AQUILA ENERGY EFFICIENCY TRUST PLC

HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS TO 30 JUNE 2024

INVESTING WITH IMPACT
HALF-YEARLY FINANCIAL REPORT 2024

AQUILA CAPITAL

Contents

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Consolidated Financial Highlights

Financial information	At 30 June 2024	At 31 Dec 2023
Net asset value ("NAV") per Ordinary Share (pence)	95.08	94.28
Ordinary Share price (pence)	59.00	57.25
Ordinary Share price discount to NAV[1]	(37.9%)	(39.3%)
Net assets (in £ million)	77.43	94.28
Dividend declared for the Period	6.139p	–
Ongoing charges[1]	3.2%	3.5%

Performance summary	% change	% change
NAV total return per Ordinary Share[1]	0.9	0.3
Share price total return per Ordinary Share[1]	3.1	(17.6)

1 *These are Alternative Performance Measures ("APMs") for the period ended 30 June 2024. Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated, can be found on page 41.*

ON BEHALF OF THE BOARD I HEREBY ENCLOSE THE INTERIM REPORT ("INTERIM REPORT") FOR AQUILA ENERGY EFFICIENCY TRUST PLC FOR THE 6 MONTH PERIOD TO 30 JUNE 2024.

My Chair's statement for the Company's Interim Report covers the six month period to 30 June 2024 (the "Period"). The Company's Annual Report and Accounts was published on 30 April 2024 and, therefore, there is some duplication with the content of the 2023 Chair's Statement and this Statement.

I would like to preface my Statement by saying this has been a busy and challenging period for the Board, as work on maximising value for shareholders under the Managed Run-Off continues. We will provide further updates and announcements in a timely manner and as soon as permitted.

Investment Performance

As we continue to make progress, the Company's unaudited NAV as at 30 June 2024 on a cum-income basis was 95.08 pence per ordinary share (94.28p at 31 December 2023) representing an increase of 0.9%. However, the Company's shares continued to trade at a significant discount to NAV over the period, following the failure of the February 2023 Continuation Vote, which was then followed by a successful combined Continuation Managed Run-Off Resolution in June 2023.

As discussed in previous Statements, the focus has been on maximising value for the return of capital to shareholders. This has meant focusing 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. This activity is set out in the Investment Adviser's Report.

The Company's investments continue to produce income. In the Period, total investment income was £3.27 million, an increase of £0.69 million over the comparable period the previous year and net revenue profit was £1.32 million. In the Period, investment income was £2.75 million compared to £2.19 million in the same period the previous year, an increase of £0.57 million due, principally, to the higher level of capital deployed, on average, over the Period. In the Period, interest income from cash deposits was £0.52 million compared to £0.40 million in the same period the previous year, an increase of £0.12 million because of the higher level of interest rates prevailing in the Period prior to the return of capital referred to below.

In line with the Company's investment policy, on 30 June 2024, £61.0 million of the Company's investments of £64.8 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 the extensive asset sale process run on behalf of the Company, by its financial advisors, and which ended in February 2024, the Board continues to seek and assess opportunities to realise capital through the sale of assets. This remains challenging as 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.

In addition, due to the Managed Run-Off status of the Company, further 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 may potentially be placing us at a disadvantage in negotiations. 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 value-enhancing solutions for 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, following a scaling back.

The Board intends to continue with future Tender Offers as soon as sufficient realisation proceeds are received. We have engaged with some of our major shareholders who have expressed a preference for returns of capital to occur in sizeable tranches, and we will continue with that strategy. However, if realisations are either delayed or it takes longer to make sizeable returns of capital, the Board will consider the payment of dividends and we intend to implement this immediately by declaring a dividend of 6.139p per share.

The next significant return of capital to shareholders is, based on information provided by the Investment Adviser, expected to arise from the repayment of Superbonus investment capital. These investments, originally intended to be short term, have taken substantially longer to complete and be repaid than originally expected. This was discussed in the Investment Adviser's Report in the 2023 Annual Report. It is important to note that under the terms of the Superbonus investments, interest is accruing for the period of delay in receiving the receipts at the statutory late payment interest rate in Italy of 8% p.a. over the refinancing rate of the European Central Bank, an effective rate of 12.5% p.a. in the first half of 2024 and 12.25% p.a in the second half of 2024.

Following the 2023 year-end audit and the continuing delays in repayment of many Superbonus investments, the Board asked the Investment Adviser to carry out a detailed investigation of the position in relation to those investments. After further work and discussions with the Superbonus ESCOs, the Investment Adviser has confirmed that, of the balance of £28.8 million relating to Superbonus at 30 June 2024, £25.1 million will be met by the contractual obligation between the ESCO and the end purchaser of the tax credits, in many cases an Italian bank. However, the remaining balance of £3.7 million represents an amount for which the ESCOs are the contractual counterparty, where there is no related bank tax credit. Accordingly, the credit risk associated with this element of the Superbonus receivables, is the credit risk of the ESCOs. Of this £3.7 million, £2.9 million represents the accrual of delay payment interest and £0.8 million the amount calculated as ESCO credit risk for construction and tax credit exposure.

The ESCOs have confirmed to the Investment Adviser that they expect to receive repayment from the end purchasers of the tax credits for all projects by early 2025, which will enable all amounts due to the Company to be repaid including delay payment interest. As highlighted in previous reports, in the view of the Board, there remains a high degree of uncertainty around the timing of these Superbonus payments. More information on the mechanics of these contracts and the associated credit risk provisions can be found on page 7 in the Investment Adviser's Report.

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.

Dividends

In my Chair's Statement in the 2023 Annual Report, I stated future dividends will only be paid from net income in respect of six month periods and after reviewing cash flow forecasts. However, having reviewed the position and as a consequence of the delays to a significant and anticipated return of the Superbonus receipts, such that there is not a sufficiently material amount of cash available now to warrant a return of capital to shareholders via a Tender Offer, we have decided to pay an Interim Dividend of 6.139p per share on 1 November 2024 to all shareholders on the share register as at 11 October 2024, a total distribution of just under £5.0 million.

Miriam Greenwood OBE DL

Chair of the Board
26 September 2024

In the Period the Investment Adviser continued to support the Managed Run-Off of the Company's Portfolio, (i) focusing new investment activity on the completion of existing projects, (ii) the withdrawal from pre-existing legally binding commitments, (iii) negotiations to achieve the realisation of individual investments 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.

In the Period, 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. During this Period, the Company was able to negotiate the withdrawal from an existing commitment to invest £0.5 million in a solar PV project in Spain which was part of a transaction, completed in July 2024; this also resulted in a realisation of £0.1 million of a small solar PV project developed by the same ESCO. As at 30 June 2024, the Company has outstanding commitments to invest £0.8 million which principally relate to the completion of a building refurbishment project in Spain. This project is scheduled to complete in October 2024 and will involve a second tranche investment of £0.6 million. In September 2024 the Company realised another Solar PV project in Spain. This transaction resulted in cash proceeds of £1.0 million, which were at a small discount in local currency to the valuations as at 30 June 2024.

In the Period, the Company received £3 million of cash from the Superbonus investments in Italy as a result of which the capital balance of these projects, net of expected credit loss ("ECL") provisions, was £28.8 million, as at 30 June 2024. The cash received was later than expected; this was caused by a combination of factors including (i) the construction works of six projects with a value of £9.2 million being largely but not yet wholly completed; (ii) tax credit certification being outstanding for the six projects in (i) and a further £1 million value of projects where construction is complete but, that notwithstanding, tax credit certification remains outstanding; (iii) payments for the purchase of certified tax credits remaining outstanding because of continued administrative delays processing the tax credits. The position was further impacted by the uncertainty about potential implications of changes to the Superbonus tax credit regime introduced in May 2024 by the Italian Government. These changes do not have a significant impact on the Company as most of the tax credits were accredited before the effective date of the change in regulations and the effects are expected to ease in the second half of 2024.

While there are delays in receiving payment for the tax credits, the Company continues to earn interest for the period following the contractually agreed expected date of repayment until the actual date of repayment. The interest rate is the statutory rate of interest in Italy, which as from 1 January 2024 until 30 June 2024 was 12.5% p.a. and from 1 July 2024 is 12.25% p.a. The obligation on the ESCOs to pay interest is a contractual term of the Superbonus agreements, designed to protect the Company's returns. There is, though, a higher credit risk associated with this delay payment interest accrual, which is due to be paid to the Company by the ESCOs, compared to the credit risk associated with the purchasers of the tax credits. As at 30 June 2024, the ECL provisions were increased by £0.1 million from the position at 31 December 2023. This increase is due to the increased exposure to ESCO credit risk. This has been calculated by considering the proportion of the investments, ranging from 10% to 12%, having credit risk exposure to the ESCOs for the delay payment interest element of the Superbonus investment values. In absolute terms, the delay payment interest accrual represents £2.9 million of the total Superbonus investment values of £28.8m as at 30 June 2024. A further £0.8 million exposure to the ESCOs has been included in the ECL provisions to reflect the ESCO credit risk associated with the exposure to repayments for as yet uncompleted projects from a construction and tax credit certification perspective. The Investment Adviser believes that the Superbonus investments are likely to be substantially redeemed by the 2024 year end with full redemption in early 2025 although timing remains uncertain.

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 the Period, 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 are problematic:

- Three Solar PV investments in Spain, which had a value of £1.5 million as at 31 December 2023, have been written down as at 30 June 2024 to £1 million because of operational difficulties with individual projects and the failure of the ESCOs which developed the projects to remedy these difficulties. As referred to in the second paragraph of this report above, one of these investments was realised for £0.1 million in July 2024. This also enabled the Company to exit from a pre-existing commitment to invest £0.5 million in another project with the same ESCO.
- The two wind investments in the UK, which had a value of £1.9 million as at 31 December 2023, have been written down to a value of £1.5 million as at 30 June 2024, 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 to increase provisions against the German sub-metering investment and the EGA Energy investments:

- There is now a full provision against the German sub-metering investment, which had been written down to a value of £0.3 million as at 31 December 2023. It now appears that any proceeds from the sale of the sub-metering contracts are unlikely to exceed tax and other liabilities of the SPV into which the original investment was made.
- EGA Energy has made limited progress with completing its CHP project or securing a new customer for the CHP equipment and, therefore, it has been deemed necessary to make a further provision of £0.2 million against this investment, which had a value of £0.5 million as at 31 December 2023.

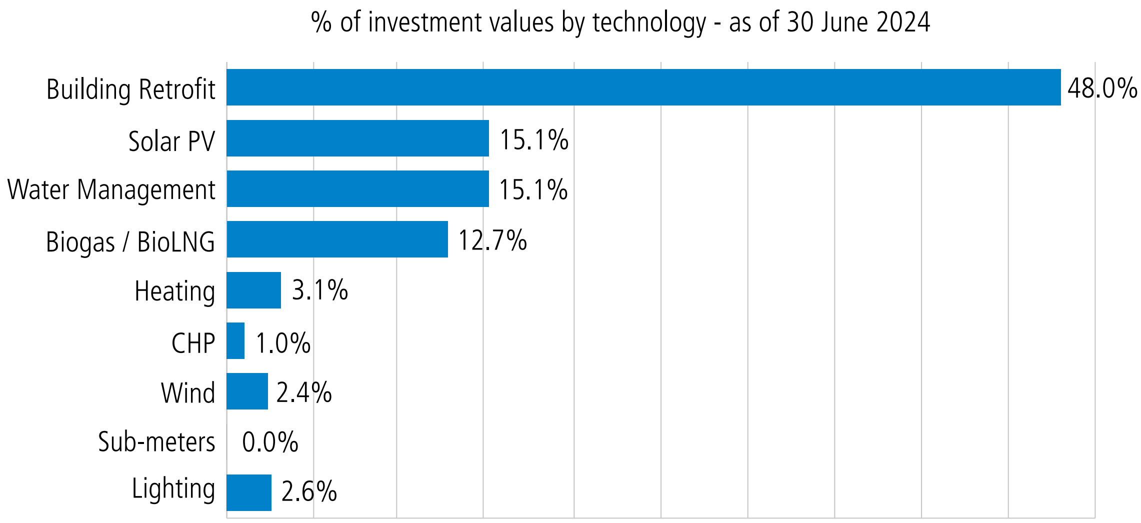
As at 30 June 2024 £61.0 million of the Company's total investments of £64.8 million were denominated in Euros. During the Period, the Company continued to use forward foreign exchange agreements to hedge the value of the Euro denominated investments. In the six months ended 30 June 2024 the Company reported realised foreign exchange gains of £1.9 million and an unrealised foreign loss of £0.03 million, receiving £2.1 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. £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 30 June 2024, the Company's cash position, including cash held as collateral for foreign exchange hedging, was £13.7 million. The cash position is forecast to increase significantly because of the expected realisations of Superbonus investments, which were valued at £28.8 million as at 30 June 2024. However, there remain significant timing uncertainties as to actual receipt of Superbonus returns.

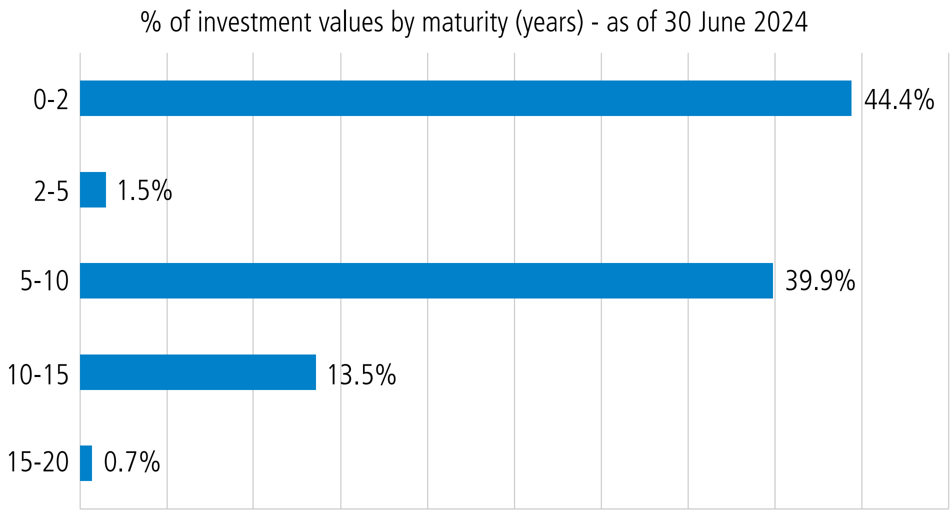
PORTFOLIO OVERVIEW

As at 30 June 2024, the Company's portfolio of 34 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

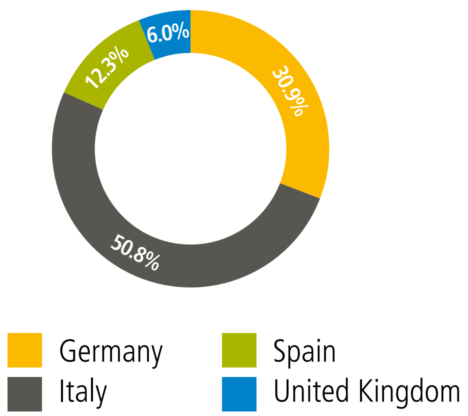


ii) Projects by Tenor



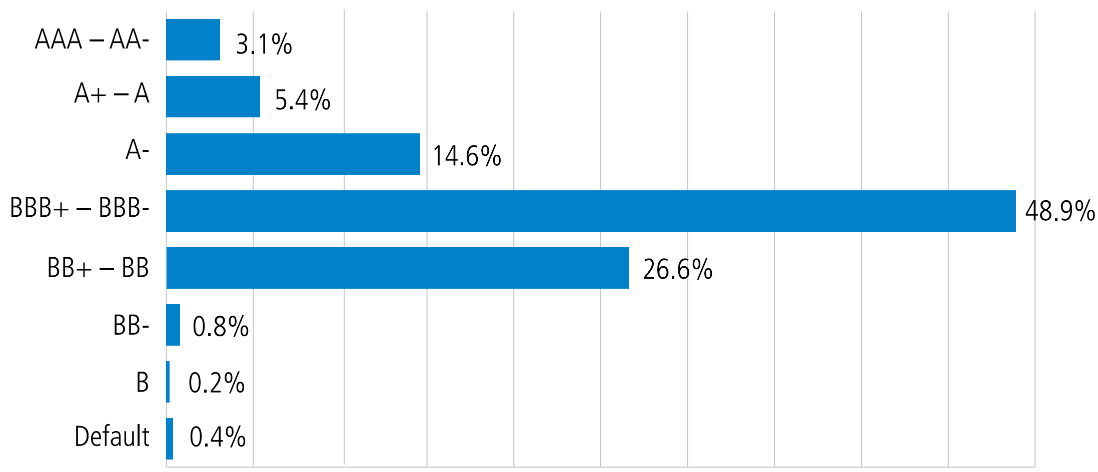
iii) Projects by Country

% of investment values by country - as of 30 June 2024



iv) Projects by Investment Grade

% of investment values by credit rating - as of 30 June 2024



Approximately 72% of the Company's investments by value as at 30 June 2024 had investment grade counterparties, as assessed using either the Investment Adviser's credit analysis or external agencies. 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 ECL provisions.

The Company's portfolio also comprises a combination of fixed and variable return cash flows. Whilst approximately 80% of the total investment value provides a fixed rate of return from contracted cash flows, approximately 20% 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 unlevered average return of 8.1% per annum, an increase from the yield of 8.0% per annum reported in the audited Annual Report and Accounts for the year ended 31 December 2023.

Investments in Italy (£32.9 million value as at 30 June 2024)

In the Period the Company invested £0.4 million to complete a rooftop Solar PV project developed by Noleggio Energia, with which the Company has made seven investments. As at 30 June 2024, total investment value in Italy was £32.9 million across a total of 13 investments and there were no outstanding investment commitments.

1) Investments in Italian "Superbonus" projects (£28.8 million value as at 30 June 2024)

In the Period, the Company received £3.0 million from the Superbonus investments while no further capital was required to be deployed. As at 30 June 2024, there remained works outstanding on a small number of individual projects. Tax credits need to be certified on these and a small number of other projects. The ESCOs continued to experience delays with final payments from the buyers of the tax credits. Given the delays, and as discussed above and in the Chair's statement, the Investment Adviser has increased the ECL provisions on these investments by £0.1 million to reflect an increased level of risk on the ESCOs as opposed to the buyers of the tax credits.

"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%[1] of the cost of the measures. These tax credits 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 which the Company committed to finance are being managed by three ESCOs: Enerstreet, Enerqos Energy Solutions and Sol Lucet. 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 (£4.1 million value as at 30 June 2024)

As at 30 June 2024, the Company had invested £4.6 million in eight rooftop Solar PV projects with an aggregate capacity of 5.1 MWp. 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 and at 30 June 2024, £0.6 million of capital had been redeemed. 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 seven or ten years, with a weighted average maturity of seven years and ten months outstanding, and all use very similar documentation. Noleggio 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 7.8% per annum.

The projects with Noleggio Energia as at 30 June 2024 are summarised below:

Counterparty	Description	Investment Value £k	Capacity kWp	Credit Rating	Initial Term Yrs
Acetificio Galletti	Producer of vinegars, dressings, pickles, and other food products	191	238	BB-	7
Enofrigo	Manufacturer of wine cabinets and hot and cold food display units	80	127	BBB+ – BBB-	7
Tecnocryo	Manufacturer of machines for handling cryogenic fluids	1,072	1,000	BB+ – BB	10
Ali Group	Manufacturer of food service equipment	268	443	BBB+ – BBB-	7
Orlandi	Manufacturer of non-woven products for a range of applications	745	876	BB+ – BB	10
Marangoni	Manufacturer of tyre retreading systems & products	766	1,000	BB+ – BB	10
Carpigiani	Manufacturer of machinery to produce ice cream	368	479	BBB+ – BBB-	5
Total		**3,490**	**4,163**		

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

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 £0.2 million in the period from inception of the investment until 30 June 2024, is forecast to generate a return of 7.5% per annum based on the valuation as at 30 June 2024 of £0.6 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 (£8.0 million value as at 30 June 2024)

In the Period the Company deployed no further capital into investments in Spain, other than a small amount for investment costs. As at 30 June 2024, there remained a commitment to invest £0.6 million in order to complete a building energy efficiency investment programme, which received investment of £2.1 million in the year ended 31 December 2023. This investment is expected to be completed in October 2024.

1) Solar PV investments in Spain (£5.7 million value as at 30 June 2024)

As at 30 June 2024, the Company had capital invested in eight Solar PV installation projects throughout Spain with eight project developers. Two of the projects have been structured to provide fixed rates of return, including the single largest project with a value of £3.0 million as at 30 June 2024. The other six 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.

In July 2024, the Company completed the sale of a small Solar PV project for £0.1 million to the ESCO which developed the project as part of the negotiation to withdraw from a commitment of £0.5 million to complete the financing of additional Solar PV projects with the same ESCO. In September 2024, the Company realised another Solar PV project. This transition resulted in cash proceeds of £1.0 million, which were at a small discount in local currency to the valuation as at 30 June 2024.

There are operational issues with three of the Solar PV projects, two of which were developed by ESCOs which have entered into administration. These issues resulted in negative fair value adjustments of £0.4 million as at 30 June 2024. In all these cases, the Investment Adviser is 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 30 June 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 committed £2.8 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 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 A+/A. £2.2 million has been deployed as at 30 June 2024 and the balance is forecast to be deployed in full by the end of October 2024, which is four months later than expected at the date of publication of the 2023 Annual Report.

Investments in Germany (£20.0 million value as at 30 June 2024)

In the Period 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 where the Company has four investments, across four distinct technologies including water management solutions, Bio-LNG, heat pumps and sub-metering technologies.

Three of the investments in Germany provide for fixed rates of return while the other, a Bio-LNG investment, has a variable return above a fixed rate of 5% per annum. The variable element of the return has the right to receive 8% of revenue generated by the project, capped at £1.1 million across eight years. This arrangement results in an overall forecast return, from this Bio-LNG project of 8.4% per annum based on the valuation as at 30 June 2024 of £8.3 million. Three of the investments are performing in line with their contracts. However, the sub-metering investment, which had a book value of £0.2 million as at 31 December 2023, incurred a significant provision of £1.1 million following the insolvency of the service provider in October 2023, and has required a further impairment provision so that its carrying value was zero as at 30 June 2024. 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.

Investments in the United Kingdom (£3.9 million value as at 30 June 2024)

In the Period, the Company deployed no further capital into investments in the United Kingdom. There remains, however, a small commitment outstanding of £0.1 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. Eight investments remain in the United Kingdom of which four are lighting, two are CHP and two are wind investments.

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, with the exception of the CHP investment with Ega Energy, performed in line with expectations. 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 £1.5 million as at 30 June 2024 due primarily to operational problems at individual sites, which have resulted in lower than expected electricity production and higher operation and maintenance costs.

The CHP investment for the former food producer, Vale of Mowbray, to which £0.9 million had been deployed, remains on hold as Vale of Mowbray was placed into administration. Discussions continue between Ega Energy, the developer of the original project, and the new owner of the site, a cold store logistics business. However, the new owner of the site has not yet decided whether or how to proceed with the CHP investment. Due to the continued delays in finding a solution for this project the Company has increased the provision against this investment from £0.5 million as at 31 December 2023 to £0.7 million as at 30 June 2024.

Valuations and Expected Credit Loss Provisions as at 30 June 2024

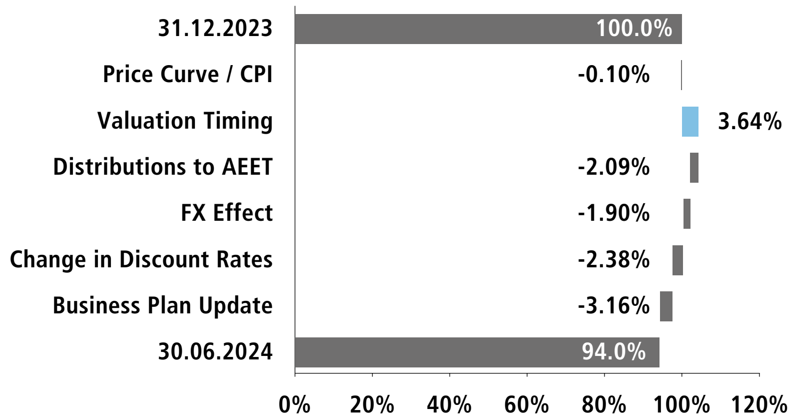
As at 30 June 2024, the Company's investments had a book value of £64.8 million, with investments held at amortised cost valued at £51.8 million and investments held at fair value through profit or loss valued at £13.0 million (see Note 3 to the Accounts). The investments held at amortised cost are net of ECL provisions of £2.4 million, which increased by £0.5 million from £1.9 million as at 31 December 2023. The principal reasons for the increase were the additional provisions of £0.4 million made against the sub-metering investment in Germany and the CHP investment in the United Kingdom and an increase of £0.1 million in the ECL provisions of the Superbonus investments due to part of the credit risk exposure being attributed to the ESCOs developing the projects.

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 the Period.

As at 30 June 2024, the Company's ten fair value investments comprised:

- the Bio-LNG investment in Germany with a value of £8.3 million;
- six Solar PV projects in Spain with an aggregate value of £2.6 million;
- two wind projects in the United Kingdom with an aggregate value of £1.5 million; and
- a Solar PV project in Italy with a value of £0.6 million.

The performance of these ten fair value investments with a value as at year end of £13.0 million, summarised in the chart below, resulted in a decrease in fair value of 6.0%.



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 £1.5 million as at 30 June 2024 due primarily to operational problems at individual sites, which have resulted in lower than expected electricity production and higher operation and maintenance costs.
- Three Solar PV investments in Spain, which had a value of £1.5 million as at 31 December 2023, have been marked down to a value of £1.0 million as at 30 June 2024 due to operational difficulties with individual projects and the failure of the ESCOs who developed the projects to remedy these difficulties. As referred to in the section above regarding the investments in Spain, one of these investments was realised for £0.1 million in July 2024 and this transaction also enabled the Company to exit from a pre-existing commitment to invest £0.5 million in another project with this ESCO.

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 –3.2%. Other negative impacts on valuation were:

- An overall increase in the discount rates applied to the valuations, which had a negative effect of -2.4%
- FX effects, -1.9%;
- Distributions from these investments, -2.1%; 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 +3.6%.

Summary of Investments as at 30 June 2024

Description	Receivables Weighted Avg. Credit Rating	Term Years	Technology	Status	Country	Value £k	Commitment o/s £k
Receivables (fixed) from a 238 kWp rooftop Solar PV project installed on the production facilities of a food manufacturer in Lombardy.	BB-	7.0	Solar PV	Operational	Italy	191	-
Receivables (fixed) from a 127 kWp Solar PV project installed on the production facilities of a manufacturer in Veneto.	BBB+ – BBB-	7.0	Solar PV	Operational	Italy	80	-
Receivables (fixed) from sales of tax credits generated under the Italian Superbonus, which supports energy efficiency retrofits (insulation, more efficient heating etc) of residential buildings.	BB+ – BB	1.5	Building Retrofit	Construction	Italy	4,977	-
Receivables (fixed) from sales of tax credits generated under the Italian Superbonus, which supports energy efficiency retrofits (insulation, more efficient heating etc) of residential buildings.	BBB+ – BBB-	1.5	Building Retrofit	Construction	Italy	8,317	-
Receivables (fixed with RPI) from lighting as a service contracts with six UK companies.	BBB+ – BBB-	5.0	Lighting	Operational	United Kingdom	217	-
Receivables (fixed/variable) from a 901.6 kWp rooftop Solar PV project at a site in Ascoli Piceno (Central Italy).	BBB+ – BBB-	12.0	Solar PV	Operational	Italy	639	-

Description	Receivables Weighted Avg. Credit Rating	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 (insulation, more efficient heating etc) of residential buildings.	A+ – A	1.5	Building Retrofit	Construction	Italy	1,175	-
Receivables (fixed) from a 1,000 kWp rooftop Solar PV project to be installed at a production facility In Lombardy.	BB+ – BB	10.0	Solar PV	Operational	Italy	1,072	-
Receivables (fixed) from sub-metering hardware and services contracts with landlords of multi-occupancy buildings.	Default	9.0	Sub-meters	Default	Germany	-	102
Receivables (fixed) from CHP Energy Services Agreement with a food manufacturer in North East England.	Default	7.0	CHP	Default	United Kingdom	238	-
Receivables (fixed) from sales of tax credits generated under the Italian Superbonus, which supports energy efficiency retrofits (insulation, more efficient heating etc) of residential buildings.	BB+ – BB	1.5	Building Retrofit	Construction	Italy	7,670	-
Receivables from a PPA with a poultry producer for three Solar PV Plants around Zaragoza, Northern Spain, with a total capacity of c. 400 kWp..	BB+ – BB	15.0	Solar PV	Operational	Spain	306	5
Receivables (fixed) from CHP Energy Services Agreement with a hotel near Birmingham..	BB+ – BB	8.0	CHP	Operational	United Kingdom	420	-
Receivables (fixed) from sales of tax credits generated under the Italian Superbonus, which supports energy efficiency retrofits (insulation, more efficient heating etc) of residential buildings.	BBB+ – BBB-	1.5	Building Retrofit	Construction	Italy	6,647	-
Receivables from PPAs with a manufacturer of irrigation products and a manufacturer of doors and kitchen cabinets for 3 solar PV plants with a total capacity of c.950 kWp in Valladolid and Toledo.	BBB+ – BBB-	18.0	Solar PV	Operational	Spain	359	-
Receivables (fixed) from two solar PV plants around Barcelona, Spain, with a total capacity of c.210 kWp, between a Spanish developer and a manufacturer of bread and pastry products and a provider of IT services to universities.	B	12.0	Solar PV	Operational	Spain	129	-

Description	Receivables Weighted Avg. Credit Rating	Term Years	Technology	Status	Country	Value £k	Commitment o/s £k
Receivables (fixed) from a 443 kWp rooftop Solar PV project installed on the production facilities of a food service equipment manufacturer in Veneto, Northern Italy.	BBB+ – BBB-	7.0	Solar PV	Operational	Italy	268	-
Purchase of receivables generated by PPA form a Solar PV plant with a capacity of c.1,600 kWp between a Spanish developer and a Spanish ceramic tiles manufacturer near Valencia.	BBB+ – BBB-	15.0	Solar PV	Operational	Spain	959	-
Receivables of FiTs and export tariffs generated from three operating wind turbines in the UK with a total capacity of 166 kWp, of which the generated energy is used for self-consumption and for export to the grid.	BBB+ – BBB-	11.9	Wind	Operational	United Kingdom	304	-
Subscription for a Note for the refinancing of an operating biogas plant in north-eastern Germany and an upgrade to a Bio-LNG facility. The Note provides for a fixed return plus an agreed share of revenues from the facility.	A-	8.3	Biogas / BioLNG	Operational	Germany	8,246	-
Receivables (PPA with fixed price) from a rooftop Solar PV project with a capacity of c.350 kWp for an agricultural cooperative specialised in the production and marketing of extra virgin olive oils in Granada.	BB-	15.0	Solar PV	Operational	Spain	321	-
Receivables (fixed) from Solar PV plant in self-consumption for a total installed capacity of 875.6 kWp located at the site of a non-wovens manufacturer in Lombardy, Northern Italy.	BB+ – BB	10.0	Solar PV	Operational	Italy	745	-
Receivables from service agreements related to the water management between the developer and condominiums and multi-family homes, mainly managed by large property managers via a Note structure.	BBB+ – BBB-	10.0	Water management	Operational	Germany	9,777	-
Receivables generated by two energy saving contracts between the developer and five Spanish condominiums located in the proximity of Madrid, Guadalajara and Gerona, as well as subsidies generated under the incentive scheme.	A+ – A	15.0	Building Retrofit	Construction	Spain	2,352	563
Acquisition of receivables of FiTs and export tariffs generated from 4 operating wind turbines in Scotland, with a total capacity of c.250 kWp.	A-	14.0	Wind	Operational	United Kingdom	1,234	-

Description	Receivables Weighted Avg. Credit Rating	Term Years	Technology	Status	Country	Value £k	Commitment o/s £k
Subscription for a Junior Note issued by the largest heating installer in Germany, entitling the Note holder to receivables generated through service and maintenance contracts for heat pump systems for the residential sector throughout Germany.	AAA – AA-	15.0	Heating	Operational	Germany	2,020	26
Receivables (fixed) from Solar PV installations for a leading agricultural business engaged in the cultivation of grapevines, cereals, onions, olives, almonds and peas with a total capacity of c.4,000 kWp near Valencia.	BBB+ – BBB-	10.0	Solar PV	Operational	Spain	2,973	-
Receivables from PPAs with a manufacturer of acoustical insulation products and a manufacturer of textiles for two Solar PV plants in self-consumption for a total installed capacity of c.870 kWp located around Alicante.	BB+ – BB	15.0	Solar PV	Operational	Spain	529	-
Purchase of receivables generated from PPA and grid sales agreement for a Solar PV plant with a capacity of c.200 kWp for a perfume retailer in Malaga.	BB+ – BB	18.0	Solar PV	Operational	Spain	76	-
Receivables (fixed) generated from the installation and operation of metering and LED projects with eleven different counterparties in the UK.	BB+ – BB	7.0	Lighting	Operational	United Kingdom	685	41
Receivables (fixed payments indexed to CPI) from a roof-mounted Solar PV plant with a total capacity of c.1,000 kWp for a developer and distributor of materials and technologies for tyre re-treading in Central Italy.	BB+ – BB	10.0	Solar PV	Operational	Italy	766	7
Receivables (fixed) from a roof mounted Solar PV plant with a total capacity of c.480 kWp for an ice cream machine manufacturer in Northern Italy.	BBB+ – BBB-	5.0	Solar PV	Operational	Italy	368	7
Receivables (fixed) generated from refinancing the installation of LED lighting projects for 17 different clients in the UK. The various operating lease agreements range from five to ten years.	BBB+ – BBB-	10.0	Lighting	Operational	United Kingdom	390	-
Receivables (fixed) generated from refinancing the installation of a LED lighting project for a UK logistics business. The lease agreement has a five-year maturity.	BBB+ – BBB-	5.0	Lighting	Operational	United Kingdom	374	-

Notes:

The term is the original maturity of the investment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

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[1] 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 the Period, the portfolio performed as follows:

- 2,505 tonnes of avoided CO_2 emissions ("tCO_2e"); and
- 9,439 MWh of energy saved,
- for total emission savings equivalent to 1,096 passenger flights around the world[2].

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.
- Metering: Metering solutions are being applied to a large portfolio of individual households. Annual average household consumption is estimated, and a developer's specific savings estimate is applied to the average household consumption.

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

2 *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.*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

ESG Approach

The Company has adopted Aquila Capital's ESG Integration Policy[3], ensuring that environmental, social and governance criteria have been incorporated into day-to-day investment decisions as well as generating a positive contribution for society. The Company 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 (as defined in the Interim Management Report), 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;
- Smart Metering/Sub-metering; 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 (formerly Sanne Fund Management (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.

3 For details please refer to: https://www.aquila-capital.de/fileadmin/user_upload/ESG_report/Aquila_Group_ESG_Integration_Policy.pdf

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

CONTINUED

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

26 September 2024

Interim Management Report

INTERIM MANAGEMENT REPORT

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider that the Chair's Statement on pages 2-3 and the Investment Adviser's Report on pages 4 to 16 of this Half-yearly Report, provide details of the important events which have occurred during the six months ended 30 June 2024 (the "Period") and their impact on the financial statements. The statement on related party transactions and the Directors' Statement of Responsibility (below), the Chair's Statement and the Investment Adviser's Report together constitute the Interim Management Report of the Company for the Period. The outlook for the Company for the remaining six months of the year ending 31 December 2024 is discussed in the Chair's Statement and the Investment Adviser's Report.

A breakdown of the investments held at the Period end can be found on pages 10 to 13.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company are summarised below:

(i) Service provider risk

(ii) Counterparty / credit risk

(iii) Concentration risk

(iv) Discount management

(v) Portfolio valuation

(vi) Interest rates / inflation

(vii) Liquidity / discount risk

(viii) Political risk

(ix) IT security

(x) Act of war / sanctions

(xi) ESG

There has been no change in the reporting period to the emerging risks (Capital Preservation and Relationship with ESCOs during the run-off period).

Since the decision by shareholders on 28 February 2023 not to continue the Company and the subsequent approval at the Annual General Meeting on 14 June 2023 of the Continuation and Managed Run-Off Resolution, the Board has paid and continues to pay particular attention on a regular basis to the performance of its service providers, specifically in terms of level of resource deployed in delivering services to the Company and the standard of performance of those services.

The Company's Annual Report for the period ended 31 December 2023 contains more detail on the Company's principal risks and uncertainties and emerging risks, including the Board's ongoing process to identify, and where possible mitigate, the risks (pages 25 to 29). The Annual Report can be found on the Company's website.

Related Party Transactions

Details of the investment advisory arrangements were provided in the Annual Report. There have been no changes to the related party transactions described in the Annual Report that could have a material effect on the financial position or performance of the Company. Amounts payable to the Investment Adviser in the Period are detailed in the unaudited Statement of Profit or Loss and Comprehensive Income on page 21.

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 considered the Group's investment commitments, cash position, income and expense flows. As at 31 August 2024, the latest practicable date before publication of this report, the total commitments were £0.8 million. The value of investments at 30 June 2024 was £64.8 million and has not changed materially since that date. The investments are mostly fully operational and income producing. As at 31 August 2024, the Group had cash of £14.9 million (including the £2.5 million held as collateral for FX hedging). The Directors reviewed downside scenarios which assumed some delay in cash receipts and are satisfied that the Group and the Company would continue to meet its obligations as they fall due. They are also satisfied that the Group and Company would continue to remain viable under downside scenarios. Total expenses for the Period were £1.43 million (excluding impairment losses) (30 June 2023: £1.65 million), which, when annualised, represented approximately 3.2% of average net assets during the Period (30 June 2023: 3.5%). 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.

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.

At the General Meeting of the Company held on 13 May 2024, Shareholders voted in favour of a return of capital to Shareholders by way of a tender offer of up to £17.5 million. Funds were returned in May 2024 to Shareholders who applied to take part in the tender offer.

As referred to above, the Group is operating currently under a Managed Run-Off with the term of some of the Group's assets being several years. While the Company is continuing to explore other strategic options, such as an asset sale or structural solution, there remains no certainty that any of these options will materialize and be put to Shareholders for consideration, or on the potential timing of other strategic options.

Accordingly, 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. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue on a going concern basis.

Directors' Statement of Responsibility

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the Interim Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting and gives a true and fair view of the assets, liabilities, financial position and return of the Company;
- the Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R; and
- the Interim Financial Report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R.

Miriam Greenwood OBE DL

Chair of the Board of Directors

26 September 2024

David Fletcher

Chair of the Audit & Risk Committee

26 September 2024

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE SIX MONTHS TO 30 JUNE 2024

		For the six months to 30 June 2024			For the six months to 30 June 2023		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unrealised loss on investments		–	(2,176)	(2,176)	–	(3,277)	(3,277)
Unrealised loss on derivatives		–	(29)	(29)	–	(300)	(300)
Realised gains on derivatives		–	1,932	1,932	–	2,515	2,515
Net foreign exchange loss		–	(237)	(237)	–	(87)	(87)
Investment Income	4	3,270	–	3,270	2,584	–	2,584
Investment Advisory fees	5	(328)	–	(328)	(447)	–	(447)
Impairment loss	3	(515)	–	(515)	(224)	–	(224)
Other expenses		(1,103)	–	(1,103)	(1,202)	–	(1,202)
Profit/(loss) on ordinary activities before taxation		**1,324**	**(510)**	**814**	**711**	**(1,149)**	**(438)**
Taxation	6	–	–	–	–	–	–
Profit/(loss) on ordinary activities after taxation		**1,324**	**(510)**	**814**	**711**	**(1,149)**	**(438)**
Return per Ordinary Share	7	1.39p	(0.54p)	0.85p	0.71p	(1.15p)	(0.44p)

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 Period.

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

The notes on pages 29 to 39 are an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE SIX MONTHS TO 30 JUNE 2024

		For the six months to 30 June 2024			For the six months to 30 June 2023		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unrealised loss on investments		–	(15)	(15)	–	(800)	(800)
Net foreign exchange losses		–	(81)	(81)	–	(549)	(549)
Investment income	4	2,368	–	2,368	2,082	–	2,082
Investment Advisory fees	5	(328)	–	(328)	(447)	–	(447)
Other expenses		(829)	–	(829)	(953)	–	(953)
Profit/(loss) on ordinary activities before taxation		**1,211**	**(96)**	**1,115**	**682**	**(1,349)**	**(667)**
Taxation	6	–	–	–	–	–	–
Profit/(loss) on ordinary activities after taxation		**1,211**	**(96)**	**1,115**	**682**	**(1,349)**	**(667)**
Return per Ordinary Share	7	1.27p	(0.10p)	1.17p	0.68p	(1.35p)	(0.67p)

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 Period.

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

The notes on pages 29 to 39 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	As at 30 June 2024 £'000	As at 31 December 2023 £'000
Fixed assets			
Investments at fair value through profit or loss	3	12,974	10,492
Investments at amortised cost	3	51,852	54,990
		64,826	**65,482**
Current assets			
Trade and other receivables		37	652
Derivative financial instrument		–	122
Cash and cash equivalents		13,663	29,082
		13,700	**29,856**
Creditors: amounts falling due within one year		**(1,069)**	**(1,057)**
Derivative financial instrument	**3**	**(28)**	**–**
Net current assets		**12,603**	**28,799**
Net assets		**77,429**	**94,281**
Capital and reserves: equity			
Share capital	8	814	1,000
Special reserve	9	76,020	93,500
Capital reserve		(688)	(178)
Revenue reserve		1,283	(41)
Shareholders' funds		**77,429**	**94,281**
Net assets per Ordinary Share	10	95.08	94.28
No. of ordinary shares in issue		81,438,268	100,000,000

Approved by the Board of directors and authorised for issue on 26 September 2024.

Signed on behalf of the Board of Directors

Miriam Greenwood OBE DL

Chair of the Board of Directors

David Fletcher

Chair of the Audit & Risk Committee

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

The notes on pages 29 to 39 are an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	As at 30 June 2024 £'000	As at 31 December 2023 £'000
Fixed assets			
Investment in subsidiaries	3	44,060	45,654
Current assets			
Cash and cash equivalents		3,899	22,548
Intercompany receivable		2,705	–
Shareholder loan receivable		27,293	27,293
Trade and other receivables		1,225	255
		35,122	**50,096**
Creditors: amounts falling due within one year		**(857)**	**(874)**
Net current assets		**34,265**	**49,222**
Net assets		**78,325**	**94,876**
Capital and reserves: equity			
Share capital	8	814	1,000
Special reserve	9	76,020	93,500
Capital reserve		2,827	2,923
Revenue reserve		(1,336)	(2,547)
Shareholders' funds		**78,325**	**94,876**

Approved by the Board of directors and authorised for issue on 26 September 2024.

Signed on behalf of the Board of Directors

Miriam Greenwood OBE DL
Chair of the Board of Directors

David Fletcher
Chair of the Audit & Risk Committee

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

The notes on pages 29 to 39 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS TO 30 JUNE 2024

For the six months to 30 June 2024	Notes	Share capital £'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**
Tender offer return of capital	8	(186)	(17,314)	–	–	(17,500)
Tender offer cost	8	–	(166)	–	–	(166)
Profit for the Period		–	–	(510)	1,324	814
Closing equity as at 30 June 2024		**814**	**76,020**	**(688)**	**1,283**	**77,429**

For the six months to 30 June 2023	Notes	Share capital £'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**
Dividends paid	11	–	(1,250)	–	–	(1,250)
Loss for the Period		–	–	(1,149)	711	(438)
Closing equity as at 30 June 2023		**1,000**	**93,500**	**(718)**	**(243)**	**93,539**

The notes on pages 29 to 39 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS TO 30 JUNE 2024

For the six months to 30 June 2024	Notes	Share capital £'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**
Tender offer return of capital	8	(186)	(17,314)	–	–	(17,500)
Tender offer cost	8	–	(166)	–	–	(166)
Profit for the Period		–	–	(96)	1,211	1,115
Closing equity as at 30 June 2024		**814**	**76,020**	**2,827**	**(1,336)**	**78,325**

For the six months to 30 June 2023	Notes	Share capital £'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**
Dividends paid	11	–	(1,250)	–	–	(1,250)
Loss for the Period		–	–	(1,349)	682	(667)
Closing equity as at 30 June 2023		**1,000**	**93,500**	**650**	**(1,184)**	**93,966**

The notes on pages 29 to 39 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS TO 30 JUNE 2024

	Notes	For the six months to 30 June 2024 £'000	For the six months to 30 June 2023 £'000
Operating activities			
Profit/(loss) on ordinary activities before taxation		814	(438)
Adjustments for:			
Unrealised loss on investments		2,176	3,277
Unrealised loss on derivative instruments		29	300
Impairment loss		515	224
Net foreign exchange loss/(gain)		87	(718)
Decrease/(increase) in trade and other receivables		615	(536)
Increase in creditors: amounts falling due within one year		12	223
Movement in interest receivable from amortised cost investments		(529)	–
Net cash flow from operating activities		**3,719**	**2,332**
Investing activities			
Purchase of investments		(4,202)	(19,658)
Repayment of investments		2,579	638
Net cash flow used in investing activities		**(1,623)**	**(19,020)**
Financing activities			
Dividends paid	11	–	(1,250)
Tender offer return of capital	8	(17,666)	–
Net cash flow used in financing activities		**(17,666)**	**(1,250)**
Decrease in cash and cash equivalents		**(15,570)**	**(17,938)**
Cash and cash equivalents at start of Period		29,082	46,625
Effect of foreign currency exchange translation		151	–
Cash and Cash equivalents at end of Period		**13,663**	**28,687**

The notes on pages 29 to 39 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS TO 30 JUNE 2024

	Notes	For the six months to 30 June 2024 £'000	For the six months to 30 June 2023 £'000
Operating activities			
Profit/(loss) on ordinary activities before taxation		1,115	(667)
Adjustments for:			
Unrealised loss on investments		15	800
Net foreign exchange loss/(gain)		81	(88)
(Increase)/decrease in intercompany receivables		(2,705)	21,175
Increase in interest income receivable from a subsidiary		(1,080)	(967)
Increase in trade and other receivables		(970)	(77)
Increase in creditors: amounts falling due within one year		17	44
Net cash flow (used in)/from operating activities		**(3,561)**	**20,220**
Investing activities			
Purchase of investments		(294)	(3,851)
Repayment of investments		1,843	611
Net cash flow from/(used in) investing activities		**1,549**	**(3,240)**
Financing activities			
Loan to subsidiary		–	(27,514)
Shareholder loan interest income received		1,080	–
Tender offer return of capital	8	(17,666)	–
Dividends paid	11	–	(1,250)
Net cash flow used in financing activities		**(16,586)**	**(28,764)**
Decrease in cash and cash equivalents		**(18,598)**	**(11,784)**
Cash and cash equivalents at start of Period		22,548	32,714
Effect of foreign currency exchange translation		(51)	–
Cash and cash equivalents at end of Period		**3,899**	**20,930**

The notes on pages 29 to 39 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, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

The 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 6th Floor, 125 London Wall, London, EC2Y 5AS.

The Company's New Investment Policy objective is to realise all the remaining assets in the Portfolio in a prudent manner consistent with the principles of good investment management 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.

FundRock Management Company (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") 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 included in this Interim Report have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies, critical accounting judgements, estimates and assumptions are consistent with those used in the latest audited consolidated financial statements to 31 December 2023 and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2023. 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 consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with the UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The interim 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") issued in July 2022.

These consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of 31 December 2023. The audited consolidated annual accounts for the year ended 31 December 2023 have been delivered to Companies House. The audit report thereon was unmodified.

The financial statements are presented in Sterling rounded to the nearest thousand.

Company Financial Statements

The financial statements included in this Interim Report have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies, critical accounting judgements, estimates and assumptions are consistent with those used in the latest audited financial statements to 31 December 2023 and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2023. 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 financial statements for the year ended 31 December 2023 have been prepared in accordance with the UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The interim financial statements have also been prepared as far as is relevant and applicable to the Company in accordance with the SORP issued by the AIC in July 2022.

These financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as of 31 December 2023. The audited annual accounts for the year ended 31 December 2023 have been delivered to the Companies House. The audit report thereon was unmodified.

The functional currency of the Company is Sterling. The capital of the Company was raised in Sterling and the 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.

Basis of consolidation
The Group's financial statements consolidate those of the Company and of its subsidiaries at 30 June 2024. AHL's functional currency is Sterling. The Italian SPV's functional currency is Euro. However, to align with the Group's functional currency, the balances of the Italian SPV have been converted to Sterling at a Period-end rate for the Statement of Financial Position accounts and at an average rate during the Period 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 finances its subsidiary, AHL, under the terms of an intercompany loan agreement effective as of 1 January 2024 and AHL finances Energy Efficiency Investments 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 a 100% economic interest in the receivables purchased through the proceeds of the notes. The Company does not have an economic interest in any of the other securities receivables issuances by other compartments of 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 b 77. 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 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; refer to pages 18 to 19 for details.

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 3 to the consolidated financial statements for the Period.

Investment fair value
The key assumptions that have a significant impact on the value of the Group's investments are discount rates, capital expenditure factors, the energy yield expected to be produced and the price at which the power and associated benefits can be sold. 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.

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. Fixed interest investment provisions represent an estimate of the losses incurred in the loan portfolios at the balance sheet date. Individual impairment losses are determined as the difference between the carrying value and the present value of estimated future cash flows, discounted at the loans' original effective interest rate. The calculation involves the formulation and incorporation of multiple conditions into ECL to meet the measurement objective of IFRS 9. Refer to Note 3 to the consolidated financial statements for the Period for more details.

3. INVESTMENTS

Investments at fair value through profit and loss

Fair value measurements

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

Level 1

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

Level 2

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

Level 3

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

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

	30 June 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	–	–	12,974	12,974	–	–	10,492	10,492
Derivative financial instrument	–	(28)	–	(28)	–	122	–	122
	–	**(28)**	**12,974**	**12,946**	**–**	**122**	**10,492**	**10,614**

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

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

	30 June 2024				31 December 2023			
Company	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments in SPV, at fair value through profit or loss	–	–	34,089	34,089	–	–	35,683	35,683
	–	**–**	**34,089**	**34,089**	**–**	**–**	**35,683**	**35,683**

There were no transfers between investment levels for the Company during the Period.

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

Group	**30 June 2024 £'000**	**31 December 2023 £'000**
Opening balance	10,492	11,742
Additions during the Period	3,662	1,675
Disposals during the Period	(127)	(1,551)
Unrealised loss on investments	(1,053)	(1,374)
Closing balance	**12,974**	**10,492**

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

Company	30 June 2024 Company £'000	31 December 2023 Company £'000
Opening balance	35,683	31,220
Additions for investment in subsidiaries during the Period	294	4,808
Disposals for investment in subsidiaries during the Period	(1,873)	(1,306)
Unrealised (loss)/gain on investments in subsidiaries	(15)	961
Closing balance	**34,089**	**35,683**

Assets and liabilities not carried at fair value but for which 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 30 June 2024 but for which fair value is disclosed:

	30 June 2024 Carrying Value £'000	30 June 2024 Fair Market Value £'000	31 December 2023 Carrying Value £'000	31 December 2023 Fair Market Value £'000
Assets				
Investments at amortised cost	51,852	53,238	54,990	57,221
Total	**51,852**	**53,238**	**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 continued to acquire debt instruments at fair value through profit or loss. The Investment Adviser has determined the fair value of debt investments as at 30 June 2024. The Directors have satisfied themselves as to the fair value of the debt instrument investments as at 30 June 2024.

Valuation Assumptions
The Investment Adviser has carried out fair market valuations on some of the debt instruments held by the subsidiaries as at 30 June 2024 and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. Investments that are valued at fair value through profit or loss are valued using the IFRS 13 framework for fair value measurement. The following economic assumptions were used in the valuation of the investments.

Valuation Assumptions

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) by taking into account regional expertise of a second analyst.
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 rate:

	30 June 2024		31 December 2023	
Discount rate	**-0.5% Change (£'000)**	**+0.5% Change (£'000)**	**-0.5% Change (£'000)**	**+0.5% Change (£'000)**
Net Asset Value	**(206)**	**213**	**(242)**	**250**

The weighted average valuation discount rate applied to calculate the investment valuation is 8.44% as at 30 June 2024 (31 December 2023: 7.7%).

Power price:

	30 June 2024		31 December 2023	
Power price	**-10.0% Change (£'000)**	**+10.0% Change (£'000)**	**-10.0% Change (£'000)**	**+10.0% Change (£'000)**
Valuation	**(54)**	**54**	**(64)**	**66**

Energy yield:

	30 June 2024		31 December 2023	
Energy yield	**-10.0% Change (£'000)**	**+10.0% Change (£'000)**	**-10.0% Change (£'000)**	**+10.0% Change (£'000)**
Valuation	**(466)**	**465**	**(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 Company has contractual protections if capex is delayed (i.e. reduce the capex or increase receivables due) and the Company is not obliged to fund the overrun costs. Therefore, capex sensitivities are not appropriate for the Company's type of investments.

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.

The following table analyses loans by Stages for the Group as at 30 June 2024:

Group	30 June 2024			31 December 2023		
	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	51,805	(320)	51,484	54,399	(259)	54,140
Stage 2	153	(23)	130	156	(24)	132
Stage 3	2,276	(2,039)	238	2,306	(1,588)	718
Total Assets	**54,234**	**(2,382)**	**51,852**	**56,861**	**(1,871)**	**54,990**

b) Expected Credit Loss allowance for IFRS 9
Impairment provisions are driven by changes in the credit risk of instruments, with a provision for lifetime expected credit losses recognised where the risk of default of an instrument has increased significantly since initial recognition.

The following table analyses Group ECL by Stage.

Group	30 June 2024 £'000	31 December 2023 £'000
Opening Balance	1,871	136
Charge for the Period – Stage 1	58	182
Charge for the Period – Stage 2	–	(35)
Charge for the Period – Stage 3	**453**	**1,588**
Allowance for ECL, ending balance	**2,382**	**1,871**

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 reflect the effect on expected credit losses of a range of two possible outcomes, calculated on a probability-weighted basis, based on the economic scenarios described in Note 4 of the 2023 annual 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 two outcomes that have been evaluated to estimate the 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.

In addition to the scenario analysis outlined above, two further extreme 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 of £2,705,000. 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 would be £3,062,000.

Investment in Subsidiaries (Company level)
The Company has two subsidiaries, AHL and in the SPV. The Company's investment in its subsidiary, AHL, is composed of equity shares. The Company's investments in AHL is held at cost less impairment in the Company's Statement of Financial Position. The Company's investment in its subsidiary, SPV, is composed of loan notes receivables. The Company's investments in the SPV is held at fair value through profit or loss.

The composition of the Company's investment in subsidiaries is as follows:

Company	30 June 2024 £'000	31 December 2023 £'000
Investment in SPV, at fair value through profit or loss	34,089	35,683
Investment in AHL, held at cost less impairment	9,971	9,971
Investment in subsidiaries	**44,060**	**45,654**

The movement of the Company's investments in AHL are as follows:

Gross carrying amount	30 June 2024 £'000	31 December 2023 £'000
Opening balance	11,791	–
Additions during the Period	–	11,791
Ending balance	**11,791**	**11,791**
Accumulated impairment loss		
Opening balance	9,971	–
Impairment loss recognised	–	(1,820)
Ending balance	9,971	(1,820)
Carrying amount at Period end	**9,971**	**9,971**

4. INVESTMENT INCOME

Group	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000
Investment interest income	2,755	2,186
Bank interest income	515	398
Total Investment Income	**3,270**	**2,584**

Company	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000
Investment interest income	939	851
Bank interest income	349	264
Loans to subsidiary interest income	1,080	967
Total Investment Income	**2,368**	**2,082**

5. INVESTMENT ADVISORY FEES

Group	Six months ended 30 June 2024 Revenue £'000	Six months ended 30 June 2024 Capital £'000	Six months ended 30 June 2024 Total £'000	Six months ended 30 June 2023 Revenue £'000	Six months ended 30 June 2023 Capital £'000	Six months ended 30 June 2023 Total £'000
Investment Advisory fees	328	–	328	447	–	447

Company	Six months ended 30 June 2024 Revenue £'000	Six months ended 30 June 2024 Capital £'000	Six months ended 30 June 2024 Total £'000	Six months ended 30 June 2023 Revenue £'000	Six months ended 30 June 2023 Capital £'000	Six months ended 30 June 2023 Total £'000
Investment Advisory fees	328	–	328	447	–	447

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.

6. TAXATION

Group	Six months ended 30 June 2024 Revenue £'000	Six months ended 30 June 2024 Capital £'000	Six months ended 30 June 2024 Total £'000	Six months ended 30 June 2023 Revenue £'000	Six months ended 30 June 2023 Capital £'000	Six months ended 30 June 2023 Total £'000
Corporation tax	–	–	–	–	–	–
Taxation	**–**	**–**	**–**	**–**	**–**	**–**

Company	Six months ended 30 June 2024 Revenue £'000	Six months ended 30 June 2024 Capital £'000	Six months ended 30 June 2024 Total £'000	Six months ended 30 June 2023 Revenue £'000	Six months ended 30 June 2023 Capital £'000	Six months ended 30 June 2023 Total £'000
Corporation tax	–	–	–	–	–	–
Taxation	**–**	**–**	**–**	**–**	**–**	**–**

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

7. RETURN PER ORDINARY SHARE

Group

Return per share is based on the consolidated profit for the Period of £814,000 attributable to the weighted average number of Ordinary Shares in issue of 95,308,573 in the Period (30 June 2023: loss of £438,000; weighted average number of Ordinary Shares in issue 100,000,000). Consolidated revenue profit and capital loss are £1,324,000 (30 June 2023: revenue profit of £711,000) and £510,000 (30 June 2023: capital loss of £1,149,000) respectively.

Company

Return per share is based on the loss for the Period of £1,115,000 attributable to the weighted average number of Ordinary Shares in issue of 95,308,573 in the Period (30 June 2023: loss of £667,000; weighted average number of Ordinary Shares in issue of 100,000,000). Company revenue profit and capital loss are £1,211,000 (30 June 2023: Company revenue profit of £682,000) and £96,000 (2023: Company capital loss of £1,349,000) respectively.

8. SHARE CAPITAL

	As at 30 June 2024		As at 31 December 2023	
	No. of shares	**£'000**	**No. of shares**	**£'000**
Allotted, issued and fully paid:				
Ordinary Shares of 1p each ('Ordinary Shares')	81,438,268	814	100,000,000	1,000
Total	**81,438,268**	**814**	**100,000,000**	**1,000**

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

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

On 6 March 2024, the Company announced that it intended to return value to Shareholders by way of a Tender Offer pursuant to which Qualifying Shareholders were invited to tender some of their Ordinary Shares. The Company published a circular in respect of proposals that up to 18,561,732 Ordinary Shares may be purchased under the Tender Offer for a maximum aggregate cash consideration of £17.5 million and Qualifying Shareholders who participate in the Tender Offer would have a Basic Entitlement to tender approximately 18.6%. On 13 May 2024, the Company purchased, in aggregate, 18,561,732 Ordinary Shares under the Tender Offer. All successfully tendered Ordinary Shares have been acquired at the Tender Price of 94.28 pence per Ordinary Share. The cost relating to the Tender Offer were £166,000.

For the period ended 30 June 2024	**Shares is issue at the beginning of the period**	**£'000**	**Shares tendered**	**£'000**	**Shares in issue at the end of the year**	**£'000**
Ordinary shares	100,000,000	1,000	18,561,732	186	81,438,268	814

For the period ended 31 December 2023	**Shares is issue at the beginning of the period**	**£'000**	**Shares tendered**	**£'000**	**Shares in issue at the end of the period**	**£'000**
Ordinary shares	100,000,000	1,000	-	-	100,000,000	1,000

9. SPECIAL RESERVE

As indicated in the Company's prospectus dated 10 May 2021, following admission of the Company's Ordinary Shares to trading on the London Stock Exchange, the Directors applied to the Court and obtained a judgement on 12 August 2021 to cancel the amount standing to the credit of the share premium account of the Company. The amount of the share premium account cancelled and credited to a special reserve was £97,000,000. As at 30 June 2024 the total special reserves were £76,020,000 (31 December 2023: £93,500,000).

10. NET ASSETS PER ORDINARY SHARE

The Group's net assets per ordinary share as at 30 June 2024 is based on £77,429,000 (31 December 2023: £93,539,000) of net assets of the Group attributable to the 81,438,268 Ordinary Shares in issue as at 30 June 2024 (31 December 2023: 100,000,000).

The Company's net assets per ordinary share as at 30 June 2024 is based on £77,640,000 (31 December 2023: £93,966,000) of net assets of the Company attributable to the 81,438,268 Ordinary Shares in issue as at 30 June 2024 (31 December 2023: 100,000,000).

11. DIVIDEND

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

Total dividends paid in the Period	For the period ended 30 June 2024 Pence per Ordinary Share	For the period ended 30 June 2024 Total £'000	For the period ended 30 June 2023 Pence per Ordinary Share	For the period ended 30 June 2023 Total £'000
Period end 30 June 2024 – Nil (31 December 2022 interim – Paid 20 March 2023)	N/A	N/A	1.25p	1,250
Total	**N/A**	**N/A**	**1.25p**	**1,250**

The dividend relating to the period ended 30 June 2024, which is the basis on which the requirements of section 1159 of the Corporation Tax Act 2010 are considered, is detailed below:

Total dividends declared in the Period	For the period ended 30 June 2024 Pence per Ordinary Share	For the period ended 30 June 2024 Total £'000	For the period ended 30 June 2023 Pence per Ordinary Share	For the period ended 30 June 2023 Total £'000
30 June 2024: Payable on 1 November 2024 (30 June 2023 interim - Nil)	6.139p	5,000	N/A	N/A
Total	**6.139p**	**5,000**	**N/A**	**N/A**

The Company declared an interim dividend in respect of the period from 1 January 2024 to 30 June 2024 of 6.139 pence per Ordinary Share, to be paid on 1 November 2024 to Shareholders on the register at 11 October 2024. The dividend has not been included as a liability at 30 June 2024.

12. RELATED PARTY TRANSACTIONS

Fees payable to the Investment Adviser are shown in the Consolidated Statement of Profit or Loss and Comprehensive Income. As at 30 June 2024, the fee outstanding to the Investment Adviser was £328,028 (30 June 2023: £447,000; 31 December 2023: £361,000).

The Company owns 100% of AHL and 100% of the notes issued by one compartment of Italian SPV, as disclosed in note 1. All intercompany transactions between the subsidiaries and the Company are eliminated at the consolidation level.

Fees payable to the Directors during the Period were based on an annual rate of £70,318 to the Chair, £54,973 to the Chair of the Audit & Risk Committee and Senior Independent Director, £49,578 to the Chair of the Management Engagement Committee and to the remaining Director. As set out in the 2023 Annual Report, the decision by Shareholders to vote against continuation of the Company at the end of February 2023 means that the duties of the Directors are beyond those normally expected as part of their appointment. Therefore, in accordance with the AIC Code, additional fees of £17,580 and £13,743 have been paid in the period from 1 January 2024 to 30 June 2024 to the Chair of the Board and the Chair of Audit and Risk respectively and £7,437 in the same period to the Chair of the Management Engagement Committee and the other Director. These additional fees are paid on a monthly basis and subject to regular review.

Directors' holdings

At 30 June 2024 and at the date of this report the Directors had the following holdings in the Company. There is no requirement for Directors to hold shares in the Company. All holdings were beneficially owned.

	As at 30 June 2024			As at 31 December 2023		
	Shares	Connected Person	Total	Shares	Connected Person	Total
Miriam Greenwood	19,181	–	19,181	24,000	–	24,000
David Fletcher	34,534	11,544	46,078	42,425	14,181	56,606
Nicholas Bliss	16,280	–	16,280	20,000	–	20,000
Janine Freeman	–	–	–	–	–	–

The following table shows the subsidiaries of the Company. Please refer to note 2; these subsidiaries have been consolidated in the preparation of the financial statements.

Subsidiary 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, owns underlying investments	United Kingdom
SPV Project 2013 S.r.l. Via Vittorio Betteloni, 2 20131, Milan, Italy	100% of the notes of one compartment	Special purpose vehicle, owns underlying investments	Italy

Company related party transactions

As at 30 June 2024 the Company has an intercompany receivable from AHL in the amount of £2,705,000 (31 December 2023: £nil). The amount is non-interest bearing and payable on demand.

As at 30 June 2024, the Company has a shareholder loan receivable from AHL in the amount of £27,293,000 (31 December 2023: £27,293,000). The initial interest rate was 7.90% per annum which is then being adjusted every fourth quarter of the financial year in order for the Company not to have a gross margin of less than 50bps from its financing activities. The loan is repayable in full on 31 December 2046.

As at 30 June 2024, the Company has a total of £33,404,000 (31 December 2023: £35,683,000) notes at fair value through profit or loss in the Italian SPV.

As at 30 June 2024, the Company has a total of £9,971,000 (31 December 2023: £9,971,000) equity investment held at cost less impairment in AHL.

13. DISTRIBUTABLE RESERVES

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

The revenue reserve is distributable. The amount of the revenue reserve that is distributable is not necessarily the full amount of the reserve as disclosed within these financial statements. As at 30 June 2024, the Company has no distributable revenue reserves as the Company is in a loss position of £1,336,000 (31 December 2023: loss of £2,547,000).

The Company's special reserve, which is also distributable, was £76,020,000 as at 30 June 2024 (31 December 2023: £93,500,000).

14. SUBSEQUENT EVENTS

There are no post balance sheet events other than as disclosed in this Interim Report.

Other Information

ALTERNATIVE PERFORMANCE MEASURES OF THE GROUP

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

Discount

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

		Page	As at 30 June 2024
NAV per Ordinary Share (pence)	a	1	95.08
Share price (pence)	b	1	59.00
Discount	**(b÷a)-1**		**(37.9%)**

Ongoing charges

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

		Page	As at 30 June 2024
Average NAV	a	n/a	88,416,000
Annualised expenses	b	n/a	2,862,000
Ongoing charges	**(b÷a)**		**3.2%**

Total return

A measure of performance that includes both income and capital returns. This takes into account capital distributions of dividends paid out by the Company to the Ordinary Shares of the Company on the ex-dividend date. It does not take into account the effect, if any, of the tender offer in May 2024.

30 June 2024		**Page**	**Share price**	**NAV**
Opening at 1 January 2024 (pence)	a	n/a	57.25	94.28
Closing at 30 June 2024 (pence)	b	1	59.00	95.08
Total return	**(b÷a)-1**		**3.1%**	**0.9%**

n/a = not applicable

GLOSSARY

AIC	Association of Investment Companies.
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) Aquila Energy Efficiency Trust Plc is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which Shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested.
the Company	Aquila Energy Efficiency Trust Plc.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to Shareholders.
ESCO	Energy Service Company.
EU	European Union.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
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.
GWh	Gigawatt hour.
Group	The Company, Holdco and Italian SPV.
the HoldCo	Attika Holdings Limited ("AHL" or "Attika").
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
IPO	Initial Public Offering.
Italian SPV or "SPV"	SPV Project 2013 S.r.l.
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.
Period	The six months to 30 June 2024.
Portfolio	A collection of different investments held in order to deliver returns to Shareholders and to spread risk.
Share price	The price of a share as determined by a relevant stock market.
Tender Offer	A bid or offer to buy back shares in the Company and subsequently cancel them.
Total return	A measure of performance that takes into account both income and capital returns. This may take into account capital gains, dividends, interests and other realised variables over a given period of time.

COMPANY INFORMATION

Directors (all non-executive)	Miriam Greenwood OBE DL (Chair) Nicholas Bliss David Fletcher Janine Freeman
Registered office *(Registered in England and Wales with Company number. 13324616)*	6th Floor 125 London Wall London England EC2Y 5AS
AIFM	FundRock Management Company (Guernsey) Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
Investment Adviser	Aquila Capital Investmentgesellschaft mbH Valentinskamp 70 D-20335 Hamburg Germany
Broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
Administrator and Company Secretary	Apex Listed Companies Services (UK) Limited 6th Floor 125 London Wall London England EC2Y 5AS
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6AH
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

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AQUILA ENERGY EFFICIENCY TRUST PLC
HALF-YEARLY FINANCIAL REPORT 2024

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