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Aquila Energy Efficiency Trust PLC
29 April 2025

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AQUILA ENERGY EFFICIENCY TRUST PLC

Aquila Energy Efficiency Trust Plc (the "Company" or "AEET") is pleased to announce its audited results for the year ended 31 December 2024.

Investment Objective

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

Management

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

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

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

Capital Structure

As at 31 December 2024, the Company's share capital comprised 81,438,268 ordinary shares of £0.01 each ("Ordinary Shares") (31 December 2023: 100,000,000). The Ordinary Shares are admitted to trading on the Main Market of the London Stock Exchange.

Highlights (Consolidated figures)

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

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

1 Alternative Performance Measures ("APMs"), as defined by the European and Markets Authority. Definitions of APMs, and other terms used in the report, together with supporting calculations where appropriate can be found at the end of this announcement.

2 Dividend declared and paid in respect of the financial year.

3 Adjusted for dividends paid during the financial year.

CHAIR'S STATEMENT

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

Investment Performance

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

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

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

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

Return of Capital

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

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

Significant Developments since 31 December 2024

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

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

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

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

Costs

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

Return of Capital post year end

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

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

Miriam Greenwood OBE DL
Chair of the Board
28 April 2025

INVESTMENT ADVISER'S REPORT

Overview

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

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

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

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

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

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

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

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

- The German sub-metering investment, which had a book value of £0.2 million as at 31 December 2023 versus cost of £1.7 million, was fully provided against as at 30 June 2024 and 31 December 2024 because, following the insolvency of the service provider in October 2023, it now appears that any sale proceeds from selling the sub-metering contracts are unlikely to exceed tax and other liabilities of the SPV into which the original investment was made.
- The UK CHP investment, which had a book value of £0.5 million as at 31 December 2023 versus cost of £1.0 million, was reduced to a book value of zero because, following the ESCO's client, Vale of Mowbray, entering into administration and subsequently liquidation, there has been no significant progress to date with the new owner of the site nor in securing a new customer for the CHP equipment.
- A Solar PV project in Spain, which had a book value of £0.1 million as at 31 December 2023 versus cost of £0.2 million, was also fully impaired as at 31 December 2024. This investment, which comprised two Solar PV installations, was developed and maintained by an ESCO which entered into bankruptcy in 2024 and it has not proved possible to secure a new O&M provider to replace the ESCO on economic terms to protect the value of the investment.

As at 31 December 2024, £53.3 million of the Company's total investments of £56.3 million were denominated in Euros. During 2024, the Company continued to use forward foreign exchange agreements to hedge the value of the Euro denominated investments. In the year ended 31 December 2024 the Company reported realised foreign exchange gains of £3.5 million, receiving £3.6 million in cash upon settlement of these forward foreign exchange agreements. The Company continues to seek to hedge approximately 100% of the value of the Company's Euro denominated investments. The quantum of the forward foreign exchange agreements is modified upon the rollover of the contracts, which have maturities of between one and three months, to reflect additional deployment and returns of capital and changes in valuation. As at 8 April 2025, the Company had entered into forward foreign exchange agreements in an amount of £31.3 million following the significant repayment of Euro denominated investments agreements in an amount of £31.5 million following the significant repayment of Euro denominated investments. £2.5 million of the Company's cash balances continue to be held as security by the bank providing the forward foreign exchange contracts.

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

Portfolio Overview

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

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

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

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

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

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

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

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

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

"Superbonus" is an incentive measure introduced by the Italian Government through Decree "Rilancio Nr. 34" on 19 May 2020, which aimed to make residential buildings (condominiums and single houses) more energy efficient through improvements to thermal insulation and heating systems. When qualifying measures were completed, ESCOs delivering the measures were awarded a tax credit equal to 110%[2] of the cost of the measures. These tax credits can then be sold to banks, insurance companies and other corporations and, thus, projects can be financed without the need for a financial contribution from landlords. The projects involve a range of energy efficiency measures including insulation, the replacement of heating systems with more efficient solutions and energy efficient windows.

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

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

2.i) Projects with Noleggio Energia

Of the eight Solar PV projects which the Company has committed to finance, seven projects have been developed by the ESCO Noleggio Energia, which was established in 2017 and is an Italian company that specialises in providing operating leases for energy efficiency and renewable energy projects for commercial and industrial clients in Italy. These projects are all structured as the purchase of receivables from operating leases with maturities of five to ten years, with a remaining weighted average maturity of 7.3 years outstanding, and all use very similar documentation. Energia has paid the SPV the monthly receivables from these operating lease agreements, which provide for fixed rates of return with a weighted average return of 8.4% per annum.

2.ii) Project with CO-VER Power Technologies

In January 2022, the Company refinanced the acquisition of an existing rooftop Solar PV plant in Ascoli Piceno (Central Italy) with a generating capacity of 902 kWp. The investment, with an original cost of £0.7 million, is based on the purchase of receivables generated by an energy service contract between the leading Italian engineering firm CO VER Power Technologies ("CO-VER") and its subsidiary Futura APV S.r.l. ("Futura"). The contract governs the management of an operating roof-mounted Solar PV plant until April 2028. Thereafter, the investment is based on a feed-in tariff for an additional six years, aggregating to a twelve-year tenor. The investment, which generated total cash receipts of £0.3 million in the period from inception of the investment until 31 December 2024, is forecast to generate a return of 8.4% per annum based on the valuation as at 31 December 2024 of £0.58 million.

CO-VER has a successful 20-year history in developing industrial projects in the areas of energy storage systems, co/tri-generation plants and renewable energies. Futura is the owner of the PV plant which benefits from feed-in tariffs payable by Gestore dei Servizi Energetici ("GSE"). GSE is a joint stock company managed by the Italian Government which is responsible for promoting and developing the growth of renewable assets in Italy. GSE currently has a credit rating of BBB+ from the Italian Government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Valuations and ECL Provisions as at 31 December 2024

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

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

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

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

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

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

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

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

These operational issues have resulted in negative changes to the forecast cash flowsand resulted in a negative change of -11.9%. Other negative impacts on valuation were:

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

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

Summary of Investments as at 31 December 2024

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

Note: 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[3] generated by the reduction of PEC and simultaneously using renewable energy sources further decrease CO_2 emissions.

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

This is reflected across the investment philosophy and approach of both the Company and its Investment Adviser, Aquila Capital, who are dedicated to the green energy transition. The Company is committed to being a responsible investor, ensuring that environmental, social and governance criteria are incorporated into day-to-day investment decisions as well as generating a positive impact for society. By reducing PEC, the Company often improves life standards for end users; for example, better lights, easier maintenance, reduced danger, security of supply and, very importantly, the reduction of emissions like Nitrogen Oxides. In 2024, the portfolio performed as follows:

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

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

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

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

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

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

ESG Approach

The Company has adopted Aquila Capital's ESG Integration Policy[5], ensuring that environmental, social and governance criteria have been incorporated into day-to-day investment decisions as well as generating a positive contribution for society. The Company's investment approach is focused on investments in energy efficiency projects located primarily in Europe. These investments are predominantly into proven technologies that deliver energy savings for commercial, industrial and public sector buildings. Prior to the adoption of the New Investment Policy by Shareholders in June 2023 the Company sought to invest in projects for the long term with a focus on optimising and improving the assets' PEC (and, of course, the Company's investments continue to meet this initial objective). Technologies include:

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

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

Environmental Contribution

The Company's investments are focused on reducing PEC, which should lead to significant reductions in greenhouse gas emissions. In addition, local production of energy (CHP, biomass boilers, Solar PV) reduces transportation energy losses and grid over-utilisation. Smart meters and other control technologies enable a better visibility and management of energy and therefore represent a basis for energy savings.

Social Contribution

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

Governmental Contribution

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

Due Diligence

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

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

Governance Framework

The Company has an independent Board of Directors, with FundRock Management Company (Guernsey) Limited as the AIFM. The Board of Directors supervises the AIFM, which is responsible for making recommendations in relation to any investment proposals put forward by the Investment Adviser. The Investment Adviser is fully regulated and supervised by BaFin in Germany. The Company maintains a comprehensive risk register which is regularly updated and reviewed by the AIFM and the Board of Directors. The Company has established procedures to deal with any potential conflicts of interest in circumstances where Aquila Capital (or any affiliate) is advising both the AIFM (for the Company) and other Aquila Capital managed funds. In the context of an investment decision, these procedures may include a fairness opinion in relation to the valuation of an investment, which is obtained from an independent expert.

Monitoring of ESG

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

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

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

Aquila Capital Investmentgesellschaft mbH

28 April 2025

INVESTMENT POLICY

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

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

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

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

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

and in these circumstances the Company will observe the following restrictions when making any such investments:

- no more than 20 per cent. of its Gross Asset Value will be invested in any single asset;
- no more than 20 per cent. of its Gross Asset Value will be invested in Energy Efficiency Investments with the same Counterparty;
- no investments will be made outside of Europe; and
- no more than 7.5 per cent. of its Gross Asset Value, in aggregate, will be invested in Equity Investments, and at all times such investments will only be made with appropriate Shareholder protections in place.

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

The Company will not undertake new borrowing.

As required by the UK Listing Rules, any material change to the investment policy of the Company will be made only with the approval of Shareholders by way of ordinary resolution.

Currency and Hedging

The Company does not use hedging or derivatives for investment purposes. The functional currency of the Company is sterling. With many of its investment assets in euros the Company uses a series of regular forward foreign exchange contracts to provide protection against movements in the sterling exchange rate. Under these arrangements the Company is required to provide £2.5million in cash as collateral for these forward foreign exchange contracts.

Cash Management

Cash held pending investment in Energy Efficiency Investments or for working capital purposes will either be held in cash or invested in cash, cash equivalents, near cash instruments, bearer bonds and/or money market instruments ("Cash and Cash Equivalents"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position. For the avoidance of doubt, the FCA's restriction that not more than 15 per cent. of the Gross Asset Value at the time an investment is made will be invested in other closed-ended investment funds which are listed on the Official List of the London Stock Exchange, does not apply to money market type funds.

Changes to and compliance with the Investment Policy

As required by the Listing Rules, any material changes to the Company's Investment Policy as set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting and the approval of the FCA.

Compliance with the above restrictions will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment restrictions.

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

KEY PERFORMANCE INDICATORS

THE BOARD MEASURES THE COMPANY'S SUCCESS IN ACHIEVING ITS INVESTMENT OBJECTIVE BY REFERENCE TO THE KEY PERFORMANCE INDICATORS ("KPIs") DESCRIBED BELOW:

Efficient Return of Capital

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

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

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

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

The Company announced on 29 April 2025 the intention to return a further £30.0[1] million by way of a special interim dividend.

Discount of share price to NAV

The Board monitors the price of the Company's shares in relation to their NAV and the premium or discount at which they trade. The share price closed at a 39.2% discount to the NAV as at 31 December 2024. As at 25 April 2025, the latest date prior to the publication of the Annual Report, the share price discount to NAV was 25.4 %.

Maintenance of a reasonable level of ongoing charges

The expenses of managing the Group are carefully monitored by the Board. The Board receives and reviews management accounts which contain an analysis of expenditure which are reviewed at quarterly Board meetings. The Board reviews the ongoing charges on a quarterly basis. Based on the Group's average net assets during the year ended 31 December 2024, the Group's ongoing charges figure calculated in accordance with the AIC methodology was 3.8% (31 December 2023: 3.5%). Following the announcement of a special interim dividend on methodology was 3.8% (31 December 2023: 3.5%). Following the announcement of a special interim dividend on 29 April 2025 the Board is reviewing its cost structure to reduce the costs in absolute terms to a level more appropriate for a company of its size.

1 On 29 April 2025, the Board announced a special interim dividend of 36.837p per share, payable on 30 May 2025, to Shareholders on the register on 9 May 2025. The ex-dividend date is 8 May 2025.

RISK MANAGEMENT

Principal Risks and Uncertainties

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

Procedures to identify principal or emerging risks:

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

1. Investment Adviser: the Investment Adviser submits a quarterly report on the investment portfolio to the Board which includes risks faced by the projects in the portfolio, plus an update on hedging;
2. Alternative Investment Fund Manager: following advice from the Investment Adviser and other service providers, the AIFM maintains a register of identified risks including emerging risks likely to impact the Company;
3. Broker: provides advice periodically specific to the Company on the Company's sector, competitors and the investment company market whilst working with the Board and Investment Adviser to communicate with Shareholders;
4. Company Secretary: briefs the Board on forthcoming legislation/regulatory change that might impact on the Company; and
5. Association of Investment Companies ("AIC"): The Company is a member of the AIC, which provides regular technical updates as well as drawing members' attention to forthcoming industry and regulatory issues.

Procedure for oversight

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

Principal Risks

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

Portfolio

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

	Company's performance and ability to meet strategic targets.	principally in Italy, Spain, Germany and the UK).
Environmental/ Social/ Governance ("ESG")	Failure to adequately consider ESG implications when making and monitoring investments could lead to reputational risk: exposure to greenwashing claims and potentially have an adverse impact on the portfolio's ability to achieve its targeted returns.	The Investment Adviser performs detailed due diligence on ESG for each asset prior to recommendation. General standards including IFS Performance Standards, IFC Environmental Health and Safety Guidelines ("EHS") and Equator Principles as well as local health and safety and social laws are reviewed on a regular basis for all assets depending on the location and development status of each asset.

Economic and Markets

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

	depth in the Investment Adviser's team to manage the Company's investments. This may be exacerbated by the Managed Run-off status of the Company which has led, over time, to reduced fees for the Investment Adviser. Possible conflicts with other private Aquila clients and private investing vehicles which Aquila cannot disclose to the Board or the AIFM. The Investment Adviser is dependent on key people to identify, acquire and manage the Company's investments.	providers with a view to ensuring the required standard of portfolio management and reporting is maintained. The Board will reserve its right to recover the cost of such additional services from the current service providers. Additionally through the Management Engagement Committee, the Board conducts a formal assessment of each key service provider's performance once a year. To assist its ability to properly oversee the Company's service providers, the Board requires each service provider to notify it as soon as reasonably practicable following any material breach of its contract with the Company. The Company and AIFM are made aware of and review potential conflicts of interest at the time of each investment being made. Conflicts of interest and investment allocation policies are in place and agreed with the Board. The strength and depth of the Investment Adviser's resources mitigate the risk of a key person departure and provides the ability to draw skills from other areas if needed.

Operational

Principal Risks	Potential Impact/Description	Mitigation
IT security	A hacker or third party could obtain access to the Investment Adviser or any other service provider and destroy data or use it for malicious purposes resulting in reputational damage and possible GDPR concern. Data records could be destroyed resulting in an inability to make investment decisions and/or monitor investments.	Service providers have been carefully selected for their expertise and reputation in the sector. Each service provider has provided assurances to both the AIFM and the Company on their cyber policies and business continuity plans along with external reviews of their procedures where applicable. The AIFM, Administrator and Board include Cyber Risk in their reviews of counterparties.

Financial

Principal Risks	Potential Impact/Description	Mitigation
Portfolio Carrying Value	The principal component of the Company's balance sheet is its portfolio of energy efficiency assets. The Investment Adviser is responsible for preparing a fair market value of the investments where such investments have variable returns. Fair value calculations rely on projections, which involve estimates of the future, which are inherently judgmental. There is a risk that these valuations and underlying assumptions such as discount rates being applied are not a fair reflection of an open market valuation, therefore the investment portfolio could be over or under valued. Investments with fixed returns are measured at amortised cost and subject to expected credit loss provisions, which are based on numerous assumptions and judgments.	The Investment Adviser has experience in undertaking valuations of renewable sustainability/energy transition assets. In addition, independent advice from a professional accounting services firm has been received to ensure that the Portfolio valuation adheres to the relevant accounting standards. The AIFM and the Board review and interrogate the valuations and underlying assumptions provided by the Investment Adviser. It should be noted that valuations are held at fair value and at amortised cost and not at net realisable value.
Act of War/ Sanctions	As evidenced with conflict in the Ukraine and the Middle East, various sanctions and restrictions imposed. There is a possibility that there could be supply delays for Operations and Maintenance ("O&M"), sanction considerations, volatile markets and general uncertainty. More difficult energy markets are expected along with inflationary pressures on inputs. It has also led to short term price increases and more focus on renewable energy infrastructure. Possible change to the world order and globalisation. Conflict brings uncertainty to the commodities market and how price levels of modules and other hardware will be	The Company does not have any direct exposure in Ukraine, Russia or the Middle East, there are also no direct business relationships with counterparties from these countries; therefore assessments have led the Company to the conclusion that its investments in Europe are not impacted directly at this time.

	of modules and other hardware will be impacted directly or indirectly.	
Capital Preservation	During the run-off, there is a risk that overdistribution of cash will leave the Company short of sufficient liquidity to meet ongoing expenditure.	The Board, Investment Adviser and AIFM will review the ongoing liquidity requirements and cashflow forecasts of the Company prior to making distributions to ensure that sufficient funds are maintained throughout the run-off process.
Emerging Risks		
Principal Risks	**Potential Impact/Description**	**Mitigation**
Shrinking Company size relative to cost base.	As the run-off progresses there will be a significantly reduced size to the portfolio, which will in turn reduce the IA fee and potentially place a strain on available IA resourcing. As several costs are fixed, this will potentially lead to a growing cost base relative to the size of the Company.	The Board will continue to monitor the services of IA and other providers during run-off. Should it be considered that there is either a lack of sufficient service, this can be addressed prior to it having a detrimental effect on the Company. Conversely, should the Board feel that costs are becoming disproportionately high relative to the requirements of the Company, steps can be taken to scale back providers and their associated costs where possible.

Viability Statement

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

In reviewing the Company's viability, the Directors have assessed the viability of the Company for the period to 31 December 2027 (the "Look-forward Period").

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

Although the Company is in a Managed Run-Off, the Board believes that the Look-forward Period, being approximately three years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the long-term nature of the maturity of the Company's assets, which is modelled over three years and the principal risks outlined above. In considering the prospects of the Company, the Directors looked at the key risks facing the Company, focusing on the likelihood and impact of each risk as well as any key contracts, future events or timescales that may be assigned to each key risk.

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

Going Concern

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

The Group and Company continue to meet day-to-day liquidity needs through their cash resources. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this document.

In reaching this conclusion, the Directors have taken into account the following considerations:

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

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

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

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

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

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

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

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

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

Directors' Confirmations

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

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

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

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

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

For and on behalf of the Board,

Miriam Greenwood OBE DL
Chair of the Board
28 April 2025

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		For the year ended 31 December 2024			For the year ended 31 December 2023		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments at fair value through profit and loss	4	-	(2,077)	(2,077)	-	(2,380)	(2,380)

Unrealised (loss)/gain on derivatives		-	(24)	(24)	-	122	122
Realised gain on derivatives		-	3,493	3,493	-	1,713	1,713
Net foreign exchange loss		-	(3,241)	(3,241)	-	(64)	(64)
Investment Income	5	5,397	-	5,397	5,948	-	5,948
Investment advisory fees	6	(647)	-	(647)	(808)	-	(808)
Impairment loss	4	(2,554)	-	(2,554)	(1,735)	-	(1,735)
Other expenses	7	(2,374)	-	(2,374)	(2,492)	-	(2,492)
(Loss)/profit on ordinary activities before taxation		**(178)**	**(1,849)**	**(2,027)**	**913**	**(609)**	**304**
Taxation	8	-	-	-	-	-	-
(Loss)/profit on ordinary activities after taxation		**(178)**	**(1,849)**	**(2,027)**	**913**	**(609)**	**304**
(Loss)/return per Ordinary Share	9	(0.20)p	(2.09)p	(2.29)p	0.91p	(0.61)p	0.30p

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

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

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

The notes are an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

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

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

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	**2024 £'000**	**2023 £'000**
Fixed assets			
Investments at fair value through profit or loss	4	10,022	10,492
Investments at amortised cost	4	46,309	54,990
		56,331	**65,482**
Current assets	10		
Trade and other receivables		80	652
Derivative financial instrument		-	122
Cash and cash equivalents		14,417	29,082
		14,497	**29,856**
Creditors: amounts falling due within one year	11		
Payables		(1,137)	(1,057)
Derivative financial instrument		(24)	-
Net current assets		**13,336**	**28,799**
Net assets		**69,667**	**94,281**
Capital and reserves: equity			
Share capital	12	814	1,000
Capital redemption reserve	13	186	-
Special reserve	13	70,913	93,500
Capital reserve	13	(2,027)	(178)
Revenue reserve	13	(219)	(41)
Shareholders' funds		**69,667**	**94,281**
Net asset value per Ordinary Share	14	85.55p	94.28p

No. of Ordinary Shares in issue		81,438,268	100,000,000

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

Signed on behalf of the Board of Directors

Miriam Greenwood OBE DL

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

The notes are an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

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

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

Signed on behalf of the Board of Directors

Miriam Greenwood OBE DL

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

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

The notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

For the year ended 31 December 2024	Notes	Share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 1 January 2024		**1,000**	**-**	**93,500**	**2,923**	**(2,547)**	**94,876**
Repurchase and cancellation of the Company's own shares following a Tender Offer	12	(186)	186	(17,500)	-	-	**(17,500)**

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Expenses of Tender Offer		-	-	(88)	-	-	**(88)**
Dividend paid	15	-	-	(4,999)	-	-	**(4,999)**
(Loss)/profit for the year		-	-	-	(3,027)	694	**(2,333)**
Closing equity as at 31 December 2024		**814**	**186**	**70,913**	**(104)**	**(1,853)**	**69,956**

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

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

The notes are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	For the year ended 31 December 2024 £'000	For the year ended 31 December 2023 £'000
Operating activities			
(Loss)/profit on ordinary activities before taxation		(2,333)	243
Adjustments for:			
Unrealised loss/(gain) on investments	4	1,299	(961)
Net foreign exchange loss/(gain)		1,728	(17)
Shareholder loan interest income		(1,936)	(1,912)
Adjustment for impairment loss		923	2,041
Movement in intercompany balances		2,443	(1,901)
Decrease/(increase) in trade receivables		199	(91)
Increase/(decrease) in creditors: amounts falling due within one year		94	(175)
Net cash flow generated from/(used in) operating activities*		**2,417**	**(2,773)**
Investing activities			
Purchase of investments	4	(294)	(4,808)
Repayment of investments		3,724	1,306
Net cash flow used in investing activities		**3,430**	**(3,502)**
Financing activities			
Loan to subsidiary		1	(4,437)
Shareholder loan interest income received		1,936	1,782
Tender Offer payment		(17,500)	-
Expenses of Tender Offer		(88)	-

Dividends paid	15	(4,999)	(1,250)
Net cash flow used in financing activities		**(20,650)**	**(3,905)**
Decrease in cash and cash equivalents		**(14,803)**	**(10,180)**
Cash and cash equivalents at start of year		22,548	32,714
Effect of foreign currency exchange translation		(125)	14
Cash and cash equivalents at end of year		**7,620**	**22,548**
*Cash flows from operating activities were presented after the following non-cash transactions:			
Conversion of intercompany receivables to investment in subsidiary		-	11,791
Conversion of intercompany receivable to Shareholder loan		-	23,076
		-	34,867

The notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Aquila Energy Efficiency Trust Plc (the "Company") is a public Company limited by shares, incorporated in England and Wales on 9 April 2021 with registered number 13324616. The Company is domiciled in England and Wales. The Company is a closed-ended investment company with an indefinite life. The Company commenced its operations on 2 June 2021 when the Company's Ordinary Shares were admitted to trading on the London Stock Exchange. The Directors intend to continue conducting the affairs of the Company so as to retain its status as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

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

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

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

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

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

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

2. BASIS OF PREPARATION

Group financial statements

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

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

The consolidated financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies are consistently applied.

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

Company financial statements

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

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

The financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies are consistently applied.

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

Basis of consolidation

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

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

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

Accounting for wholly owned entities

AHL

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

Italian SPV

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

Going concern

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

The Group and Company continue to meet day-to-day liquidity needs through their cash resources. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this document.

In reaching this conclusion, the Directors have taken into account the following considerations:

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

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

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

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

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

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

Critical accounting judgements, estimates and assumptions

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of the investments and expected credit loss as disclosed in note 4 to the financial statements.

Investment fair value

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

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

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

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

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

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

New Standards, Interpretations and Amendments Adopted from 1 January 2024

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

New Standards and Amendments Issued but not yet Effective

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

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

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

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

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

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

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

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

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

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

- Although the adoption of IFRS 18 will have no impact on the Group's and Company's net profit, the Group and Company expects that grouping items of income and expenses in the statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group and Company has performed, the following might potentially impact operating profit:
  - Foreign exchange differences currently aggregated in the line item 'Net foreign exchange loss/gain' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
  - The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and

disaggregation.

- The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of comprehensive income - this break-down is only required for certain nature expenses; and
  - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of comprehensive income between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

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

3. MATERIAL ACCOUNTING POLICIES

Financial instruments

Financial assets

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

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

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

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

Investment in Subsidiaries

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

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

Financial liabilities

The Group's financial liabilities include trade and other payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The Group's financial liabilities also include derivative financial instruments.

Recognition and derecognition

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

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

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

Classification and measurement of financial assets

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

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

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

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

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

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

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

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

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

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

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

Taxation

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

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

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

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

Segmental reporting

The Chief Operating Decision Maker ("CODM"), which is the Board, is of the opinion that the Group is engaged in a single segment of business, being investment in energy efficiency assets to generate investment returns whilst preserving capital. The financial information used by the CODM to manage the Group presents the business as a single segment.

Income

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

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

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

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

Expenses

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

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

Foreign currency

Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year-end are reported at the rates of exchange prevailing at the year-end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the Consolidated Statement of Profit or Loss and Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Capital account of the Consolidated Statement of Profit or Loss and Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks and other short-term deposits with original

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

Trade and other payables

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

Share capital and share premium

Ordinary Shares are classified as equity. Costs directly attributable to the issue of new shares (that would have been avoided if there had not been a new issue of new shares) are recognised against the value of the ordinary share premium account.

Repurchase of the Company's own shares are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Realised gains and losses on investments

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

ECL allowance for financial assets measured at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. INVESTMENTS

Fair value measurements

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

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

Level 1

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

Level 2

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

Level 3

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

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

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

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

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

	31 December 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**
Investment in SPV at fair value through profit or loss	-	-	29,351	29,351	-	-	35,683	35,683

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

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

	31 December 2024 Group £'000	**31 December 2023 Group £'000**
Opening balance	10,492	11,742
Additions during the year	3,683	1,675
Disposals during the year	(1,564)	(1,551)
Realised losses	(17)	-

Urealised losses	(2,060)	(1,374)
Net FX losses	(512)	-
Closing balance	**10,022**	**10,492**

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

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

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

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

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

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

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

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

Valuation methodology

Debt instruments at fair value through profit or loss

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

Valuation Assumptions and Inputs

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

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

Valuation assumptions and Inputs

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

Valuation sensitivities

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

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

Discount rates

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

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

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

Power price

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

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

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

Energy yield

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

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

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

Inflation rates

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

Capital expenditure

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

Investments at Amortised Cost

a) Investments at amortised cost

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

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

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

b) Expected Credit Loss allowance for IFRS 9

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

The following table analyses Group ECL by stage.

Group	**31 December 2024 £'000**	**31 December 2023 £'000**
At 1 January	1,871	136
Charge for the year - Stage 1	(141)	182
Charge for the year - Stage 2	1,899	(35)

Charge for the year - Stage 3	796	1,588
Allowance for ECL at 31 December	**4,425**	**1,871**

Stage 2 losses

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

Stage 3 losses

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

Measurement uncertainty and sensitivity analysis of ECL

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

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

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

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

Investments held by the Company

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

The Company's investments in subsidiaries comprise the following:

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

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

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

5. INVESTMENT INCOME

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

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

6. INVESTMENT ADVISORY FEES

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

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

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

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

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

7. OTHER EXPENSES

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

Company	For the year ended 31 December 2024 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 December 2023 Revenue £'000	Capital £'000	Total £'000
Secretary and administrator fees	219	-	219	199	-	199
Tax compliance	26	-	26	41	-	41
Directors' fees	228	-	228	203	-	203
Broker's fees	320	-	320	182	-	182
Auditor's fees*						
- Fees payable to the Company's auditors for the audit of the Company's annual accounts	479	-	479	590	-	590
- Fees payable to the Company's auditors and its associates for other services:	27	-	27	26	-	26
AIFM fees	112	-	112	91	-	91
Registrar's fees	52	-	52	23	-	23
Marketing fees	93	-	93	104	-	104
FCA and listing fees	29	-	29	26	-	26
Legal fees	169	-	169	235	-	235
Other expenses	158	-	158	192	-	192
Total other expenses	**1,939**	**-**	**1,939**	**1,912**	**-**	**1,912**

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

8. TAXATION

(a) Analysis of charge in the year

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

Company	For the year ended 31 December 2024 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 December 2023 Revenue £'000	Capital £'000	Total £'000

Corporation tax	-	-	-	-	-	-
Taxation	**-**	**-**	**-**	**-**	**-**	**-**

(b) Factors affecting total tax charge for the year

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

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

The effective UK corporation tax rate applicable to the Company for the period is 25% (2023: 23.5%). The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company.

The differences are explained below:

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

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

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

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

9. RETURN/(LOSS) PER ORDINARY SHARE

Group

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

Company

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

10. CURRENT ASSETS

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

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

financial year in order for AHL to earn a gross margin of at least 50bps from its financing activities. The loan is repayable in full on 31 December 2046.

Derivative financial instruments

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

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

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

Cash and cash equivalents

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

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

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Payables

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

Derivative financial instruments

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

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

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

12. SHARE CAPITAL

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

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

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

13. RESERVES

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

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

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

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

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

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

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

14. NET ASSET VALUE PER ORDINARY SHARE

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

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

15. DIVIDENDS

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

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

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

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

16. FINANCIAL RISK MANAGEMENT

The Investment Adviser, AIFM and the Administrator report to the Board on a quarterly basis and provide information to the Board which allows it to monitor and manage financial risks relating to the Group's operations. The Group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. These risks are monitored by the AIFM. Each risk and its management are summarised below.

(i) Currency risk

Foreign currency risk is defined as the risk that the fair values of future cashflows will fluctuate because of changes in foreign exchange rates. The Group's and the Company's financial assets and liabilities are denominated in sterling and the euro and substantially all of its revenues and expenses are in sterling and the euro. The Group and the Company are therefore exposed to foreign currency risk.

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

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

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

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

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

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

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

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

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

(ii) Interest rate risk

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

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

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

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

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

(iii) Price risk

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

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

(iv) Credit risk

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

Continued monitoring of the investments and the counterparties/service providers, including the use of credit rating data providers, allows the Investment Adviser to identify and address these risks early. Where possible, the Investment Adviser seeks to mitigate credit risks by the counterparty having the opportunity to sell electricity to the grid or other customers. The Investment Adviser also seeks to structure investments whereby contracts can be adapted/extended to accommodate periods of payment defaults. Diversification of counterparties and service providers ensures any impact is limited. In addition, a diversified portfolio provides further mitigation.

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

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

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

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

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

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

(v) Liquidity risks

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

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

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

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

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

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

Capital management

The Company considers its capital to comprise ordinary share capital, distributable reserves and retained earnings. The Company is not subject to any externally imposed capital requirements.

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

17. TRANSACTIONS WITH THE INVESTMENT ADVISER

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

18. RELATED PARTY TRANSACTIONS

Directors

Details of the remuneration payable to Directors and details of Directors' shareholdings are given in the Directors' Remuneration Report in the Annual Report.

Subsidiary and wholly owned entity

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

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

Transaction with the subsidiary

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

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

19. EVENTS AFTER THE ACCOUNTING DATE

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

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

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

OTHER INFORMATION

ALTERNATIVE PERFORMANCE MEASURES OF THE GROUP

OTHER INFORMATION (UNAUDITED)

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

(Discount)/premium

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

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

Ongoing charges

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

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

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

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into the Ordinary Shares of the Company on the ex-dividend date.

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

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

FINANCIAL INFORMATION

Year ended 31 December 2024

The figures and financial information for the year ended 2024 do not constitute the statutory financial statements for that year. Those financial statements have not yet been delivered to the registrar and include the auditors' report which, whilst unmodified, contains reference to the material uncertainty disclosed in note 2 above. The auditors' report does not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

ANNUAL REPORT

The Annual Report for the year ended 31 December 2024 was approved on 28 April 2025. It will shortly be made available on the Company's website at: https://www.aquila-energy-efficiency-trust.com/ and via the National Storage Mechanism at https://data.fca.org.uk/#/nsm/nationalstoragemechanism. The Company's AGM will be held at 2.00 p.m. on 28 May 2025 at the offices of CMS Cameron McKenna Nabarro Olswang LLP located at Cannon Place, 78 Cannon Street, London EC4N 6AF. The Company will publish an announcement to confirm when the AGM notice is available to access via the Company's website at: https://www.aquila-energy-efficiency-trust.com/ and via the National Storage Mechanism at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

This announcement contains regulated information under the Disclosure Guidance and Transparency Rules of the FCA.

29 April 2025

For further information contact:
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