,990**

The Group and the Company classified each project using a certain credit risk band. Listed below are the conversion methodology used:

Credit risk band	**Corresponding S&P rating range**
A	AAA to A-
B	BBB+ to BBB-
C	BB to CC-
D	Default

(v) 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.

16. FINANCIAL RISK MANAGEMENT CONTINUED

The financial liabilities by maturity of the Group at the year-end are shown below:

	31 December 2024 Less than 1 year £'000	31 December 2023 Less than 1 year £'000
Liabilities		
Payables	(1,137)	(1,057)
Derivative financial instruments	(24)	–
	(1,161)	**(1,057)**

The financial liabilities by maturity of the Company at the year-end are shown below:

	31 December 2024 Less than 1 year £'000	31 December 2023 Less than 1 year £'000
Liabilities		
Payables	(3,411)	(874)
	(3,411)	**(874)**

As at 31 December 2024, the Group has total commitments of £0.04 million (31 December 2023: £5.26 million) to its investments which are unfunded.

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 by a combination of current cash and equity.

17. TRANSACTIONS WITH THE INVESTMENT ADVISER

Aquila Capital Investmentgesellchaft has been appointed as the Investment Adviser to the Company and full details of the Investment Advisory Agreement are given in the Directors' Report on page 29. Investment advisory fees payable in respect of the year ended 31 December 2024 amounted to £647,000 (2023: £808,000), of which £319,000 (2023: £361,000) was outstanding at the year end.

18. RELATED PARTY TRANSACTIONS

Directors

Details of the remuneration payable to Directors and details of Directors' shareholdings are given in the Directors' Remuneration Report on page 45 and page 46 respectively.

Subsidiary and wholly owned entity

The following table includes details of the subsidiary and other wholly owned entity of the Company. Further details of these are given in notes 1 and 2 to the accounts. Transactions with these entities have been carried out at arm's length. The Company has prepared consolidated accounts, which incorporate these two entities.

Entity name and registered address	Effective ownership	Investment	Country of incorporation
Attika Holdings Limited Leaf B, 20th Floor, Tower 42, Old Broad Street, London, England, EC2N 1HQ	100%	HoldCo Subsidiary entity, which owns underlying investments	United Kingdom
Compartment 2 of SPV Project 2013 S.r.l. Via Vittorio Betteloni, 2 20131, Milan, Italy	100% of the notes of one compartment	Special purpose entity, which owns underlying investments.	Italy

Transaction with the subsidiary

At 31 December 2024, the Company had a Shareholder loan receiveble from its subsidiary, Attika Holdings Limited ("AHL"), amounting to £27,292,000 (2023: £27,293,000). Under the terms of the loan agreement, the initial interest rate is is 7.9% per annum, which is then adjusted every fourth quarter of the financial year in order for AHL to earn a gross margin of at least 50 basis points from its financing activities. The loan is repayable in full on 31 December 2046.

At 31 December 2024, the Company had an intercompany balance payable to AHL, amounting to £2,443,000 (2023: nil).

19. EVENTS AFTER THE ACCOUNTING DATE

The following events occurred after the accounting date, and for which no adjustments have been made in the financial statements:

On 28 February 2025, the Group received £7.0 million from the disposal of its investment in Bio-LNG, in addition to a quarterly receipt of £0.5 million in January 2025.

In February and March 2025, the Board entered agreements for the repayment of three of the Group's five Superbonus investments, for a total consideration of £19.3 million, of which £16.3 million had been received by 31 March 2025.

ALTERNATIVE PERFORMANCE MEASURES OF THE GROUP

OTHER INFORMATION (UNAUDITED)

In reporting financial information, the Company presents alternative performance measures, "APMs", which are not defined or specified under the requirements of IFRS. These APM's are commonly used by investment companies to assess values, investment performance and operating costs. There have been no changes in these APMs from the prior year. The APMs presented in this report are shown below, together with supporting numerical calculations.

(Discount)/premium

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. The discount or premium is expressed as a percentage of the NAV per share.

		Page	As at 31 December 2024	As at 31 December 2023
NAV per Ordinary Share (pence)	a	3	85.55	94.28
Share price (pence)	b	3	52.00	57.25
Discount (%)	**(b÷a)-1**		**(39.2)**	**(39.3)**

Ongoing charges

A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company. The average net assets has been computed as the average of the published NAV for 31 December 2023, 30 June 2024 and 31 December 2024.

		Page	As at 31 December 2024	As at 31 December 2023
Average NAV (£'000)	a	n/a	80,459	94,349
Annualised expenses (£'000)	b	n/a	3,021[1]	3,300[1]
Ongoing charges (%)	**(b÷a)**		**3.8**	**3.5**

[1] Figure includes Investment Advisory fees and Other expenses as disclosed in the Consolidated Statement of Profit or Loss and Comprehensive Income.

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.

Year ended 31 December 2024		**Page**	**NAV per share**	**Share price**
Opening at 1 January 2024 (pence)	a	n/a	94.28	57.25
Dividend adjustment (pence)	b	n/a	6.14	6.14
Closing at 31 December 2024 (pence)	c	3	85.55	52.00
Total (loss)/return (%)	**((c+b)÷a)-1**		**(2.7)**	**1.6**

Year ended 31 December 2023		**Page**	**NAV per share**	**Share price**
Opening at 1 January 2023 (pence)	a	n/a	95.23	71.00
Dividend adjustment (pence)	b	n/a	1.25	1.25
Closing at 31 December 2023 (pence)	c	3	94.28	57.25
Total return/(loss) (%)	**((c+b)÷a)-1**		**0.3**	**(17.6)**

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)/Premium	The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. The discount or premium is expressed as a percentage of the NAV 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.
ECL	Expected Credit Loss
EMEA	Europe, the Middle East and Africa.
ESCO	Energy Service Company.
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.
the Group	Aquila Energy Efficiency Trust Plc and its subsidiaries, Attika Holdings Limited and SPV Project 2013 S.r.l.
GWh	Gigawatt hour.
The Holdco	Attika Holdings Limited ("AHL" or "Attika").
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.
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.

Annex I – Article 8 Periodic Disclosures

THIS DOES NOT FORM PART OF THE FINANCIAL STATEMENTS AND IS UNAUDITED

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Aquila Energy Efficiency Trust PLC **Legal entity identifier:** 213800AJ3TY3OJCQQC53

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☒ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met? *During the reference period, the Fund was invested in multiple energy efficiency projects, thereby promoting the environmental characteristics of the Fund - climate change mitigation. The Fund has used derivatives for hedging purposes only and the promoted environmental characteristics were not affected by the use of derivatives.*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- ***How did the sustainability indicators perform?*** The sustainability indicators that were defined to measure the attainment of environmental characteristics are a) energy savings, and b) the avoidance of GHG emissions in t of CO2eq. Over the course of the reference period, the Fund's assets enabled energy savings of 19,581 MWh and avoided 5,285 t CO2 eq emissions.

...and compared to previous periods? Over the course of the reference period, the Fund's assets deployed into more energy efficiency investments, however enabled 4,058 MWh less of energy savings and avoided 1,281t less CO2eq emissions.
This decrease is due to the failure of the sub-metering investment in Germany where it is assumed that all savings were lost and due to excluding savings after certain other investments were fully realised.

What were the top investments of this financial product?

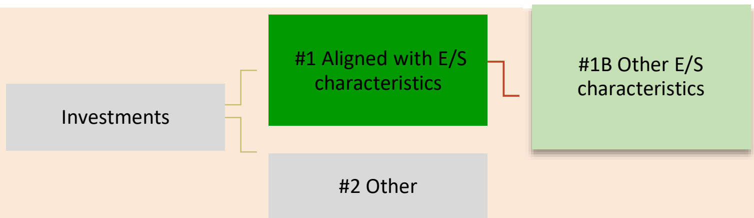
The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1.1.2024-31.12.2024

Largest investments	Sector	% Assets	Country
Water management services	*Energy*	*15.8%*	*Germany*
Biogas	*Energy*	*12.9%*	*Germany*
Building energy efficiency -1	*Energy*	*12.7%*	*Italy*
Building energy efficiency -2	*Energy*	*12.6%*	*Italy*
Building energy efficiency -3	*Energy*	*10.9%*	*Italy*
Building energy efficiency -4	*Energy*	*7.6%*	*Italy*
Solar PV	*Energy*	*5.0%*	*Spain*
Building energy efficiency -5	*Energy*	*4.0%*	*Spain*

What was the proportion of sustainability-related investments?

What was the asset allocation? At least 90% of the investments made during the reporting period have been made in the category #1B. The investments under the category #2 Other only included instruments used for liquidity and/or risk management purposes.

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

In which economic sectors were the investments made? The investments made under #1B are part of the following sectors:

Energy efficiency

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy? The Fund did not make any Taxonomy-aligned investments.

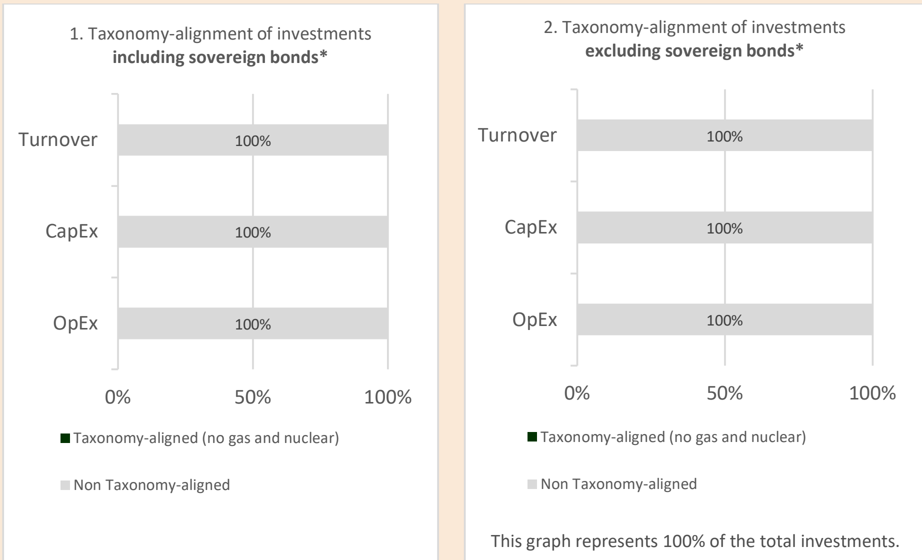
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

☐ Yes:

☐ fossil gas In ☐ nuclear energy

X No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What was the share of investments made in transitional and enabling activities?
Since the fund did not make any sustainable investments, the minimum share of investments in transitional activities is 0% and the minimum share of investments in enabling activities is 0% as well.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods? No change

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments that fall under the category "Other" only included instruments used for liquidity and/or risk management purposes and did not affect the promotion of environmental characteristics of the Fund.

What actions have been taken to meet the environmental and/or social characteristics during the reference period? Since the Fund has invested in energy efficiency projects during the reference period, thereby promoting the environmental characteristics of the Fund, no further actions were required to meet the environmental characteristics.

COMPANY INFORMATION

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