Asian Energy Impact Trust

Asian Energy Impact Trust plc

(formerly ThomasLloyd Energy Impact Trust plc)

2022 Annual Report and Accounts

For the period from 1 November 2021 to 31 December 2022

Contents

About the Company

Asian Energy Impact Trust plc ("AEIT" or the "Company", formerly ThomasLloyd Energy Impact Trust plc) is a closed-ended investment company incorporated in England and Wales. The Company's ordinary shares were admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange on 14 December 2021.

The Company has a triple return investment objective which consists of: (i) providing shareholders with attractive dividend growth and prospects for long-term capital appreciation (the financial return); (ii) protecting natural resources and the environment (the environmental return); and (iii) delivering economic and social progress, helping build resilient communities and supporting purposeful activity (the social return).

The Company seeks to achieve its investment objective by investing in a diversified portfolio of unlisted sustainable energy infrastructure assets in the areas of renewable energy power generation, transmission infrastructure, energy storage and sustainable fuel production ("Sustainable Energy Infrastructure Assets"), with a geographic focus on fast-growing and emerging economies in Asia.

The Board is undertaking a strategic review of the options for the Company's future, which is expected to be concluded by the end of the first quarter of 2024. At the date of this Annual Report, based on the information currently available, the most likely outcomes of the strategic review are a proposal for either the relaunch of the Company, potentially with a new investment objective, investment policy, target returns and/or Investment Manager but maintaining the impact-led, Asian focus, or a managed wind-down and subsequent winding-up of the Company. The outcome of the strategic review will be subject to shareholder approval.

2022 Performance Highlights

As at 31 December 2022

Financial

Capital raised to date **US$180.9m**	Net asset value ("NAV") **US$86.6m**	Gross asset value ("GAV")[2 3] **US$127.3m**
NAV per share[1 3] **49.3 cents**	Dividend per share[4] **2.5 cents**	NAV total return per share since IPO[3] **(49.2)%**
Cash held at AEIT **US$115.8m**	Fair value of investment portfolio **US$11.5m**	Adjusted gross asset value ("Adjusted GAV")[3 5] **US$173.3m**
Market capitalisation[3] **US$207.3m**	Net operational asset value[3 6] **US$23.5m**	Gearing ratio[3 7] **27%**

Impact[8]

Total installed capacity **132 MW**	Renewable energy generated in the period **85,199 MWh**	Estimated tonnes of carbon avoided from generated electricity **62,770 tCO_2e**
GHG intensity of investee companies tCO_2e/USDm **35.9**	Jobs supported (full time equivalents) **148**	Investments qualifying as sustainable (EU Taxonomy) **100%**

[1] Calculated on the basis of 175,684,705 ordinary shares in issue.

[2] GAV a measure of the value of the assets of the Company, being the sum of all investments held in the investment portfolio at the balance sheet date together with any cash and cash equivalents.

[3] An alternative performance measure ("APM"). Definitions of APMs together with how these measures have been calculated can be found on pages 110 and 111.

[4] Total dividends declared in relation to the period from IPO to 31 December 2022.

[5] Adjusted GAV is GAV plus proportionate share of asset level debt.

[6] The value of the Company's operational portfolio excluding construction assets.

[7] Group debt and non-Group investment debt (calculated on a proportionate basis) as a % of Adjusted GAV.

[8] These metrics have been proportioned to account for AEIT's share of the SolarArise and NISPI assets during the reporting period.

Investment Portfolio

As at 31 December 2022

Plant or site	Technology	Country	Revenue type	Total renewable energy generating capacity on a 100% basis (MWp)	Total renewable energy generating capacity based on economic share (MWp)	Average remaining life of asset modelled (years)	Economic ownership	Economic ownership - committed
NISPI				**80**	**32**			
Islasol IA	Solar	Philippines	Wholesale electricity market	18	7	18.5	40%	40%
Islasol IB	Solar	Philippines	Wholesale electricity market	14	6	18.5	40%	40%
Islasol II	Solar	Philippines	Wholesale electricity market	48	19	18.5	40%	40%
SolarArise[9]				**433**	**186**			
Telangana I	Solar	India	25 year fixed price PPA	12	5	18.5	43%	100%
Telangana II	Solar	India	25 year fixed price PPA	12	5	18.5	43%	100%
Karnataka I	Solar	India	25 year fixed price PPA	40	17	19.5	43%	100%
Karnataka II	Solar	India	25 year fixed price PPA	27	12	20.0	43%	100%
Maharashtra	Solar	India	25 year fixed price PPA	67	29	21.5	43%	100%
Uttar Pradesh	Solar	India	25 year fixed price PPA	75	32	23.0	43%	100%
Total operating generating capacity				**233**	**100**			
Madhya Pradesh[10]	Solar	India	25 year fixed price PPA	200	86	n/a	43%	100%
Total 'ready to build' generating capacity				**200**	**86**			
VSS[11]				**6**	**0**			
Mo Cay	Solar	Vietnam	20 year PPA	2	n/a	17.0	n/a	99.8%
Hoang Thong	Solar	Vietnam	20 year PPA	4	n/a	17.0	n/a	99.8%
Total generating capacity including committed assets				**319**	**132**			
Total 'ready to build' capacity				**200**	**86**			

[9] Represents the acquisition of the 43% economic interest in SolarArise, completed on 19 August 2022, and the remaining 57% economic interest, committed to be acquired on 20 June 2022, and which completed on 13 January 2023.

[10] A construction-ready project (the "RUMS project"). As at 31 December 2022 the project was not proceedable. Post the period end, a decision has been taken to proceed and it is expected to commission before 31 March 2024.

[11] A committed acquisition at 31 December 2022, which completed on 31 May 2023.

Chair's Statement

With thanks to shareholders for their patience, I present the Annual Report for Asian Energy Impact Trust plc (formerly ThomasLloyd Energy Impact Trust plc) for the period ended 31 December 2022, our first Annual Report since IPO in December 2021.

For much of the period, the Board was encouraged by the Company's progress:

- the Company's IPO was achieved despite an extremely challenging fundraising environment;
- a few days later, we completed the acquisition of our first seed asset, a 40% economic interest in Negros Island Solar Power Inc ("NISPI"), the 80 MW Philippines investment platform with three operating solar plants;
- category 5 Typhoon Rai struck the Philippines almost simultaneously with completion of the NISPI acquisition and, although damage across the Philippines was significant, NISPI's solar plants proved resilient and were undamaged;
- although completion of our other seed asset, a 43% economic interest in SolarArise India Projects Private Limited ("SolarArise"), an Indian investment platform with six operating solar plants (233 MW) and one construction-ready solar plant (200 MW), did not occur until August 2022, the delay enabled us to secure changes to the acquisition terms, including a reduction in the acquisition price and a 16% increase in the price at which the consideration shares were issued, thereby reducing the number of consideration shares issued;
- in June 2022 we committed to acquire the remaining 57% economic interest in SolarArise;
- in November 2022, the Company expanded its activities, making its first investment in Vietnam and entering into a strategic partnership providing the Company with right of first refusal on additional Vietnamese investment opportunities;
- in November 2022, we also increased the size of the Company through a further fund raise; and
- we appeared to have a substantial, diversified pipeline of exciting new investment opportunities.

Overall, the Company seemed to be making good progress in achieving its triple return investment objective, including our impact objectives.

However, the pace of deployment of the net IPO proceeds was slower than expected with less than 75% of the proceeds deployed within 12 months of the IPO, triggering the requirement to propose a Continuation Resolution at the 2023 Annual General Meeting.

Post the period end, we faced challenges with regard to receiving the information we were seeking from the Investment Manager in connection with the preparation of the 2022 annual report and financial statements. In addition, the Audit and Risk Committee challenged key inputs into the 31 December 2022 portfolio valuation proposed by the Investment Manager, in particular with regard to the forward price curve being used in the NISPI valuation and the valuation of the RUMS project, SolarArise's construction-ready asset. Matters came to a head in April 2023 when the Investment Manager provided the Audit and Risk Committee with material new information on the RUMS project, which brought into question its commercial viability and the potential liabilities that would arise if the project was abandoned. The resulting material uncertainty in the Company's financial position led to the temporary suspension of the listing of, and trading in, the Company shares on 25 April 2023. This was all against the backdrop of substantial changes to the investment environment over the period. London-listed renewable energy investment companies continue to trade at material discounts to NAV and there was a more challenging macroeconomic environment with high inflation, rising interest rates and later falling power prices.

Events since the temporary share suspension have been well-documented through our frequent shareholder updates, including the termination of the appointment of our original Investment Manager and the appointment of a new transitional Investment Manager with effect from 1 November 2023. The Board is encouraged by the Company's progress following the Transitional Investment Manager's appointment and is pleased to report that it has quickly established an open and robust working relationship with the Transitional Investment Manager and the Board is now receiving the full and timely information it expects from its Investment Manager.

The Board is bitterly disappointed that, after what seemed a very promising start for the Company, this promise has not been fulfilled, with the NAV per share having fallen by approximately 50% since IPO, principally as a result of a very substantial write down in the portfolio valuation. We regret the shareholder experience over the past year and the actions taken by the Board in response are detailed in this report.

In light of the significant delay in the publishing this Annual Report, events up to the signing date are also presented and considered as post period events.

Impact

The Company was launched in response to investor interest in an impact led investment trust focused solely on fast-growing emerging economies in Asia where greenhouse gas emissions ("GHG") continue to grow rapidly. At IPO, the Company was the first, and it continues to be the only, London-listed renewable energy investment company focused on Asia, being the region with the most urgent need for investment in sustainable energy infrastructure and where capital invested can have the greatest impact.

Our investment portfolio is constructed to address the climate change mitigation priorities set out in our target countries' Nationally Determined Contributions under the Paris Agreement on Climate Change by avoiding GHG emissions. Our investments also support those countries' efforts to achieve the United Nations Sustainable Development Goals ("UN SDGs"), whilst having a positive impact in the communities around our assets.

The Company is classified as an Article 9 fund under the EU Sustainable Finance Disclosure Regulation ("SFDR") and will make a minimum of 95%[12] sustainable investments with an environmental objective under the EU Taxonomy. I am pleased to report that 100%[13] of investments made to date are aligned with the EU Taxonomy.

IPO and subsequent placing

On 14 December 2021, the Company's shares were listed in the premium listing category of the FCA's Official List and admitted to trading on the London Stock Exchange's main market, raising gross cash proceeds of US$115.4 million from a diversified institutional and retail investor base, as well as the UK Government's FCDO.

In the November 2022 placing, we raised US$35.3 million of additional capital from both existing and new investors in support of a strong deployment pipeline. When combined with IPO proceeds and the seed asset consideration share capital issued, total capital raised to date is US$181 million.

[12] Excludes cash not yet invested.

[13] This calculation excludes cash held by the Company.

Investment activity

At the time of the IPO, we had committed to acquire interests in portfolios of assets in India, being a 43% economic interest in SolarArise, and the Philippines, being a 40% economic interest in NISPI, for a combination of new ordinary shares to be issued by the Company and cash.

We completed the acquisition of the interest in NISPI, the 80 MW Philippines investment platform with three operating solar plants, for a cash consideration of US$25.4 million on 17 December 2021. NISPI's solar plants export electricity to the grid at the wholesale electricity spot market ("WESM") price.

SolarArise is a 433 MW Indian investment platform with six operating solar plants totalling 233 MW and one construction-ready 200 MW solar plant. The completion of the acquisition of the 43% economic interest in SolarArise was for a consideration of US$30.2 million, settled through the issue of 26.0 million ordinary shares at US$1.16035 per share. In addition, cash of US$2.7 million was paid by SolarArise to the Indian tax authorities on behalf of the sellers. Post the period end (on 13 January 2023), the acquisition of the remaining 57% of SolarArise was completed for a cash consideration of US$38.5 million and, at the date of this Annual Report, the Company owns 100% of SolarArise for a total consideration of US$71.4 million.

On 1 November 2022, the Company committed to acquire Viet Solar System Company Limited ("VSS"), a privately-owned company which holds 6.12 MW of rooftop solar assets for US$3.1 million. This acquisition completed on 31 May 2023 and represents a 99.8% interest in VSS.

As at 31 December 2022, the Company had invested, or had committed to invest, US$99.9 million, 55% of total capital raised. Following the temporary share suspension, the Board suspended acquisitions of, or commitments to, new investments. The Board will not make any acquisitions or commitments to new investments pending the outcome of the Board's strategic review of the options for the Company's future.

Portfolio performance

Since acquisition, our proportion of generation from the investment portfolio was 85,199 MWh, 17% below budget. Irradiance was 7% below expectations and, therefore, excluding the impact of irradiance, performance was 10% below expectations. NISPI generation was impacted by outages resulting from Typhoon Rai (known as Typhoon Odette in the Philippines) in December 2022 and curtailment from damage to the Negros–Cebu subsea cable. The curtailment was resolved in October 2022 after which the assets performed in line with the weather-adjusted budget. In India, three of the solar plants were impacted by a particularly heavy monsoon season, with one additional plant experiencing poor on-site air quality, leading to lower generation. In relation to the poor air quality, the Transitional Investment Manager is working with the on-site asset managers to increase cleaning frequency of the panels to improve generation, whilst also investigating the source and legality of the cause of the increased pollution.

During the period, in May 2022, the construction of the 200 MW RUMS project in Madhya Pradesh, India, which was originally scheduled for completion in the first half of 2023, was formally postponed due to a delay in the infrastructure construction directed by the solar park owner. Post the period end, the disclosure of economic unviability meant that the Board took the decision not to continue with construction of the project as the resulting liabilities from not proceeding were less than the negative value associated with proceeding. More recently in October 2023, the Board revisited this decision in light of an improved position presented by the Former Investment Manager, following a substantial decline in solar module prices in May and June 2023, and the Board has since decided to proceed with the project. As this investment could have resulted in the portfolio breaching the single country limit in the Company's investment policy (50% of GAV), a change to the investment policy was proposed and approved by shareholders in October 2023. The RUMS project is expected to be commissioned before 31 March 2024, and, as a new source of renewable energy, will make a significant contribution towards achieving our impact objectives. Further information can be found on page 17.

Results

The NAV of the Company as at 31 December 2022 was US$86.6 million. Since IPO, the NAV per share decreased from 98.0 cents to 49.3 cents, principally as a result of a very substantial write down in the portfolio valuation at the period end. Significant deficiencies in how assets have been valued historically alongside overly aggressive assumption sets have materialised through the preparation of the 31 December 2022 portfolio valuation. This is coupled with less controllable movements in value due to FX depreciation and downwards pressure on WESM pricing. Details on the portfolio valuation movements can be found on page 20.

The Company had a cash balance of US$115.9 million at the period end, of which US$41.6 million was committed to the acquisition of the 57% economic interest in SolarArise and the 99.8% economic interest in VSS. At the same date, the Company had no gearing and gearing on a 'look-through' basis to its underlying investments was 27% of Adjusted GAV.

The Company made a loss for the period of US$88.8 million. This was largely driven by the material decrease in the fair value of investments seen over the period (as described further on page 25) and the recognition of a US$38.5 million onerous contract provision with respect to the 57% SolarArise acquisition (see page 26 for details). The Company received no investment income during the period.

The annualised ongoing charges ratio was 2.5% at the period end. In view of the Company's substantially reduced size, we are reviewing, with the Transitional Investment Manager, the Company's cost base to assess where it may be possible to make cost savings.

The Directors declared a fourth interim dividend of 1.18 cents per share which was paid on 23 May 2023 to shareholders on the register at close of business on 21 April 2023. In respect of the period under review, the Company paid total dividends of 2.5 cents per share, equivalent to a 2.5% dividend yield on the IPO price of US$1.00 per share. All dividends were paid out of the Company's distributable capital reserves. EBITDA from the Company's operational assets over the period, excluding the costs within the SolarArise holding company, was US$4.9 million[14] compared to the aggregate cost of dividends paid to shareholders in respect of the period of US$4.0 million.

Post-period end developments

As mentioned earlier, the post-period end events which have had a very significant impact on the Company have been well-documented through our frequent updates to shareholders, so I am not repeating them in this statement. However, a detailed summary including a full outline, of recent events can be found on pages 14 and 15.

The Board and the Transitional Investment Manager have worked hard to make meaningful improvements to the Company's governance structure across its portfolio companies and improve the transparency of information provided to the Board.

[14] EBITDA generated from dates in which the underlying assets were owned, pro-rated for economic ownership.

In light of the poor operational performance, the Board has commissioned an independent technical advisor to undertake full updated technical due diligence across all assets in the portfolio and we expect to report the outcome by the end of January 2024.

Upstreaming cash back to the UK from the underlying assets is problematic under the current structures. A key priority for 2024 will be to undertake capital restructurings to mitigate the current issues.

Despite the tumultuous times since the temporary share suspension, support from the majority of our shareholders for the actions that the Board has taken post the period end has continued to prevail and shareholders have repeatedly indicated their support for the Company's investment philosophy of being an impact-led, renewables-focused investor in emerging Asian markets. On behalf of the Board, I thank shareholders for their continued support of the Board throughout the numerous General Meetings held in 2023 and also for their levels of engagement with the Board since the temporary share suspension.

Restoration of the listing

Following the announcement of the financial results for 2022 this Annual Report needs to be appropriately electronically tagged in compliance with DTR 4.1, before it can be uploaded to the NSM. Uploading to the NSM is a necessary step before the Company may apply to the FCA for a restoration of the listing. The Company is working on the electronic tagging of the Annual Report, following which it will apply to the FCA for the restoration of the listing and will make a further announcement in due course.

Status of strategic review

The strategic review of the options for the Company's future is reaching an advanced stage. At the date of this Annual Report, based on the information currently available, the most likely outcome of the strategic review remains a proposal for either the relaunch of the Company (potentially with a new investment objective, investment policy, target returns and/or Investment Manager but maintaining the impact-led, Asian focus) or a managed wind-down.

Having analysed with our advisers the initial proposals received for a relaunch of the Company, the Board will be inviting a shorter list of potential investment managers to submit final proposals. Any proposal to relaunch the Company would need to offer a compelling investment proposition for both existing and prospective investors to enable the Company to scale up its size significantly over time as, at its current size, the Company will not have a viable long-term future.

Any managed wind-down proposal would seek to achieve an optimal balance between maximising shareholder value and timely return of cash to shareholders, before a formal winding up once substantially all of the Company's assets have been realised.

The Board will continue to consult shareholders at appropriate stages of the strategic review and expects to conclude the strategic review by the end of the first quarter of 2024. The Board does not intend to declare a dividend in respect of the quarter ended 31 December 2023 prior to completion of the strategic review.

Outlook

The financial results for 2022 are clearly very disappointing for the Board and for shareholders. Despite the results, my Board colleagues and I continue to firmly believe in the investment opportunity to deliver an impact-led renewable energy investment strategy in the fast growing and emerging markets in Asia and that the investment philosophy of the Company remains sound:

- Investing in sustainable energy solutions in emerging Asia can have a far higher environmental impact than investing in renewable energy in Europe and North America due to the higher carbon intensity.
- Asia is home to more than half the world's population and its GHG emissions attributable to energy are predominantly being generated from fossil fuels.
- Demand for energy is rising faster in Asia than any other region with population growth, urbanisation and rising standards of living and consumption driving demand for energy.
- The fastest-growing major power generation markets globally are in emerging and developing Asia.
- Investment in sustainable energy infrastructure also enables a substantial social impact, by supporting direct job creation and catalysing economic activity.

As an example, India is now ranked the sixth most attractive market for renewable energy investment and deployment opportunities[15] and has the fastest rate of renewable electricity growth of any major economy, with solar leading the transition. Government policies, incentives and targets continue to underpin the region as attractive for investment. In addition, the private sector, commercial and industrial (C&I) companies in particular, are increasingly turning to renewable PPAs as they seek lower-cost electricity whilst reducing emissions. Storage technologies in this market are becoming increasingly important to address intermittency.

Vietnam also offers an attractive market, and the focus is turning to offshore wind where a production target of 7 GW by 2030 has been set, alongside the onshore wind target of 16 GW, with the sector's growth expected to reach 65 GW by 2045[16].

Notwithstanding the investment opportunity, the future of the Company will be determined by the outcome of the strategic review. In particular, a relaunch would rely heavily on shareholders continuing to support that option and their willingness to participate, alongside new investors, in future fundraising growth, without which the Company would not have a viable long-term future. Having voted against the resolution to wind up the Company at the general meeting held on 19 December 2023, shareholders have provided the Board with the additional time needed to complete the strategic review, which we will continue to work tirelessly to conclude at the earliest opportunity.

Irrespective of the outcome of the strategic review, a key short-term priority is to look for ways to recover value from existing investments and there are opportunities for optimising value through more efficient structuring and asset level improvement initiatives.

Sue Inglis
Chair

22 January 2024

[15] Renewable Energy Country Attractiveness Index 61.

[16] https://www.evwind.es/2023/03/17/vietnam-looks-to-offshore-wind-power-in-transition-to-renewable-energy/90797.

Our Operating Model

AEIT was incorporated as a public company limited by shares and carries on business as an investment trust within the meaning of section 1158 of the Corporation Tax Act 2010. The Company's shares were admitted to trading on the premium segment of the main market of the London Stock Exchange on 14 December 2021.

The Company invests in Sustainable Energy Infrastructure Assets, with a geographic focus on fast-growing and emerging economies in Asia. Assets within the investment portfolio are held through locally incorporated holding companies or special purpose vehicles ("SPVs").

At 31 December 2022, the Company owned directly nine solar SPVs with 313 MW of operational capacity and one 200 MW construction-ready asset (the "RUMS project"). Based on information now available as at 31 December 2022, the valuation of proceeding with the RUMS project was estimated to be negative US$33.3 million based on 100% ownership, whereas the liabilities associated with aborting the project were estimated to be in the region of US$14.1-US$33.2 million, with the lower end assuming 100% success in implementing a mitigation strategy. As such, as at 31 December 2022, the least value destructive option for shareholders was to abort the RUMS project. See page 17 for further information. Subsequent to the period end, investments were made in Vietnam through the Company's UK intermediate holding company, AEIT Holdings Limited ("AEIT Holdings").

External debt financing is only at locally incorporated holding company or SPV levels. As at 31 December 2022, this comprised outstanding principal amounts of US$45.9 million[17] in the Indian solar portfolio, representing a leverage ratio of 27%.[18]

The Company has a 31 December financial year end and plans to announce half-year results in September and full-year results in March. The Company also announces quarterly NAVs as at 31 March and 30 September in May and November respectively. The Company currently pays dividends quarterly, targeting payments in March, June, September and December each year.

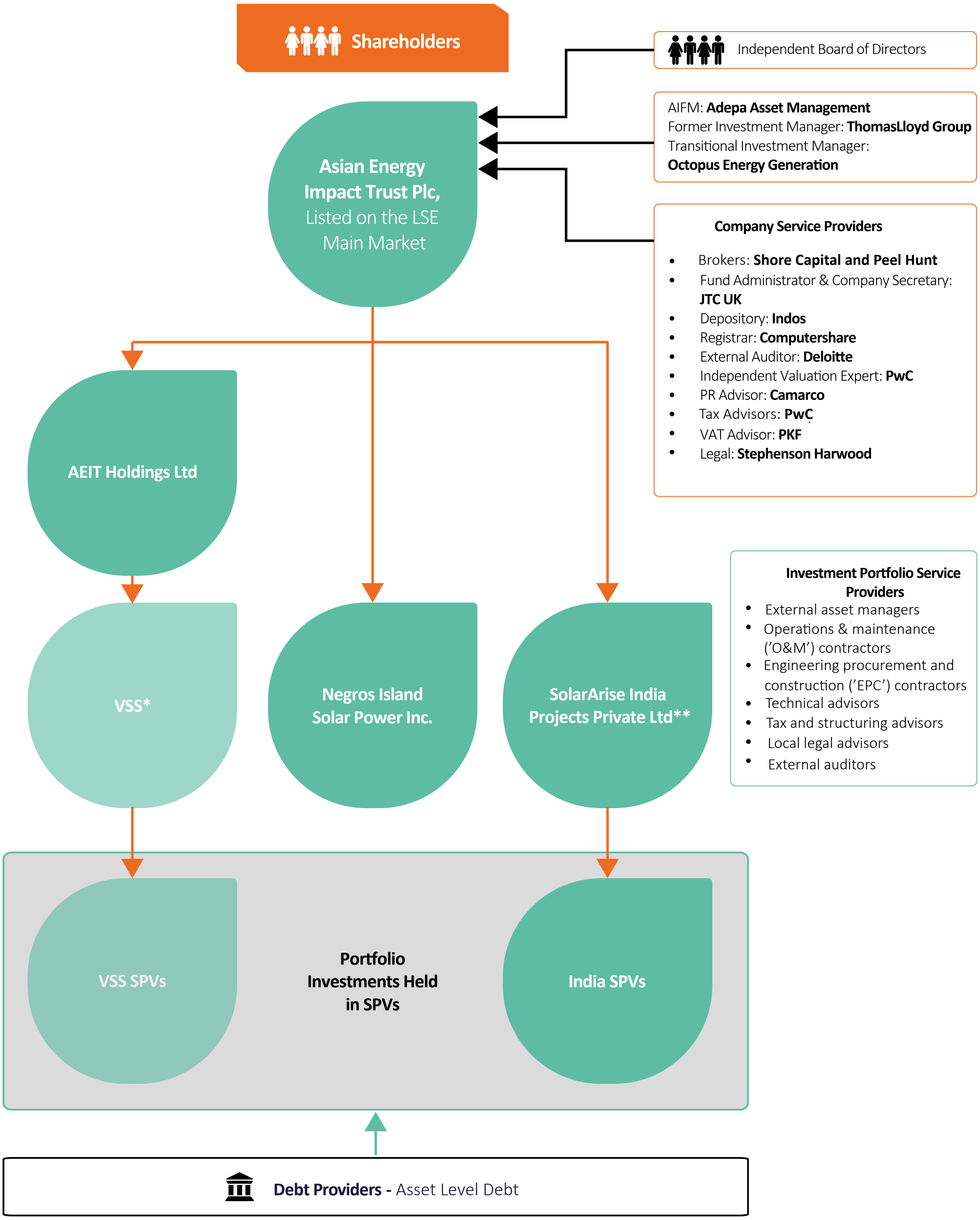
The Company has an independent board of non-executive directors and has appointed Adepa Asset Management S.A as its Alternative Investment Fund Manager ("AIFM") to provide portfolio and risk management services to the Company. The AIFM has delegated the provision of portfolio management services to the Investment Manager. For the period from IPO to 31 October 2023, the Investment Manager was ThomasLloyd Global Asset Management (Americas) LLC (the "Former Investment Manager"). From 1 November 2023 Octopus Renewables Limited, trading as Octopus Energy Generation ("OEGEN" or "Octopus Energy Generation"), was appointed as a transitional Investment Manager (the "Transitional Investment Manager") for the Company and assumed all day-to-day portfolio management responsibilities for the Company from this date. OEGEN has been appointed for an initial six-month term until 30 April 2024.

As an investment trust, the Company does not have any employees and is reliant on third-party service providers for its operational requirements. With the exception of NISPI which has employees from the third-party asset manager, the SPVs do not have any direct employees and services are provided through third-party providers. The AEIT Management Engagement Committee ("MEC") reviews the service levels and performance of the Company's key service providers at least annually, as described in the 'Management Engagement Committee Report' section in the Governance Report on pages 70 to 71. In the period, the MEC identified the top priorities for improving the performance of the Former Investment Manager during 2023, included improving the robustness of the Investment Manager's internal processes, significantly enhancing the quality, transparency and timeliness of management and other information and continuing to add strength in depth to the teams responsible for the Company. Post the period end, a decision was taken to terminate the appointment of the Former Investment Manager and Octopus Energy Generation was appointed as the Transitional Investment Manager from 1 November 2023.

[17] Pro-rated for 43% economic ownership.

[18] See APM calculation on page 110.

Figure 1: AEIT Operating Model and Group Structure



* At 31 December 2022, the Company had committed to buying a 99.8% interest in VSS, a Vietnamese rooftop solar platform for US$3.1 million. This completed on 31 May 2023.

** In January 2023, the company completed its acquisition of the remaining 57% economic interest in SolarArise. On completion, the Company owns 100% of SolarArise.

Objectives and KPIs

The Company has a triple return investment objective which consists of: (i) financial return; (ii) environmental return; and (iii) social return.

Objective	KPI	Performance commentary
Financial return[19]		
• Target annual dividend yield (based on the IPO price) of 2-3% for 2022, 5-6% for 2023 and at least 7% for 2024, with the aim of progressively increasing the nominal target thereafter • Target 10-12% NAV total return per annum (based on the IPO price) once the investment portfolio is fully operational on a fully invested and geared basis • Over the medium term (from IPO), target annual dividends fully covered by EBITDA from the operational assets that results from the MWh of clean energy generated; in the short term, the Directors may determine to pay all or part of any dividend from capital reserves	2.5 cents per share dividend paid in respect of the period from IPO to 31 December 2022, equivalent to a yield of 2.5% based on the IPO price NAV per share of 49.3 cents at 31 December 2022, a-49.2% return based on the opening post-IPO NAV EBITDA from the Company's operational assets over the period, excluding the costs within the SolarArise holding company, was US$4.9 million[20] compared to the aggregate cost of dividends paid to shareholders in respect of the period of US$4.0 million. 85,199 MWh clean energy generated	Financial performance throughout 2022 was disappointing. The key contributors to the poor performance was the slow deployment of the net IPO proceeds and the material decline in the Company's investment portfolio valuation (for details, see pages 20 to 24). The Board have made some active changes to key service providers during the course of 2023 and is exploring ways to optimise value throughout the investment portfolio and to reduce costs at the Company level.
Environmental return		
• Protecting natural resources and the environment with significant greenhouse gas avoidance	62,770 tCO_2e of GHG emissions avoided[21] 132 MW installed operational capacity (AEIT's share) 133 MW commitments to additional capacity[22] 100% EU Taxonomy alignment	The 132 MW of installed capacity avoids GHG emissions through the generation of clean energy. The 62,770 tonnes of GHG emissions avoided is equivalent to avoiding the amount of emissions associated with 34,427 cars on the road in the UK[23]. As at 31 December 2022, AEIT had commitments to acquire an additional 57% of SolarArise and an 99.8% interest in VSS. On completion of those acquisitions in 2023, AEIT's total operational capacity to 271 MW (pro-rata share based on ownership). 100% of investments substantially contribute to climate change mitigation in line with the EU Taxonomy criteria.
Social return		
• Delivering economic and social progress, helping build resilient communities and supporting purposeful activity – aligned with the UN Sustainable Development Goals	148 FTEs Employment directly supported full time equivalent jobs[24] 4 SDGs contributed to	The portfolio provided social returns through the creation and support of quality jobs. As at 31 December 2022, the portfolio directly supported 148 full time equivalent jobs, helping to ensure the Just Transition. Investments made purposeful contributions to SDGs 7, 8, 13, 15

[19] The Board is continuing undertaking a strategic review of the options for the Company's future. The outcome of the strategic review is likely to result in changes to the Company's target financial return. For further information on the strategic review, see page 7.

[20] EBITDA generated from dates in which the underlying assets were owned, pro-rated for economic ownership.

[21] Carbon avoided is calculated using the International Financial Institution's approach for harmonised GHG accounting.

[22] The construction-ready RUMS project has been excluded as this project was not proceedable as at 31 December 2022.

[23] Equivalent cars is calculated using a factor for displaced cars derived from the UK government GHG Conversion Factors for Company Reporting.

[24] Total FTE jobs supported as at 31 December 2022 through AEIT's proportional share of the NISPI and SolarArise portfolios.

Investment Strategy and Policy[25]

The Company seeks to achieve its investment objective by investing directly, predominantly via equity and equity-like instruments, in a diversified portfolio of unlisted sustainable energy infrastructure assets in the areas of renewable energy power generation, transmission infrastructure, energy storage and sustainable fuel production ("Sustainable Energy Infrastructure Assets"), with a geographic focus on the fast-growing and emerging economies in Asia.

The Company aims to adopt a socially and environmentally responsible investment approach that is geared towards sustainable business values and which reduces investment risk through diversification across countries, sectors and technologies.

Investment restrictions

The Investment Manager will ensure that the Company's portfolio is diversified, so as to ensure a sufficient diversification of investment risk, while also taking into account ESG criteria in making its investment decisions.

The following specific investment restrictions apply to the Company:

- the Company will only invest in Sustainable Energy Infrastructure Assets situated in the fast-growing and emerging countries in Asia;
- in relation to: (i) the Company's investments in Sustainable Energy Infrastructure Assets situated in any single country; (ii) the Company's investment in any single Sustainable Energy Infrastructure Asset; and (iii) the Company's investments in Sustainable Energy Infrastructure Assets under contract with any single governmental or quasi-governmental offtaker, the relevant investment restriction will vary depending on the Company's NAV, as follows:

	% of Company's GAV		
Company's NAV	**Exposure to single country**	**Exposure to single Sustainable Energy Infrastructure Asset**	**Exposure to single governmental or quasi-governmental offtaker**
Up to and including US$1 billion	50%	25%	25%
Above US$1 billion and up to and including US$3 billion	40%	20%	20%
Above US$3 billion	30%	15%	15%

- due to the exceptional circumstances of avoiding the greater value destruction associated with abandoning the project rather than proceeding with construction, assessment of the single country limit will exclude any funds invested in the RUMS project up to completion of commissioning. The Company's assessment of the single country limit as set out in the table above will otherwise apply and, from the point of making the decision to commit to construct the RUMS project, no further Sustainable Energy Infrastructure Assets shall be acquired, or projects committed to, with exposure to India until the Company is in compliance with that limit;
- the Company's investments in Sustainable Energy Infrastructure Assets under contract with any single private offtaker will not exceed 20% of GAV for investment grade offtakers and 10% of GAV for non-investment grade offtakers;
- the Company will only invest in countries, which the Investment Manager considers as having a stable political system, a transparent and enforceable legal system and which recognise the rights of foreign investors;
- the Company will only invest in operational assets, or in construction phase assets where: (i) an offtake agreement has been entered into; (ii) the land on which the Sustainable Energy Infrastructure Asset is situated, is identified or contractually secured where appropriate; and (iii) all relevant permits have been granted;
- the Company will only invest in technologies, such as solar panels, wind turbines, boilers and steam turbine generators, the commercial use of which has already been proven;
- the Company will only hold investments that are denominated in currencies which are freely transferable;
- the Company will not invest in other externally managed investment companies or collective investment schemes; and
- the Company will not typically provide funding for development or pre-construction projects and any such funding will, in any event, not exceed 5% of the GAV in aggregate and 2.5% of GAV per development or pre-construction project and would only be undertaken when supported by customary security.

The investment restrictions and limits set out above will be measured at the time of the relevant investment. These investment restrictions and limits apply to the Group (comprising the Company and its proportionate interest in investments, intermediate holding companies and project SPVs) as a whole on a look-through basis. Where the Company holds its interest in Sustainable Energy Infrastructure Assets through a project SPV, the investment restrictions and limits will apply directly to the underlying Sustainable Energy Infrastructure Asset as if it was held directly by the Company, save where the relevant project SPV is part of a co-obligor group with other project SPVs in which case any co-obligor group will be assessed on an aggregated basis as set out below under 'Gearing'.

The Company will not be required to dispose of any investment or to rebalance the investment portfolio as a result of a change in the respective valuations of its assets. However, in such circumstances, the Investment Manager will take such steps as it considers appropriate to enable the Company to comply with its investment restrictions, unless the Investment Manager reasonably believes that doing so would be prejudicial to the interests of the Company and its shareholders as a whole.

Gearing

Subject to the limits set out below, the Company will maintain gearing at a level which the Directors and the Investment Manager consider to be appropriate in order to enhance returns and to provide flexibility to make investments and for cash management purposes.

[25] The Board is continuing undertaking a strategic review of the options for the Company's future, and it is expected that the outcome of the strategic review will result in changes to the Company's investment strategy and policy. For further information on the strategic review, see page 7.

Gearing will not be employed at the level of the Company and will generally be employed at the level of the relevant project SPV or intermediate holding company. The level of long-term gearing to be employed in relation to any project SPV or intermediate holding company will be assessed so that it is commensurate with the terms of the offtake agreement for the underlying Sustainable Energy Infrastructure Asset. Gearing, save for construction projects where the guarantee of the intermediate holding company is required, will generally be structured as non-recourse finance, typically at the level of the relevant project SPV or intermediate holding company, including but not limited to bank borrowings, public bond issuance or private placement borrowings, provided that aggregate borrowings across all project SPVs and intermediate holding companies will not exceed 65% of the sum of: (i) the Company's GAV; (ii) the aggregate borrowings of the Company's intermediate holding companies; and (iii) the Company's proportionate share of borrowings at the level of its Sustainable Energy Infrastructure Assets (the "Adjusted GAV"), with the Company targeting below 50% in the medium term. This limit will be measured based on the Adjusted GAV at the time any project SPV or intermediate holding company enters into the relevant facility.

Although co-obligor guarantee arrangements between multiple SPVs will normally be avoided, any such arrangements will be considered as bringing the SPVs concerned into a single asset and, therefore, subject to the single Sustainable Energy Infrastructure Asset restriction referred to in the table above at the time that such arrangement is entered into.

No financing arrangements on a cross border basis between the Company's subsidiaries will be entered into, so keeping the Company's various pools of assets and liabilities insulated within their own geographies.

The Company expects all borrowings to be denominated in the currency of the relevant Sustainable Energy Infrastructure Asset or US Dollars to help offset any foreign currency exposure. In addition, borrowings will typically be amortising over the term of the associated offtake agreement.

For the avoidance of doubt, any investments by the Company in project SPVs or intermediate holding companies which are structured as debt will not be considered gearing for these purposes and, therefore, will not be subject to the restrictions set out above.

Cash management policy

Whilst it is the intention of the Company to be fully or near fully invested or contractually committed in normal market conditions, the Company may in its absolute discretion decide to hold cash on deposit or invest in cash equivalent investments, which may include short-term investments in money market funds and tradeable debt securities ("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 significant holdings of Cash and Cash Equivalents instead of being fully or near fully invested or contractually committed. No financial transactions are permitted with counterparties with a credit rating of less than BBB- from Standard & Poor's or Baa3 from Moody's.

Changes to investment policy

No material change will be made to the Company's investment policy without the prior approval of shareholders by ordinary resolution and the prior approval of the FCA. Any changes to the Company's investment policy are also required to be notified to HMRC in advance of the filing date for the accounting period in which the investment policy is amended (together with details of why the change does not impact the Company's status as an investment trust).

Timeline of Key Events since IPO

Date	Event
14 December 2021	Completion of IPO, raising gross proceeds of US$115.4 million, admission to trading on the London Stock Exchange and contractual commitments to acquire a 40% economic interest in Negros Island Solar Power Inc. ('NISPI') and a 43% economic interest in SolarArise India Projects Private Limited ('SolarArise').
17 December 2021	Completion of the acquisition of the 40% economic interest in NISPI and its three solar power projects in the Philippines, totalling 80 MW for a cash consideration of US$25.4 million.
20 June 2022	Contractual commitment to acquire the remaining 57% economic interest in SolarArise which owns six operating and one construction-ready solar power projects in India, for a cash consideration of US$38.5 million.
19 August 2022	Completion of the acquisition of the 43% economic interest in SolarArise for a consideration of US$30.2 million, settled through the issue of 26.0 million ordinary shares at US$1.16035 per share. In addition, cash of US$2.7 million was paid to the Indian tax authorities on behalf of the sellers.
1 November 2022	Expansion into Vietnam following a contractual commitment to acquire 99.8% economic interest in Viet Solar System Company Limited ('VSS'), which holds 6 MW of rooftop solar assets, for US$4.6 million (being the total value of the investment, including debt, and represented a net US$3.1 million equity investment).
8 November 2022	Confirmation that AEIT classifies under Article 9 of the EU SFDR, with investments substantially contributing to climate mitigation under the EU Green Taxonomy.
18 November 2022	Admission to trading of 34.3 million new ordinary shares issued following a subsequent placing that raised gross proceeds of US$35.3 million.
Material events post period end	
13 January 2023	Completion of the acquisition of the remaining 57% economic interest in SolarArise.
25 April 2023	Temporary share suspension at the Company's request due to a material uncertainty regarding the fair value of its assets and liabilities, in particular with regard to the RUMS project.
31 May 2023	Decision not to proceed with construction of the RUMS project, predominantly due to high solar panel prices. Completion of the acquisition of the 99.8% economic interest in VSS and its two solar power projects.
30 June 2023	Annual General Meeting held. Alongside the standard annual resolutions to re-elect the Board which were passed, a Continuation Resolution was proposed as 75% of the net IPO proceeds had not been deployed within 12 months of admission to trading.
12 July 2023	Company announced that the final portfolio valuation as at 31 December 2022 could reflect a material downward movement that would be in addition to the costs written off and potential abandonment liabilities associated with not proceeding with the RUMS project.
1 August 2023	The Company's only development project (the 'TT8 Project'), a 150 MW DC solar PV project, held by a special purpose vehicle of SolarArise, signed a power purchase agreement with Maharashtra State Electricity Distribution Company Limited.
15 August 2023	Company announced receipt of new information under protections of its whistleblowing policy revealing that ThomasLloyd Global Asset Management (Americas) LLC was aware of material information relating to the RUMS project by August 2022 and, therefore, it appeared that key information had been withheld from the Board, and misleading information given to it, over a protracted period of time.
24 August 2023	Shareholders representing 58% of the votes cast (and a majority of the issued share capital) voted against the Continuation Resolution in line with the Board's recommendation. As a result, the Board was required to bring forward proposals for the reconstruction, reorganisation or winding-up of the Company for shareholder approval within four months. Strategic review of options for the Company's future commenced.
15 September 2023	Company served notice terminating ThomasLloyd Global Asset Management (Americas) LLC's appointment as Investment Manager with effect from 31 October 2023.
25 September 2023	Shareholders representing approximately 54% of the Company's total issued share capital supported the current Board and the resolutions to replace the current Board were not passed.
11 October 2023	Decision to proceed with the RUMS project due to it being the least value destructive option for shareholders.
27 October 2023	Company changed its name to Asian Energy Impact Trust plc.
31 October 2023	Shareholders representing over 91% of the issued share capital voted in favour of changes to the Company's investment policy (to avoid any potential breach of the single country limit as a consequence of proceeding with the RUMS project and make clarificatory changes to the gearing policy), in line with the Board's recommendation. Termination of the Former Investment Manager's appointment effective.
1 November 2023	Octopus Energy Generation appointed as Transitional Investment Manager. AEIT launched a new corporate website
13 December 2023	Unaudited NAV as at 30 September 2023 announced of US$88.5 million (50.4 cents per share). Company announced that moving forward with the development of the TT8 Project whilst the strategic review is underway may not be the best option for the Company.
19 December 2023	Shareholders representing 83% of the votes cast (and 69% of the issued share capital) voted against a resolution to wind up the Company, in line with the Board's recommendation.

Post Period Updates

The material uncertainty surrounding the investment portfolio valuation as at 31 December 2022 and the subsequent events that followed throughout 2023, including the temporary share suspension effective from 7.30 am on 25 April 2023 have had adverse consequences for the Company and its shareholders. A summary of the key events is set out below.

Temporary share suspension

On 25 April 2023 the Company announced a temporary suspension in the listing of, and trading in, the Company's shares (the "temporary share suspension"). The temporary share suspension was at the Company's request due to a material uncertainty regarding the fair value of its assets and liabilities, in particular with regard to the 200 MW construction-ready RUMS project, which was acquired as part of the SolarArise portfolio. Further work was required to assess the quantum of the liabilities and commercial viability of the project. Due to this, the Company was unable to finalise the accounts within four months after the accounting period end date, as required by the FCA's Disclosure Guidance and Transparency Rules.

Decision not to proceed with the RUMS project

Following the temporary share suspension, the Board appointed independent advisors to undertake detailed reviews of the liabilities associated with abandoning the RUMS project and the Company's options for the project (including proceeding with constructing it or abandoning it). In parallel, the Former Investment Manager re-evaluated the options for the RUMS project, including the funding requirement in the event of proceeding with construction. Based on the reviews undertaken at that time, and the information provided to the Board on 31 May 2023 by the Former Investment Manager, the Board concluded that it would not be in the interests of shareholders to proceed with the construction of the RUMS project. As well as being commercially unviable, predominantly due to the high solar panel prices at that time, proceeding would breach the Company's investment policy restrictions.

Re-evaluation of 31 December 2022 portfolio valuation proposed by the Former Investment Manager

Due to the ongoing material uncertainties regarding the Company's financial position and in support of progressing the audit and annual report and accounts for the period ended 31 December 2022, the Board also appointed, in May 2023, PricewaterhouseCoopers LLP ("PwC") to undertake a detailed review of the key assumptions included in the financial models and the valuation methodology of the operational assets within the portfolio, namely the SolarArise portfolio and NISPI, as at 31 December 2022 proposed by the Former Investment Manager. On 12 July 2023, the Board announced it had received a draft report from PwC and that the Board anticipated the final portfolio valuation as at 31 December 2022 could reflect a material downward movement that would be in addition to the costs written off and potential abandonment liabilities associated with not proceeding with the RUMS project.

2023 Annual General Meeting

At the Annual General Meeting held on 30 June 2023, alongside the standard annual resolutions to re-elect the Board which were passed, a Continuation Resolution was proposed as 75% of the net IPO proceeds had not been deployed within 12 months of admission to trading. If the Continuation Resolution did not pass, the Directors would be required by the Company's Articles of Association to put forward proposals for the reconstruction, reorganisation or winding up of the Company to shareholders for their approval within four months of the date of the meeting at which the Continuation Resolution was proposed. Given the uncertainty of the Company's financial situation, the Board recommended that shareholders abstain from voting on the Continuation Resolution and adjourned the AGM ahead of the shareholder vote on the Continuation Resolution.

General meetings requisitioned by entities and funds affiliated with the Former Investment Manager

On 11 July 2023, the Company received a notice from certain entities and funds affiliated with the Former Investment Manager (the "Requisitioners"), which held 14.8% of the Company's issued share capital, requisitioning a general meeting of the Company's shareholders to vote on, amongst other things, the Continuation Resolution.

On 31 July 2023 in the notices for the requisitioned general meeting and adjourned Annual General Meeting (the "August Meetings"), the Board recommended shareholders to vote against the Continuation Resolutions to be proposed at those meetings as shareholders would be unable to form a considered view of the Company as, at that time, (i) its valuation was uncertain, (ii) its principal construction asset was believed to be commercially unviable and the non-completion liabilities were expected to be substantial, (iii) the audit of its financial statements for the period ended 31 December 2022 and associated annual report and accounts could not be completed, (iv) its shares were suspended from listing and (v) there was no clear strategy for the future of the Company.

Prior to the August Meetings a second notice from the Requisitioners was received by the Company requisitioning a further general meeting to consider ordinary resolutions that the current Board be removed from office as directors of the Company and replaced with new directors nominated by the Requisitioners with immediate effect.

Ahead of the August Meetings that were held on 24 August 2023, the Board continued to provide updates to shareholders on material new information in support of its recommendation to vote against the Continuation Resolutions. At the August Meetings, shareholders representing 58% of the votes cast (and a majority of the issued share capital) voted against the Continuation Resolutions in line with the Board's recommendation. The Board immediately commenced an evaluation of the options for the Company's future in view of its obligation, under the Company's Articles of Association to put proposals to shareholders for the reconstruction, reorganisation or winding-up of the Company, by 24 December 2023.

The second requisitioned general meeting was held on 25 September 2023. Shareholders representing approximately 54% of the Company's total issued share capital supported the current Board and the resolutions to replace the current Board were not passed.

Change of Investment Manager

As the Continuation Resolutions were not passed at the August Meetings, the Company was entitled to terminate its investment management agreement with the Former Investment Manager summarily at any time and without further payment in respect of the Former Investment Manager's initial five-year term of appointment. Due to the deteriorated relationship with the Former Investment Manager and concerns on the quality and timeliness of information provided by it to the Board, the Board determined it would be in the best interests of shareholders to terminate the Former Investment Manager's appointment as the Investment Manager. Following a competitive tender process, the Board announced on 28 September 2023 that it had agreed heads of terms to appoint Octopus Energy Generation as the Transitional Investment Manager for an initial term expiring on 30 April 2024. Following completion of the customary take-on and regulatory procedures, Octopus Energy Generation's appointment with immediate effect was subsequently confirmed on 1 November 2023.

Decision to proceed with the RUMS project due to changed circumstances

On 11 October 2023 the Board announced its decision to proceed with the RUMS project due to it having become the least value destructive option for shareholders. This was based on the advice received from the Former Investment Manager that:

- panel prices had fallen by 30% which meant that the negative NPV was significantly less than at 31 December 2022;
- aborting the RUMS project would: (i) crystallise an immediate write off of US$8.9 million of costs incurred in respect of the project as at 30 September 2023; (ii) result in the encashment of US$1.2 million of performance bank guarantees; (iii) potentially indirectly expose SolarArise to abandonment liabilities (net of the performance bank guarantees) of up to US$32.3 million and likely protracted associated litigation; and (iv) lead to reputational damage that could adversely impact the value of the SolarArise platform; and
- whilst the RUMS project was clearly not value accretive, proceeding to construct it would: (i) allow SolarArise to better manage its liabilities in respect of the RUMS project, providing greater certainty compared to a very uncertain process of aborting it, both in terms of the value of any potential abandonment liabilities and the expected timeline for settlement; and (ii) add a further 200 MW of capacity to the SolarArise platform and, once operational as part of a wider portfolio, may facilitate a more attractive exit of SolarArise in any future liquidity event.

To proceed with the RUMS project, the Board put forward a resolution to amend the single country limit in the Company's investment policy to avoid any potential breach of that limit as a consequence of proceeding with the RUMS project (and also to make clarificatory changes to the gearing policy), which was passed at a general meeting held on 31 October 2023.

Change of name and new corporate website

On 27 October 2023, the Company changed its name to Asian Energy Impact Trust plc. The Company launched a new corporate website, www.asianenergyimpact.com, on 1 November 2023.

Unaudited NAV as at 30 September 2023

On 13 December 2023, the Board announced the unaudited NAV as at 30 September 2023 in order to provide investors with the most recent financial information at the earliest possible time.

Unaudited net assets as at 30 September 2023 were US$88.5 million (NAV of 50.4 cents per share), a marginal increase on the net assets (and NAV per share) as at 31 December 2022.

The unaudited NAV as at 30 September 2023 (relative to 31 December 2022) reflects an uplift the portfolio valuation resulting from the negative NPV of proceeding with the RUMS project as at 30 September, being materially lower than costs of not proceeding with it reflected in the 31 December 2022 portfolio valuation, which was largely offset by a further material reduction in the Philippines wholesale electricity spot market over the period and additional non-recurring professional fees incurred since the temporary share suspension.

At 30 September 2023, the Company had cash balances of US$63.6 million and held US$1.7 million in its UK subsidiary, AEIT Holdings. The Company has invested a further US$20.0 million in SolarArise to provide funding required for constructing the RUMS project.

As at 30 September 2023, gearing in AEIT's investment portfolio represented 54.6% of the Adjusted GAV.

Winding-up proposal

In accordance with its obligation to put forward proposals for the reconstruction, reorganisation or winding-up of the Company to shareholders for their approval within four months of the Continuation Resolutions not having been passed, the Board convened a further general meeting on 19 December 2023 to consider a resolution to wind-up the Company and appoint liquidators. The Board had considered possible options for a reconstruction or reorganisation of the Company but, given, in particular, the concentrated and illiquid nature of the Company's portfolio and the current size of the Company, the Board concluded that a reorganisation or reconstruction was not viable or in the best interests of shareholders as a whole. Accordingly, in order to comply with its obligation under the Articles, the Board's only option was to put a winding up proposal, but recommend shareholders vote against the resolution principally for the following reasons: (i) if the resolution was passed, it was expected that the listing of the Company's shares would be permanently suspended; and (ii) if the resolution was not passed (in-line with the Board's voting recommendation), the Board would have the additional time needed to complete the strategic review of the options for the Company's future and shareholders would have the opportunity to vote on the outcome of the strategic review. Shareholders representing 83% of the votes cast (and 69% of the issued share capital) voted against the winding-up resolution, in line with the Board's recommendation.

Investments

No. of individual assets purchased in the period[26]	Net operational asset value[27]	Adjusted GAV
10	US$ 23.5m	US$ 173.3m

At the time of the IPO, the Company had committed to acquire interests in portfolios of assets in India, being a 43% economic interest in SolarArise India Projects Private Limited ("SolarArise"), and the Philippines, being a 40% economic interest in Negros Island Solar Power Inc ("NISPI"), for a combination of cash and new ordinary shares to be issued by the Company.

Summary of deployment

Investment	Proportion	Acquisition price paid (US$ million)	Total operational capacity	AEIT proportion on completion	AEIT proportion of construction-ready capacity
SolarArise	43.0%	32.9[29]	233 MW	100 MW	86 MW
	57.0%[28]	38.5		133 MW	114 MW
NISPI	40.0%	25.4	80 MW	32 MW	n/a
VSS[28]	99.8%	3.1	6 MW	6 MW	n/a
Totals		**99.9**	**319 MW**	**271 MW**	**200 MW**

The acquisition of NISPI, the 80 MW Philippines investment platform with three operating solar plants, completed on 17 December 2021 for a cash consideration of US$25.4 million. The sites are in the Central Visayas region, located across two sites on Negros, the fourth largest island of the Philippines. The 40% economic interest in NISPI was acquired from an associate of the Former Investment Manager and the remaining 60% is owned by Ayala Clean Energy Inc. No gearing is employed within the portfolio. The three solar power plants currently generate revenue through the sale of power to the grid at the WESM price. This means in-year performance and its value is at risk to wholesale energy market price movements in both the short term and long term within the Philippines.

The seed asset acquisition in India reflected a 43% economic interest in SolarArise, the 433 MW Indian investment platform with six operating solar plants totalling 233 MW and one 200 MW construction-ready solar plant (the "RUMS project". All operating assets benefit from long-term fixed price power purchase agreements with central government agencies such as Solar Energy Corporation of India Ltd. ("SECI") or state government electricity utilities. The acquisition of the 43% economic interest was acquired from associates of the Former Investment Manager and completed in August 2022 following an amendment to the sale and purchase agreement to update the fair value to a more recent date, being 30 June 2022. Due to the strengthening of the US Dollar, this reduced the purchase consideration from US$34.6 million as outlined in the IPO prospectus to US$32.9 million. Completion comprised of consideration of US$30.2 million, settled through the issue of 26.0 million ordinary shares at US$1.16035 per share and cash of US$2.7 million that was paid by SolarArise to the Indian tax authorities on behalf of the sellers.

On 20 June 2022 the Company committed to acquire the remaining 57% economic interest in SolarArise from the remaining shareholders including the founders of SolarArise. The commitment was made for a cash consideration of US$38.5 million, reflecting a 5.2% discount to the acquisition price of the 43% economic interest agreed in November 2021 primarily due to the strengthening of the US Dollar. This acquisition completed post the period end on 13 January 2023 and at the date of this Annual Report the Company owns 100% of SolarArise. At at 31 December 2022, the 200 MW construction-ready asset was not commercially viable to proceed, with the potential liabilities associated with aborting the project being less than the negative NPV to the Company from constructing the project. Post the period end, the viability of the project improved, principally due to panel prices having fallen by 30% which meant that the negative NPV resulting from construction was significantly less than the potential abandonment liabilities, and a decision was made in October 2023 to proceed with construction.

On 1 November 2022, the Company, through its subsidiary AEIT Holdings Limited ("AEIT Holdings"), made its first investment in Vietnam through a contractual agreement to acquire Viet Solar System Company Limited ("VSS"), a privately-owned company which holds 6.12 MW of rooftop solar assets for US$3.1 million. The gross value of the assets was US$4.6 million including external debt. The acquisition completed on 31 May 2023 and represents a 99.8% economic interest in VSS. This acquisition was the start of a new local partnership with Solar Electric Vietnam ("SEV"), an engineering, procurement and construction provider and renewable energy developer in Vietnam. Additionally, AEIT Holdings entered into an investment agreement for an additional US$25.4 million of uncommitted funding for other renewable energy pipeline assets once such assets have been identified and to be acquired on agreeable terms. No further assets have been acquired post the period end through this arrangement.

[26] Includes the 200 MW construction project in Rewa Ultra Mega Solar Park (the "RUMS project") in India.

[27] The value of the Company's operational investment portfolio excluding construction assets.

[28] Completed post the period end.

[29] Includes payment of US$2.7 million to Indian tax authorities on behalf of the sellers.

200 MW construction-ready RUMS project

The RUMS project is held by a wholly-owned special purpose subsidiary, Talettutayi Solar Projects Nine Private Limited ("TT9") of SolarArise.

Background

TT9 successfully bid for the RUMS project in a reverse auction conducted on 19 July 2021 and received the letter of award on 1 September 2021. Power purchase agreements ("PPAs") were signed on 25 November 2021 with Rewa Ultra Mega Solar Limited ("RUMSL"), the operator of the solar park of which the RUMS project forms part, and M.P. Power Management Company Limited and Indian Railways, with a fixed rate tariff of INR 2.339 per kWh for 25 years. The original deadline for the scheduled commercial operating date ("SCOD") was 25 June 2023, but in September 2022 this was extended to 8 September 2023 due to a delay by RUMSL in getting the initial tariff and other related approvals from the state regulatory agencies. The original bid projections were for an overall project cash cost of INR 5,880 million (US$78.4 million) funded by debt of INR 4,700 million (US$62.7 million) and equity of INR 1,180 million (US$15.7 million) with an IRR of 13.5%. It was expected that the equity financing required for the construction of the RUMS project would be funded entirely from existing cash resources within SolarArise and ongoing operating cash flow from its operational solar portfolio.

Increased cost estimates leading to temporary share suspension

During April 2023 it was disclosed to the Board that the cost of the RUMS project and the attendant equity funding requirement had gone up significantly thereby calling into question its economic viability. The cost increase had arisen principally due to increases in module costs, the cost of the EPC contract, goods and services tax and adverse movements in exchange rates in comparison to the costs in the original bid assumptions. For example, the RUMS project was originally bid with a module cost of US24.2 cents per watt peak ('c/Wp') but prices rose significantly during 2022, in particular due to supply chain issues in the market and following the implementation of basic customs duty of 40% on imported solar modules and 25% on imported solar cells from 1 April 2022. This caused prices to rise to a peak of approximately US40 c/Wp, but had fallen to approximately US29 c/Wp by December 2022.

Later in April 2023, the Board was further advised by the Former Investment Manager that potentially significant non-completion liabilities would arise in TT9 in the event that it did not proceed with the construction of the RUMS project. Having received information that suggested the RUMS project may no longer be commercially viable and that there were potentially significant non-completion liabilities, the Company immediately sought the temporary share suspension to undertake further work to clarify the position and complete its 2022 audit and Annual Report.

Valuation of RUMS project

As at 30 September 2022, the fair value of the RUMS project included within the valuation of SolarArise prepared by the Former Investment Manager was US$4.9 million (US$2.1 million for the 43% interest owned at that date). This represented the fair value of the project cashflows of US$14.1 million offset by the assumed equity funding required of US$9.2 million.

In the days following the temporary share suspension, the Board and Former Investment Manager commenced a number of important workstreams including taking advice regarding potential liabilities in the event that the RUMS project was not constructed in accordance with the contractual documentation and on the valuation of the RUMS project.

Based on information now available as at 31 December 2022, the valuation of proceeding with the construction project was estimated to be negative US$33.3 million based on 100% ownership, whereas the potential liabilities associated with aborting the project were estimated to be US$14.1-US$33.2 million, with the lower end assuming 100% success in implementing a mitigation strategy. As there is significant subjectivity in determining the specific abort case liabilities to include in the valuation, it has been determined that a market participant would view the SolarArise portfolio in its entirety and that an appropriate assumption would be to write the SolarArise portfolio down to zero as the potential abort liabilities would have exceeded the value of SolarArise (before providing for such liabilities). This results in applying an abort liability of US$12.0 million for the 43% ownership. Including the abort liabilities in the valuation of SolarArise as at 31 December 2022 also gives rise to an onerous contract for the commitment to purchase the remaining 57% as the committed price to pay was less than the value of the contract. See page 102 for further details.

Latest updates

Falling solar module prices resulted in the Former Investment Manager continuing to re-evaluate the project and the Board appointed an Indian-based independent financial advisor to complete a commercial assessment of the RUMS project. The EPC provider was identified with high-level commercials agreed and JA Solar was selected as the preferred solar panel provider with an agreed price of US15.5 c/Wp (US$22.3 c/Wp including import duties). Updating the model with the declining panel prices and other assumption changes reduced the overall negative NPV of the project to approximately US$13 million. Based on advice from the Former Investment Manager, on 11 October 2023, the Board agreed to provide funding of US$20 million by way of an INR-denominated external commercial borrowings loan from the Company to SolarArise to enable construction of the RUMS project to proceed.

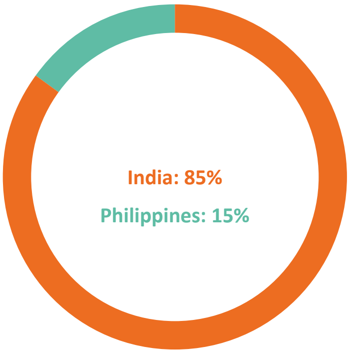
The Transitional Investment Manager has since refined the RUMS project model and the published valuation as at 30 September 2023 is a negative NPV of US$14.6 million.

Construction of the RUMS project has commenced. On the recommendation of the Transitional Investment Manager, the Company has appointed Fichtner as the owner's technical advisor to the RUMS project, providing boots on the ground to oversee the construction of the asset on a day-to-day basis. An official extension has been granted to the deadline for the SCOD to 5 February 2024. As at early January 2024, the third of five shipments of panels have arrived on site. Although risks remain due to the size and tight timelines of the project, it is currently expected to be commissioned before 31 March 2024.

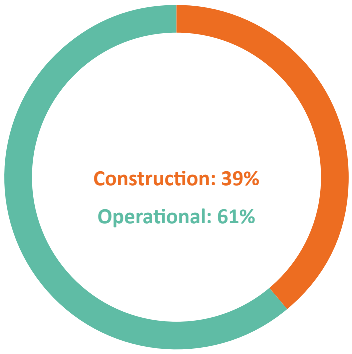
Portfolio Breakdown

The following charts are representative of the pro-rata share of the assets owned as at 31 December 2022.

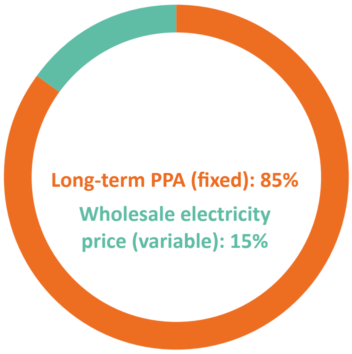
Geographical diversification - as a % of generating capacity (MWp)



Asset phase - as a % of generating capacity (MWp)



Revenue structure - as a % of generating capacity (MWp)



Portfolio Performance

During 2022, the investment portfolio's electricity generation was 85,199 MWh. This reflects the proportionate share of the electricity generated by investments from the date of acquisition and therefore takes into account 40% of NISPI from 1 January 2022 and 43% of SolarArise from 19 August 2022.

Across the investment portfolio, electricity generation was 17% below budget, driven by lower irradiation, poor weather and low air quality in India and grid curtailment in the Philippines.

Output generated by underlying operating assets[30]
85,199 MWh

Revenue generated by underlying operating assets[30]
US$7.8m

EBITDA generated by underlying operating assets[30]
US$4.9m

Philippines

The Philippines portfolio comprises NISPI, an investee company with three operating solar plants with a total capacity of 80 MW situated on the island of Negros. All three solar plants export electricity to the grid at the wholesale electricity spot market ("WESM") price.

Generation during 2022 was 19% lower than budget due to grid curtailment stemming from the effects of Typhoon Rai (December 2021) and the damaged Negros-Cebu subsea cable. The damaged subsea cable was restored in October 2022. In the final two months of 2022, the portfolio generated 6% below budget which was in line with the variance in irradiation observed in the period.

Although generation was lower than expected, WESM prices continued to increase throughout the year with an average of 7.79 PHP per kWh achieved by NISPI, in comparison to a budgeted price in the investment case of 7.74 PHP per kWh in 2022 and 4.81 PHP per kWh achieved in 2021. The steep trend upwards was driven by global energy market instability and increased demand as the nation-wide lockdowns were released and economic activity resumed, alongside rising fossil fuel prices. Whilst higher prices were achieved during the year compared to the prior years, the current valuation of the NISPI investment is based on modelled future cash flows and is highly dependent on assumed operational performance and the price that is assumed longer term to be achieved. In the December 2022 valuation, the valuation methodology has been updated to utilise leading market forecasters for the future WESM price curves. Prior periods utilised the Former Investment Manager's in-house power price curve based on historical prices achieved, indexed for future prices subject to the price cap. The updated methodology utilises independent third-party advisor curves and these curves are depicting a significant downwards trend in future energy prices in the short to medium term, before levelling off in the long term.

Energy prices are driven by commodity prices, in particular delivered coal and liquefied natural gas, which are expected to fall from the heightened prices seen during global events such as the pandemic and the start of the Russia-Ukraine conflict. Further, at the end of 2022 and into early 2023, commodity prices showed sharp declines. Future budgets will be set utilising the independent forecasted prices and performance reported against these models. Further detail can be found in the Portfolio Valuation section on page 20.

At 31 December 2022, on a 100% basis, NISPI had PHP 538 million of cash reserves, equivalent to US$9.7 million and generated EBITDA of PHP 378 million, equivalent to US$6.8 million during 2022. NISPI has no debt.

India

As at 31 December 2022, the Indian portfolio comprised a 43% economic interest in SolarArise, an Indian platform with interests in six operating solar plants and the 200 MW construction-ready RUMS project, situated across five states in India and with a total potential capacity of 433 MW. All plants are or will export electricity under 25-year fixed-price government PPAs.

In comparison to budget for the full year of 2022, energy generation declined by 14% driven by lower irradiation, heavy rains during monsoon season resulting in floods at two of the sites (Telangana I and Telangana II) and air quality issues at Maharashtra. During the period of ownership from 19 August 2022, generation was 15% under budget. The Transitional Investment Manager is working closely with the asset management team on the ground to put in place mitigating actions to prevent the effects of flooding, test pollution levels in comparison to legislation and increase cleaning cycles at Maharashtra.

At 31 December 2022, excluding the amounts paid out to shareholders for the 57% acquisition in January 2023, on a 100% basis, SolarArise had INR 653 million of cash reserves, equivalent to US$7.9 million of which approximately US$5.1 million had been generated from operations during the period of ownership. At 31 December 2022, SolarArise had approximately US$106.8 million of borrowings.

[30] Pro-rated for economic ownership and from the 1 January 2022 for NISPI and 19 August 2022 for SolarArise (the date of investment). These are not IFRS measures and are KPIs used to monitor the performance of the underlying assets.

Portfolio Valuation

Valuation process

Regular valuations are undertaken for the Company's portfolio of assets. The process follows International Private Equity Valuation Guidelines, typically using a discounted cashflow ("DCF") methodology. The DCF methodology is deemed the most appropriate valuation basis where a detailed projection of likely future cash flows is possible. Due to the asset class, availability of market data and the ability to project the asset's performance over the forecast horizon, a DCF valuation is typically the basis upon which renewable assets are traded in the market. In a DCF analysis, the fair value of the investee companies is the present value of the expected future cash flows, based on a range of operating assumptions for revenues, costs, leverage and any distributions, before applying an appropriate discount rate. Key macro-economic and fiscal assumptions for the portfolio valuation are set out in note 9 to the Financial Statements. The assets held in the Company's UK subsidiary, AEIT Holdings, substantially comprise working capital balances and therefore the Directors consider the fair value of AEIT Holdings to be equal to its book value.

Following the material uncertainty surrounding the portfolio valuation as at 31 December 2022, detailed in the Post Period Updates section on pages 14 and 15, the Board, Transitional Investment Manager and AIFM have made a number of changes to the valuation process which have been implemented to arrive at the 31 December 2022 valuation presented in this Annual Report.

In addition to the above, an updated valuation policy reflecting the change in assumption methodologies and review process has been adopted.

In accordance with the Company's valuation policy, the investment portfolio at 31 December 2022 has been valued by the Transitional Investment Manager. PwC was engaged as an independent valuation expert to provide a private independent opinion on the reasonableness of the valuations which were prepared by the Transitional Investment Manager, and adopted by the Board and AIFM when they approved the 31 December 2022 valuations.

Changes in relation to operational assets

PwC was appointed to assist the Company with a detailed review of the key assumptions included in the financial models and the valuation methodology for the Company's operational assets in India and the Philippines which had been prepared by the Former Investment Manager for the purpose of the 31 December 2022 valuation. As previously announced, following this review, the Company identified several areas for concern, including assumptions regarding revenues, operating costs, tax projections and cash extraction which were either inaccurate or considered to be unrealistically optimistic.

Following the PwC review, the operational asset models have been re-worked by the Transitional Investment Manager.

- This included updating the basis of the macro-economic assumptions in the models, utilising leading third-party market forecasters for power prices in the Philippines and a number of other material changes based on the Transitional Investment Manager's experience.
- The SolarArise holding company model was revised to accurately reflect asset management costs, cash extraction and tax assumptions in respect of SolarArise.

Changes in relation to the RUMS project

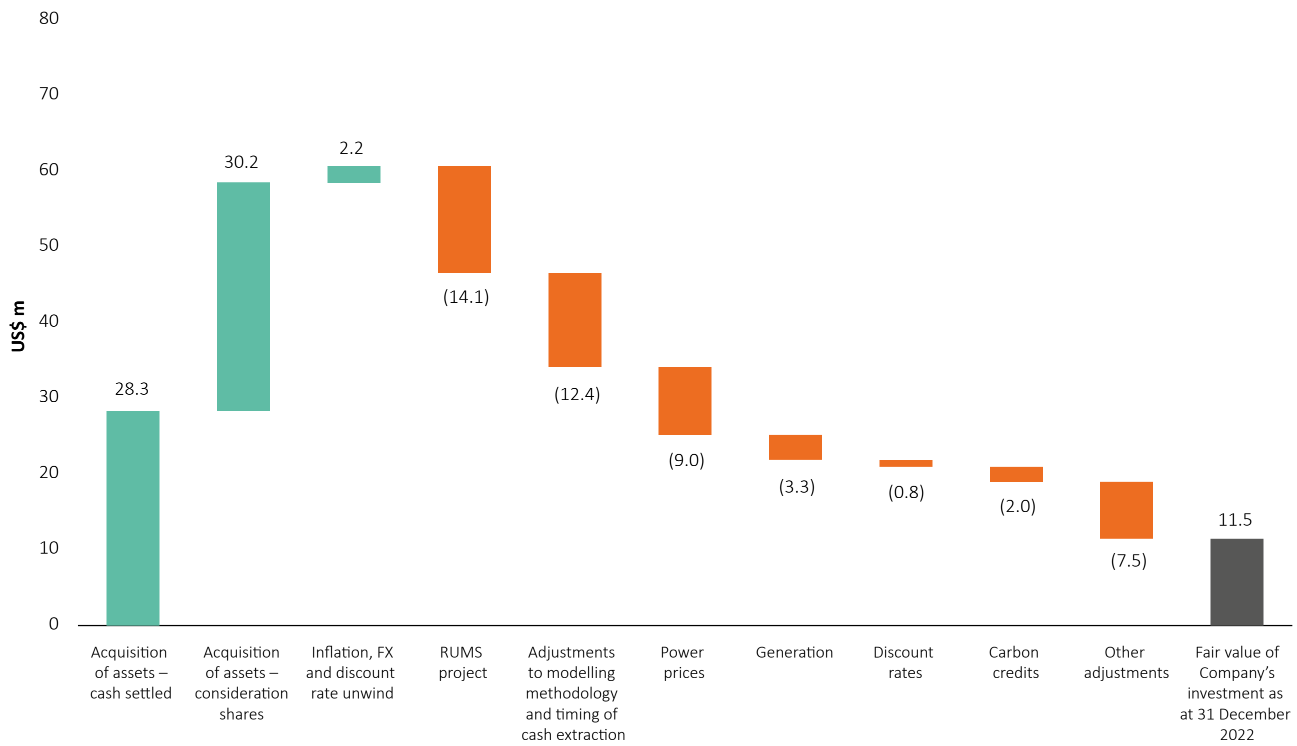
A commercial assessment of the construction-ready RUMS project was undertaken by an Indian-based independent financial adviser alongside a new model being built by an external specialist modelling firm which was reviewed by a model audit company, under the supervision of the Former Investment Manager.

While the model audit review was never finalised, a draft report was prepared. The outstanding issues noted in the draft report were reviewed and updated by the Transitional Investment Manager in the new model in determining the appropriate valuation for the RUMS project.

Portfolio valuation as at 31 December 2022

The fair value of the Company's investment portfolio as at 31 December 2022 was USS11.5 million. The movements from IPO are detailed in the bridge below and exclude the onerous contract provision.

Fair value of investments from IPO to 31 December 2022



Basis of assumptions

Economic assumptions

The main economic assumptions used in the portfolio valuation as at 31 December 2022 are inflation forecasts, interest rates, foreign exchange rates and power price forecasts.

- **Inflation forecasts:** Our approach is to blend two inflation forecasts from reputable third-party sources.
- **Interest rates:** Interest rate forecasts are only relevant for the Indian portfolio of assets. As existing facility agreements are in place, we have assumed the rates as at 31 December 2022 are the long-term rates.
- **Foreign exchange rate:** Underlying valuations are calculated in local currency and converted back to US Dollars at the spot rate at the relevant valuation date.
- **Power price forecasts:** All assets in the SolarArise portfolio have long-term fixed price power purchase agreements and therefore market forecasts are not required. The NISPI portfolio generates revenue through the sale of power to the grid at the wholesale electricity spot market ("WESM") price and is fully exposed to volatility in WESM price curves. In determining the forecast for the WESM prices, our approach is to blend at least two wholesale energy price curves as prepared by market advisors that are reputable in the relevant market. By blending two or more forecasts, if there are any differences in methodology or assumptions this provides a hedge against the different market eventualities that the advisors reflect and minimises the risk of using a single curve which is too prudent or too optimistic. Prior period valuations relied on the Former Investment Manager's in-house assumptions which were not based on independent market forecasts and were materially higher than independent market forecasters' forecasted prices utilised in the 31 December 2022 valuations, particularly in the long term.

Discount rates

To determine the reasonable ranges, the applicable cost of equity for the solar market was estimated considering data points from transactional and other valuation benchmarks, disclosures in broker reports, other public disclosures and broader market experience of investors in the market. The Transitional Investment Manager compared the range to its own risk-adjusted discount rate analysis and determined the appropriate discount rates to apply.

Generation

Each asset's valuation assumes a 'P50' level of electricity output based on yield assessments prepared by technical advisors. The P50 output is the estimated annual amount of electricity generation that has a 50% probability of being exceeded- both in any single year and over the long-term and a 50% probability of being underachieved. P50 is the market standard assumption to utilise in valuation models. There is observed historical underperformance of the Company's operational assets when compared with the level of generation assumed at the time of acquisition. A technical advisor has been appointed to provide updated P50 yield assessments which are expected to be lower than these original assumptions. In lieu of receiving these, an estimated reduction has been applied for the 31 December 2022 valuations.

Adjustments to modelling methodology and timing of cash extraction:

There are three elements to these adjustments.

- **Asset management costs at the SolarArise holding company level:** The ongoing asset management costs associated with the SPVs are charged at the holding company, rather than at the underlying SPV level. Previously, these costs were excluded from the valuation. For 31 December 2022, there has been a change in the SolarArise holding company valuation methodology which now uses a discounted cash flow methodology to reflect the ongoing liabilities and asset management fees required to operate the underlying assets which are paid from the holding company.
- **Taxes at the SPV and SolarArise holding company levels:** Tax inputs have been corrected within the models to align with the underlying tax returns.
- **Cash extraction:** Prior to 31 December 2022, the capital position of the underlying assets was not modelled appropriately and, in particular, negative distributable reserves at NISPI and SolarArise were not taken into account in the valuations. Correcting for the actual capital position of the assets had a negative impact on the valuations. Partially mitigating the impact of this modelling change, the valuations include an assumption that NISPI, the SolarArise holding company and each of the SolarArise SPVs will undertake a number of actions including capital reductions within a reasonable timeframe and within the boundaries of permissible cash extraction to eliminate some of the cash traps in the future. There remains a risk that these mitigations may take longer than forecast or may not be achievable. Conversely, more radical restructuring options are being looked into by the Transitional Investment Manager, which could lead to further valuation optimisations.

Carbon credits

For the SolarArise portfolio, carbon credit revenue was previously included in the base case. These revenues are now treated as an upside as opposed to a base case assumption and, therefore, have been removed.

Other adjustments

This refers to the balance of valuation movements in the period excluding the factors noted above including the inclusion of actual performance figures during the period. In addition, a number of other assumptions that were either inaccurate, or incongruent with standard market practice for the Company's assets, have been adjusted. These include updating lease and other operational costs to reflect contractual terms and inclusion of capex for inverter replacements.

Valuation approach for SolarArise

SolarArise has been valued as a total portfolio and this includes the six operational assets, the liabilities associated with the construction-ready RUMS project that was commercially not viable to proceed as at 31 December 2022, and the costs, assets and liabilities of the holding company, all based on a 43% ownership share. As the liabilities associated with abandoning the RUMS project represented a broad range of possible outcomes, the worst of which would be greater than the value of the assets held, it has been determined that the fair value of the SolarArise portfolio as at 31 December 2022 was US$nil[31]. This represents a valuation of US$12 million for the operational assets, reduced by the abort liabilities for the RUMS project of at least US$12.0 million for the 43% ownership.

The RUMS project

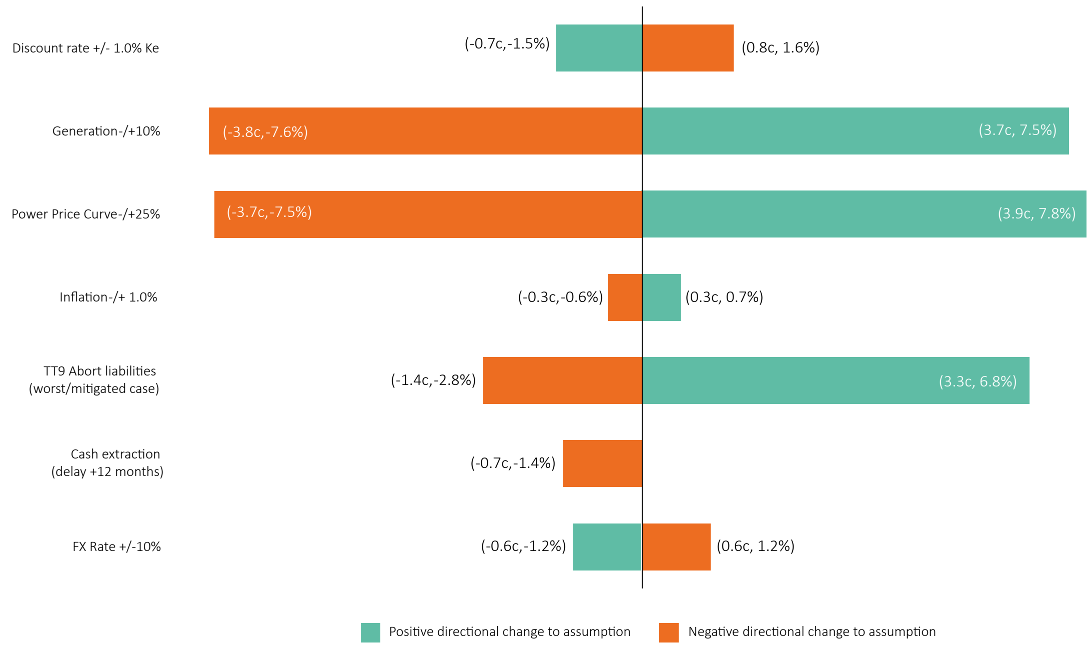
The total bridge movement of the RUMS project reflects the cash put in since IPO from the SolarArise holding company and the negative valuation of US$12.0 million at 31 December 2022.

[31] The Company has received advice that the abort liabilities associated with the RUMS project are restricted to the level of the SolarArise holding company and therefore the value of SolarArise can not fall below US$nil.

AEIT's solar site at NISPI

Valuation sensitivities

The sensitivities are based on owning 43% of SolarArise and 40% of NISPI as at 31 December 2022. For each of the sensitivities shown, it is assumed that potential changes occur independently with no effect on any other assumption. The sensitivity movements are presented both on a cents per share basis and as a percentage of the Company 's NAV. For SolarArise, the sensitivities in the chart below are calculated on its operational portfolio, excluding the RUMS project. As the total value of SolarArise (including the RUMS project) as at 31 December 2022 is US$nil, the downsides shown below are not reflective of the actual impact on the Company (as the value of SolarArise can not fall below US$nil).



Discount rate: A range of discount rates are applied in calculating the fair value of investments, considering the location, technology and lifecycle stage of each asset as well as leverage and the split of fixed to variable revenues. A 100bps increase or decrease in the levered cost of equity for each portfolio has been applied.

Generation: The sensitivity assumes a 10% increase or decrease in total forecast generation relative to the base case for each year of the asset life.

Power price curve: The sensitivity assumes a 25% increase or decrease in power prices relative to the base case for each year of the asset life (excluding any period covered by a PPA).

Inflation: The sensitivity assumes a 1% increase or decrease in inflation relative to the base case for each year of the asset life. Where revenue or cost items have a contractually defined indexation profile, this has not been sensitised.

RUMS project abort liabilities: As at 31 December 2022, the least value destructive option was to abort the RUMS project. Third-party advisors were engaged to review the range of abort liabilities that could arise. The potential outcomes ranged from a worst case liability of US$33.2 million to a mitigated case of US$14.1 million on a 100% basis. The sensitivity shows the impact on Company value by adopting the ends of these ranges vs. the assumed abort estimation of US$27.8 million.

Cash extraction: As at 31 December 2022, NISPI, the SolarArise holding company and each of the SolarArise SPVs had significant negative distributable reserve balances, prohibiting the payment of dividends. The valuations have been updated to reflect this but assume that some measures to eliminate cash traps within a reasonable timeframe are implemented, for example, capital reductions. The sensitivity assumes that such measures to eliminate cash traps are delayed by c. 12 months at both NISPI and SolarArise.

FX rate: Investments are held in the currency of the territory in which the asset is located. At 31 December 2022, the Company was impacted by the US Dollar strengthening against both the Philippine Peso and the Indian Rupee over the period. A flat decrease or increase of 10% in the relevant rate over the remaining asset life of each plant has been applied to the final values as at 31 December 2022.

Financial Review

The Financial Statements of the Company for the period from 1 November 2021 to 31 December 2022 are set out on pages 86 to 109. The Financial Statements have been prepared in accordance with United Kingdom adopted international accounting standards and the applicable legal requirements of the Companies Act 2006.

Basis of accounting

The Company applies IFRS 10 and Investment Entities: Amendments to IFRS 10, IFRS 12 and IAS 28, which state that investment entities should measure all their subsidiaries, joint ventures and associates that are themselves investment entities at fair value. The primary impact of this application, in comparison to consolidating subsidiaries, is that the cash balances, the working capital balances and borrowings in its subsidiaries are presented as part of the Company's fair value of investments.

The comparative period is the period from incorporation on 6 September 2021, to 31 October 2021, being the Company's first accounting period. On 16 November 2021, the Company extended its accounting period to 31 December 2022. The Company did not commence its operating activities until the listing of its ordinary shares on the London Stock Exchange on 14 December 2021, and therefore, there is no profit or loss up to this date.

Results for the period ended 31 December 2022

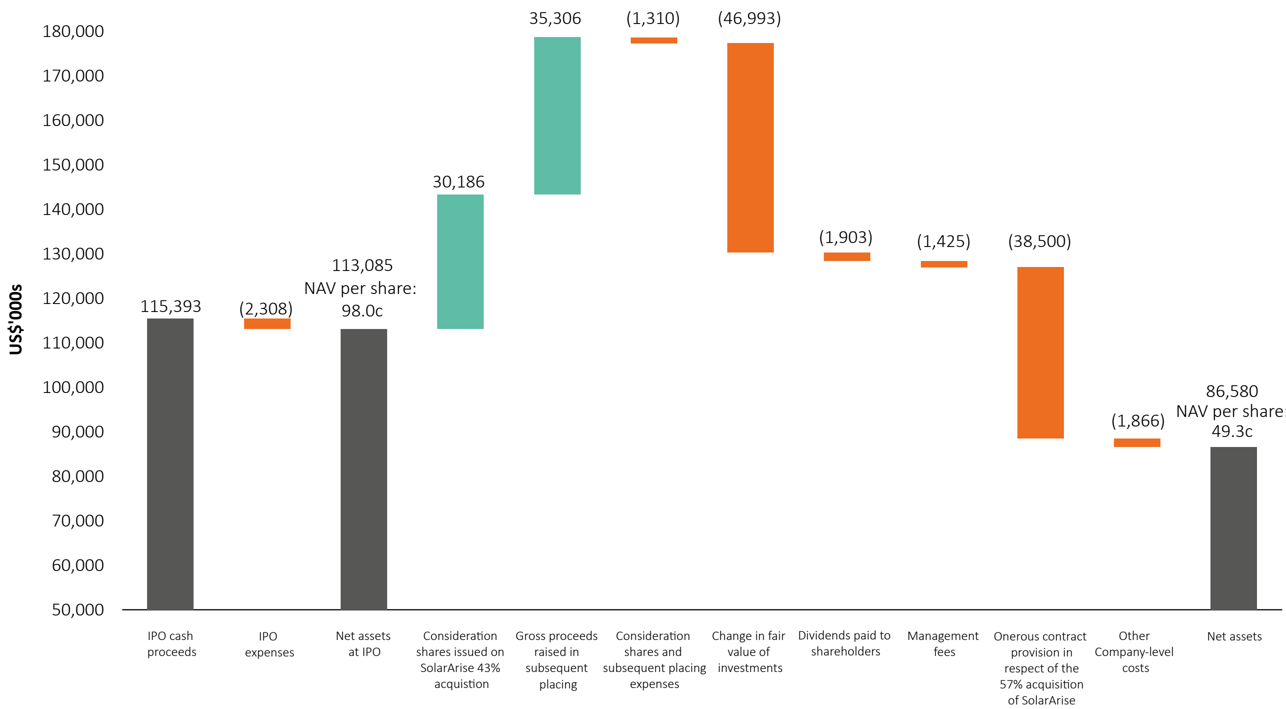
	US$m
Net asset value	86.6
Fair value of Company's investments	11.5
Net assets per share (cents)	49.3
Movement on fair value of investments	(47.0)
Onerous contract provision with respect to 57% acquisition of SolarArise	(38.5)
Loss for the period	(88.8)

Net assets

The net asset value as at 31 December 2022 was US$86.6 million or 49.3 cents per ordinary share. The fair value of the Company's investment portfolio as at 31 December 2022 was USS11.5 million.

The valuation of the underlying portfolio has decreased significantly due to a detailed review of all modelled assumptions affecting the valuations.

Net asset value bridge - IPO to 31 December 2022



Notes to the NAV bridge

- **IPO cash proceeds:** US$115.4 million raised at IPO (before associated listing expenses), resulting in the issue of 115.4 million shares.
- **Consideration shares issued on SolarArise 43% acquisition:** In August 2022, AEIT completed the acquisition of 43% of SolarArise. Completion comprised of consideration of US$30.2 million, settled through the issue of 26.0 million ordinary shares at US$1.16035 per share and cash of US$2.7 million that was paid by SolarArise to the Indian tax authorities on behalf of the sellers.
- **Gross proceeds received in subsequent placing:** The number of shares subsequently increased from 141.4 million to 175.7 million during Q4 2022 pursuant the placing of shares for cash that closed on 16 November 2022 raising gross proceeds of US$35.3 million.
- **Change In fair value of investments:** The change of -US$47.0 million represents the decrease in fair value of the underlying investments relative to their acquisition prices. This is outlined further in note 9 to the Financial Statements. The fair value of the Company's investments held on the balance sheet as at 31 December 2022 only includes the fair value of NISPI. Given the likely value of the crystallised abort

liabilities on the RUMS project (see page 17 for further details), it has been assumed that a market participant would look at the SolarArise platform in its entirety and would write the value of SolarArise as a whole down to US$nil. This represents a total abort liability of US$27.8 million (100% basis).

- **Onerous contract provision:** At 31 December 2022, the Company had a commitment to purchase the remaining 57% of SolarArise. This transaction completed in January 2023 for a total consideration of US$38.5 million. Based on the 31 December 2022 valuation of SolarArise, the value of 57% of SolarArise was significantly lower than the consideration payable, and effectively US$nil, and, therefore, an onerous contract has been recognised in the Company's balance sheet. See note 13 to the Financial Statements for further information.
- **Other Company-level costs:** This relates to the Company-level costs incurred in the period of US$3.5 million, offset by FX gains of US$1.7 million. Included in these costs are exceptional costs incurred following the temporary share suspension of US$1.2 million, relating to the 31 December 2022 valuations and the finalisation of the 2022 audit. See note 4 to the Financial Statements.

Income

In accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued in July 2022 by the Association of Investment Companies ("AIC"), the statement of comprehensive income differentiates between the 'revenue' account and the 'capital' account, and the sum of both items equals the Company's profit for the year. Items classified as capital in nature either relate directly to the Company's investment portfolio or are costs deemed attributable to the long-term capital growth of the Company.

In the period ended 31 December 2022, the Company's total revenue was negative US$85.5 million comprising of the movement of fair value of investments (US$47.0 million) and an onerous contract provision recognised in respect of the purchase price of the remaining 57% of SolarArise (US$38.5 million). The operating expenses included in the statement of comprehensive income for the year were US$3.3 million. These comprise US$1.4 million Former Investment Manager fees and US$3.5 million operating expenses offset by US$1.7 million net foreign exchange gains in the period. The details on how the Former Investment Manager's fees were charged are as set out in note 19 to the Financial Statements.

Ongoing charges

The ongoing charges ratio ("OCR") is a measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running the Company. It has been calculated and disclosed in accordance with the AIC methodology, as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted NAV in the year. For the period ended 31 December 2022, the OCR was 2.5%. The OCR is an APM and its calculation is detailed on page 111.

Financing

The Company does not have any debt. However it is permitted to have debt within its underlying investments. Per the Company's investment policy, gearing should not exceed 65% of the Adjusted GAV, with the Company targeting gearing of below 50% in the medium term. External debt financing is only at the level of the Indian solar portfolio and, as at 31 December 2022, this comprised outstanding principal amounts of US$45.9 million (pro rated for economic ownership), representing a leverage ratio of 27%, increasing to 46% on a committed basis (including 100% of SolarArise).

Dividends

During the period, interim dividends totalling US$1.9 million were paid (0.44 cents per share paid in respect of the period from IPO to 31 March 2022 in June 2022, 0.44 cents per share paid in respect of the quarter to 30 June 2022 in September 2022 and 0.44 cents per share paid in respect of the quarter to 30 September 2022 in December 2022).

Post the period end, a further interim dividend of 1.18 cents per share was declared in respect of the quarter to 31 December 2022 and paid in May 2023, and therefore dividends of 2.5 cents per share were paid in respect of the period under review.

Impact Report

Impact highlights[32]

Providing financial returns through clean energy generation

Installed operational capacity – MW **100 – SolarArise** **32 – NISPI**	**Clean energy generated – MWh** **85,199**	**EU Taxonomy alignment[33]** **100%**

Providing environmental returns through GHG emission avoidance

GHG emissions avoided – tCO_2e **62,770**	**Equivalent UK cars taken off the road – No.** **34,427**

Providing environmental returns through GHG emission avoidance

Employment directly supported full time equivalent ("FTE") jobs – No. **148**

Contributing to UN SDGs

[32] These metrics have been proportioned to account for AEIT's share of the SolarArise and NISPI assets during the reporting period.

[33] This calculation excludes cash held by the Company.

Impact and ESG approach

Objective

The Company delivers on climate change mitigation through its investments. Nowhere is it more urgent to invest in renewable energy solutions that provide an alternative to polluting fossil fuels and coal than in Asia. The Company's investments in sustainable energy target these rapidly growing and emerging economies where greenhouse gas emissions ("GHGs") continue to grow rapidly. The investee companies within the investment portfolio address the climate change mitigation priorities set out in those countries' Nationally Determined Contributions ("NDCs") under the Paris Agreement on Climate Change, and efforts to achieve the United Nations Sustainable Development Goals ("UN SDGs"). The investment strategy finances renewable energy generation and avoids GHG emissions, while having a positive impact in the communities in which it invests.

As a result of this inherently green contribution, the Company was awarded the Green Economy Mark by the London Stock Exchange in December 2021. In 2022 AEIT was also classified as an Article 9 financial product with a sustainable objective under the EU Sustainable Finance Disclosure Regulation ("SFDR").

2022 highlighted the challenges of realising global ambitions to rapidly transition to the low-carbon and resilient economic trajectories that climate science shows to be both imperative and overdue. Despite geopolitical shocks, such as the war in Ukraine that forced a new focus on energy security at all costs and commodity price volatility, there was significant momentum around climate action in the Company's target markets.

Country	Commitments to renewable energy transition in 2021 and 2022
Bangladesh	Updated NDC targets in 2021 to lower GHG emissions by 7% by 2030, largely through renewable energy.[34]
Indonesia	US$10 billion in public finance and US$10 billion in private finance from the Just Energy Transition Partnership with the US, Japan and European countries over the next five years (from 2022), to peak power sector emissions by 2030 and to increase carbon emission reduction targets by 25%.[35]
Vietnam	Just Energy Transition Partnership to mobilise US$15 billion in public and private finance.[36]
Philippines	35% renewable energy by 2030, and 50% by 2040. In 2021, committed to a 75% emissions reduction by 2030, and moratorium on new coal power.[37]
India	New NDCs, strengthening its 2030 emissions intensity target to 45% below 2005 levels, and 50% of electricity from non-fossil fuel energy sources and net zero emissions by 2070.[38]

Approach

The Company integrates environmental, social and governance ("ESG") risk management into its due diligence and management systems and applies a triple-return approach that considers social and environmental objectives alongside the financial returns of the Company.

Financial return[39]	Environmental return	Social return
Providing shareholders with attractive dividend growth and prospects for long-term capital appreciation.	Protecting natural resources and the environment.	Delivering economic and social progress, through job creation and contribution to UN SDGs.

The Investment Manager supports investee companies in monitoring and reporting on mandatory Principle Adverse Impact ("PAI") indicators established under the SFDR framework, and a range of additional ESG-related indicators, as part of its approach to active investment management.

The Company uses a set of key performance indicators ("KPIs") that aims to balance economic, environmental and social considerations, aligning the triple-return approach to the impact areas of generating clean energy, avoiding emissions and supporting quality jobs. The KPIs are listed below:

Impact Area	Metric	Unit	Definition	Definition framework
Financial return: Generating clean energy	Installed operational capacity	MW	Total amount of energy the portfolio can transmit as of the end of the reporting period	IRIS+. Energy Capacity (PD3764).
	New energy capacity added	MW	Amount of new energy capacity connected to the grid during the reporting period	IRIS+. Energy Capacity Added (PI9448)
	Energy generated for sale	MWh	Amount of energy generated **and** sold to offtaker(s) during the reporting period	IRIS+. Energy Generated for Sale: Renewable (PI5842)
Environmental return: Avoiding emissions	Avoided emissions	tCO_2e	Avoided emissions from renewable energy generation estimated using standardised grid emission factor per MWh.	IFI Joint Methodology for Renewable Energy Accounting approach
Social return: Quality Jobs	Jobs in directly financed companies	Number of FTE jobs	Number of full-time equivalent employees working for enterprises financed or supported by the organisation as of the end of the reporting period, aligned with HIPSO Direct Jobs Supported (Operations and Maintenance)	IRIS+. Jobs in Directly Supported/ Financed Enterprises. (PI4874)

[34] https://www.global-climatescope.org/markets/bd/.

[35] https://www.reuters.com/business/cop/us-japan-partners-mobilise-20-bln-move-indonesia-away-coal-power-2022-11-15/.

[36] https://www.reuters.com/business/energy/g7-vietnam-reach-155-bln-climate-deal-cut-coal-use-sources-2022-12-14/.

[37] https://www.reuters.com/business/environment/philippines-raises-carbon-emission-reduction-target-75-by-2030-2021-04-16/.

[38] https://climateactiontracker.org/countries/india/targets/#:~:text=Target%20Overview,capacity%20to%2050%25%20by%202030.

[39] The Board is continuing undertaking a strategic review of the options for the Company's future. The outcome of the strategic review is likely to result in changes to the Company's target financial return. For further information on the strategic review, see page 7.

Beyond the Company contributions to these selected impact KPIs, investments support a range of positive contributions in the communities where the Company operates assets, including through ancillary corporate social responsibility efforts. These additional sustainability contributions are also monitored and highlighted in this impact report.

Financial return: generating clean energy

The financial return target, in particular yield through dividends, is contributed to through the generation of clean energy and the operational performance of assets. Put simply, with all other things being equal, the more green energy an asset produces, the better the financial returns for investors through receiving revenue for the electricity that is sold. In this respect, there is no trade-off between financial returns and positive impact through avoided emissions.

In looking through the impact lens, financial returns are generated though the installed operational capacity and the resulting clean energy generated, and these returns are sustainable through the alignment to the EU Taxonomy.

The following KPIs are proportionally based on 43% ownership of SolarArise from 19 August 2022 and 40% ownership of NISPI.

Installed operational capacity – MW	Clean energy generated – MWh	EU Taxonomy alignment
100 – SolarArise **32 – NISPI**	**85,199**	**100%**

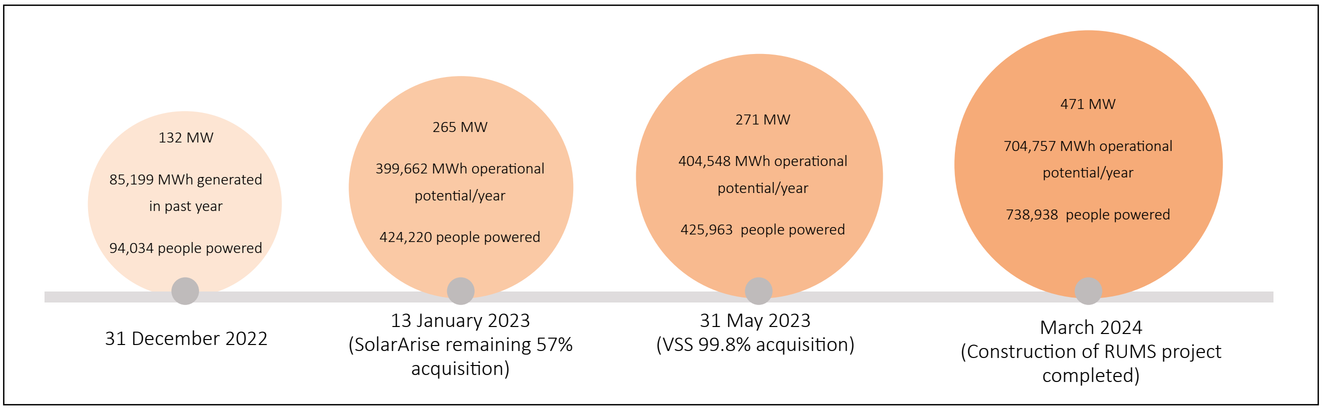
In 2022 the investment portfolio comprised interests in 313 MW of installed operational capacity. The proportional share of this was 132 MW of generating capacity which generated 85,199 MWh of clean renewable energy in the Philippines and India in 2022. This clean energy generation is equivalent to providing 41,954 people in the Philippines and 52,080 people in India with clean electricity. This directly supports the Philippines' and India's NDCs, helping to address their climate mitigation priorities.

Equivalent number of people provided with clean electricity

41,954 in the Philippines[40]	**52,080** in India[41]

Considering post period completions on the remaining 57% equity share in SolarArise (including the decision in October 2023 to proceed with the RUMS project) and a 99.8% equity share in VSS, the generation potential of the operational AEIT portfolio increases to an estimated 704,757 MWh/year in 2024.

Potential MWh contribution of AEIT's operational portfolio following post period completions



[40] On the basis of: IEA 2020. Average per capita electricity consumption in Philippines (0.84 MWh).

[41] On the basis of: IEA 2020. Average per capita electricity consumption in India (0.96 MWh).

The Company aims for 100% alignment of sustainable investments with the EU Taxonomy. In some cases, bringing infrastructure assets into alignment with the full requirements of technical screening criteria may be part of the value addition of the acquisition. Investee companies may also make substantial contributions to other environmental objectives of the EU Taxonomy. To ensure no significant harm to biodiversity and ecosystems, environmental screening is conducted for all investments. Physical climate risk and vulnerability assessments have been completed for all investee company sites by an external consultant. Investee companies will continue to develop longer term climate change risk management plans as part of their ongoing ESG management approach.

As at 31 December 2022 100% of existing investments made a significant contribution to climate change mitigation and were aligned with the EU Taxonomy.

This analysis was conducted by the Former Investment Manager, and reviewed by the ESG Committee and Transitional Investment Manager, drawing on publicly available information and proprietary data sets, and information provided directly by investee companies. Where necessary, inputs from third-party technical advisors may be reflected.

Improving the resilience of the investment portfolio is another way to ensure long-term financial returns. Climate change is a daily lived reality at the renewable energy sites operated by investee companies, which are located in some of the most climate vulnerable regions of the world. The Company's efforts to assess climate risk and develop scenarios for its investment portfolio are discussed as part of its 'Task Force on Climate- Related Financial Disclosures' on pages 42 to 45 of this Annual Report.

The EU Taxonomy

The EU Taxonomy was published in 2020, the culmination of an extensive effort to develop a shared framework for defining environmentally sustainable activities across the European Union. The EU Taxonomy specifies six environmental objectives:

- climate change mitigation;
- climate change adaption;
- protecting marine and water resources;
- transitioning to a circular economy; preventing pollution;
- protecting and restoring biodiversity and ecosystems

The EU Taxonomy is a critical element of the EU's Sustainable Finance Action Plan, and has a central role in the EU SFDR which requires definition of the extent to which investments with an environmentally sustainable objective will meet EU Taxonomy requirements.

Environmental return: avoiding emissions

Through investments in renewable energy, the Company protects natural resources and the environment, directly avoiding greenhouse gas emissions.

The following KPIs are proportional based on 43% ownership of SolarArise from 19 August 2022 and 40% ownership of NISPI.

Avoided emissions- tCO_2e[42]

40,928 - SolarArise

21,842 - NISPI

Equivalent cars taken off the road in the UK[43]

34,427

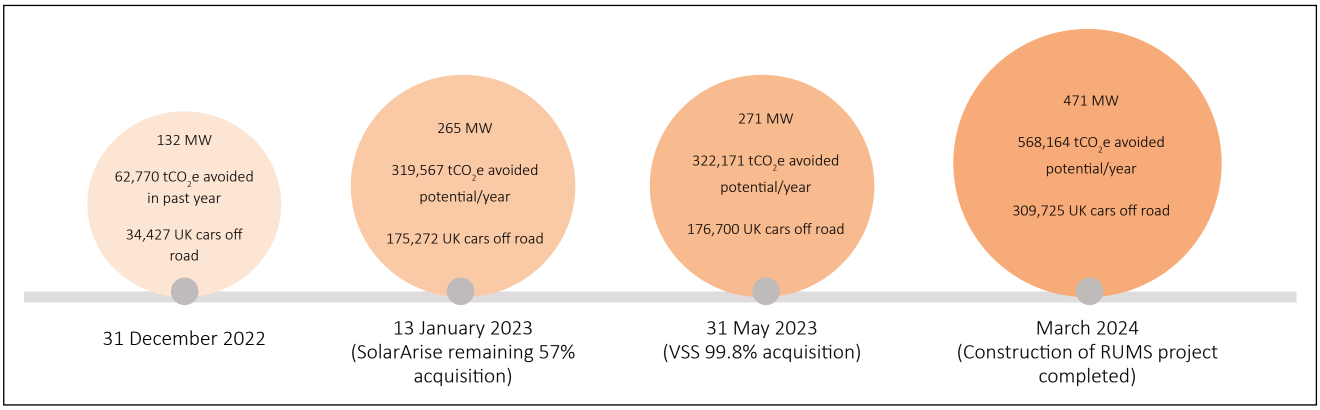
GHG intensity of investee companies - tCO_2e/US$m

35.87

The total 85,199 MWh of clean energy generated resulted in a total of 62,770 tonnes of avoided CO_2 emissions. This is equivalent to 34,427 cars taken off the road in the UK for a year.

Considering post period completions on the remaining 57% equity share in SolarArise (including the decision in October 2023 to proceed with the RUMS project) and a 99.8% equity share in VSS, the potential contribution of AEIT's operational portfolio to carbon avoided emissions increases substantially to 568,164 tCO_2e/year in 2024[44].

Potential tCO_2e avoided emissions and impact from AEIT's operational portfolio following post period completions



The Former Investment Manager engaged with its investee companies to measure their GHG emissions. Some GHG emissions will inevitably be associated with investments even though they help avoid emissions that would otherwise result if the same electricity was produced using fossil fuels.

2022 carbon footprint

During the reporting period, the Former Investment Manager engaged with an external advisor to help calculate the first GHG emissions footprint and this has been reviewed by the Transitional Investment Manager and recommended by the ESG Committee for approval by the Board. The Company has quantified and reported its carbon footprint using guidance from the Partnership for Carbon Accounting Financials' ("PCAF") 2022 'Global GHG Accounting and Reporting Standard for the Financial Industry' ('Financed Emissions Standard'). The PCAF 'Financed Emissions Standard' was developed with the purpose of providing financial institutions with transparent, harmonised methodologies to measure and report emissions in conformance with the requirements of the 'Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard'. The Company has consolidated its approach for carbon accounting using guidance from the operational control approach for unlisted equity. Additionally, for SolarArise, the Company received a carbon footprint for the whole 2022 calendar year. As such, SolarArise's emissions have been proportioned to AEIT's stake and pro-rated from 19 August 2022, the date of investment and the pro-rated share of NISPI's emissions are considered. More detail on how different activities were allocated to different scopes is laid out below:

Scope	Portfolio ('financed') emissions (tCO_2e)	Company emissions (tCO_2e)	Total emissions (tCO_2e)	Percentage of total (%)
1 – Direct emissions	22.98	0.00	22.98	1
2 – Indirect emissions	191.49	0.00	191.49	7
3 – Indirect emissions	1,909.10	490.71	2,399.81	92
Carbon footprint- Scope 1, 2, 3	2,123.57	490.71	2,614.29	100

[42] Carbon avoided is calculated using the International Financial Institution's approach for harmonised GHG accounting.

[43] Equivalent cars is calculated using a factor for displaced cars derived from the UK government GHG Conversion Factors for Company reporting.

[44] These calculations are based on the operational asset's 'generation potential', which is based on the operational asset's 'P50' yield assumptions for the next available full operational year (including asset degradation that occurs naturally over the asset's lifetime and the 'hair cut' included in the 31 December 2022 valuation models).

Scope 1 emissions are primarily associated with on-site fuel combustion. In 2022, Scope 1 emissions accounted for the smallest proportion of the investment portfolio's carbon footprint. This figure reflects limited use of on-site combustion due to the 2022 portfolio consisting solely of operational solar assets. Scope 2 emissions are associated with imported electricity to the solar portfolio, and accounted for 7% of its total emissions. The Company, as a legal entity, has no direct employees, owned or leased real estate, or direct assets, and therefore the Company has no Scope 1 or 2 emissions.

Scope 3 emissions account for the majority of emissions, making up 92% of the total carbon footprint. These emissions are associated with activities that are indirectly associated with the Company and its portfolio investments. The Company's emissions relate to AEIT's purchased goods and services (for example the emissions relating to the Company's legal services and the Former Investment Manager's services) and AEIT's Board travel. In line with the PCAF methodology, all of the portfolio Scope 3 emissions for these various activities are captured by the GHG Protocol's Scope 3 Category 15 – Investments, also known as 'financed emissions'. The majority of financed emissions are related to purchased goods and services, fuel- and energy-related activities (not included in Scope 1 and 2), travel and waste.

In 2022, the carbon intensity was 19.76 tCO_2e/MW capacity. This includes Scope 1, 2 and 3 of the whole of AEIT's emissions. Absolute emissions will continue to grow as the Company invests into more assets, with the relative proportion of Scope 1 emissions likely to increase as construction assets are added to the portfolio. The weighted average carbon intensity ("WACI") in 2022, which represents the emissions intensity per million US Dollars of revenue generated, was calculated to 35.87 tCO_2e/ US$m revenue.

Data quality

The Company recognises the challenges in measuring its GHG emissions for its sites and activities. In particular:

- quality and availability of data collected for conversion calculations can significantly impact the accuracy of the final emissions output; and

- availability and specificity of emissions factors used to convert data into related emissions can also impact the validity of final emissions output.

In 2022, the Former Investment Manager received a combination of physical activity-based data and spend-based data for Scope 1 and 2 activities and spend data only for Scope 3 activities. Spend-based emissions factors are typically derived on industry average greenhouse gas emissions, and therefore are less specific than activity-based emissions factors. In addition, spend-based emissions factors for the Philippines were not available, and therefore the external advisor calculated the majority of the NISPI portfolio's emissions using its default French emission factors. Given that the majority of emissions were calculated via spend-based emissions factors and that there was a lack of appropriate emissions factors for the geographic locations of the investment portfolio, the Transitional Investment Manager has low confidence in the precision of these emission calculations.

Supply chain visibility and quantification, and the availability of appropriate emissions factors are considerable challenges facing companies seeking to calculate and report on their carbon footprint. Given the difficulties in capturing and calculating the carbon footprint, the Transitional Investment Manager will continue to develop and refine its methodology, working with asset management service providers to reduce reliance on spend data and with carbon consultants to improve the specificity of emissions factors.

Social return: quality jobs

The Company aims to contribute to delivering economic and social progress and help build resilient communities through supporting jobs and contributing to the UN SDGs.

Employment - directly supported full time equivalent jobs	Number of UN SDGs contributed to
148	**4 – SDGs 7, 8, 13, 15**

As at 31 December 2022, the investment portfolio (proportioned by share) supported 5 FTE salaried jobs at its investee companies and 143 FTE contractor positions. While the FTE employee numbers remained largely stable throughout 2022, contractor numbers at SolarArise reduced in Q4 2022 as scheduled maintenance work concluded.

FTE employee opportunities supported	FTE contractor employment opportunities supported
5	**143**

Considering the post-period completion on the remaining 57% equity share in SolarArise (which was a committed investment before the end of the period), the potential contribution of the portfolio to total supported jobs increases substantially to 287[45].

The vast majority of both direct and contractor jobs were occupied by men. Gender pay-gap analysis was not possible in most cases given no female employees at the investee companies. A substantial gender pay gap was reported at one investee company, with the average daily gross pay for men being 51% higher than women. Attracting and retaining diverse talent, including female employees, remains a challenge. No targets have been set in the reporting period.

No major health and safety incidents resulting in lost working time were reported on any of the investee company sites in 2022. This may have resulted from the proactive efforts to promote health and safety understanding, including mandatory health and safety training for contractors and other workers at operating solar sites.

Adherence with global standards and guidelines on human rights and good governance, such as the UN Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, are key to the Company's commitments. All investee companies in the investment portfolio established grievance mechanisms through which any stakeholder could raise concerns about their project implementation frameworks. In 2022 no complaints related to adherence with these frameworks were reported to the Former Investment Manager. The Transitional Investment Manager will continue to work closely with investee companies to identify and action areas where implementation of these frameworks can be further enhanced, make information about the functioning of these mechanisms more readily available, and establish appropriate policies to promote respect for human rights in all activities, including with their suppliers.

Our commitment to enhance impact opportunities is reflected by the partnerships NISPI has made with the Philippines Department of Environment and a local organisation in Negros. This collaboration is introducing stingless bees in Mt. Kanla-on Natural Park to support honey production and boost biodiversity. Meanwhile, NISPI's Agrovoltaics program combines food agriculture with solar plants, yielding peanuts and allowing goats to graze for additional income. Future collaborations with community-focused NGOs are planned to maximise agricultural potential and benefit the local community.

[45] This calculation excludes potential jobs created during the construction phase of RUMS project and estimates the number of jobs supported by considering a 40% share of jobs supported at NISPI during Q4 2022 and a 100% share of jobs supported at SolarArise during at 31 December 2022.

Contribution to UN SDGs

Through its investments and additional impact activities, the Company made active contributions to four UN SDGs as outlined below.

AEIT contribution to UN SDG targets

7 AFFORDABLE AND CLEAN ENERGY

Affordable and clean energy

7.2: Reducing India's and the Philippines' reliance on fossil fuels through renewable energy generation by AEIT's assets.

8 DECENT WORK AND ECONOMIC GROWTH

Decent work and economic growth

8.5: Achieve productive employment and decent work, illustrated by the 148 jobs supported by the portfolio and the additional income generated for locals through the robotics program at NISPI.

8.8: Protecting labour rights and promoting safe and secure working environments for all workers through policies and grievance mechanisms and health and safety training.

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts

13.1: Strengthening resilience of portfolio to climate-related hazards through climate risk analysis and monitoring.

13.2: Contributing to national strategies to increase share of renewable energy to the grid in the fight against climate change

15 LIFE ON LAND

Life on land

15.5: Reduce the degradation of natural habitats and loss of biodiversity, protecting and preventing impacts to threatened species and other local flora and fauna through the implementation of environmental screening and monitoring at AEIT's assets and the delivery of additional initiatives such as the introduction of bees in Mt. Kanla-on National Park.

Risk and Risk Management

Risk appetite

The Board is ultimately responsible for defining the level and type of risk that the Company considers appropriate, ensuring it remains in line with the Company's investment objective and investment policy that sets out the key components of its risk appetite. The Company's risk appetite is considered in light of the emerging and principal risks that the Company faces, including having regard to, amongst other things, the level of exposure to power prices, gearing and financing risk and operational risk.

Risk management

The Company's risk management framework is overseen by the Audit and Risk Committee, comprising independent non-executive Directors.

The Company's risk management policies and procedures do not aim to eliminate risk completely, as this is neither possible nor commercially viable. Rather, they seek to reduce the likelihood of occurrence, and ensure that the Company is adequately prepared to deal with risks and minimise their impact if they materialise.

Procedures to identify principal or emerging risks:

The purpose of the risk management framework and policies adopted by the Company is to identify risks and enable the Board to respond to risks with mitigating actions to reduce the potential impacts should the risk materialise. The Board regularly reviews the Company's risk matrix, with a focus on ensuring appropriate controls are in place to mitigate each risk. The risk management framework was implemented at IPO and has been in place for the period under review and continues to be in operation.

The following is a description of the procedures for identifying principal risks that each service provider highlights to the Board on a regular basis.

- **Alternative Investment Fund Manager:** The Company has appointed Adepa Asset Management S.A to be the Alternative Investment Fund Manager of the Company (the "AIFM") for the purposes of UK AIFM Directive. Accordingly, the AIFM is responsible for exercising the risk management function in respect of the Company. As part of this the AIFM has put in place a Risk Management Policy which includes stress testing procedures and risk limits. As part of this risk management function, the AIFM maintains a register of identified risks including emerging risks likely to impact the Company. This is updated quarterly following discussions with the Investment Manager and presented to the Board for review and challenge.

- **Investment Manager:** Portfolio Management has been delegated by the AIFM to the Investment Manager. The Investment Manager provides a report to the Board at least quarterly on asset level risks, industry trends, insight to future challenges in the renewable sector including the regulatory, political and economic changes likely to impact the renewables sector.

- **Brokers:** Brokers provide regular updates to the Board on Company performance, advice specific to the Company's sector, competitors and the investment company market whilst working with the Board and Investment Manager to communicate with shareholders.

- **Company Secretary and Auditors:** Brief the Board on forthcoming legislation/regulatory change that might impact on the Company. The Auditor also has specific briefings at least annually.

Procedures for oversight:

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

The Board has completed a robust assessment of the company's emerging and principal risks, including:

(a) a description of its principal risks;

(b) what procedures are in place to identify emerging risks; and

(c) an explanation of how these are being managed or mitigated.

Following the issues that came to light during the audit of the 2022 Annual Report and Financial Statements, the Audit and Risk Committee has reflected on risks that have subsequently crystallised and the steps it has taken and changes it has made as a result. These are detailed in the table below:

Crystallised risk	Impact of crystallisation	Steps taken/changes made
Valuation process	• Temporary share suspension due to a material uncertainty regarding the fair value of the Company's assets • Identified errors and inaccuracies in the prior period valuations	• A detailed review of the key assumptions included in the financial models and the valuation methodology for the Company's operational assets in India and the Philippines which had been prepared by the Former Investment Manager carried out by an independent third-party, PwC • Inaccurate or aggressive valuation assumptions identified by the Company following this review have been updated in line with best practice and market standards • Introduction of a SolarArise holding company model to accurately reflect asset management costs, Indian tax liabilities and cash repatriation out of India • Replacement of the Former Investment Manager effective 31 October 2023 by the Transitional Investment Manager • Replacement of the former independent valuer • Appointment of PwC as an independent valuation expert to provide a private independent opinion on the reasonableness of the valuations that are prepared by the Transitional Investment Manager in respect of the 31 December 2022 and subsequent valuations • Commenced a review of value optimisation strategies with Transitional Investment Manager

Crystallised risk	Impact of crystallisation	Steps taken/changes made
Asset valuations	• Large decreases in the NAV when subsequent valuations carried out using less aggressive assumptions in line with best practice and market standards	• Replacement of the Former Investment Manager effective 31 October 2023 by the Transitional Investment Manager • Updated valuation process as detailed on prior page • The Transitional Investment Manager has additional controls in place for any conflicted transactions
Reliance on third-party service providers (Company and asset level)	• Valuations based on inaccurate or aggressive assumptions subsequently being updated in line with best practice and market standards, leading to a large decline in the NAV • Inherited asset structures that do not optimise cash extraction by AEIT, thus requiring reorganisation • Asset management contracts have not been formalised • Reports from whistleblowers of key information being withheld from the Board, particularly with regard to the cost and funding of the proposed construction of the RUMS project and the potential penalties that could result from aborting it	• Replacement of the Former Investment Manager effective 31 October 2023 by the Transitional Investment Manager. The Transitional Investment Manager has a comprehensive due diligence process that should flag pre-construction risks at the point at which commitments were made • The Transitional Investment Manager is currently undertaking a review of governance procedures across all of the investment portfolio to propose potential improvements to the Board • The former independent valuer has stepped down and PwC have been appointed as the independent valuation expert to provide a private independent opinion on the reasonableness of the valuations that are prepared by the Transitional Investment Manager in respect of the 31 December 2022 and subsequent valuations • The Board, which had embedded itself in the detail of the Company's activities, has ensured, in so far as possible, that the new service providers have been given the appropriate handover and information to carry out their duties • Getting in place appropriate asset management agreements is a priority for the Transitional Investment Manager • Changes made to SPV governance to ensure that the Board is aware of all commitments made in the underlying investments prior to signing
Construction risk	• Changes in macro-economic factors from the commitment date to the construction commencement date, such as the increase in solar panel prices (and EPC costs) and the changes in FX rates • Commitments made without the Board being made aware of all associated risks of the project	• Appointment of independent legal advisors to review potential abandonment liabilities associated with the RUMS project and determine probability of crystallisation • Appointment of an independent India-based financial adviser to advise the Board on the options for the RUMS project, including proceeding with construction and aborting it, and the associated risks of each option • Appointment of an independent technical advisor, Fichtner, to oversee the RUMS project and provide independent reports to the Transitional Investment Manager and the Board
Generation	• Operational assets acquired underperformed against P50 technical assumptions	• Appointment of independent technical advisor, Sgurr, to conduct refreshed due diligence on the P50 technical assumptions to validate or update modelled assumptions in 31 December 2023 and subsequent valuations • Pending receipt of the Sgurr report, a reduction has been applied to the P50 yield assessments used for the 31 December 2022, 30 June 2023 and 30 September 2023 valuations to reflect observed historical underperformance of the operational assets when compared with the level of generation assumed at the time of acquisition

Principal risks and uncertainties

The Board has defined principal risks that have the potential to materially impact the Company's business model, reputation or financial standing. 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.

External economic, political and climate risk factors for the Company – external risks that could impact the income and value of the Company's investments

Risk	Potential impact	Mitigation
Foreign currency	The Company's functional currency is US Dollars (USD), but the Company's investments are based in countries whose local currency is not USD. Therefore, changes in foreign currency exchange rates may affect the value of the investments due to adverse changes in currencies or dividend income from the investment portfolio may be less than expected when received in US Dollars.	While the Company does not hedge translational risk on the valuation of the investment portfolio, the Company may hedge revenues which are to be received by the Company in currencies other than the US Dollar and used to fund dividend payments to shareholders. The Investment Manager monitors foreign exchange exposures using short and long-term cash flow forecasts. The Company's portfolio concentrations and currency holdings are monitored regularly by the Board, AIFM and Investment Manager.
Interest rates	While most borrowing arrangements are on fixed rate terms, the timing of entering into such agreements when interest rates are increasing, may lead to reduced project returns and a lower valuation of the investment portfolio. Where rates are variable, rising rates could lead to adverse debt-cover ratios. Refinancing of such borrowings may also be at higher interest rates than expected resulting in lower returns and decreased revenue flows to AEIT. Macro level changes in interest rates may affect the valuation of the investment portfolio by impacting the valuation discount rates and could also impact returns on any cash deposits.	The Company seeks to maintain a leverage ratio of below 65% of Adjusted GAV. The Company seeks to limit its exposure to interest rate volatility and therefore the investee companies fix the finance costs at the date of signing. Interest rate assumptions are reviewed and monitored regularly by the AIFM and Investment Manager in the valuation process. Debt cover ratios are monitored monthly at the investee company level.
Inflation	The expenditure of the Company's investments are frequently partially index-linked and therefore any discrepancy with the Company's inflation expectations could impact positively or negatively on the Company's cash flows. The India portfolio currently has a non-index linked fixed price revenue stream over the life of the asset presenting the risk that high-cost inflation could cannibalise returns.	Inflation assumptions are reviewed and monitored regularly by the AIFM and Investment Manager in the valuation process.
Tax	Changes to the existing rates and rules could have an adverse effect on the valuation of the investment portfolio and levels of dividends paid to shareholders.	The Company considers tax matters at the point of investment and actively considers forthcoming changes in the jurisdictions in which it operates and has tax advisors to ensure it is abreast of any upcoming changes to tax legislation and rates, and can implement necessary changes. Investment in multiple jurisdictions diversifies exposure to individual country regulations and hence risk. During the period, the Board commissioned additional tax advice, particularly in relation to SolarArise.
Reputation	Events over the course of 2023, namely the temporary share suspension, the decline in the Company's NAV and public allegations raised by the Board and Former Investment Manager can impact the Company's reputation and ultimately have an adverse effect on shareholder returns.	Since the temporary share suspension, the Board has worked tirelessly to finalise the December 2022 valuations, complete the 2022 Annual Report and work with the Auditor to finalise the 2022 financial audit as soon as practicable. In doing so, the Board has appointed external advisors to perform detailed reviews; has actively and transparently engaged with shareholders notifying them of issues as soon as they arise and has made positive changes to improve the Company's future and outlook. See page 73 for further information.
Government policy or regulatory changes	Relevant government support for the transition to clean affordable energy in the countries in which the investment portfolio is situated may change or decrease. Changes to government policy may lead to changes in tax incentives, auction processes for PPAs, and other contracting and pricing mechanisms for renewable energy, which could lead to opportunities being commercially unviable or unattractive which may lead to lower returns or slower deployment of capital.	The Company aims to hold a diversified investment portfolio, and a diversified set of electricity sale arrangements within target countries, so that it is unlikely that all assets will be affected equally by any single potential change in regulation or policy. Country level investment strategies have assessed government commitments to scaling up low carbon energy and taking ambitious action on climate change, and the Investment Manager and investee companies monitor policy developments closely. Additionally, the investment portfolio does not benefit from any revenue subsidies.

Risk	Potential impact	Mitigation
Climate change Further detail can be found in the TCFD disclosures on pages 42 to 45	Climate-related risks relate to transition risks and physical risks. The prominent transition risk relates to oversupply of renewable energy over time, which may cause downward pressure on long-term power price forecasts setting lower capture prices, including the risks associated with periods of negative power prices and power price volatility in markets This could ultimately lead to a shortfall in anticipated revenues to the Company. The prominent physical risks relate to long-term changes to weather patterns, which could cause a material adverse change to an asset's energy yield from that expected at the time of investment. Physical risks associated with acute and chronic temperature change could lead to flooding, storms and typhoons, and high winds. This could damage equipment and force operational downtime resulting in reduced revenue capability and profitability of the portfolio of assets.	Climate risk assessments are undertaken for each asset in the portfolio as part of the investment process and screening for EU Taxonomy alignment. There is growing demand for consistent, comparable, reliable, and clear climate related financial disclosure from many participants in financial markets. The Board, AIFM and Investment Manager have included TCFD as part of the Company's Annual Report which provides a detailed analysis of risks and opportunities associated with climate change.

Internal risk factors for the Company – internal risks that could impact target returns and result in Company objectives not being met over the longer term.

Risk	Potential impact	Mitigation
Availability of pipeline investments	A deterioration of the investment pipeline may impact the ability to commit and deploy capital into suitable opportunities in the expected time frame. Competition in the infrastructure market remains strong which could limit the ability of the Company to acquire assets in line with target returns, or incur abort costs where transactions are unsuccessful. Both deployment risks could ultimately impact shareholder returns.	The Board and Investment Manager oversee the investment pipeline and abort exposure and frequently monitor its progress in relation to Company targets. There will be no further investment acquisitions until the strategic review has concluded.
Investment restrictions	Failure to comply with the investment restrictions may arise due to foreign currency movements, construction over-spend, asset allocation or failure to deploy capital in a timely manner. Breaches of investment restrictions may result in lower returns than expected, lower dividend income or reputational damage.	The Board monitors compliance through information provided by the Investment Manager, Company Secretary and AIFM on a quarterly basis or prior to commitment of capital. The assessment of potential or actual breaches to investment restrictions forms part of the Board's risk management framework. The decision to proceed with the RUMS project may result in a breach of the single country limit and as a mitigation measure shareholder and FCA approval was sought, and received, to amend the investment policy. Further information can be found on page 12.
Conflicts of interest	The appointments of the AIFM and Investment Manager are on a non-exclusive basis and each of the AIFM and Investment Manager manages other accounts, vehicles and funds pursuing similar investment strategies to that of the Company. This has the potential to give rise to conflicts of interest. Asset transfers between funds managed by the Investment Manager give rise to potential conflicts of interest. There are possibilities for the Board to have conflicts of interest.	The AIFM and Investment Manager have clear conflicts of interest and allocation policies in place. Transactions where there may be potential conflicts of interest follow these policies. Conflict of interest policies are also in place at the Board and Company levels. The Board, AIFM and Investment Manager are responsible for establishing and regularly reviewing procedures to identify, manage, monitor and disclose conflicts of interest relating to the activities of the Company.
Reliance on Company level third-party service providers (crystallised risk post period)	The Company has no employees and therefore it has contractually delegated to third-party service providers the day-to-day management of the Company. A deterioration in the performance of any of the key service providers including the Investment Manager, AIFM and Administrator could have an impact on the Company's performance and there is a risk that the Company may not be able to find appropriate replacements should the engagement with the service providers be terminated. In particular, the Company relies on the experience and recommendations of the Investment Manager for the achievement of its investment objective.	All third-party service providers are subject to ongoing oversight by the Board and AIFM and the performance of the key service providers is reviewed on a regular basis. The Board's Management Engagement Committee (the "MEC") performs a formal review process at least once a year to consider the ongoing performance of the Investment Manager and other service providers and makes a recommendation on the continuing appointments. See pages 70 and 71 for the outcome of the MEC. As explained under 'Procedures for oversight' on page 35, following the reliance on third-party service provider risk crystallised post-period, changes have been made to further mitigate the crystallisation of this risk in the future.

Risk	Potential impact	Mitigation
Valuations process (crystallised risk post period)	The valuation of the investment portfolio is dependent on financial models which utilise certain key drivers and assumptions: principally discount and local inflation rates, near and long-term electricity price outlooks and the amount of electricity generated and sold. Some assumptions and projections are based on the experience and judgement of the Investment Manager. Actual results may vary significantly from the projections and assumptions which may reduce the valuations and profitability of the Company leading to reduced returns to shareholders. Errors may occur in financial models.	It is Company policy to include sign off by an independent third-party on the quarterly valuations provided by the Investment Manager. Valuations are reviewed by the Audit and Risk Committee and approved by the AIFM and Board before adoption in the quarterly results. As explained under 'Procedures for oversight' on page 35, following the valuation process risk crystallised at the period end, changes have been made to further mitigate the crystallisation of this risk, at the time of both acquisitions of investments and subsequent valuations, in the future.
Environmental, Social and Governance ("ESG") Policy	Material ESG risks may arise such as health and safety, human rights, bribery, corruption and environmental damage that may impact shareholder returns. If the Company fails to adhere to its public commitments and policies as stated in its SFDR pre-contractual disclosures and its Triple Return commitment, this could result in shareholder dissatisfaction and adversely affect the reputation of the Company.	The Board has put in place an ESG Committee to specifically review and monitor ESG-related polices, processes and risks. ESG risk consideration is embedded in the investment cycle. Ongoing operational and construction ESG risk management is reviewed periodically by the Investment Manager, who works closely with asset managers on ESG and impact standards and reporting. Further details on the ESG Committee can be found on page 69.
Cyber security	Attempts may be made to access the IT systems and data used by the Investment Manager, Administrator and other service providers through a cyber-attack or malicious breaches of confidentiality that could impact the Company's reputation or result in financial loss.	Cyber security policies and procedures implemented by key service providers are reported to the Board and AIFM periodically to ensure conformity. Thorough third-party due diligence is carried out on all suppliers engaged to service the Company. All providers have processes in place to identify cyber security risks and apply and monitor appropriate risk plans.
Compliance with relevant laws, regulations and rules	Failure to comply with any relevant laws, regulations and rules, including section 1158 of the Corporation Tax Act 2010, the rules of the FCA, (including the Listing Rules and the Prospectus Regulation Rules), the Companies Act 2006, the UK Market Abuse Regulation, AIFMD, Accounting Standards and the General Data Protection Regulation, could result in financial penalties, loss of investment trust status, legal proceedings against the Company and/or its Directors or reputational damage.	The Board monitors compliance with relevant laws, regulations and rules and associated information provided by the Company Secretary, AIFM and Investment Manager on a quarterly basis and the assessment of associated risks forms part of the Board's risk management framework. All parties are appropriately qualified professionals and ensure that they keep informed with any developments or updates to relevant laws, regulations and rules.

Risk factors for the investment portfolio – risks that could adversely impact the portfolio's performance and, as a result, the ability to achieve the Company's objectives and target returns over the longer term.

Risk	Potential impact	Mitigation
Power prices	Revenues of certain investee companies in the investment portfolio are wholly dependent on the wholesale electricity market price achieved and therefore such revenue is subject to volatility. The income and value of the Company's investments may be adversely impacted by changes in the prevailing market prices of electricity and/or prices achievable for offtaker contracts. There is a risk that the actual prices received vary significantly from the model assumptions, leading to a shortfall in anticipated revenues to the Company and dividends payable to shareholders.	The Investment Manager will seek to acquire assets which have a PPA in place, or obtain a PPA to ensure visibility of revenue streams. It is targeted that more than 75% of an investee company's revenue, on an aggregated basis, will be secured by a mid to long-term PPA therefore minimising the impact of declining energy prices. Model assumptions are based on quarterly reports from a number of independent established market consultants to inform on the electricity prices over the longer term. A new policy has been adopted by the Company, effective for the 31 December 2022 and subsequent valuations, to blend at least two wholesale electricity spot market price curves as prepared by market advisors that are reputable in these markets. See page 20 for further details
Capital structure	The ability to extract cash efficiently from the underlying investee companies is imperative to maximise the value of the Company's Investment portfolio. The risk that cash extraction is delayed/trapped due to inefficient capital structures can decrease the value of the underlying investments.	The Transitional Investment Manager has ensured that the underlying valuation models reflect the current capital structure of the underlying investments. Assumptions have been made within the underlying valuation models with regard to capital restructuring and the timing required to put these into effect. The sensitivity of delays in this timing are shown on page 24.

Risk	Potential impact	Mitigation
Credit risk	Some investee companies may have one offtaker therefore increasing the concentration of credit risk. Late or non-payment of sales invoices issued by the investee companies may lead to lower cash flows and revenues received by the Company.	Prior to taking part in the auction process for a PPA, the Investment Manager diligences and assesses the credit risk of an offtaker to conclude on credit worthiness. Where possible, late interest payment terms will be included in offtake agreements. The Investment Manager ensures asset managers monitor outstanding balances and actively chase non-payments.
Construction (crystallised risk at the period end)	Construction projects carry the risk of over-spend, supply chain risk, delays or disruptions to construction milestones, connection failures, changes in market conditions and/or inability of contractors to perform their contractual commitments, all of which could impact Company performance. These include, but are not limited to: - increase in prices of component parts (for example solar panels) - legislative changes impacting the construction timeline or construction cost - inaccurate assessment of aborting projects post-commitment	Where an investment is made in a construction phase asset, it must have an offtake agreement in place; the land for the construction must be identified or contractually-secured where appropriate; and all relevant permits must have been granted. The Investment Manager carries out due diligence on any external third-party construction contractors prior to engaging. Its ESG due diligence processes also support efforts to anticipate and manage construction related risks. Construction of the RUMS project detailed on page 17 has seen a number of these risks being crystallised. The Company has appointed an independent technical advisor, Fichtner, to oversee the construction going forward.
Generation	The volume of solar irradiation available on a given day is out of the Company's control and this is a risk on the performance of the assets. Inconsistent irradiation may have a significant effect on performance of the investment portfolio if actual electricity generation is significantly different from the assumptions made in the commercial model. This may negatively impact project returns or expected dividend income. Additionally, the investment portfolio may be subject to the risk of interruption in grid connection or irregularities in overall power supply infrastructure. Circumstances may arise that adversely affect the performance of the relevant renewable energy asset. These include health and safety, grid connection, material damage or degradation, equipment failures and environmental risks.	The Company utilised technical consultants prior to acquisition to advise on the assumptions which should be made regarding volume and its impact on performance for each investment and to minimise downtime. The Investment Manager works with investee companies to stay informed of grid and supporting infrastructure maintenance arrangements, and liaises with relevant operators to seek to anticipate and minimise interruptions. The investee companies have in place insurance to cover certain losses and damage. The Company will seek to diversify the renewable energy technologies it invests in to achieve a consistent generation profile across the investment portfolio. The Board has appointed an independent technical advisor, Sgurr, to review the technical assumptions associated with each asset in the portfolio.
Reliance on asset level third-party service providers	The performance of some investee companies may be dependent on external O&M service providers and/or asset managers in remote locations and relies upon them performing their duties with the required skill or level of care.	Prior to entering into a service contract, the Investment Manager carries out due diligence on third-party suppliers to assess reputation, experience and breadth of the local team. The Investment Manager seeks to include service level metrics in O&M agreements with minimum production, overall plant performance metrics and health and safety targets at a minimum. It is now understood that asset management agreements are outstanding on some portfolio assets and this is a priority for the Transitional Investment Manager.
Cyber security	Attempts may be made to access the IT systems and data used by the third-party asset managers through a cyber-attack or phishing attempts that could result in financial loss.	Processes in place and training for the Transitional Investment Manager to mitigate risks associated with receiving emails from bad actors. Third-party due diligence is carried out on asset managers engaged to manage investment portfolio.

Further financial risks are detailed in note 18 to the Financial Statements.

Emerging risks

The Board is of the opinion that these are the principal risks, but mindful of their obligations under the changes made to the AIC Code of Corporate Governance issued in February 2019, the Board has also considered emerging risks which may impact the forthcoming six-month period. These include:

Internal risk factors for the Company- risks that impact target returns and result in Company objectives not being met over the longer term.

Risk	Potential impact	Mitigation
Changes in key service providers	Post the period end the Board has appointed OEGEN as Transitional Investment Manager for an initial six-month period. There is a risk that these service providers fail to get up to speed on the Company's affairs as quickly as required and are not able to deliver to the targets they have been set by the Board.	The Board has embedded itself in the detail of the Company's activities and ensured in so far as possible, that the new service providers have been given the appropriate handover and information to carry out their duties. Both PwC and the Transitional Investment Manager are experienced in their relevant fields and were appointed on the basis of their experience, track record and depth of knowledge.
Strategic review	At the General Meeting held on 19 December 2023, shareholders voted against the proposal for the winding-up of the Company and appointment of liquidators. Consequently, the Board is continuing with its strategic review of the options for the Company's future, which is expected to be concluded by the end of the first quarter of 2024. At this stage, based on the information currently available, the most likely outcome of the strategic review is a proposal for either the relaunch of the Company, potentially with a new investment objective, investment policy, target returns and/or Investment Manager but maintaining the impact-led, Asian focus, or a managed wind-down and subsequent winding-up of the Company. In either of the expected scenarios, as a consequence of the Company's current size, the Company is likely to have a higher ongoing charges ratio than its renewable energy investment company peers. The outcome of the strategic review will be subject to shareholder approval. Until such time as shareholders have approved proposals for the Company's future, the Company's future will remain uncertain, and this could adversely affect the price at which the shares trade once the temporary share suspension has been lifted.	Irrespective of the outcome of the strategic review, the Board and Transitional Investment Manager are focussed on, in particular: • developing plans to maximise the value of the current investment portfolio by developing remediation plans to address asset-specific performance issues and optimisation plans for the capital structures within the investment portfolio; and • having regard to the increase in the Company's ongoing charges ratio as a result of its substantially reduced size, undertaking a review of all of the Company's costs with the objective of making cost savings where appropriate. Any recommendation to relaunch the Company will be subject to the Board, with its advisers, having completed a thorough analysis of the recommended proposal, with a particular focus on the proposed investment strategy, the proposed Investment Manager's relevant investment experience and track record and marketing capabilities and resources available to the Company, prospective returns risks and risk management and whether, overall, the proposal offers a compelling investment proposition for both existing and prospective investors to enable the Company to scale up its size significantly over time. Any recommended proposal for a managed wind-down will seek to achieve an appropriate balance between optimising shareholder value and timely return of capital to shareholders.

Task Force on Climate-Related Financial Disclosures

Compliance statement

The Company has complied with the requirements of LR 9.8.6(8)R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures except for quantitative information around climate risks and opportunities alongside transition plans as required by TCFD Strategy principle (b), and accurate Scope 3 emission data as required under Metrics and Targets principle (b), as set out on page 32. The Company will work to provide this information as soon as practically possible.

Kristine Damkjaer
ESG Committee Chair

22 January 2024

Governance

a) Describe the Board's oversight of climate-related risks and opportunities

Addressing climate change through investment in renewable energy in fast growing and emerging economies in Asia is the essence of the investment strategy. The Board has established a delegated ESG Committee to review and monitor ESG-related matters, which include climate-related risks. The ESG Committee meets at least two times a year and reports back to the Board to provide recommendations for how sustainability should be considered within the Company Strategy. The Committee understands climate change issues and sought support from external advisors to supplement its work.

The Company embeds climate change within its triple return investment strategy through investments into assets that support the transition to a low carbon economy, or which mitigate the effects of climate change. The Board have considered climate change as an integral component of the investment objective and have defined the Company as an Article 9 Fund under the SFDR, targeting 95% of investments to be aligned with the EU Taxonomy's Climate Change Mitigation criteria. In 2022, as part of the Company's annual EU Taxonomy alignment assessment, the Board instructed the Former Investment Manager to appoint an external advisor to undertake climate change assessments on AEIT's portfolio to identify climate related risks and potential mitigation strategies. These reports have been reviewed by the ESG Committee as part of preparing this report.

The Audit and Risk committee ("ARC") also considers climate change as part of its oversight of investment processes. The ESG Committee and ARC work closely to oversee climate-related disclosures and agree remedial measures. Climate change risk is included within the Company's risk register.

b) Describe management's role in assessing and managing climate-related risks and opportunities

The Former Investment Manager had an ESG Monitoring and Stewardship Committee and considered climate change as part of its remit. Climate risk assessments were completed for prospective investments reports were shared with the Former Investment Manager, and opportunities to build resilience around investments were considered. The Transitional Investment Manager will continue to assess climate risks and consider opportunities for mitigation for existing and prospective investments.

Strategy

The Company aims to finance climate action by investing in sustainable energy and the business model is expressly designed to accelerate the low-carbon transition in Asian emerging economies, both benefitting from and reinforcing efforts to act on climate change. As highlighted in the 'Impact Report' section of this Annual Report, the investment portfolio has contributed to climate change mitigation. The Company invests in some of the most climate-vulnerable countries in the world, and is seeking to assess and manage climate risk, and foster resilience through its investment strategy.

a) Describe the impact of climate-related risks and opportunities the organisation has identified over the short, medium and long term

The Former Investment Manager coordinated a transition risk analysis, with external specialist support using an independent sustainability advisor's Climate Risk and Impacts Solutions Platform, based on transition scenarios from the International Energy Agency (the "IEA") and aligned with Intergovernmental Panel on Climate Change (IPCC) scenarios under three time-horizons: 2025, 2030 and 2040. These time-horizons have been selected to reflect the asset lives. The IEA Announced Pledges Scenarios ("APS") was used as the low-carbon scenario, and assumes that all climate commitments made by governments around the world will be met in full and on time. APS assumes global warming will reach 1.7ºC by 2100. The IEA Stated Policies Scenario (STEPS) was used as the business-as-usual carbon scenario which reflects current sector-by-sector and country by country assessment of the existing policies that are in place. STEPS assumes global warming will reach 2.5ºC by 2100. The transition assessment considered transition indicators including eight opportunity indicators (carbon price, national decarbonisation plans, per capita emissions, annual investment in renewables, solar PV power generation, biomass power generation, battery storage capacity, reputation) and one risk indicator (increase in critical metals demand). The choice of these indicators was driven by the IEA model used to support the transition risk assessment.

Physical climate risk analysis was performed for each of the investee company sites using the external specialist's proprietary physical risk screening tool. Using the IPCC's 2021 Sixth Assessment Report scenarios, a low and high greenhouse gas emissions scenario (SSP1-2.6 and SSP5-8.5) were selected under three time-horizons: baseline, 2030 and 2050. On this basis, four key hazards were identified: tropical cyclones, water stress & drought, wildfire weather, and extreme heat, which are expected to increase in the medium (2030) and long (2050) term. A potential impact from these hazard types could include increased costs for energy and water resources. The combined conditions of high temperature, high wind speed and low humidity may also increase the risk of wildfires.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

The tables below are a summary of the key material risks and opportunities that are likely to affect portfolio investments, the investment strategy and financial planning in the short, medium and long term. Risks included are those that the Investment Manager estimate to be potentially significant (e.g. significant revenue decrease, costs increases NAV decrease, increased cost of capital).

Climate-related risks

Time horizon	*Risk type*	*Impact*
Short-term (2025)	***Policy change and power price volatility:*** Climate and sustainable energy policies are evolving and dynamic in core target markets. These changes are monitored closely as increased efforts to increase energy supply and the share of renewables in the grid could present itself as a competition risk. Increased competition for investments may lead to a reduction in financial returns of new projects. In countries with dynamic markets, there is a risk of renewable energy cannibalisation.	*Financial planning*
	Grid capacity limitations: The capacity of local grids in target economies to accommodate large increases in intermittent energy supply is a concern, given current technical specifications and management capacities. This may impact the project's ability to sell its maximum energy generation potential.	*Strategy, financial planning*
	Supply chain risk: More copper for grids, silicon for solar panels and lithium for battery storage is required to transition to low-emissions power systems. Rapidly growing critical mineral demand for clean energy technologies is resulting in supply chain competition, increases in costs, and supply chain sustainability risk management issues.	*Strategy, financial planning*
Medium-term (2030)	***Climate-related hazards:*** Risks associated with tropical cyclones are already high, and factored into asset design in most cases, but may increase. High wind speeds can cause physical damage to sites, equipment, and vehicles and can lead to increased expenditure for reparations. Extreme heat could cause a health and safety risk for personnel and could overheat electrical equipment. Flooding can also lead to physical damage of the assets that will require additional expenditure for reparations and lost revenue during the reparations period.	*Portfolio investments, financial planning*
	Construction risk: Climate-related physical risks may also affect construction projects, including inaccurate assessment of the opportunity, and changes in market conditions linked to climate-related disruptions.	*Portfolio investments*
	Technology obsolescence risk: As more resources and scientific research are dedicated to achieving net zero goals, new technologies may emerge that could replace current renewables or environmental infrastructure technologies.	*Strategy*
	Price uncertainty: A faster than forecast transition to a global renewable energy supply would increase the penetration of zero marginal cost electricity leading to 'price cannibalisation' and could result in generating assets without long-term PPAs selling their power for less than forecast at investment.	*Financial planning*
Long-term (2050)	***Climate-related physical risks:*** As climate change worsens, portfolio investments could face a higher likelihood of experiencing extreme weather events, both chronic (for example, altered rainfall patterns, wildfires, and extreme heat) and acute (for example, more frequent and severe tropical cyclones, storms, heat waves, droughts, and floods), potentially resulting in more physical damage to on-site infrastructure and off-site transmission and distribution systems.	*Portfolio investments*

Climate-related opportunities

Time horizon	*Opportunity type*	*Impact*
Short-term (2025)	***National decarbonisation plans:*** Target governments remain committed to climate action and increasing the share of renewable energy in the energy mix. Governments in target countries continue to offer incentives to invest in the focus technologies, notably solar energy, but also in wind.	*Strategy*
	Demand for renewable energy: There is a growing demand for renewable energy, and pressure on businesses and corporations to decarbonise and purchase renewable energy through both regulatory and climate-related commitments is growing. The investment strategy targets fast growing economies in Asia, with expanding populations. This increased demand creates short-term opportunities to sell renewable energy at a premium. An increase in public support for decarbonisation is also poised to increase demand for impact-focused investment in public markets. Growing demand for baseload renewable energy power creates new opportunities for pipeline portfolio technologies, such as biopower.	*Financial planning, strategy*
	Integration of new energy technologies including those that address intermittency issues: Energy storage technologies, such as lithium-ion batteries, are becoming more widely adopted and efficient, making it possible to store solar energy for later use. This presents short-term opportunities to provide more reliable and consistent solar supply.	*Portfolio investments*
Medium-term (2030)	***Technological advancements:*** Can further reduce the levelised cost of energy, and create attractive new pipeline opportunities. For example, the use of higher-efficiency solar cells can increase the energy output of solar panels, while reducing the cost per unit of energy produced.	*Financial planning*
	Carbon pricing and taxation: Could help direct capital towards renewable technologies and away from carbon-intensive sources	*Strategy*
Long-term (2050)	***Continued commitment to decarbonisation and technology innovation:*** As the viability and cost effectiveness of low-carbon sustainable energy solutions become mainstream in emerging Asia, so will the business model. These may provide opportunities to broaden investment mandate, including by taking on different approaches and technologies.	Strategy

c) Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario

Overall, the Company is well positioned to take advantage of the investment opportunities that arise from this transition over the short-, medium- and long-term. The speed and efficiency of the transition will have a notable effect on the performance of the Company. If global temperature change is to be limited to a 2°C increase from pre-industrial levels by 2100, it is expected there will need to be significant intervention from governments, regulators, and the market. Given the investment mandate, there is a direct correlation between the transition to a low-carbon future and the size of the investment opportunity over the long-term. If temperatures increase beyond 2°C, the physical effects of climate change will be more severe, creating additional risks for the assets acquired. Climate-related risks and opportunities on balance provide more opportunities to the Company than risks to the Company is likely to benefit from an APS scenario more than the STEPS scenario pathway.

Risk management

a) Describe the organisation's processes for identifying and assessing climate-related risks

Addressing climate change is the central mandate of the Company. With the support of an independent sustainability advisor and its software and proprietary tools, the Former Investment Manager completed an exercise whereby climate-related risks and opportunities to the Company were identified and assessed. This was reviewed by the ESG Committee. All principal risks are integrated into the Company's risk register and management frameworks.

b) Describe the organisation's processes for managing climate-related risks

There are a number of risk mitigation strategies the Company can utilise to mitigate climate-related risk:

- Diversify the investment portfolio across technologies, geographies and development stage
- Carry out diligence and analysis to understand latest trends and dynamics and status of policy, using external experts where appropriate
- Work with policy makers and regulators to educate and influence policy and frameworks that accelerate the transition to a clean energy future, and actively engage with stakeholders and communities to mitigate resistance to renewable energy assets.
- Actively manage and engage with investee companies on climate-related issues, risks and opportunities, encouraging asset-level adaptation plans that mitigate most material risks (for example, ensuring effective insurance cover, diversified supply chains, and equipment spares)

For example, while the NISPI facilities were not damaged by Super Typhoon Rai in December 2021 and continuing rain tested the adequacy of the site drainage system. In response, increased maintenance of the drainage system was introduced to avoid potential flooding. This paid off during the 2022 typhoon season in Negros, when, despite severe rains., NISPI's sites were not disrupted.

Site managers at the SolarArise facilities across India are also taking precautionary approaches: when severe rains or flooding are envisaged, plants can be shut-down to avoid costly damage that would result in long-term service disruptions. Major drainage works are also being undertaken at flood-vulnerable sites, to adapt to increasingly strong rains, alongside proactive measures to re-wire the plants to make them more flood resistant.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

In 2022, the Former Investment Manager completed comprehensive physical climate risk assessments for all AEIT's infrastructure assets to capture any potential climate-related risks not already considered in existing risk-management frameworks. These assessments were carried out with the external specialist in line with EU Taxonomy Do No Significant Harm requirements, using its proprietary assessment and data tool. The tool has been developed using best-in-class open-source climate data and was used to extract data on relevant natural hazards that may have an impact under present day climate conditions, as well as in the future climate scenario.

Further monitoring of how severe weather events may affect the operations of AEIT's investee companies, and opportunities to reduce service interruptions will continue to build portfolio resilience against climate change and help manage risks going forward.

Metrics and targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities

Opportunity metrics:

The investment strategy is aligned to climate mitigation. Therefore, the metrics presented below measure the contribution made through generating clean energy and driving a transition to net zero. These metrics measure the scale of the climate-related opportunities the Company has taken advantage of. The following KPIs track this contribution and are included on pages 29 and 31:

- installed operational capacity: MW
- clean energy generated: MWh
- EU Taxonomy alignment: %; and
- GHG emissions avoided: tCO_2e

Risk metrics:

In 2022, the Former Investment Manager undertook a review of 100% of infrastructure assets which were screened for physical and transition-related climate change risks. Portfolio diversification is also a core metric to monitor climate-related risk.

- 100% infrastructure assets screened for climate-related risks.
- Portfolio diversification, page 18.

b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks

Efforts to measure and manage the Company's GHG footprint complement the focus on avoiding GHG emissions by investing in sustainable energy in fast growing and carbon intensive economies in Asia where demand for energy continues to soar, as well as its adherence with the highest standards of good practice for financial products with a sustainability objective under the EU Sustainable Finance Disclosure Regulation. The transition risks associated with future constraints on emissions, whilst not expected to be a high risk for a low-carbon portfolio, can also be monitored through carbon measurement.

The Former Investment Manager worked with all investee companies and an external advisor, to account for GHG emissions. The external advisor is a certified B-Corporation offering support and a software solution that estimates the GHG emissions associated with financial expenditures. Disclosure of Scope 1, 2 and 3 emissions can be found on pages 31 and 32.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The Transitional Investment Manager has set a climate-related risk management target to maintain the investment portfolio's current status of 100% of infrastructure assets screened for climate-related risks.

2022 was the first year of operation for AEIT. The metrics set out on pages 31 and 32 set an initial GHG footprint for the Company. Most investee companies are poised to grow their renewable energy asset base. As a result, at this stage, quantitative GHG emission reduction targets which would address any risks in relation to future constraints on emissions are not being specified. As the infrastructure investment portfolio becomes more established, the Company will explore the viability and value addition of setting portfolio level targets given these risks are not expected to be high for the portfolio. This is expected to occur in 2024. In the meantime the Transitional Investment Manager has set a qualitative target to continue to work with investee companies to improve key elements of GHG measurement related to operations and maintenance service providers.

A climate-related opportunity management target has already been set as part of AEIT's SFDR disclosures. AEIT has a target of 100% alignment of sustainable investments with the EU Taxonomy.

Key TCFD catch ups and progress throughout 2022

Target		
1. 100% of infrastructure assets screened for climate-related risks.	2. Improve key elements of GHG measurement related to operations and maintenance service providers.	3. 100% alignment of sustainable investments with the EU taxonomy alignment.
Achieved in 2022		
1. 100%	2. First carbon footprinting exercise completed with guidance from an external advisor. Large proportion of data based on spend data.	3. 100%[46]

[46] This calculation excludes cash held that is committed and is awaiting deployment.

Stakeholder Engagement

The Board is aware of the need to foster the Company's business relationships with suppliers, customers and other key stakeholders through its stakeholder management activities as described below. The Board believes that positive relationships with each of the Company's stakeholders are important to support the Company's long-term success.

Key stakeholders	How we engage	Key communication
Shareholders of AEIT *The Board looks to attract long-term investors in the Company and, in doing so, it has sought out regular opportunities to communicate with shareholders.*	The Board communicates with shareholders through the following ways: • Dialogue with shareholders • Regular market announcements • Dedicated website, providing information on strategy, performance and investment portfolio • The Board receives shareholder feedback after meetings and agrees actions with the Investment Manager • Material communications to shareholders, such as NAV announcements, the Annual and Interim Reports and significant business events • Regular discussions with and briefings for investors and analysts on evolution of KPIs and reporting metrics	Following positive feedback from shareholders to participate in a further fund raise by the Company, which led to the subsequent placing in November 2022 Since the temporary share suspension, the Board has worked determinedly with the Auditor to finalise the 2022 Annual Report and Accounts and the audit as soon as practicable. In doing so, the Board has actively and transparently engaged with shareholders, discussing with them issues as soon as they rise and has made other positive changes to improve the Company's future and outlook. The next key milestone will be the completion of the strategic review and the Board will continue to engage proactively with shareholders, taking their feedback into account in reaching a conclusion on the best option for the Company's future.
Service providers, including the Investment Manager, AIFM, Administrator and Company Secretarial and other corporate service providers *Building trusted relationships through an on-going two way communication and aligned objectives for growth and development*	The Board receives regular reports from the Investment Manager and maintains ongoing dialogue between scheduled meetings. Representatives of the Investment Manager attend Board and Committee meetings. To build and maintain strong working relationships, the Company's key service providers are invited to attend quarterly Board meetings to present their respective reports. This enables the Board to exercise effective oversight of the Company's activities. The Board also has in place a Management Engagement Committee that meets annually to review service provider performance. Further information on the Management Engagement Committee can be found in the Management Engagement Committee Report on pages 70 and 71. The Company's Auditor is invited to attend all of the Audit and Risk Committee meetings and attends at least one meeting per year. The Chair of the Audit and Risk Committee maintains regular contact with the Auditor, Investment Manager and Administrator to oversee the audit process. The Board spends time engaging with the Company's key service providers outside of scheduled Board meetings to develop its working relationship with those service providers and ensure the smooth operational function of the Company.	From the IPO, the Board had endeavoured to use its collective skills, knowledge and experience to work collaboratively with and support the Former Investment Manager, taking into account the Former Investment Manager's lack of prior experience of managing a London-listed investment company, and engaged frequently with members of the Former Investment Manager's team responsible for the Company, including communicating the Board's expectations. For further information, see the 'Annual evaluation of the Investment Manager' in the Management Engagement Committee Report on pages 70 and 71 and 'Evaluation of the Board post temporary share suspension' in the Nomination Committee Report on page 73. From 1 November 2023, the Company has appointed a transitional Investment Manager with clear objectives for its initial term that runs until April 2024. A key milestone was reached following the announcement of the 30 September 2023 NAV on 13 December 2023 following a robust valuation process. The Board was heavily involved in this process and ensured all parties were made aware of the history of the investments. The Board has maintained constant communication with the Company's Auditor following the temporary share suspension, making it aware of the steps taken to rectify historic issues and updated timelines for signing off the 2022 Annual Report and Accounts and completing the audit.

Key stakeholders	How we engage	Key communication
Asset service providers to the investee companies *Building trusted partnerships through shared learnings and an ongoing dialogue and aligned objectives for growth and development*	The Investment Manager actively manages asset level service providers, including third-party asset managers, operations and maintenance ('O&M') contractors, construction managers, owners engineers, suppliers, HSE (Health, Safety, and Environment) contractors and Landowners. Communications with service providers are managed across a variety of platforms to ensure focus on day-to-day operational performance of the assets. The Investment Manager undertakes quarterly meetings with external asset managers to review performance against service provisions, weekly calls with all operators and formal annual contract reviews. The Investment Manager's whistleblowing framework allows employees supported by the investee companies to confidentially raise any concerns or issues.	A key focus for the Transitional Investment Manager is reviewing all contractual and governance provisions of the local asset managers to ensure they are working within delegated authority frameworks. Updated technical due diligence is currently being conducted across all operational sites and the Transitional Investment Manager will feed these findings back to the Board and through to the valuations once available.
Local communities *Making a meaningful contribution in the communities where we invest advances AEIT impact objective.*	Social responsibility engagement by investee companies is highlighted in the Impact Report. Strategic priorities for investee company community engagement are agreed on a rolling basis. Support of investment entity senior management continuing active dialogue with key stakeholders within the community. Active maintenance of grievance mechanisms at investee companies that enable communities to engage around any complaints.	The Company received no complaints through the grievance mechanisms and a key focus of the Transitional Investment Manager will be to review the existing impact initiatives on sites which benefit the local communities to see if there are any more opportunities for enhancement.

Section 172(1) statement

The Company provides disclosure relevant to the requirements of section 172(1) (a-f) throughout the Strategic Report. As an externally managed investment trust, the Company has no employees, however, the Directors assess the impact that the Company's activities and the delivery of its investment objective has on its stakeholders as an investor in clean energy generation. These stakeholders can be the employees of the investee companies within the investment portfolio, co-shareholders, local communities and the end customers or investors.

The Directors confirm that they have acted in good faith to promote the success of the Company for the benefit of shareholders as a whole and have considered and addressed the references within section 172(1) as below:

S172(1) reference	Reference
a. the likely consequences of any decision in the long term,	Refer to 'Chair's Statement', 'Our operating model', 'Objectives and KPIs' and 'Post Period Updates' sections of the Strategic Report
b. the interests of the company's employees,	The Company does not have any direct employees. However, the Board has widened the assessment to include employees of the investee companies within the investment portfolio (for example, through collecting people-related KPIs such as gender pay gap and diversity statistics).
c. the need to foster the company's business relationships with suppliers, customers and others,	Refer to the 'Stakeholder Engagement' section of the Strategic Report.
d. the impact of the company's operations on the community and the environment,	Refer to the 'Environmental return' and 'Social return' sections of the Impact Report.
e. the desirability of the company maintaining a reputation for high standards of business conduct, and	Refer to the first table in this 'Stakeholder Engagement' section of the Strategic Report and the Report of the Management Engagement Committee in the Governance Report.
f. the need to act fairly as between members of the company.	Refer to the Impact Report and the first table in this 'Stakeholder Engagement' section of the Strategic Report and the 'Corporate Governance Report' section of the Governance Report.

The Board reviews ongoing progress, issues and any updates as part of the quarterly Board meetings through updates from the Investment Manager and the Brokers. The Investment Manager provides updates on relationships with stakeholders such as co-shareholders, O&M providers and EPC contractors, where relevant. The Brokers provide updates on communications with shareholders and the Management Engagement Committee reviews the Company's relationships with key suppliers. The Company's risk review framework also facilitates the identification of items relevant to the section 172(1) statement. During the annual review of the strategy, objectives and processes, the Board assesses the longer –term factors relating to the Company's decisions and the implications for the communities and environments in which we invest and operate.

Non-financial Information Statement

Non-financial information area	Reference
Environmental matters (including the impact of the Company's business on the environment)	See 'Environmental return' section on page 31 and 32 of the Impact Report.
The Company's employees	As a closed-ended investment company, the Company has no direct employees. Information on indirect employees can be found in the 'Social return' section on page 33 of the Impact Report.
Community issues	See 'Social return' section on page 33 of the Impact Report.
Social matters	See 'Social return' section on page 33 of the Impact Report.
Respect for human rights	See 'Social return' section on page 33 of the Impact Report.
Anti-corruption and anti-bribery matters	See 'Anti-bribery, anti-corruption and tax evasion' section on page 55 of the Directors' Report

This Strategic Report has been approved by the Board of Directors and signed on its behalf by:

Sue Inglis
Chair

22 January 2024

Board of Directors

Sue Inglis
Chair

Date of appointment
18 October 2021

Committee membership
A E M N R

Relevant skills and experience
Sue is an experienced lawyer and corporate financier with comprehensive investment company sector knowledge and technical expertise from more than 30 years advising listed investment companies and financial institutions. Her executive roles included Managing Director – Corporate Finance in the investment companies team at Cantor Fitzgerald Europe and investment companies and financial institutions teams at Canaccord Genuity. Sue was a partner and head of the funds and financial services group at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors, which was acquired by Canaccord Genuity in 2009.

Sue retired as an executive in 2018 to pursue a career as a non-executive director, focusing on investment companies. Sue has previously served on the boards of several listed investment companies, including NextEnergy Solar Fund Limited, and was chair of The Bankers Investment Trust PLC.

Current external appointments
Listed companies: Sue is the senior independent director of Baillie Gifford US Growth Trust PLC and Seraphim Space Investment Trust PLC. She is also the senior independent director and chair of the audit committee of CT Global Managed Portfolio Trust PLC.

Other significant appointments: None.

Mukesh Rajani
Senior Independent Director

Date of appointment
18 October 2021

Committee membership
A E M N R

Relevant skills and experience
Mukesh is an experienced advisory, tax, structuring and audit professional with more than 40 years of experience. He worked at PricewaterhouseCoopers ('PwC') for 35 years, where he was a partner for 25 years. During his time at PwC, Mukesh advised leading UK and international organisations on a broad range of complex business issues including market assessment, entry strategy, regulatory requirements, partner selection, mergers, acquisitions, disposals, business reorganisations, capital markets, tax structuring, tax litigation and complex cross-border matters. He was a member of PwC's Emerging Markets Group and established and led PwC's India Business Group for more than 20 years.

Mukesh was previously an independent non-executive director and chair of the audit committee of the UK India Business Council, an advocacy and strategic advisory business on a mission to build economic prosperity in the UK and India.

Mukesh is a Fellow of the Institute of Chartered Accountants in England and Wales.

Current external appointments
Listed companies: None.

Other significant appointments: None.

Committee membership

A	Audit and Risk Committee
E	ESG Committee
M	Management Engagement Committee
N	Nomination Committee
R	Remuneration Committee
(orange)	Committee Chair

Kirstine Damkjaer
Director

Date of appointment
18 October 2021

Committee membership
A	E	M	N	R

Relevant skills and experience
Kirstine is a chair and non-executive director at several companies in Africa, Denmark and the UK. She has over 25 years of international investment and asset management experience from positions as non-executive director, CEO of EKF the Danish Export Credit Agency, Chief Investment Officer and Global Head of Equity at the International Finance Corporation and Principal with the World Bank Pension Plan and Endowment.

Kirstine has worked across multiple sectors with a strong focus on the sustainability and climate investment agendas. Kirstine is a graduate of the University of Aarhus, Denmark and a Chartered Financial Analyst (CFA), and has attended trainings at Stanford, IMD, INSEAD and Copenhagen Business School.

Current external appointments
Listed companies: None.

Other significant appointments: Kirstine is non-executive chair at Formuepleje. She is also a non-executive director at Africa Finance Corporation, PensionDanmark, ResourceDanmark and Bladt Industries.

Clifford Tompsett
Director

Date of appointment
18 October 2021

Committee membership
A	E	M	N	R

Relevant skills and experience
Clifford is an experienced advisory, transaction and audit professional having spent his whole career at PricewaterhouseCoopers ('PwC'), including the last 26 years as a partner. He has deep experience and knowledge of work in emerging markets and across a range of sectors and the execution of complex transactions, including mergers and acquisitions. He created, built and led PwC's Global IPO Centre based in London and with hubs in Hong Kong and New York.

Clifford has previously served as an independent non-executive director and the chair of the audit committee of three Nasdaq listed purpose acquisition companies: Kismet Acquisition One Corp, which completed the US$1.9 billion acquisition of Nexters Inc. an international game development company in 2021, Kismet Acquisition Three Corp, and Quadro Acquisition One Corp. He is also a former senior independent director and chair of the audit and risk committee of Cello Health plc, the AIM-listed global healthcare advisory company.

Clifford is a Fellow of the Institute of Chartered Accountants in England and Wales.

Current external appointments
Listed companies: None

Other significant appointments: Clifford is an independent non-executive director and chair of the audit committee of REED Global Limited (the recruitment company).

Committee membership
A	Audit and Risk Committee
E	ESG Committee
M	Management Engagement Committee
N	Nomination Committee
R	Remuneration Committee
	Committee Chair

Directors' Report

The Directors present their report for the financial period from 1 November 2021 to 31 December 2022.

Information contained elsewhere in this Annual Report

The information listed in the table below is incorporated into this Report by reference.

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Principal activity

The Company is an investment company as defined in section 833 of the Companies Act 2006 and operates as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010. It invests in a diversified portfolio of sustainable energy infrastructure assets in fast-growing markets in Asia with the current objectives[47] of:

- providing shareholders with attractive dividend growth and prospects for long-term capital appreciation;
- protecting natural resources and the environment; and
- delivering economic and social progress, helping build resilient communities and supporting purposeful activity.

The Company's operating activities commenced on 14 December 2021 when the Company's ordinary shares were admitted to trading on the London Stock Exchange's Main Market.

Investment trust status

The Company has been approved as an investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010 with effect from 14 December 2021. The Company had to meet relevant eligibility conditions to obtain approval as an investment trust and must comply with ongoing requirements to maintain its investment trust status, including, but not limited to, retaining no more than 15% of its eligible investment income.

The Directors are of the opinion that the Company conducted its affairs during the financial period under review, and has continued to conduct its affairs since 31 December 2022, in compliance with the Investment Trust (Approved Company) (Tax) Regulations 2011. The Directors intend to continue to conduct the affairs of the Company to enable it to continue to qualify as an investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010.

Appointment and replacement of Directors

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association, which require that all Directors shall be subject to re-appointment at the first AGM after appointment and re-appointment annually thereafter. At the AGM of the Company held on 30 June 2023, the re-appointment of all Directors was approved by shareholders.

Capital structure, rights and restrictions

At 1 November 2021, the Company's issued share capital comprised one ordinary share of US$0.01 and 5,000,000 redeemable preference shares of £0.01 each. No shares were held in treasury.

On 14 December 2021, 115,393,126 ordinary shares of US$0.01 each were issued for cash at US$1.00 per share pursuant to the IPO (gross proceeds: US$115.4 million). The shares were issued to institutional and retail investors, as well as the UK Government's FCDO.

On 22 March 2022, the Company effected a court approved capital reduction process which included the cancellation of the preference shares and the related reduction of an amount receivable from related parties of US$66,000 and the reduction of the share premium reserve and related transfer to the special distributable reserve of US$112.0 million. The special distributable reserve is distributable and may be used, where the Board considers it appropriate, by the Company for the purposes of paying dividends to shareholders and, in particular, augmenting or smoothing payments of dividends to shareholders.

Prior to the IPO, the Company agreed to acquire a 43% economic interest in SolarArise from ThomasLloyd Cleantech Infrastructure Holding GmbH, ThomasLloyd SICAV – Sustainable Infrastructure Income Fund and ThomasLloyd Cleantech Infrastructure Fund SICAV, with the consideration to be settled in ordinary shares of US$.0.01 each. On 19 August 2022, 26,014,349 ordinary shares were issued in settlement of the consideration due on completion of that acquisition, based on an issue price of US$1.16035 per share (gross consideration: US$30.2 million). The issue price represented a discount of 2.5% to the Company's closing share price of

[47] The Board is undertaking a strategic review of the options for the Company's future, and it is expected that the outcome of the strategic review will result in changes to the Company's investment strategy and policy. For further information on the strategic review, see page 7.

US$1.190 on 12 August 2022 (the date on which the issue price was fixed) and a premium of 16.2% to the unaudited NAV per share as at 30 June 2022.

On 18 November 2022, 34,277,228 ordinary shares of US$0.01 each were issued for cash at US$1.03 per share pursuant to a non-pre-emptive placing (gross proceeds: US$35.3 million). The placing price represented a premium of 2.5% to the Company's closing share price of US$1.005 on 7 November 2022 (the date on which the placing price was fixed). The shares were issued to institutional investors.

No ordinary shares have been issued since 18 November 2022. No shares were bought back or held in treasury during the financial period under review or since 31 December 2022.

At 31 December 2022 (and the date of this Report), the Company's issued share capital comprised 175,684,705 ordinary shares and no shares were held in treasury. The total number of voting rights of the Company at 31 December 2022 (and the date of this Report) was, therefore, 175,684,705. All of the issued ordinary shares have been admitted to trading on the premium segment of the main market of the London Stock Exchange.

Shareholders are entitled to all dividends paid by the Company. On a winding up, provided the Company has satisfied all its liabilities, shareholders are entitled to the surplus assets of the Company. Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each ordinary share held.

There are:

- no restrictions on the transfer of securities in the Company except:
    - where the Company is legally entitled to impose such restrictions, such as restrictions on transfers by Directors and persons closely associated with them during closed periods;
    - where the Company's Articles of Association allow the Board to decline to register a transfer of shares or otherwise impose a restriction on shares to prevent the Company breaching any law or regulation; or
    - pursuant to a lock-up agreement between the Company and the Former Investment Manager's related entities restricting the transfer of the 26,014,349 ordinary shares issued pursuant to the acquisition of the 43% economic interest in SolarArise, which prohibits the transfer of such shares prior to 19 August 2023 except with the prior approval of the Company;[48]
- no restrictions on exercising voting rights save where the Company is legally entitled to impose such restrictions, such as if, having been served with a notice under section 793 of the Companies Act 2006, a shareholder fails to disclose details of any past or present beneficial interest;
- no agreements between holders of securities regarding their transfer or voting rights which are known to the Company; and
- no special rights with regard to control attached to securities in the Company.

Temporary share suspension

Following the material uncertainty regarding the fair value of the Company's investment portfolio as at 31 December 2022, the Company requested the FCA to suspend the listing of its ordinary shares (with a corresponding request made to the London Stock Exchange for a suspension of trading) with effect from 7.30 a.m. on 25 April 2023, with reference to the FCA's Listing Rule 5.1.2G(3). Following the announcement of the financial results for 2022 the results need to be appropriately electronically tagged in compliance with DTR 4.1, before they can be uploaded to the NSM. Uploading to the NSM is a necessary step before the Company may apply to the FCA for a restoration of the listing. The Company is working on the electronic tagging of the accounts, following which it will apply to the FCA for the restoration of the listing and will make a further announcement in due course..

Share issue and buy-back authorities

By way of special resolutions passed on 11 November 2021, the Directors currently have a general authority to allot shares with an aggregate nominal value of up to US$8.2 billion for cash on a non-pre-emptive basis. This authority will expire on 10 November 2026. Unless specifically authorised by shareholders, no issue of ordinary shares on a non-pre-emptive basis will be made at a price less than the prevailing NAV per ordinary share at the time of issue.

By way of a special resolution passed on 24 August 2023, the Company was granted authority to make market purchases up to 14.99% of its issued share capital. The Company has not bought back any shares under this authority, which expires at the conclusion of the 2024 AGM. The Company may cancel bought-back shares or hold bought-back shares in treasury and then sell such shares for cash. Shares will only be re-sold from treasury at a premium to the NAV per share. The share issue and buy-back authorities provide the Company with additional flexibility in the management of its capital base.

Major interests in shares

As at 31 December 2022 and 21 January 2024 (the latest practicable date prior to the publication of this Annual Report), the Company was aware of the following interests in 3% or more of the voting rights in the Company's issued share capital.

	31 December 2022		21 January 2024	
Investor	**No. of shares**	**% of voting rights**	**No. of shares**	**% of voting rights**
Secretary of State for Foreign, Commonwealth and Development Affairs	32,321,899	18.4	32,321,899	18.4
Brevan Howard Investment Products Limited	29,708,737	16.9	29,708,737	16.9
ThomasLloyd Global Asset Management	26,004,420	14.8	26,004,420	14.8
AllianceBernstein	17,214,584	9.8	16,989,584	9.7
Credit Suisse Private Banking	9,500,000	5.4	11,500,000	6.6
Liontrust Sustainable Investments	8,770,802	5.0	8,770,802	5.0
Schroder Investment Management	8,135,810	4.6	8,135,810	4.6
Privium Fund Management	6,800,000	3.9	6,800,000	3.9
Charles Stanley	6,236,487	3.6	3,871,958	2.2
WH Ireland	5,872,412	3.3	5,691,242	3.2

[48] This restriction has since expired.

Going concern

The Company has undertaken an evaluation of its cashflow forecasts and going concern position, including downside scenarios. This evaluation demonstrated that the Company has sufficient cash to meet all of its liabilities within the going concern assessment period, which is a period of at least 12 months from the date the Financial Statements were authorised for issue.

In reaching this conclusion, the Directors considered the Company's net assets as at 31 December 2022 of US$86.6 million, its cash reserves at that date of US$115.8 million, consequences of the share suspension and its recurring operating expenditure requirements, both to date and into the future. During 2023, the Company paid out all of its commitments as disclosed in note 21 to the Financial Statements, being US$38.5 million to acquire 57% of SolarArise in January 2023 and US$3.1 million to acquire 99.8% of VSS in May 2023, funded the construction of the RUMS project via a US$20.0 million loan, paid dividends to its shareholders of US$4.4 million and paid the running costs of the Company. As at 31 December 2023 the Company had cash reserves of US$41.4 million and AEIT Holdings had cash reserves of US$1.7 million. This cash position has been used in assessing the Company's going concern position and cash flow forecasts.

The Company continues to meet its day-to-day liquidity needs through its cash resources. Assumed future cash inflows over the going concern period include the receipt of dividend and interest income from its underlying investments and the main cash outflows are the ongoing running costs of the Company and the payment of dividends to its shareholders. A key priority for 2024 for the Board and Transitional Investment Manager is to undertake capital restructuring to facilitate the repatriation of cash out of the underlying investment portfolio. A downside scenario modelled within the cash flows in the going concern assessment assume this repatriation is delayed until after the end of the going concern period (i.e. no dividend or interest income is received from the Company's investments during that period). Even in this scenario, the Company has sufficient cash reserves to continue as a going concern. The cash flow forecasts in the downside scenario also assume no further investment commitments during the going concern period. The Company had no outstanding investment commitments at 31 December 2023 and at the date of signing this Annual Report.

The future of the Company relies heavily on the outcome of the current strategic review of the options for the future of the Company which is expected to conclude by the end of the first quarter of 2024. At date of this Annual Report, based on the information currently available, the most likely outcomes of the strategic review remain a proposal for either the relaunch of the Company (potentially with a new investment objective, investment policy, target returns and/or Investment Manager but maintaining the impact-led, Asian focus) or a managed wind-down. Shareholders will have the opportunity to vote on the outcome of the strategic review.

The Board does not intend to declare a dividend in respect of the quarter ended 31 December 2023, nor does it intend to make any further acquisitions or commitments prior to completion of, the strategic review.

While the Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and the going concern basis of accounting has been adopted in preparing the Financial Statements, the outcome of the strategic review as set out above is not within the control of the Board and is therefore uncertain, and will solely be down to a vote of the shareholders, who may vote for a managed wind up of the Company. In light of this shareholder vote and that shareholders may vote for a managed wind up of the Company, this constitutes a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Viability statement

In accordance with the UK Corporate Governance Code and the AIC Code the Directors have assessed the prospects of the Company over a longer period than the 12 months required for the going concern assessment.

The Board has assessed the viability of the Company for the period to 31 January 2026. This is a period of approximately two years from when the 2022 Annual Report and Accounts were approved. In reviewing the Company's viability, the Directors are mindful of the ongoing work surrounding the strategic review referred to under 'Going concern' above and the subsequent shareholder vote on the outcome of the strategic review, which remains outside of the Directors' control and therefore gives rise to a material uncertainty surrounding the going concern of the Company.

At the date of this Annual Report, based on the information currently available, the most likely outcome of the strategic review remains a proposal for either the relaunch of the Company (potentially with a new investment objective, investment policy, target returns and/or Investment Manager but maintaining the impact-led, Asian focus) or a managed wind-down.

Having analysed with the Company's advisers the initial proposals received for a relaunch of the Company, the Board will be inviting a shorter list of potential investment managers to submit final proposals. Any proposal to relaunch the Company would need to offer a compelling investment proposition for both existing and prospective investors to enable the Company to scale up its size significantly over time as, at its current size, the Company may not have a viable long-term future. The Board is of the opinion that the ongoing workstreams associated with a relaunch of the Company, such as establishing an investment pipeline, making further investments and fundraising will take up to two years and for this reason a period of two years has been selected for this viability statement.

Any managed wind-down proposal would seek to achieve an optimal balance between maximising shareholder value and timely return of cash to shareholders, before a formal winding up once substantially all of the Company's assets have been realised. The Board also expects this process to take up to two years.

The Board, therefore, believes that the period, being approximately two years from the signing of the Financial Statements, is an appropriate time horizon over which to assess the viability of the Company.

In their assessment of the prospects of the Company over this period, the Directors considered each of the principal risks and uncertainties set out on pages 37 to 41 and are hopeful that proposals to relaunch the Company, along with key changes to the Company's third-party service providers, will aid the future success of the Company. In assessing the

Company's prospects, the Directors have reviewed cash flow forecasts to 31 January 2026 which assume no further investment commitments and that all ongoing costs will be met by the Company's cash resources of US$41.4 million at 31 December 2023. The cash flow forecasts for the viability assessment assume that dividend or interest income will be received from the Company's underlying investments, but, even in the scenario that the Company receives no dividend or interest income from its underlying investments, the Company will still have sufficient cash to meet all its liabilities over the Period.

In assessing the viability of the Company, the Board concludes that:

- In the event that shareholders vote in favour of a managed wind down, the Company has the resources to complete this without the need for further capital and will be able to meet its liabilities as they fall due.
- However, if the shareholders vote in favour of continuation of the Company, further funding will be needed in order to fund future investments and meet other liabilities as they fall due.

Dividend policy

The Company pays dividends on a quarterly basis. The Company may, where the Directors consider it appropriate, use the special distributable reserve created by the cancellation of its share premium account to pay dividends. Distributions made by the Company may take either the form of dividend income or of 'qualifying interest income' which may be designated as interest distributions for UK tax purposes.

All dividends are paid as interim dividends. As the Company does not pay final dividends, shareholders are not provided the opportunity to vote on the payment of a final dividend. Accordingly, in line with good corporate governance practice, the Board will ask shareholders to approve the Company's dividend policy at each AGM.

In light of the strategic review, the dividend policy of the Company remains uncertain. The Board does not intend to declare a dividend in respect of the quarter ended 31 December 2023 prior to completion of the strategic review.

Streamlined energy and carbon reporting

As an investment company with all its activities outsourced to third parties, the Company does not have any physical assets, property, employees or operations of its own and, therefore, the Company's own direct environmental impact is minimal. In relation to the Streamlined Energy and Carbon Reporting ("SECR"), implemented by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018, for the financial period ended 31 December 2022 the Company is considered to be a low energy user (<40,000 KWh) and, therefore, falls below the threshold to produce an energy and carbon report.

The energy and emissions metrics for the investment portfolio for the year ended 31 December 2022 are disclosed in the Impact Report on page 27.

Modern slavery

The Company is committed to maintaining the highest standards of ethical behaviour and expects the same of its business partners. The use of slavery and human trafficking is unacceptable and entirely incompatible with its ethics as a business. The Company believes that all efforts should be made to eliminate it from its supply chains.

The majority of services supplied to or on behalf of the Company are from the financial services, energy and construction industries and other services associated with those industries. As such, the Company believes there to be a low risk profile of anyone supplying it directly with services being involved in slavery and/or human trafficking. The most significant area of risk for the Company is in relation to its investee companies in relation to sourcing solar panels as there is widely known evidence to suggest that a large proportion of the current global polysilicon supply chain is at high risk of forced labour violations. Polysilicon is the raw material required to create most solar panels. The Company has put in place supplier due diligence processes and traceability requirements to reduce this risk.

Anti-bribery, anti-corruption and tax evasion

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company is committed to ensuring that the Company and its subsidiaries and investment entities, and anyone contracting with the Company and its subsidiaries and investment entities (including by the Investment Manager and other key service providers), comply with the requirements of the UK Bribery Act 2010 or equivalent legislation in other jurisdictions.

The Company does not tolerate tax evasion in any of its forms in its subsidiaries and investment entities. The Company complies with the relevant UK law and regulation in relation to the prevention of facilitation of tax evasion and supports efforts to eliminate the facilitation of tax evasion worldwide. It also works to make sure its business partners share this commitment.

Donations and contributions

No political or charitable donations were made during the financial period under review.

Amendment to the Company's Articles

The Company's Articles of Association may only be amended by a special resolution passed by shareholders.

Listing Rule 9.8.4

The FCA's Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard other than in accordance with Listing Rule 9.8.4(7) (details of an allotment for cash of equity securities made during the financial period), the information on which is detailed on page 52 under 'Capital structure, rights and restrictions.

Disclosure of information to the Auditor

Having made enquiries of key service providers, each of the Directors holding office at the date of this Report confirms that:

- as far as they are aware, there is no relevant audit information of which the Auditor is unaware; and
- they have taken all the steps a Director might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Auditor

The Company's Auditor, Deloitte LLP, was appointed prior to AEIT's IPO and is willing to continue in office. Resolutions to re-appoint Deloitte LLP and authorise the Board to determine the Auditor's remuneration will be proposed at the forthcoming Accounts General Meeting.

Accounts General Meeting

As the Company was required to hold its 2023 AGM before this Annual Report was available, a general meeting of the Company will be convened at which resolutions of a financial nature typically considered at an AGM will be proposed. The notice of the Accounts General Meeting and details of the resolutions to be proposed will be contained in a separate circular to shareholders.

Approval

This Directors' Report was approved by the Board and signed on its behalf by:

Sue Inglis
Chair

22 January 2024

Corporate Governance Report

This Corporate Governance Report forms part of the Directors' Report.

The Company became a member of the AIC with effect from 14 December 2021 following completion of its IPO. As such, the Board has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional provisions on issues that are of specific relevance to the Company.

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

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

Compliance with the AIC Code

Throughout the period ended 31 December 2022, the Company complied with the principles and provisions of the AIC Code except that the Chair of the Company is a member of the Audit Committee and is also Chair of the Nomination Committee. Given the size of the Board of which all members are independent non-executive Directors and the knowledge and experience of the Chair, the Directors consider that this is appropriate.

Division of responsibilities

The Board has overall responsibility for the Company's activities. However, the Company has delegated or outsourced various matters to its standing Committees and key service providers, most notably the AIFM, Investment Manager and Administrator, all of which operate within clearly defined terms of reference or agreements that set out their roles, responsibilities and authorities.

Board

The Board provides overall leadership and is collectively responsible for the long-term sustainable success of the Company, generating value for shareholders, contributing to the fight against climate change and benefitting the communities in which our assets are located. Accordingly, the Board's principal responsibilities include:

- determining the Company's strategic objectives and risk appetite;
- ensuring that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders, within a framework of high standards of corporate governance and effective risk management and internal controls;
- business conduct and implementation of its key investment, financial, operational and compliance policies, ensuring they are aligned with AEIT's purpose and strategy and the Board's culture and values and that any necessary corrective action is taken;
- scrutinising the performance of the Investment Manager, Administrator and other key service providers and holding them to account;
- reviewing the proposed valuations of AEIT's investments;
- ensuring effective engagement with, and encouraging participation from, shareholders and other key stakeholders; and
- providing strategic guidance and offering specialist advice, whilst providing constructive and effective challenge, especially with regard to portfolio management.

Matters not delegated or outsourced to Committees and key service providers are reserved for consideration and approval by the Board (including those matters listed in a formal schedule of reserved matters approved by the Board), thus enabling the Board to maintain full and effective control over strategic issues and all operational matters of a material nature. The reserved matters include:

- approving AEIT's long-term objectives and any matters of a strategic nature, including any changes to the investment objective, policy and restrictions (including those which may need to be submitted to shareholders for approval) and target returns;
- the appointment and removal of key service providers and any material amendments to the Company's agreements with them;
- approving any other material contracts and agreements entered into, varied or terminated;
- approving any transactions with related parties;
- approving Annual and Interim Reports and quarterly NAV and other financial announcements;
- approving the Company's operating budget;
- setting the Company's dividend policy and approving dividends;
- approving the raising of new capital;
- approving prospectuses, circulars and other shareholder communications;
- Board appointments and removals; and
- the Company's corporate governance arrangements.

The primary focus at Board meetings is a review of investments and associated matters (such as performance against budget and KPIs, compliance with investment restrictions, investment pipeline, investment strategy, projected cash flows, gearing and currency hedging), financial analyses, share price premium/discount, investor relations and marketing, industry, legal and regulatory (including corporate governance) developments and other matters of an operational nature.

Chair

The Chair is Sue Inglis. Her primary role as Chair is to provide leadership to the Board. The principal responsibilities of the Chair include:

- ensuring the overall effectiveness of the Board in directing the Company;
- taking a leading role in setting the Company's strategic objectives in conjunction, and through regular interaction with, the Investment Manager;
- facilitating open, honest and constructive debate among Directors and the effective contribution of all Directors;
- ensuring the Company is meeting its responsibilities to shareholders and other stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of their views.

Full details of the role and responsibilities of the Chair are available on the Company's website.

Senior Independent Director

The Senior Independent Director is Mukesh Rajani. His primary responsibilities as such are to serve as a sounding board for the Chair, act as an intermediary for other Directors and be available to respond to shareholders' concerns if they cannot be resolved through the normal channels of communication (i.e. through the Chair). The Senior Independent Director leads the annual evaluation of the Chair.

Board Committees

The Board has five standing Committees, being the Audit and Risk Committee, ESG Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee: Given its size and the diverse range of skills and experience of the Directors, the Board has considered it appropriate for all Directors to serve on all standing Committees.

Details of the principal responsibilities of the Committees are included in their respective reports on pages 63 to 76 and the terms of reference of each Committee are available on the Company's website. The Committees review their terms of reference at least annually, with any proposed changes recommended to the Board for approval. Committee Chairs attend AGMs to answer any questions on each of their Committee's activities.

The Board may also establish additional Committees from time to time to take operational responsibility on specific matters. These Committees ensure that key matters are dealt with efficiently and in a timely manner.

AIFM

The Company is classified as an Alternative Investment Fund under the EU Alternative Investment Fund Managers' Directive as incorporated into UK law (the "AIFMD") and is, therefore, required to have an AIFM. The Company's AIFM is Adepa Asset Management S.A.

The AIFM's responsibilities include:

- portfolio management (which it has delegated to the Investment Manager);
- monitoring and ensuring compliance with the Company's investment policy;
- risk management;
- approval of quarterly portfolio valuations and NAVs; and
- ensuring compliance with AIFMD regulations and reporting.

The AIFM is entitled to an annual management fee, subject to a minimum fee of US$75.000 per annum, at the following rates, based on the NAV and payable quarterly in arrears:

NAV	Fee rate
Up to US$200 million	0.055%
Between US&200-400 million	0.045%
Between US&400-1,000 million	0.035%
Above US$1 billion	0.025%

The AIFM is also entitled to annual risk management fee and AIFMD reporting fees of EUR14,500. The AIFM's appointment is terminable by either party on not less than six months' notice in writing.

Investment Manager

The AIFM, with the agreement of the Company, has delegated the portfolio management of the Company to the Investment Manager. The Investment Management Agreement between the AIFM, Company and Investment Manager (the "IMA") sets out the matters in respect of which the Investment Manager has authority and responsibility, subject to the overall control and supervision of the Board. These include:

- having full discretion in relation to AEIT's portfolio management activities in accordance with AEIT's investment policy and any other restrictions imposed in the IMA or by the Board from time to time;
- managing cash not yet invested by the Company or otherwise applied in respect of its operating expenses; and
- promoting the Company and investor relations.

In advance of Board meetings, the Investment Manager provides regular reports, which include operating updates on the Company's investments, cash flow forecasts and other relevant information. Senior representatives of the Investment Manager attend Board meetings. The Investment Manager is responsible for keeping the Board informed, in a timely manner, of any material developments arising from its portfolio management activities or other relevant matters, including interactions with shareholders and other key stakeholders.

For the period from IPO to 31 October 2023, the Investment Manager was ThomasLloyd Global Asset Management (Americas) LLC (the "Former Investment Manager"). Under the relevant IMA, the Former Investment Manager was entitled to a management fee, details of which are included in note 19 to the Financial Statements. On 15 September 2023, following the failure of the Continuation Resolution at both the requisitioned general meeting and the adjourned annual general meeting held on 24 August 2023, the Board served notice on the Former Investment Manager terminating the IMA with effect from 31 October 2023. From 1 November 2023, Octopus Energy Generation ("OEGEN") was appointed as Transitional Investment Manager to cover an initial period through to 30 April 2024. For this initial term, the Company will pay OEGEN a management fee of US$1.35 million. At the end of the term, at the discretion of the Board, there is scope for OEGEN to earn an additional management fee of up to US$0.55 million for its services during the transitional period.

The Board, together with its advisors, is currently conducting a strategic review of the options for the Company's future, including the appointment of an Investment Manager for the period post 30 April 2024.

Administrator/Company Secretary

The Company has appointed JTC UK Ltd as the Company's Administrator to provide fund accounting, company secretarial and other administrative services. The Administrator's responsibilities include:

- undertaking the day-to-day financial and administration functions of the Company, including calculation of the NAV and maintenance of the Company's accounting and statutory records;
- providing the company secretarial functions required by the Companies Act 2006;
- ensuring that the Company complies with applicable laws, rules and regulations, including laws and regulations applicable to investment trusts, the FCA rules applicable to listed investment companies and the London Stock Exchange rules;

- advising on all governance matters;
- supporting the Board and its Committees to ensure that they have the policies, processes and information they need to function effectively and efficiently and to enable the Directors to discharge their responsibilities; and
- ensuring that Board and Committee procedures are followed.

In advance of Board meetings, the Administrator provides regular reports, which include operational information, details of any breaches or complaints and relevant legal and regulatory, corporate governance and other technical updates. The Administrator is responsible for keeping the Board informed, in a timely manner, of any material developments regarding matters within the scope of its role and responsibilities.

Board and Committee meetings

Regular Board and Committee meetings are scheduled throughout the year. In addition, valuation meetings are held in advance of each scheduled Audit and Risk Committee meeting to review preliminary quarterly valuations of the Company's investments. Ad hoc Board and Committee meetings are also held between scheduled meetings in preparation for or to follow-up after scheduled meetings, to consider investment proposals and to deal with any other matters arising between scheduled meetings. Typically, all Directors attend valuation and ad hoc meetings, although this is not always feasible or necessary and any Director who is unable to attend a meeting can communicate their views ahead of the meeting.

Attendance at scheduled meetings

	Board	Audit and Risk Committee	ESG Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
No. of scheduled meetings held	5	4	2	1	1	1
Sue Inglis	5	4	2	1	1	1
Mukesh Rajani	5	4	2	1	1	1
Clifford Tompsett	5	4	2	1	1	1
Kirstine Damkjaer	5	4	2	1	1	1

Board composition and succession

Board composition and independence

The Board consists of four non-executive Directors, all of whom were appointed prior to the Company's IPO and are (and were on appointment) independent of the Investment Manager. The Chair and each of the other Directors is (and was on appointment) also independent when assessed against the circumstances set out in provision 13 of the AIC Code. The independence of the Directors is reviewed at least annually by the Nomination Committee.

The current Board was selected to bring a breadth of skills, knowledge and experience relevant to the Company's structure and strategy. Details of the Directors, including their skills and experience, are set out on pages 50 and 51.

The composition of the Board is a fundamental driver of its success as the Board must provide strong and effective leadership of the Company without any one individual or small group dominating the decision making. The strong and diverse mix of experienced individuals on the current Board enables high calibre debate and constructive challenge. The Board is able to use the skills, knowledge and experience of the individual Directors to their maximum potential and make decisions that are in the best long-term interests of the Company. In particular, the Board uses the Directors' skills, knowledge and experience to review information provided by the Company's key service providers, make enquiries, raise challenges and request additional information as required. However, as the Directors are all non-executive, the effective operation of the Board is heavily dependent on receiving accurate, transparent and timely information (including in response to the Board's requests for information) from the Company's key service providers and, in particular, the AIFM, Investment Manager and Administrator.

The Board's tenure, succession and diversity policies seek to ensure that the Board continues to be well-balanced and refreshed regularly by the appointment of new Directors with the necessary skills, knowledge, experience and personal qualities and who can bring fresh perspectives. The Board will review the appropriateness of its composition in light of the outcome of the current strategic review of the options for the Company's future and, if necessary, make changes to ensure that the Board has the necessary skills, knowledge and experience to implement the outcome of the strategic review.

Board diversity

Given the small size of the Board, that it comprises only non-executive Directors and the Company's specialist nature as an externally managed investment company, setting specific diversity targets may provide challenges when recruiting new Directors. The Board does not consider, therefore, it appropriate to set specific diversity targets. However, the Directors acknowledge that diversity in its broadest sense is important to ensure that the Company can draw on a broad range of backgrounds, skills, experience and perspectives to achieve effective stewardship of the Company and the long-term sustainable success of the Company. As explained under 'Appointments to the Board' below, an integral part of the process for recruiting new Directors will include, therefore, the consideration of diversity generally, taking into account gender, social and ethnic backgrounds and cognitive and personal strengths, as well as skills, knowledge and experience.

The FCA's Listing Rules now require companies to report on whether they have met the following targets on board diversity:

- at least 40% of the individuals on the board are women;
- at least one of the senior board positions (in the case of the Company, these are the Chair and Senior Independent Director) is held by a woman; and
- at least one director is of an ethnic minority background.

As shown in the tables below, at 31 December 2022 (and at the date of this Report), the Company met all of these diversity targets.

Gender diversity	No. of Board positions	% of Board	No. of senior positions on Board
Male	2	50	1
Female	2	50	1

Ethnic diversity	No. of Board positions	% of Board	No. of senior positions on Board
White British or other (including minority – white groups)	3	75	1
Asian/Asian British	1	25	1

As an externally managed investment company with solely non-executive Directors, the Company does not have a chief executive or a chief financial officer (both being 'senior positions' under the relevant FCA Listing Rule) and has no employees. Accordingly, there are no disclosures about executive management positions to be included. The information in the tables above was provided by individual Directors in response to a request from the Administrator.

Appointments to the Board

The Nomination Committee reviews at least annually the composition and effectiveness of the Board and its Committees with the objective of ensuring that these have the appropriate balance of skills, knowledge and experience required to meet the current and future opportunities and challenges facing the Company and succession plans are implemented in an orderly manner. The Nomination Committee makes recommendations to the Board when it considers that a new Director should be recruited.

Once a decision has been taken by the Board to recruit a new Director, the Nomination Committee will oversee the recruitment process. At the outset, the Nomination Committee will review the current balance and diversity of the Board, taking into account gender, social and ethnic backgrounds and cognitive and personal strengths, and identify any specific skills, knowledge, experience and personal qualities that are required to ensure the continued effective operation of the Board. The Nomination Committee will then set objective selection criteria to ensure a formal rigorous and transparent appointment process and protect against potential discrimination. The Nomination Committee intends to use non-executive director recruitment consultants and/or open advertising when recruiting new Directors. The Nomination Committee will seek to ensure that longlists of candidates should include diverse candidates, taking into account gender, social and ethnic backgrounds, with the appropriate skills, knowledge experience and personal qualities. Following the creation of a shortlist of candidates, the decision-making process will be based on merit, with due consideration of the objective selection criteria identified.

When considering new appointments, the Nomination Committee will also take into account other demands on the candidates' time. In advance of joining the Board, successful candidates will be asked to disclose any existing significant commitments with an indication of the time involved and to confirm that they are able to allocate sufficient time to the business of the Company and that there are no situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests.

Directors are not appointed for any specific term and are subject to annual re-appointment at AGMs.

Directors' appointments are reviewed by the Nomination Committee ahead of their submission for election or re-election, with submission being contingent on a satisfactory performance evaluation. A Director may resign, and the Company may terminate a Director's appointment at any time, by not less than one month's notice in writing. The Articles of Association permit a Director to be removed without prior notice in certain circumstances. Directors are not entitled to any compensation payments for loss of office.

At the time of appointment, a new Director receives a letter of appointment that sets out their duties and obligations. Copies of the letters of appointment of the current Directors are available for inspection at the Company's registered office and at each AGM.

Induction and professional development

Any new Directors will receive an induction on joining the Board covering the Company's strategy, policies, operational structure and governance, which will be coordinated by the Administrator. In addition, new Directors will be briefed fully about the Company's strategy and portfolio by the Investment Manager.

The Administrator is charged with assisting in the ongoing training and development of all Directors, including providing the Directors with details of the Company's regulatory and statutory obligations (and changes thereto). Directors are able to receive training or additional information on any specific subject pertinent to their role as a Director that they request or require. The Directors are encouraged to participate generally in industry events and to attend any other relevant seminars and conferences, if necessary at the Company's expense. Directors' individual training requirements are considered as part of the annual evaluation process.

Information and support

To enable the Board to function effectively and the Directors to discharge their responsibilities, the Directors are regularly updated on investment, financial, investor and other stakeholder engagement and other matters. In addition to periodic reporting at scheduled Board and Committee meetings, the Directors receive, and may request, ad hoc information from the Investment Manager, Administrator and other key service providers. As the Directors are all non-executive, the effective functioning of the Board is heavily dependent on receiving accurate, transparent and timely information (including in response to the Board's requests for information) from the Company's key service providers and, in particular, the AIFM, Investment Manager and Administrator.

The Directors have access to the advice and services of the Administrator. In addition, there is a procedure in place for Directors to take independent professional advice at the Company's expense should this be required to aid them in their duties. No such independent professional advice was sought during the financial period under review.

Time commitment

All Directors are aware of the need to allocate sufficient time to the Company in order to discharge their responsibilities effectively. Directors must obtain prior approval from the Board when they take on any additional external appointments and it is their responsibility to ensure that such appointments will not prevent them meeting their required time commitments to the Company.

Where a significant additional external appointment is approved by the Board, the reasons for permitting the appointment will be explained in the next Annual Report. No such appointments were approved during the financial period under review.

Conflicts of interest

Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests ('conflict situations'). As permitted by the Companies Act 2006, the Company's Articles of Association allow the Directors to authorise conflict situations, where appropriate.

The Board has a procedure in place to deal with conflict situations. As part of this process, Directors must submit any actual or potential conflict situations they may have to the Board for approval as soon as possible. In deciding whether to approve a conflict situation, the Board will act in a way it considers, in good faith, will be most likely to promote the Company's success, taking into consideration whether the Director's ability to act in accordance with their wider duties is affected. The Administrator maintains the register of approved conflict situations (which also includes a list of other external positions held), which is tabled and considered at each Board meeting. Directors have a duty to keep the Board updated about any changes to their approved conflict situations. In certain circumstances the conflicted Director may be required to absent themself from discussions or decisions on the matter on which they are conflicted (in which event, the Director will not be counted when determining whether the meeting is quorate). No such circumstances arose during the financial period under review. Neither the Chair nor any of the other Directors has, or has had, any potential conflicts of interest of the nature listed in provisions 6 and 12 of the AIC Code.

Election and re-election by shareholders

Directors are required to stand for re-appointment at the first AGM following their appointment and annual re-appointment at each subsequent AGM. A Director who retires at an AGM may, if willing to continue to act, be reappointed at that meeting.

Having considered their effectiveness, demonstration of commitment to the role, attendance at meetings and contribution to the Board's and its Committees' deliberations, the Board approved the nomination for re-appointment of all the Directors at the annual general meeting held on 30 June 2023, and this was subsequently approved by shareholders.

Board tenure

The Board's policy on Director, including Chair, tenure is that a Director should normally serve no longer than nine years but, where it is in the best interests of the Company, its shareholders and other stakeholders, a Director may serve for a limited time beyond that.

The Board believes that the continuity of knowledge and experience of its Directors is important and that a suitable balance requires to be struck with the need for refreshing of the skills and experience of the Board. The Board believes that some limited flexibility in its approach to Director, including Chair, tenure will enable it to manage succession planning more effectively.

Succession planning

The Nomination Committee is responsible for succession planning and its approach to succession planning is explained in the Nomination Committee Report on page 73.

Annual performance evaluations

Board, Committees, Chair and individual Directors

Details on the 2022 formal evaluations of the Board, its standing Committees, the Chair and individual Directors, conducted by the Nomination Committee, are included in the Nomination Committee Report on pages 72 and 73. Having considered them, the Board accepted all of the Nomination Committee's recommendations.

Investment Manager

The performance of the Investment Manager is considered at every Board meeting, with a formal evaluation by the Management Engagement Committee at least once each year.

Details on the 2022 formal evaluation of the Investment Manager are included 'in the Management Engagement Report on pages 70 and 71.

AIFM, Administrator and other key service providers

The performance of the Administrator and other key service providers is monitored by the Board and its standing Committees on an ongoing basis and formally evaluated by the Management Engagement Committee (or, in the case of the Auditor, the Audit and Risk Committee) at least annually. Information on the 2022 formal evaluations is included in the Management Engagement Committee Report on pages 70 and 71 and Audit and Risk Committee Report on pages 67 and 68.

Directors' remuneration

The Directors' Remuneration Report on pages 74 to 76 includes the Directors' remuneration policy and details of the remuneration of each Director.

Principal risks

The Company's principal and emerging risks, together with details of how the Board seek to manage and mitigate them, are set out in the Strategic Report on pages 37 to 41. The Company's financial instrument risks are discussed in note 18 to the Financial Statements.

Internal controls

The Board is responsible for maintaining the Company's systems of risk management and internal controls (such as financial, operational and compliance controls). The AIC Code requires the Board to review the effectiveness of the Company's systems of risk management and internal controls at least annually.

Although the Board has contractually delegated services that the Company requires to external third parties, it remains fully informed of the internal control framework established by each relevant service provider. Any changes or amendments to the internal control frameworks of the third-party providers, along with commentary on the effectiveness of financial controls are discussed at the Audit and Risk Committee.

The Board has undertaken a review of the aspects covered by the guidance and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as being matters of particular importance upon which it requires reports from the relevant key service providers.

During the finalisation of the 2022 audit, a number of failings and weaknesses in the valuation process became apparent to the Board, and more than just judgemental macroeconomic factors, and ultimately led to a material fall in the valuation of the investment portfolio as at 31 December 2022. These failings and the steps the Board has taken to address them are outlined in the Audit and Risk Committee Report on pages 63 to 68. Also refer to page 35 and 36 for details of the risks crystallised in the period.

Internal audit function

The Audit and Risk Committee has considered the need for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company as an externally managed investment company with external service providers.

Relations with investors and other stakeholders

The Board is mindful of the importance of engaging with AEIT's shareholders, as well as with the AIFM, Investment Manager, Administrator and other key stakeholders. Details of our engagement with all of the Company's key stakeholders and how we had regard to those stakeholders in our decision-making processes during the financial period under review are set out in the Strategic Report on pages 46 and 47.

The Board recognises that relationships with suppliers are enhanced by prompt payment and the Administrator, in conjunction with the Investment Manager, ensures payments are processed on a timely basis.

Approval

This Corporate Governance Report was approved by the Board and signed on its behalf by:

Sue Inglis
Chair

22 January 2024

Audit and Risk Committee Report

I present the Audit and Risk Committee Report for the financial period ended 31 December 2022, which sets out the Committee's responsibilities and its work and focus during, and with respect to, the financial period.

The issues surrounding the finalisation of the 31 December 2022 portfolio valuation, the 2022 Annual Report and Accounts and subsequent audit have been extremely disappointing. In addition to the principal responsibilities outlined below, the Audit and Risk Committee has overseen some significant changes to the valuation process, including the replacement of the Former Investment Manager and of the previous independent valuer and the introduction of a reasonableness opinion from an independent valuation expert. This brought a fresh and independent view to the valuations which the Committee determined was required.

Committee's principal responsibilities

- Monitoring and, as appropriate, challenging the integrity of AEIT's Financial Statements, including its Annual and Interim Reports and any other formal announcements relating to its financial performance.
- Reviewing the valuation of AEIT's investments prepared by the Investment Manager and reported on by the independent valuation expert.
- Reviewing the content of the Annual Report, including the Financial Statements, and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides shareholders with sufficient information to assess the Company's performance, business model and strategy.
- Assessing AEIT's principal and emerging risks, including those that would threaten its business model, future performance, solvency or liquidity and reputation, and how they are managed and mitigated.
- Working with the ESG Committee, ensuring the effective integration of ESG-related risks into AEIT's risk management framework.
- Keeping under review the adequacy and effectiveness of AEIT's risk management and internal control systems.
- Considering the ongoing assessment of AEIT as a going concern and assessment of its longer-term viability.
- Managing the relationship with the Auditor, including reviewing the Auditor's remuneration, independence and performance.
- Considering annually whether there is a need for AEIT to have its own internal audit function.
- Reporting to the Board on how the Committee has discharged its responsibilities and making recommendations as appropriate.

The Committee consists of all the Directors and is chaired by Clifford Tompsett. The Chair of the Board is a member of the Audit and Risk Committee. The Board believes that Sue Inglis' knowledge and experience is of significant benefit to the Committee.

The AIC Code requires the Committee to have at least one member with recent and relevant financial experience. Two of the Committee members are qualified accountants (of which the Committee Chair is one), one member has a relevant investment background and one member is a former investment banker with extensive experience of listed closed-ended funds. The Board is satisfied, therefore, that the Committee has sufficient recent and relevant financial and sector experience to discharge its responsibilities.

The Audit and Risk Committee's authority and duties are clearly defined within its written terms of reference which are available on the Company's website. The terms of reference include all matters indicated by the FCA's Disclosure Guidance and Transparency Rule 7.1 and the AIC Code. The terms of reference are reviewed at least annually.

The Committee operates to a forward-planned agenda linked to the Company's financial calendar. It has four scheduled meetings each year and meets at such other times as may be required. The Committee met six times during the financial period ended 31 December 2022. Since the period end, the Committee has met 7 times.

Representatives of the Company Secretary, Investment Manager, independent valuation expert and Auditor are invited to attend Committee meetings and the Chair may invite other external specialists as and when deemed appropriate.

At least once a year the Committee meets with the Auditor without any representative of the Investment Manager or Administrator being present. During the period the Committee met privately with the Auditor once. The Auditor was also present at all Committee meetings where there was a review of the Financial Statements or formal announcements relating to financial performance. The Committee Chair also maintains regular contact with the Auditor outside the formal Committee meeting schedule.

Financial statement and significant reporting matters

As part of its monitoring of the integrity of the Financial Statements and NAV publications, the Committee reviews whether suitable accounting policies have been adopted and whether appropriate estimates and judgements have been made. The Committee considered the following significant judgements and other areas of audit focus in respect of the Financial Statements for the period ended 31 December 2022. These areas have been identified as being significant by virtue of their materiality.

In this section we disclose the key chronology of events that led to the temporary share suspension in addition to the final judgements and assumptions adopted in finalising the December 2022 Annual Report and Accounts and how the Committee challenged and concluded on each key judgement and significant reporting matter.

Valuation of investments

The valuation of the Company's investments relies on a number of key assumptions. The key assumptions (which are set out in notes 2 and 9 to the Financial Statements) include future power prices, renewable energy generation, discount rates, inflation rates and the timing of dividends given some of the investments have capital structures which make the payment of dividends more difficult. Sensitivities of the key inputs used within the models are detailed in note 9. In addition, there is significant subjectivity and estimation uncertainty in determining the fair value of the Company's investment in SolarArise and the valuation of the RUMS project. Further detail on the RUMS project is set out in notes 2 and 9 to the Financial Statements.

This report sets out the issues associated with the valuation of the Company's investment portfolio and how the Committee challenged the key assumptions set out above.

The period leading up to 17 April 2023 Audit and Risk Committee meeting

During 2022, the Committee held a number of ad hoc meetings with the Former Investment Manager, the Company's previous independent valuer and the AIFM to review and challenge the integrity of the Former Investment Manager's valuation models. In particular, the Committee queried the use of in-house wholesale electricity spot market ("WESM") price curves that were prepared by the Former Investment Manager in the NISPI valuation when it is market standard to use an independent source. The Committee also had questions over the tax provisioning and financial modelling, particularly with regard to SolarArise. In response to the Committee's challenges, the following actions were taken by the Former Investment Manager in arriving at the initial draft 31 December 2022 valuations:

- the appointment of a third-party model audit firm to review the integrity of the valuation models including tax assumptions; and
- the appointment a leading independent power consultant to provide forecast WESM price curves for wholesale market prices in the Philippines (these curves were received in early February 2023 and reported low, base and high case WESM forecasts).

In late February 2023 initial draft valuations prepared by the Company's former independent valuer, together with presentations prepared by the Former Investment Manager, were circulated for a valuation co-ordination meeting held on 2 March 2023 (the "March Meeting"). A number of significant matters were discussed and challenged at the March Meeting and in the period leading up to the Committee meeting held on 17 April 2023 (the "April Meeting"), including the following:

- **NISPI:** At the March Meeting, the Former Investment Manager proposed a valuation of US$32.1 million for the 40% interest in NISPI. The power price forecast in this NISPI valuation applied a 75% weighting to the Former Investment Manager's in-house forecast and a 25% weighting to the high case of the independent power consultant's forecast. The valuation materials also disclosed that, if the independent base case power price curve had been used only, the valuation would have been reduced to US$14.5 million (a decrease of US$17.6 million (55%) to the original valuation proposed).

  The Committee was unable to get comfortable with the WESM prices used in this initial valuation, reiterating that using an independent source is best practice and market standard. The valuation was subsequently updated to US$26.8 million reflecting 100% of the independent power consultant's high case power curve. The adoption of the high case power curve referenced above had resulted in a US$10.2 million valuation reduction but this had been offset by the Former Investment Manager changing other assumptions in its model which increased the valuation by US$5.0 million, including updating generation forecasts (US$2.6 million), accelerated cash extraction (US$1.4 million) and a reduction in the discount rate (US$1.0 million). The Former Investment Manager also provided the Committee with a report highlighting the differing judgements made by the independent power consultant to its own assumptions and judgements used in its in-house price forecasts. Examples of these differing judgements included the timing and implications of falling commodity prices, the ability of the grid to meet demand and the availability of alternative energy sources to meet demand, particularly the speed of renewables uptake in the Philippine market. In addition, analysis prepared by the Former Investment Manager showed that the high case independent forecast tracked most closely to historic WESM market prices achieved by NISPI and that the base case projection was significantly below historic prices. As such, the Former Investment Manager advised the Committee that, based on its experience and knowledge in the market, using the high case independent forecast would be a reasonable balanced assumption in light of the subjectivity surrounding the wider macroeconomic factors driving the forecast WESM price curves and this was supported by the independent valuer.

- **SolarArise:** At the March Meeting, the Former Investment Manager proposed a valuation of US$30.5 million for the 43% interest in SolarArise. This included a valuation of the RUMS project at cost (US$2.1 million) rather than using a DCF valuation as had been used in prior period valuations. Despite being requested by the Committee, the Former Investment Manager did not provide, from the Board's perspective, an appropriate justification for changing the valuation methodology or provide the Committee with a copy of the RUMS project model to justify that the project returns supported the costs incurred to date. This remained an outstanding issue and the Committee was unable to sign off on the valuation of the RUMS project at that time.

  Other matters discussed at the March Meeting and subsequently included:

  - **Asset performance:** Reports provided by the Former Investment Manager showed that generation of SolarArise's assets was underperforming budget, but the Committee was told these performance issues were largely due to one-off events (like flooding, etc.) and that the overall generation profiles adopted were consistent with the initial P50 generation forecasts obtained at the time that each asset was commissioned.
  - **Adequacy of tax provisions:** Questions were raised by the Committee on the completeness of tax provisions and the modelling of tax within the valuations. Members of the Committee were involved in detailed discussions with the Auditor about this and an audit adjustment was proposed to deal with this issue.
  - **Cash extraction:** The Former Investment Manager had made the Committee aware that cash extraction in SolarArise's assets had some challenges but had previously advised that the requirement to model these intricacies was not required as the impact was not deemed to be material after potentially available mitigations were modelled.

The Committee was guided by the Former Investment Manager's knowledge and experience in the Indian market and the draft report from the independent valuer and was conscious that an independent third-party model review was underway to justify the Former Investment Manager's conclusions and identify any potential additional issues which may need to be included within the valuations.

- **Third-party model review:** At the time of the April Meeting the third-party model review had not been completed. Draft reports from the third-party model audit firm subsequently received showed that there remained a number of substantive unanswered questions, particularly in the areas of taxation, distributable reserves and the ability to extract cash from the underlying SPVs to SolarArise and from the SolarArise holding company and NISPI to the Company. This work by the third-party model audit firm was never completed and was superseded by the valuation work carried out by PricewaterhouseCoopers LLP ("PwC") and the Transitional Investment Manager and the updated valuation process as discussed below.

The 17 April 2023 Audit and Risk Committee meeting and subsequent temporary share suspension

In the draft financial statements circulated in advance of the 17 April 2023 meeting, the RUMS project was carried at cost, but still with no explanation of the economic viability of the project. Furthermore, on the morning of, and 10 minutes prior to, the April Meeting a presentation on the RUMS project was emailed by the Former Investment Manager to the Committee which disclosed that the cost of the RUMS project and the equity funding requirement had gone up significantly, thereby calling into question its economic viability. These cost increases had arisen principally due to increases in module costs, the estimated cost of the EPC contract, goods and services tax and adverse movements in exchange rates in comparison to the costs in the original bid assumptions and those used in the prior valuations. On 21 April 2023, the Board was further advised by the Former Investment Manager that potentially significant non-completion liabilities would arise in the event that the SPV did not proceed with the construction of the RUMS project.

The Board and Auditor agreed over the weekend of 22/23 April 2023 that there would not be sufficient time before 30 April 2023 (the date by which AEIT was required to publish its 2022 Annual Report to avoid a suspension of the listing of its shares) to assess the impact of the new information presented with regard to the RUMS project on the SolarArise valuation and the Company's Financial Statements for the financial period ended 31 December 2022, nor for the financial implications to be thoroughly audited by Deloitte LLP such that the quality of the 2022 Financial Statements and audit process could be maintained. Over the same weekend and having taken advice from the Company's professional advisors, the Board concluded that the new information created a material uncertainty regarding the fair value of the Company's assets and liabilities and, following discussion with the FCA, the listing of, and trading in the Company's shares was suspended on 25 April 2023.

The period post the temporary share suspension up to the appointment of OEGEN as Transitional Investment Manager

It was against this background and the failure of the Former Investment Manager to satisfactorily answer the Board's and Auditor's outstanding questions on the valuations that the Board and AIFM appointed PwC to complete a detailed review of the key assumptions included in the financial models and the valuation methodology of the Company's operational assets in India and the Philippines which had been prepared by the Former Investment Manager to assist them with the finalisation of the valuations of the Company's investment portfolio as at 31 December 2022.

As announced by the Company in July 2023, following this review, the Company identified several areas for concern, including material errors and inconsistencies, more than just judgemental macroeconomic factors, inaccurately shown within the valuations. Examples included unrealistically optimistic revenue and operating cost assumptions, inaccurate tax calculations and a failure to properly consider limitations on cash extraction. The announcement also stated that the portfolio valuation could reflect a downward movement relative to the 30 September 2022 valuation (and the draft valuations as at 31 December 2022 provided by the Former Investment Manager) and that this downward movement could be material.

A copy of the PwC report was provided to the Former Investment Manager on 22 July 2023. However, other than some clarificatory questions received on 15 August 2023, no response was received from the Former Investment Manager in relation to the findings.

Following discussions with a range of stakeholders, it was concluded that the appointment of a transitional Investment Manager was appropriate, and also would be the most effective way to finalise the 31 December 2022 and 30 June 2023 valuations, 2022 audit and Annual Report and Accounts and 2023 Interim Report and ensure the temporary share suspension could be lifted as soon as possible.

Finalisation of the 31 December 2022 investment valuations

Following the appointment of OEGEN, all of the items highlighted in PwC's report have been addressed and adjusted in the investment valuations (as at 31 December 2022 and in subsequent valuation periods). The basis of assumptions used and the approach taken by the Transitional Investment Manager in the 31 December 2022 valuations are outlined on pages 20 and 21 and in notes 2 and 9 of the Financial Statements. In particular, the Committee reviewed the following material judgements and key sources of estimation uncertainty:

- **Macro-economic assumptions:** OEGEN confirmed that it is best practice and common amongst market participants to utilise third-party forecasts prepared by independent and reputable providers when formulating macro-economic assumptions used in financial models and that it had done so with regard to inflation, FX and power prices (see below). The Committee reviewed these assumptions, understood the methodology applied, the source of the forecasts and whether they were independent and was satisfied with the assumptions adopted.

- **WESM pricing:** OEGEN's approach is to blend at least two WESM price curves as prepared by market advisors that are reputable in the relevant markets. By blending two or more forecasts, if there are any differences in methodology or assumptions, this provides a hedge against the different market eventualities that the advisors reflect and minimises the risk of using a single curve which is too prudent or too optimistic. OEGEN appointed, with the agreement of the Committee, two new independent forecasters to provide forecast price curves for WESM. The Committee was satisfied with this approach and noted that these price curves were materially similar to the independent forecast previously received.

- **Discount rates:** Discount rate ranges are based on the applicable cost of equity for the solar market considering data points from transactional and other valuation benchmarks, disclosures in broker reports, other public disclosures and broader market experience of investors in the market. OEGEN compared the range to its own risk-adjusted discount rate analysis and determined the appropriate discount rates to apply. The Committee was satisfied with this approach and was mindful that these rates were also in the ranges of the independent valuation expert and the Auditor.

- **Generation profile:** Given that there is an observed historical underperformance of the Company's operational assets when compared with the level of P50 generation assumed at the time of acquisition, OEGEN has applied a 'haircut' to the original P50 generation profiles to align the generation profile in the valuation models to current performance. The Committee was satisfied with this approach and was mindful that a technical advisor has been appointed to provide updated P50 yield assessments. It was agreed amongst OEGEN and the Committee that, once received, the revised P50 generation profiles would be used in future valuation periods (without the need for a 'haircut').

- **Cash extraction:** Given the current structure of the investments is not optimal for cash extraction, OEGEN's DCF models assume a degree of capital restructuring for each investment to enable cash to be extracted more efficiently. The Committee reviewed the cash extraction methods and assumptions in the underlying models and was satisfied with the plans to restructure each asset to extract cash and the judgements adopted in the timing on when cash can be received from each investment.

- **SolarArise holding company:** Previously the costs, tax and cash extraction limitations of the holding company were omitted from the SolarArise valuation. These have now been valued using a DCF model and included in the total SolarArise valuation. This approach was discussed with the independent valuation expert, PwC, and the Committee was satisfied with this.

- **Fair value of the RUMS project:** As at 31 December 2022, the DCF valuation of proceeding with the RUMS project was a negative NPV of US$33.3 million (predominantly due to significantly higher assumed module prices than those previously assumed as well as the higher than budgeted interest rate as per the facility agreement with Tata Cleantech Capital Limited signed on 2 November 2022) whereas the expected liabilities from aborting the project were between US$14.1 million (assuming 100% success of a mitigation strategy) and US$33.2 million. Therefore, as at 31 December 2022, the valuation of SolarArise assumes that the RUMS project would be aborted, and any costs paid into the project would be written off to US$nil. As a significant judgement was required on the likely value of the crystallised abort liabilities as at 31 December 2022, it has been assumed that a market participant would look at the SolarArise platform in its entirety and consider the potential abort liabilities such that they would write the value of SolarArise as a whole down to US$nil. This represents total abort liabilities of US$27.8 million (on a 100% basis). This judgement was discussed with the independent valuation expert, and the Company's Auditor, and the Committee was satisfied with this. The Committee also considered advice that the Company had received detailing that the abort liabilities associated with the RUMS project were restricted to the level of the SolarArise holding company and not the Company itself and therefore the value of SolarArise to the Company could not be negative. As disclosed in note 22 to the Financial Statements, post period end a decision was taken to proceed with the RUMS project in light of a substantial fall in panel prices and improvement in certain macro-economic factors.

PwC was engaged as the independent valuation expert to provide a private independent opinion on the reasonableness of the 31 December 2022 valuations of SolarArise and NISPI prepared by the Transitional Investment Manager.

In its assessment of the material judgements and key sources of estimation uncertainty in the valuations, the Committee also considered the views of the Company's independent valuation expert, PwC, and the work and conclusions of Deloitte LLP as external auditor. The Committee was satisfied with the basis of assumptions and valuation approach adopted by the Transitional Investment Manager and recommended to the Board that the final valuations as at 31 December 2022 were within a reasonable range and should be approved.

Onerous contract provision

As at 31 December 2022, the Company owned 43% of SolarArise which has been valued at US$nil as set out above. However, given that it had also made a commitment at the balance sheet date to purchase the remaining 57%, an onerous contract provision of US$38.5 million has also been recognised. The onerous contract provision has been valued based on the difference between the agreed acquisition price of US$38.5 million and the value of the 57% interest using the fair value ascribed to the 43% investment of US$nil. The Committee considered the papers prepared by the Transitional Investment Manager on the valuation and recording of the onerous contract provision and the work of Deloitte LLP, the independent Auditor.

Going concern and viability statement

The Committee reviewed the Company's financial resources and concluded that the continued use of the going concern basis was appropriate but, given the strategic review and the options available to shareholders, including the potential for shareholders to vote for a managed wind up, that a material uncertainty existed in respect of going concern. The Committee considered the going concern papers prepared by the Transitional Investment Manager, the disclosures presented and the work of the Auditor, Deloitte LLP, and concluded that adopting the going concern basis of accounting, but with a material uncertainty, was appropriate. The Committee also considered and reviewed the Company's viability statement and considered the period of two years and why it is an appropriate period to use. The full going concern disclosure and viability statement are included in the Directors' Report on pages 54 to 55.

Other key activities during, and in respect of, the financial period ended 31 December 2022

Financial reports and NAV announcement

The Committee reviewed the Company's accounting policies and critical estimates and judgements. In addition, the Committee considered the format and content of the Interim Reports for the periods ended

31 March 2022 and 30 June 2022 and the announcement of the NAV and trading update as at 30 September 2022 before recommending their approval to the Board.

The Committee also received and discussed with the Auditor its report on the results of its interim review of the Interim Report for period ended 31 March 2022 and status updates and its initial report and results for the financial period ended 31 December 2022.

Fair, balanced and understandable

The Committee has concluded that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's financial position, performance, business model and strategy. The Committee has reported its conclusions to the Board of Directors. The Committee reached this conclusion through a process of review of this Annual Report and enquiries of the various parties involved in the production of the Annual Report and ensuring that there is sufficient balance of the events of the past eight months following the suspension of trading in the Company's shares.

Risk management and internal controls

The Committee oversaw the establishment of the Company's risk management and internal controls framework. The Committee continued to monitor the effectiveness of the framework during the financial period, making refinements as required. Improvements made to the control environment following the crystalised risks in, and following, the period are detailed in the Risk and Risk Management section on pages 35 and 36. The Committee will continue to assess how improvements can continue to be made to the Company's overall control environment.

Under the AIC Code, the Board is required to establish procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. A principal role of the Committee is to assist the Board in this regard. Details of the Company's risk management and internal control framework are set out in the Risk and Risk Management section on pages 35 to 41. The Company's principal and emerging risks, together with details of how the Board seeks to manage and mitigate them, are also set out in that section.

As referenced on page 35, the Board relies on the accuracy and transparency of the information provided by its key third-party service providers in order to make its decisions, in particular the experience and knowledge of the Investment Manager in making decisions surrounding valuations and investments.

The Committee has taken steps to make improvements to the Company's overall control environment. The appointment of the Transitional Investment Manager, the redesign of the Company's valuation process to include a private independent opinion on the reasonableness of the valuations prepared by the Transitional Investment Manager by PwC as the independent valuation expert, and the willingness of the Board to seek third-party advice to clarify outstanding issues such as the potential abort liabilities associated with the RUMS project are all examples of (and/or enhancements to) the Company's control framework designed to mitigate the impact of these risks from re-occurring. The Board is also working closely with the Transitional Investment Manager to review the controls surrounding investment acquisitions, which include improved governance within the underlying investee companies. The Committee will continue to assess the Company's control environment and further improvements that can be made, particularly around the investment valuation process.

Internal audit

The Committee has considered the need for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company as an externally managed investment company with external service providers. The Board is of the opinion that the appointment of the Transitional Investment Manager and the changes made to the risk framework as detailed on pages 35 and 36 are sufficient and do not warrant the need for an internal audit function. However, the Board and the Committee will continue to keep this under review.

Effectiveness of the audit

To form a view on audit quality and the effectiveness of Deloitte LLP as Auditor, the Committee reviewed and considered:

- the Auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit;
- feedback from the Transitional Investment Manager evaluating the performance of the audit team, including the robustness of the audit, the level of challenge offered by the audit team, the skills, experience and overall quality of the audit team, the timeliness of delivering the tasks required for the audit and reporting to the Committee and the overall quality of the service;
- the updated discussions through 2023 and additional reporting required to close off the audit; and
- the Committee's own observations and interactions with the Auditor.

The Committee also considered the Auditor's technical competence, its understanding of the Company's business and whether it demonstrated an appropriate level of diligence, professional scepticism and challenge. Following this review, the Committee was satisfied that Deloitte LLP had carried out its duties in a diligent and professional manner and provided a high level of service.

Independence of the Auditor

The Committee is satisfied that there are no issues in respect of the independence of the Auditor.

The Committee has put a policy in place on the supply of any non-audit services provided by the Auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if such services are compatible with the 'white list' of permissible services under the Revised Ethical Standards 2019 of the FRC and that the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the Auditor from remaining objective and independent.

Details of fees paid to the Auditor are shown in note 4 to the Financial Statements. The Committee considered and agreed the audit fee during the period. Total fees paid for non-audit services were US$489,000, of which US$282,000 related to the Auditor's role as reporting accountant for the IPO, US$164,000 related to tax structuring services delivered prior to the IPO and US$43,000 related to the review of the Interim Report for the period ended 31 March 2022. Non-audit work as a percentage of total fees paid was 52% and, excluding IPO-related services, was 5%. In the opinion of the Board, none of the non-audit services provided caused any concern as to the Auditor's independence or objectivity. The Committee also considered if there were any other factors impacting the Auditors' independence and objectivity and concluded that there were none. It is not expected that the Auditor will be engaged to provide significant non-audit services going forward other than, potentially, interim reviews.

Deloitte LLP confirmed that all its partners and staff involved with the audit were independent of any links to the Company and that these individuals had complied with Deloitte LLP's ethics and independence policies and procedures which are fully consistent with the Financial Reporting Council's Ethical Standards.

Tenure and reappointment of the Auditor

This is the second financial period that Deloitte LLP has audited the financial statements of the Company. The reappointment of the Auditor is subject to annual shareholder approval. There are no contractual obligations restricting the choice of Auditor and the Company will put the audit services contract out to tender at least every 10 years. In accordance with professional guidelines, the statutory auditor will be rotated at least every five years. The current statutory auditor, Daryl Winstone, has completed his second year in the role. The Company has therefore complied with the Statutory Audit Services Order 2014 for the financial year under review.

Having satisfied itself as to the effectiveness and independence of Deloitte LLP as the Company's Auditor, the Committee recommended to the Board that Deloitte LLP be reappointed as Auditor for the year ended 31 December 2023. Accordingly, a resolution proposing the reappointment of Deloitte LLP as the Auditor will be put to shareholders at the forthcoming Accounts General Meeting.

The Committee will continue to monitor the performance of the Auditor on an annual basis and will consider its independence and objectivity, taking account of appropriate guidelines. In addition, the Committee Chair will continue to maintain regular contact with the lead audit partner outside the formal Committee meeting schedule, not only to discuss formal agenda items for upcoming meetings, but also to review any other significant matters.

Whistleblowing

The Committee reviewed the whistleblowing policy in place for each of the Investment Manager and the Administrator and was satisfied the relevant staff could raise concerns, in confidence, about possible improprieties relating to financial reporting or other matters that may affect the Company.

On 15 August 2023, the Company announced that new information had come to light under the protections of the Company's whistleblowing policy revealing that the Former Investment Manager was aware of material information relating to the RUMS project by August 2022. Based on the information provided by the whistleblowers to the Company, it appears, therefore, that key information was withheld from the Board, and misleading information given to it, over a protracted period of time. The investment management agreement between the AIFM, the Company and the Former Investment Manager was subsequently terminated with effect from 31 October 2023. From 1 November 2023, Octopus Energy Generation were appointed as a transitional Investment Manager to cover the period through to 30 April 2024.

Approval

This Audit and Risk Committee Report was approved by the Audit and Risk Committee and signed on its behalf by:

Clifford Tompsett
Audit and Risk Committee Chair

22 January 2024

ESG Committee Report

I present the ESG Committee Report for the financial period ended 31 December 2022.

Committee's principal responsibilities

Reviewing reports from, and overseeing AEIT's ESG and impact activities undertaken by the Investment Manager, including:

- development, maintenance, and implementation of AEIT's ESG and impact strategy and KPIs;
- reviewing external insights which will inform the ESG and impact strategy;
- monitoring performance in relation to ESG matters, impact objectives, and KPIs;
- effective management and governance of ESG and impact matters (including policies, procedures, processes, resourcing and management) by the Investment Manager;
- supporting compliance with relevant legal and regulatory requirements, industry standards and guidelines relating to ESG and impact matters; and
- ESG and impact reporting and disclosures.
- reporting to the Board on how the Committee has discharged its responsibilities and making recommendations as appropriate.

The Committee consists of all the Directors and is chaired by Kirstine Damkjaer.

The Committee's authority and duties are clearly defined within its written terms of reference which are available on the Company's website. The terms of reference are reviewed at least annually.

During the financial period under review, the Committee met three times, including two scheduled meetings.

Principal activities during the financial period

KPIs and reporting

In conjunction with the Former Investment Manager, the Committee set the Company's initial KPIs. The Committee oversaw the reporting on ESG matters in the Company's Interim Reports for the period ended 31 March 2022 and 30 June 2022. For this Annual Report, the Transitional Investment Manager has reviewed the KPI data previously prepared by the Former Investment Manager and updated it for the Committee to review.

Impact and ESG Action Plan 2022

The Committee reviewed the Impact and ESG Action Plan 2022 prepared by the Former Investment Manager and assessed the Former Investment Manager's internal resources, with a particular focus on the key priorities, allocation of responsibilities between the Company and the Former Investment Manager and the resources available to the Former Investment Manager to implement the plan. Subsequently the Former Investment Manager undertook a review to refresh and further refine its internal processes, including to respond to new regulatory developments such as those reflected in the regulatory technical standards of the EU Sustainable Finance Disclosure Regulation ("SFDR"), as well as global industry good practices, with support from an external independent globally-renowned sustainability consultancy (see the Impact Report on pages 27 to 34 for further details).

Article 9 classification

The Committee oversaw the process that enabled the Company to disclose, in November 2022, that it classifies under Article 9 of the EU SFDR as a financial product that has sustainable investment as its objective.

Committee evaluation

An evaluation of the Committee formed part of the annual Board evaluation process completed in December 2022. It was concluded that the Committee, as a whole, had the appropriate skills, knowledge and experience to carry out its responsibilities.

Approval

This Report is approved on behalf of the ESG Committee by:

Kirstine Damkjaer
ESG Committee Chair

22 January 2024

Management Engagement Committee Report

I present the Management Engagement Committee Report for the financial period ended 31 December 2022.

Committee's principal responsibilities

- Evaluating the performance and appropriateness of the continuing appointment of the Investment Manager.
- Reviewing the level and method of the Investment Manager's remuneration.
- Reviewing the terms of the Investment Management Agreement, including considering whether they remain appropriate, are fair, comply with all regulatory requirements and conform with market and industry practice.
- Considering the merit of obtaining an independent appraisal of the Investment Manager's services.
- Evaluating the performance of the AIFM, Administrator and other key service providers (except for the Auditor) and considering whether their fees are reasonable and competitive.
- Assessing whether the culture, policies and practices of the Investment Manager, Administrator and other key service providers are consistent with good risk management, compliance and regulatory frameworks.
- Reporting to the Board on how the Committee has discharged its responsibilities and making recommendations as appropriate.

The Committee consists of all the Directors and is currently chaired by Mukesh Rajani.

The Committee's authority and duties are clearly defined within its written terms of reference which are available on the Company's website. The terms of reference are reviewed at least annually.

The Committee has one scheduled meeting each year and meets at such other times as may be required. It met once during the financial period ended 31 December 2022.

The activities of the Committee are complemented by the Board's and its Committees' ongoing oversight of, and engagement with, the Investment Manager, Administrator and other key service providers.

Principal activities during the financial period

Annual evaluation of the Investment Manager

The Investment Manager during the period under review was ThomasLloyd Global Asset Management (Americas) LLC (the Former Investment Manager).

The Committee met in December 2022 for the purpose of the formal annual evaluation of the Former Investment Manager's performance and to review the terms of the Investment Management and Distribution Agreement (the "IMA"), including the fee and notice provisions. The Committee reviewed a detailed questionnaire completed by the Former Investment Manager, which included sections on the Former Investment Manager's systems, controls and policies. In addition, the Committee reviewed the results of an in-depth questionnaire completed by the Directors evaluating the performance of the Former Investment Manager. The feedback from the questionnaires completed in connection with the annual Board evaluation, to the extent relevant to the evaluation of the Investment Manager, was also considered. Areas of focus of the Committee's review included:

- execution of the investment strategy, including pace of deployment of capital, and investment results achieved to date;
- the quality, experience and continuity of the Former Investment Manager's team involved in managing all aspects of the Company's business, considering, in particular, the Investment Manager's plans for additional senior recruitments;
- the Former Investment Manager's engagement with the Board and other key stakeholders, including investors;
- the Former Investment Manager's investor relations and marketing activities on behalf of AEIT;
- the Investment Manager's compliance with contractual arrangements and duties, including compliance with AEIT's investment policy;
- the level and method of the Former Investment Manager's remuneration (details of which are included in note 19 to the Financial Statements on page 107) and the period of notice required to terminate the Former Investment Manager's appointment, having regard to those of comparable listed investment companies; and
- the Former Investment Manager's culture and strategy and goals for developing its business.

The Committee noted that the information flow and reporting to the Board and its Committees needed significant enhancement in quality, transparency and timeliness and that the Chair and Committee Chairs would continue to collaborate with the Former Investment Manager to achieve this.

The Committee also noted that the pace of deployment of capital was slower than expected at the time of the IPO. The Committee had concerns about the level of strength and depth of the Former Investment Manager's teams responsible for the Company but was encouraged by the additional resources being added to strengthen its investment team. This was expected to improve the overall performance of the Former Investment Manager and, in particular, improve the pace of capital deployment and build further its in-house asset management capabilities, facilitating optimisation of the performance of the Company's operating assets.

The Committee identified the top priorities for improving the performance of the Former Investment Manager during 2023, including improving the robustness of the Former Investment Manager's internal processes, significantly enhancing the quality, transparency and timeliness of management and other information and continuing to add strength in depth to the teams responsible for the Company.

Having completed the review, feedback was given to the Former Investment Manager, including areas requiring significant improvement.

Based on its review, the Committee was generally satisfied with the performance of, and services provided by, the Former Investment Manager subject to the Former Investment Manager demonstrating positive progress with regard to the areas requiring significant improvement.

However, following the events that led to the delay in the 2022 audit and specifically the issues surrounding the investment portfolio valuations (discussed further in the Audit and Risk Committee Report on pages 63 to 68) and information the Board received in August 2023 revealing that the Former Investment Manager had withheld key information from the Board, the Board served notice on ThomasLloyd Global Asset Management (Americas) LLC to terminate the IMA, with effect from 31 October 2023. Following a competitive tender process, Octopus Energy Generation was appointed as the transitional Investment Manager to cover the period from 1 November 2023 to 30 April 2024.

Annual evaluation of other key service providers

At its meeting in December 2022, the Committee also undertook the formal annual evaluation of the Administrator's and other key service providers' performance and reviewed their respective remuneration. The Committee reviewed a detailed questionnaire completed by the other key service providers, which included sections on their systems, controls and policies. In most instances, relationships with the other key service providers are managed by the Investment Manager and/or the Administrator on behalf of the Board and the Committee considered feedback received from the Former Investment Manager and the Administrator regarding the levels of service provided by, and relationships with, the other key service providers. There were no material issues to report as a result of the evaluation.

The Committee was satisfied with the levels of service provided by the Administrator and other key service providers and that the fees were fair and competitive. The Committee concluded that, in its opinion, the continuing appointments of the Administrator and other key service providers on the terms agreed remained appropriate and in the interests of the Company and recommended this to the Board. The Board agreed with the Committee's recommendations and approved the continuing appointments of the other key service providers on the terms agreed.

Committee evaluation

An evaluation of the Committee formed part of the annual Board evaluation process completed in December 2022. It was concluded that the Committee members had the appropriate skills and experience to assess the performance and terms of engagement of the Investment Manager, Administrator and other key service providers.

Approval

This Report is approved on behalf of the Management Engagement Committee by:

Mukesh Rajani
Management Engagement Committee Chair

22 January 2024

Nomination Committee Report

I present the Nomination Committee Report for the financial period ended 31 December 2022.

Committee's principal responsibilities

- Developing and reviewing periodically policies on diversity and Board tenure.
- Reviewing the structure, size and composition of the Board and its Committees.
- Undertaking an annual performance evaluation of the Board, its Committees, the Chair and each of the other Directors.
- Reviewing the time required from the Directors and their outside commitments.
- Ensuring plans are in place for orderly succession to the Board.
- Identifying, evaluating and recommending candidates for new Board appointments.
- Reporting to the Board on how the Committee has discharged its responsibilities and making recommendations as appropriate.

The Committee consists of all the Directors and is chaired by Sue Inglis. The Board considers that given the size of the Board and that all members are non-executive it is appropriate that all Directors sit on this Committee. Individual Directors are not involved in decisions connected with their own appointments.

The Committee's authority and duties are clearly defined within its written terms of reference which are available on the Company's website. The terms of reference are reviewed at least annually.

The Committee has one scheduled meeting each year, with additional meetings as required. The Committee met once during the year, in December 2022.

Principal activities during the financial period

Annual evaluation of the Board, Committees and Directors

The Committee ensures that there is a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and each of the other Directors.

For the 2022 evaluation, the Committee opted to undertake an internal performance evaluation process, assisted by the Administrator. This involved the Directors completing in-depth questionnaires prepared by the Administrator. The questionnaires included a comprehensive assessment of various areas, including:

- overall strategy of the Company;
- oversight of investment and operating activities;
- risk management;
- shareholder accountability;
- support and relationship with key stakeholders;
- Board and Committee compositions, processes and effectiveness;
- corporate governance and regulatory compliance;
- Board skills, knowledge, experience and diversity;
- each Director's independence, commitment and contribution; and
- performance of the Chair.

The feedback from the completed questionnaires was collated by the Administrator and then considered by the Committee. The Committee also sought the views of the Former Investment Manager as part of the evaluation process. The performance evaluation of the Board Chair was led by the Senior Independent Director.

Following a robust review, the Committee concluded that:

- each Director continued to be independent of the Former Investment Manager and no circumstances had been identified that were likely to, or could appear to, impair their independent judgement;
- the skills, knowledge and experience of each Director were a significant benefit to the Board;
- each Director had demonstrated their ability to commit the time required to discharge their responsibilities fully and effectively;
- the Directors (individually and collectively) had been operating effectively;
- as all Directors had been in office for less than two years, there were no issues with respect to long tenure;
- the Board and each of its Committees had a good balance of relevant skills, knowledge, experience and diversity and their structures, sizes and compositions were appropriate at this stage in the Company's life and, accordingly, no changes were expected to be required for at least the next 12 months;
- the Committees continued to support the Board in fulfilling its duties;
- the reporting and information flow from the Former Investment Manager to the Directors required significant improvement to enhance the effectiveness of the Board and its Committees and it was noted that the Chair and Committee Chairs would continue to collaborate with the Investment Manager to achieve this;
- to develop the understanding of ESG matters of the Board as a whole, the Chair of the ESG Committee, in conjunction with the Investment Manager, should develop an ESG education programme for the Directors; and
- the proposed election of each Director at the 2023 AGM should be recommended by the Board.

The Committee made recommendations to the Board based on the outcome of its deliberations.

Diversity and Board tenure policies

The Committee reviewed the policies on diversity and Board tenure and recommended them to the Board for approval (see 'Board diversity' and 'Board tenure' on pages 59 and 61 respectively for details of these policies, as approved by the Board).

Succession planning

The Committee considered succession planning and, in particular, whether a detailed succession plan was required. It concluded that, as the Company is in an early stage of its life and all Directors have served less than two years, a detailed succession plan is not required at this time.

The tenure of all Directors, including the Chair, is expected not to exceed nine years unless exceptional circumstances warrant, such as to allow for phased retirements of the current Directors, all of whom were appointed at the time of the IPO. The Committee intends, in due course, to develop a detailed succession plan that seeks to achieve an appropriate balance between preservation of knowledge and experience and bringing in fresh ideas and perspectives. Accordingly, the Committee expects that the detailed succession plan will:

- preserve continuity by phasing the retirement of the original Directors so that they do not all retire at once after serving nine years; and
- take into account the current and future opportunities and challenges facing the Company and the skills, knowledge, experience and diversity needed on the Board in the future.

The Committee will consider succession planning, including the need for a detailed succession plan, at least annually.

Committee evaluation

As noted earlier in this Report, an evaluation of the Committee formed part of the annual performance evaluation process. The conclusion from the process was that the Committee was operating effectively with the right balance of membership and skills.

Evaluation of the Board post temporary share suspension

At its scheduled meeting held in November 2023, the Committee reviewed the performance the Board since its last scheduled meeting and also revisited the performance of the Board over the preceding period from IPO.

It was noted that the Board had endeavoured to use its collective skills, knowledge and experience to work collaboratively with the Former Investment Manager from the outset, taking into account the Former Investment Manager's lack of previous experience of managing a London-listed investment company. The Committee agreed that members of the Former Investment Manager's senior management team had seemed to struggle with the Board's oversight and requests for information. Having considered the interaction between the Board and Former Investment Manager during 2022, the Committee concluded that the collaborative approach adopted by the Board had not adversely affected the Board's ability to request information from and challenge the Former Investment Manager and, in particular, that the Board had been asking the correct questions on material matters. However, the Committee noted that, as the Directors are all non-executive, the Board is heavily dependent on receiving accurate, transparent and timely information (Including in response to the Board's requests for information) from the Company's key service providers and, in particular, the Investment Manager. It was also noted that the Chair and Audit and Risk Committee Chair had met with the Chief Executive Office and Chief Financial Officer of the Former Investment Manager at its head office in December 2022 to address what, at that time, appeared to be 'teething issues' in providing the information required by the Board and to agree a 'reset' on how the Former Investment Manager would work with the Board going forward, to ensure the Board was receiving accurate and transparent information in a timely manner, which the Former Investment Manager had supported. Finally, it was noted that the Board only became aware, when it received information under the protections of the Company's whistleblowing policy in August 2023, that key information was withheld from the Board, and misleading information given to it, over a protracted period of time (and as early as August 2022), which related to matters in respect of which the Board had repeatedly made enquiries of the Investment Manager.

The Committee noted that the key events following the temporary share suspension (detailed on pages 14 and 15) and the subsequent breakdown in relationship with the senior management team of the Former Investment Manager had required the Board to take a more day-to-day hands-on approach in order to find a resolution and act in the best interests of shareholders. This has required each of the Directors to call upon their wide-ranging skills, knowledge and experience to, in particular (and with the assistance of external advisers reporting directly to the Board), investigate in detail the Company's underlying investments and their respective valuations and the Company's consequential financial position, develop a strategy to enable the temporary share suspension to be lifted, undertake a strategic review of the options and communicate with shareholders and other stakeholders in a detailed, transparent and timely manner.

After a robust discussion, the Committee concluded that, whilst, with the benefit of hindsight, there were some matters that the Board could have handled differently, those were not material and would not have led to a different outcome or avoided the temporary share suspension. Furthermore, the Committee agreed that the Company had benefited from the skills, knowledge and experience of each Director throughout. The Committee also agreed, and recommended to the Board, that the composition of the Board should be reviewed once the outcome of the strategic review of the options for the Company's to ensure that, in particular, the Board has the necessary skills, knowledge and experience to implement the outcome of the strategic review.

Approval

This Report is approved on behalf of the Nomination Committee by:

Sue Inglis
Nomination Committee Chair

22 January 2024

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the financial period ended 31 December 2022, which has been prepared in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. By law, the Company's Auditor is required to audit certain of the disclosures provided in this Report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is given in the Independent Auditor's Report on page 78.

Remuneration committee

Committee's principal responsibilities

- Determining the Directors' remuneration policy and reviewing its ongoing appropriateness and relevance.
- Setting the Directors' remuneration, including any ad hoc payments to Directors in relation to duties undertaken over and above normal business.
- Reporting to the Board on how the Committee has discharged its responsibilities and making recommendations as appropriate.

The Committee consists of all the Directors and is chaired by Mukesh Rajani. The Board considers that given the size of the Board and that all members are non-executive it is appropriate that all Directors sit on this Committee. The Chair of the Board is eligible to serve on the Committee as, on appointment, she was (and remains) independent. Individual Directors are not involved in decisions connected with their own remuneration.

The Committee's authority and duties are clearly defined within its written terms of reference, which are available on the Company's website. The terms of reference are reviewed by the Committee at least annually.

The Committee has one scheduled meeting each year, and meets at such other times as the Committee Chair shall require. The Committee met once during the year, in December 2022

Directors' remuneration policy

It is the Company's policy that the level of Directors' remuneration should be sufficient to attract and retain Directors with the skills, knowledge and experience necessary for the effective stewardship of the Company and reflect the expected contribution of the Board, as a whole, to the long-term sustainable success of the Company. In addition, the Directors' remuneration should be fair and reasonable in relation to the remuneration of directors of comparable listed investment companies of similar size and complexity as the Company. The duties and responsibilities of, and time expected to be spent on the Company's business by, individual Directors should also be taken into account.

Director's fees are determined within the limit set out in the Company's Articles of Association. Within that limit, it is the responsibility of the Board as a whole to determine and approve the Directors' remuneration, following a recommendation from the Remuneration Committee.

There are no performance conditions attaching to the Directors' remuneration as the Board does not consider such arrangements necessary or appropriate for non-executive Directors. Accordingly, the Directors' remuneration is wholly in the form of fixed annual fees, which are payable in cash quarterly in arrears. Annual fees are pro-rated where a change takes place during a financial year. The Directors' fee rates are reviewed by the Remuneration Committee at least annually, but reviews will not necessarily result in a change to the rates.

As permitted by the Company's Articles, Directors may be paid additional ad hoc fees where they undertake any special or material additional duties or services outside their ordinary duties as a Director which require a meaningful time commitment (details of any additional fees paid and the associated work undertaken will be disclosed in the Directors' Remuneration Report in the next Annual Report).

The Directors are entitled to the reimbursement of reasonable fees and expenses incurred by them in the performance of their duties. Where expenses are recognised as a taxable benefit, a Director may receive the grossed-up costs of that expense as a benefit.

Directors have no entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options or long-term incentive schemes.

The Directors do not have a service contract. Each Director has signed a letter of appointment with the Company. The letters of appointment provide for a minimum period of one month's notice of termination by either party. On termination, a Director shall only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred to that date.

The Board is committed to ongoing investor engagement and any feedback received from investors will be taken into account when reviewing the Directors' remuneration policy and Directors' fees.

Subject to this policy being approved by shareholders at the Accounts General Meeting, it is intended that the policy will continue in force until the 2026 AGM.

Annual report on Directors' remuneration (audited information)

For the financial period ended 31 December 2022, the Directors' fees were £40,000 per annum for each Director with an additional £10,000 per annum for being the Chair of the Board or a Board Committee. Following the Remuneration Committee's annual review of Directors' remuneration, for the financial year ended 31 December 2023, the Director's remuneration has been set at £50,000 per annum, with the remuneration for the Chair of the Board set at £65,000 per annum and for the Chair of the Audit and Risk Committee at £55,000 per annum.

The following table shows, in respect of each Director, all remuneration earned during the financial period ended 31 December 2022 and the remuneration that was set for the year ending 31 December 2023. Directors' fees are paid in sterling, as presented below, and, for the purpose of the Financial Statements converted into US Dollars at the exchange rate applicable at the time of payment.

Director	Role	2022 Fee (£)[49]	2022 Benefits (£)[50]	2022 Total (£)[49]	2023 Fee (£)
Sue Inglis	Chair, Nomination Committee Chair	52,692	–	52,692	65,000
Kirstine Damkjaer	ESG Committee Chair	52,692	2,163	54,855	50,000
Mukesh Rajani	Senior Independent Director, Management Engagement Chair, Remuneration Committee Chair	52,692	–	52,692	50,000
Clifford Tompsett	Audit and Risk Committee Chair	52,692	–	52,692	55,000
Total		210,768	2,163	212,931	220,000

None of the Directors received any additional ad hoc fees during the financial period ended 31 December 2022.

Directors' liability insurance and indemnification

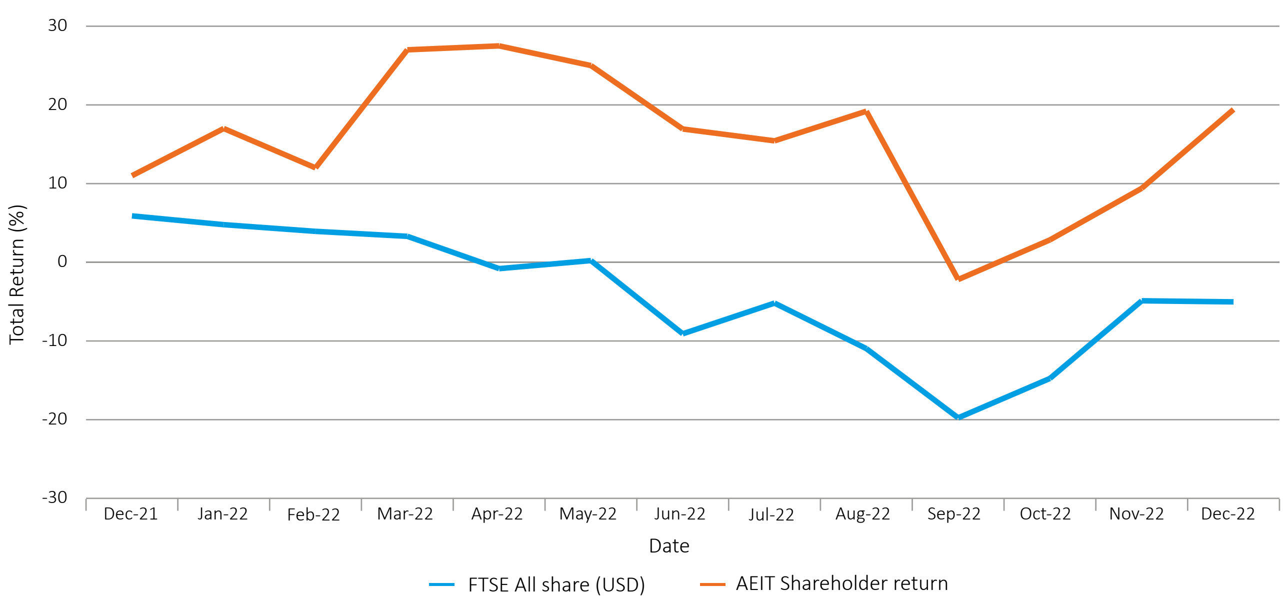
The Company maintains appropriate directors' and officers' liability insurance in respect of legal action against the Directors on an ongoing basis.

In addition, as permitted by the Company's Articles of Association, the Company has indemnified each Director in respect of costs which they may incur relating to the defence of any proceedings brought or threatened against them arising out their position as a Director but subject to applicable law and other exclusions and limitations, including the indemnity not applying if they are convicted or a court judgement is given against.

Company performance

The following chart shows the Company's shareholder return (with reference to its share price, including dividends reinvested) and, for comparison purposes, the total return of the FTSE All-Share Index (in US Dollar terms, including dividends reinvested), with both rebased to 100 at 14 December 2021 (the date the Company's IPO completed). As the Company does not have a specific benchmark index, the Remuneration Committee has deemed the FTSE All-Share Index (in US Dollar terms) to be the most appropriate comparator for the Company's performance for the purpose of this Annual Report as it is a publicly available broad equity index which focuses on smaller companies and is, therefore, more relevant than most other publicly available indices. The choice of the FTSE All-Share Index is also in line with our peer group.

Company's performance since IPO



While the above graph can be a helpful benchmark, as well as its performance return target, the Company also has a number of impact targets which it holds in equal regard. Both performance and impact targets are considered when setting Directors' remuneration.

[49] The 2022 financial period commended on 1 November 2021 and ended on 31 December 2022. The Directors were appointed on 18 October 2021 but were only entitled to fees from 14 December 2021, when the Company's IPO completed.

[50] Reimbursement of travelling and accommodation expenses to attend Board meetings.

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the aggregate Directors’ remuneration paid during the financial period ended 31 December 2022 compared with the distributions to shareholders by way of dividends during that financial period. During the financial period under review, no ordinary shares were bought back by the Company and there were no other distributions, payments or other uses of the Company’s net return or cash flow deemed to assist in the understanding of the relevant importance of spend on pay.

	2022 US$’000
Total Directors' remuneration	256
Dividends paid	1,901

Directors’ interests in shares (audited information)

There are no requirements for the Directors to own shares in the Company.

The interests of the Directors in the Company’s ordinary shares at 31 December 2022, all of which are beneficial, are shown in the table below. There have been no changes to the Directors’ interests between 31 December 2022 and the date of this Report.

Director	31 December 2022 No. of shares
Sue Inglis	65,000
Kirstine Damkjaer	–
Mukesh Rajani	33,000
Clifford Tompsett	33,000

Shareholder resolutions

The Directors’ Remuneration Report is put to an advisory shareholder vote on an annual basis.

The Directors’ remuneration policy is subject to shareholder approval every three years (or sooner if a material alteration to the policy is proposed).

Ordinarily, such resolutions would be put to shareholders at the AGM. However, as the Company was required to hold its 2023 AGM before this Annual Report was available, ordinary resolutions will be put to shareholders at the forthcoming Accounts General Meeting to approve the Directors’ Remuneration Report and the Directors’ remuneration policy. As the Directors’ remuneration policy has not been approved previously by shareholders, it is subject to the relevant resolution being passed at the Accounts General Meeting and, if approved, will become effective on the passing of the resolution.

Remuneration Committee’s principal activities during the financial period

Review of Directors’ remuneration policy

The Committee reviewed the Directors’ remuneration policy and recommended it to the Board for approval by shareholders, which will be sought at the Accounts General Meeting.

Review of Directors’ remuneration

The Committee reviewed the level at which the Directors’ fees should be set for the year ended 31 December 2023. Having been provided with a detailed schedule of directors’ fees paid by comparable listed investment companies, which had been prepared by the Administrator, the Committee agreed that it was not necessary to obtain advice from an independent remuneration consultant.

Subsequent to the period end, the Committee concluded that, for the year ended 31 December 2023, the standard Director’s remuneration should be set at £50,000 per annum. In recognition of their role, responsibilities and additional time commitments, the remuneration for the Chair of the Board was set at £65,000 per annum and for the Chair of the Audit and Risk Committee, set at £55,000 per annum.

Committee evaluation

An evaluation of the Committee was undertaken as part of the overall Board evaluation completed in December 2022. The evaluation concluded that there was a good balance of skills amongst the members of the Committee, enabling the Committee to operate effectively.

Approval

This Directors’ Remuneration Report was approved by the Board and signed on its behalf by:

Mukesh Rajani
Remuneration Committee Chair

22 January 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, including the Financial Statements, in accordance with applicable law and regulations, including the FCA's Listing Rules and Disclosure Guidance and Transparency Rules.

UK company law requires the Directors to prepare Financial Statements for each financial year. Under UK company law:

- the Directors are required to prepare Financial Statements in accordance with UK-adopted international accounting standards ("IFRS"); and
- the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Financial Statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report, including the Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report, including the Financial Statements, are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Responsibility statement

Each of the Directors confirms that, to the best of their knowledge:

- the Financial Statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report, including the Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board and is signed on its behalf by:

Sue Inglis
Chair

22 January 2024

Independent Auditor's Report to the Members of Asian Energy Impact Trust Plc

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Asian Energy Impact Trust plc (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Company for the year are disclosed in note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Material uncertainty related to going concern

We draw your attention to note 2 in the financial statements, which indicates that the outcome of the strategic review is outside the control of the Board and is therefore uncertain and will be solely down to a vote of the shareholders who may vote for a managed wind up of the Company.

As stated in note 2, these events or conditions along with the other matters set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We obtained an understanding of the relevant controls that the Company has established regarding the drafting, review and approval of the going concern model and going concern assessment;
- We challenged the Directors on the assumptions made in the cash flow model used to prepare the going concern forecasts. This includes checking the accuracy of the going concern model;
- We assessed the risks to the forecasts and whether the sensitivities run were appropriate to reflect these risks. This includes performing a sensitivity analysis to consider specific scenarios, including a reduction in dividend income from investments and associated cashflows;
- We reviewed the future commitments of the Company and assessed the Company's ability to fulfil these commitments;
- We challenged the appropriateness of the Company's disclosures within note 2 of the financial statements over the going concern basis and the material uncertainty arising with reference to, our knowledge and understanding of the assumptions taken by the Directors, the options available to shareholders within the strategic review.

In relation to the reporting on how the Company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting; and
- the Directors' identification in the financial statements of the material uncertainty related to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

4. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going concern (see material uncertainty related to going concern section); • The valuation of the company's 40% investment in Negros Island Solar Power inc in the Philippines ("NISPI") and the 43% investment in SolarArise (India), each of which are held at fair value through profit and loss, including the valuation of termination penalties relating to the Rewa Ultra Solar Park ("RUMS") construction asset in SolarArise and the subsequent impact on valuing the company's 43% investment in SolarArise; and • The valuation and recording of the onerous contract provision for the Company's commitment to acquire a further 57% in SolarArise.
Materiality	Overall materiality was set at US$1.7 million, determined based on 2% of net assets.
Scoping	We perform a full scope audit on the Company's financial statements, with a particular focus on the fair value of the Company's 40% investment in NISPI in the Philippines and the 43% investment in SolarArise in India and the recording of the onerous contract provision. All audit work is performed by the same audit team.
Significant changes in our approach	This is the first year we have audited the Company as a listed entity and the first year that the Company has held investments. On 25 April 2023, the Company announced a temporary share suspension. This was due to the Board identifying a material uncertainty regarding the fair value of the Company's investment in SolarArise with a specific focus on the valuation and viability of a 200 MW construction asset being Rewa Ultra Mega Solar Park (the "RUMS project") initially acquired as part of the SolarArise investment. The uncertainty identified related to the feasibility of completing construction of this asset. This was principally due to the high cost of solar panels and the resulting impact on the assets returns and the termination penalties payable should construction not proceed. Subsequent to year end, following a decline in the price of solar panels, the Board decided to proceed with construction of the asset although those events and conditions did not exist at the balance sheet date. In addition, linked to the events summarised above, the Board decided to terminate the investment management agreement with the former investment manager and from 1st November 2023, Octopus Renewables Limited (trading as Octopus Energy Generation) were appointed as the transitional investment manager. The Board have also launched a strategic review which will allow shareholders to vote on the future of the Company which will either lead to (a) a relaunch of the Company with a new investment objective, investment policy and target returns; or (b) a managed wind-down. The above matter(s) have increased the risk associated with the audit. In response to these risks, we updated our risk assessment and audit planning and: • Identified additional key audit matters in respect of (1) The valuation of termination penalties relating to the RUMS construction asset in SolarArise and the subsequent impact on valuing the Company's 43% investment in SolarArise (2) The recording and valuation of the onerous contract provision for the Company's commitment to acquire a further 57% in SolarArise; and (3) a material uncertainty relating to going concern; and • Reduced performance materiality from 70% to 50% of materiality to increase the extent of audit procedures across key balances.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

5.1. The valuation of the Company's 40% investment in NISPI (Philippines) and the 43% investment in SolarArise (India), each of which are held at fair value through profit or loss

Key audit matter description

The Company's principal activity is to invest in a diversified investment portfolio of sustainable energy infrastructure assets in fast-growing and emerging economies in Asia. As at 31 December 2022, the company held two investments being a 40% interest in NISPI and a 43% interest SolarArise.

The Company acquired NISPI for US$28.3 million and SolarArise for US$32.8 million. At 31 December 2022, the Company had also agreed to acquire the further 57% interest in SolarArise for a consideration of US$38.5 million. The acquisition completed on 13 January 2023.

These investments are measured at fair value through profit and loss and at 31 December 2022 were valued at US$11.5 million (NISPI) and US$nil (SolarArise) respectively. The valuation of US$nil ascribed to SolarArise is principally due to the termination penalties associated with RUMS construction asset. The Company engaged an independent valuation firm to review the valuation of each investment prepared by the transitional investment manager, Octopus Energy Generation.

As described in the significant accounting policies in note 2 and note 9 (investments at fair value through profit or loss), the fair value of each investment is determined using a discounted cash flow methodology, which corresponds to the income approach under IFRS13 'Fair value measurement'.

The fair value of each investment is based on a number of significant assumptions, the most critical of which are:

- The forecast power prices adopted in valuing NISPI, as the asset has not entered into a power purchase arrangement ("PPA") and consequently sells its output on the Philippines spot market (the wholesale energy spot market ("WESM")). SolarArise has fixed price PPA's and consequently power price risk is limited. The directors engaged a range of third party providers to provide power price forecasts to aid them in their selection of power price forecasts for NISPI. This assumption is not relevant to SolarArise as it has fixed price power purchase arrangements.
- The discount rate used in valuing the investment in both NISPI and SolarArise.
- The termination penalties associated with the RUMS construction asset within SolarArise.

Other key assumptions include forecast energy generation, the timing of dividends and the availability of distributable reserves and inflation. The Company's 43% investment in SolarArise has been valued at US$nil as the potential termination penalties relating to the RUMS construction asset are higher than the value ascribed to the remaining assets within SolarArise.

The Company has identified the valuation of investments as a key source of estimation uncertainty (Fair value estimation for investments at fair value), with further details provided in note 2 and note 9 to the financial statements. This includes the value ascribed to any termination penalties associated with the RUMS project in SolarArise. Note 9 also provides disclosure on the sensitivity of the valuation of investments to a change in the above assumptions. The significant assumptions adopted in valuing each investment is also referred to within the Audit and Risk Committee report on pages 63 to 66.

Given the inherent subjectivity in the above assumptions, and the risk of bias in the assumptions adopted, in particular the discount rate and forward power prices, we identified a risk of fraud in the adoption of the discount rate (NISPI and SolarArise) and forward power prices (NISPI only) and the valuation of the termination penalties associated with the RUMS project in SolarArise.

How the scope of our audit responded to the key audit matter	Procedures to address the risk around future power prices and the discount rates adopted included: • obtaining an understanding of relevant controls established around the valuation of investments and the selection of key assumptions; • agreeing the power prices adopted in valuing NISPI to the external forecasts obtained by the Directors and Investment Manager (Octopus Energy Generation), assessing whether the forecasts adopted were within a reasonable range and whether there was bias in the forecasts adopted. We also assessed the competence, capability and objectivity of the providers of those forecasts; • with the assistance of our internal valuation specialist, we calculated an independent discount rate range for each investment. We assessed whether the discount rate adopted by the Directors fell within this range. Where additional risk premia were added to the discount rate, we assessed whether these were reasonable taking into account the specific risk characteristics. Procedures to address the risk around the termination penalties in valuing 'RUMS' in SolarArise included: • Reviewing the legal advice obtained regarding the termination penalties associated with the RUMS construction asset in SolarArise. We confirmed the penalties by reference to the relevant agreements and assessed the judgements around those termination penalties in valuing the Company's investment in SolarArise. Procedures to address other aspects of the valuation included: • assessed the competence, capability and objectivity of the Company's independent valuation expert. We also met with them to understand their scope of work, the process undertaken (including quality control procedures) and the overall methodology and assumptions applied; • we agreed the generation forecasts to the technical reports for each asset and assessed the historical generation levels of each asset; • we benchmarked the inflation rate adopted to external forecasts for SolarArise, where there are fixed price PPA's, we agreed the price per Mwh to those PPA's; • we recomputed each valuation and tested the mechanical accuracy of the valuation model; and • we assessed the appropriateness of the disclosures made in the financial statements including the key assumptions, sensitivities applied and challenging whether these reflect a reasonable possible range.
Key observations	We considered the valuation ascribed to NISPI of US$11.5 million to be within an acceptable range. We considered the value ascribed to SolarArise of US$nil to be within an acceptable range. This takes into consideration the range of termination penalties associated with the RUMS construction asset.

5.2. The recording and valuation of the onerous contract provision for the Company's commitment to acquire a further 57% in SolarArise

Key audit matter description	At December 2022, and as set out in the key audit matter in section 5.1 above, the value ascribed to the Company's 43% investment in SolarArise was US$nil. The Company in 2022 agreed to acquire the remaining 57% of SolarArise for US$38.5 million. This transaction completed on 13 January 2023. Given the value ascribed to the 43% stake (US$nil), the Directors concluded that an onerous contract existed at the balance sheet date relating to the agreement to acquire the remaining 57%. This is because the acquisition was for an agreed price of $38.5m, but the fair value of the additional investment is $nil, consistent with the investment of 43% already owned as noted in section 5.1 above. Given the size of the provision and its impact on the financial statements, we have identified this as a key audit matter. A fraud risk has also been identified in respect of this provision given the judgements involved in valuing the 57% investment and therefore the value of the onerous contract provision. There is also an identified risk around potential fraud around the recording of this onerous contract provision. Further details on the onerous contract provision can be found in Note 13 to the financial statements.
How the scope of our audit responded to the key audit matter	• We evaluated the onerous contract provision by agreeing to the consideration to the transaction agreements. • We assessed the fair value ascribed to the 43% interest (see the separate key audit matter in section 5.1 above) which was used to compute the value of the onerous contract provision ascribed to the 57% commitment. • We recomputed the value of the onerous contract provision. • We assessed the appropriateness of the disclosures made in the financial statements.
Key observations	Based on our work performed, we agree with the recording and valuation of the onerous contract provision for US$38.5 million.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	US$1.7 million. For the audit of the income statement, materiality was limited to US$0.85 million.
Basis for determining materiality	2% of net assets as at 31 December 2022. We applied a lower materiality of 50% of overall materiality to specific balances in the income statement.
Rationale for the benchmark applied	We have considered the users of the financial statements when selecting the appropriate benchmark. The Company's investment objective is to achieve long-term capital appreciation from its investments. We therefore evaluated the Company's net assets as the most appropriate benchmark as it is one of the principal considerations for members of the Company in assessing financial performance and represents total shareholders' interest. Our procedures on the income statement (excluding fair value and exchange rate movements) were performed to a lower level of materiality for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the users' assessment of the financial performance of the Company.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was initially set at 70% of materiality but following the events which led to the suspension of shares (see section 4 above) we decided to reduce performance materiality to 50% of materiality (i.e., approximately US$0.85m). In determining performance materiality, we considered the following factors:

- the increased inherent risks following the announcement and impact of the share suspension in April 2023;
- the complexity of the Company and the risks associated with the valuation of the Company's two investments and onerous contract provision; and
- the quality of the control environment and that were not able to rely on controls.

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of US$88,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. In September 2022 and November 2023, we visited the NISPI operations in the Philippines and Solarise operations in India respectively, visiting the assets or meeting with local management to further our understanding of the asset and the dynamics of the local energy market. This visit and the knowledge gained was factored into our risk assessment and our audit plan.

7.2. Our consideration of the control environment

We obtained an understanding of the control environment and the relevant controls to address key aspects of the financial statements, in particular controls over the valuation of investments. Following the temporary share suspension announced in April 2023, the Board appointed a new investment manager (Octopus Energy Generation) to mange the investment portfolio and to complete the Annual Report and Accounts. As set out in the Audit and Risk Committee report on page 67 and the Risk Management section on page 35, deficiencies were identified by the Board in the overall control environment including controls around the acquisition of and valuation of investments and in assessing and valuing the RUMS construction obligations within SolarArise.

As disclosed within the same sections referenced above, the Board has taken steps to improve the overall control environment including (amongst others) appointing a new investment manager, undertaking a detailed review of the key assumptions in valuing each of the Company's investments in conjunction with an independent third-party, taking legal advice in respect of the position of the RUMS construction asset and enhancing due diligence on potential acquisitions.

Given the matters noted above we were unable to rely on controls for the purpose of our audit.

7.3. Our consideration of climate-related risks

Climate change and the transition to a low carbon economy ("climate change") were considered in our audit where they have the potential to directly or indirectly impact key judgements and estimates within the financial statements, including the valuation of investments.

The Directors have disclosed their climate risk considerations (and opportunities) on pages 42 to 45. This is consistent with our evaluation of the climate-related risks facing the company. We assessed these disclosures by performing inquiries with the former and current investment manager and independent industry research, and we did not identify any climate related material risks of misstatement. We also considered whether information included in the climate related disclosures in the annual report were materially consistent with our understanding of the business and the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of the investment manager (both the former investment manager and the new investment manager), the directors and the Audit and Risk committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
    - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - o the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of investments held at fair value principally (i) the valuation of the Company's 40% investment in NISPI and the 43% investment in SolarArise. This includes the valuation of termination penalties relating to the RUMs construction asset in SolarArise and the related impact on valuing the Company's 43% investment in SolarArise; and (ii) the valuation and recording of the onerous contract provision for the Company's commitment to acquire a further 57% in SolarArise. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, the Investment Trust SORP and UK tax legislation, given the Company's qualification as an investment trust.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified (i) the valuation of the Company's 40% investment in NISPI and the 43% investment in SolarArise, each of which are held at fair value including the valuation of termination penalties relating to the RUMs construction asset in SolarArise and the related impact on valuing the Company's 43% investment in SolarArise; and (ii) the recording and valuation of the onerous contract provision for the Company's commitment to acquire a further 57% in SolarArise as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of the former and new investment manager and the Audit and Risk Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 54;
- the directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 54;
- the directors' statement on fair, balanced and understandable set out on page 67;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 35;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 67; and
- the section describing the work of the audit and risk committee set out on pages 63 to 68.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by board of directors on 28 October 2021 to audit the financial statements for the period ending 31 October 2021 and subsequent financial periods.

The comparative period for the Company is the period from incorporation on 6 September 2021 to 31 October 2021, being the Company's first accounting date. During the year the Company extended its accounting period to 31 December 2022. This is the first year of our audit of the Company as a listed entity (second in total including the short comparative period in the prior year). The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the years ending 31 October 2021 to 31 December 2022.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daryl Winstone FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

22 January 2024

Statement of Comprehensive Income

For the period from 1 November 2021 to 31 December 2022

	Notes	Revenue US$'000s	Capital US$'000s	Total US$'000s
Investment income		–	–	–
Movement in fair value of investments	9	–	(46,993)	(46,993)
Onerous contract provision	13	–	(38,500)	(38,500)
Total revenue		–	**(85,493)**	**(85,493)**
Investment management fees	3e	(712)	(712)	(1,424)
Administration and professional fees	4	(3,240)	(296)	(3,536)
Net foreign exchange gains	5	1,669	–	1,669
Loss before taxation		**(2,283)**	**(86,501)**	**(88,784)**
Taxation	6	–	–	–
Loss for the period		**(2,283)**	**(86,501)**	**(88,784)**
Loss per ordinary share (cents)- basic and diluted	8	(1.98)	(75.14)	(77.13)

The total column of the above statement of comprehensive income is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

There are no items of other comprehensive income in the current period, other than the profit/(loss) for the period, and therefore no separate income statement has been presented.

The Company was incorporated on 6 September 2021 and did not commence its operating activities until the listing of its ordinary shares on the London Stock Exchange on 14 December 2021. The Company prepared its first set of statutory financial statements prior to the IPO, for the period from incorporation, on 6 September 2021, to 31 October 2021. As there was no activity in the prior period, comparative revenue or capital profit or loss has not been presented.

The accompanying notes are an integral part of these Financial Statements.

Statement of Financial Position

	Notes	As at 31 December 2022 US$'000s	As at 31 October 2021 US$'000s
Non-current assets			
Investments at fair value through profit or loss	9	11,491	–
Current assets			
Trade and other receivables	10	633	66
Cash and cash equivalents	11	115,819	–
		116,452	**66**
Current liabilities: amounts falling due within one year			
Trade and other payables	12	(2,863)	–
Onerous contract provision	13	(38,500)	–
		(41,363)	**–**
Net current assets		**75,089**	**66**
Net assets		**86,580**	**66**
Capital and reserves: equity			
Ordinary share capital	14	1,757	–
Preference share capital	14	–	66
Share premium	14	63,518	–
Special distributable reserve	15	110,089	–
Revenue reserve	3i	(2,283)	–
Capital reserve	3i	(86,501)	–
Shareholders' funds		**86,580**	**66**
Net assets per share (cents)	16	49.28	n/a

The Financial Statements on pages 86 to 109 were approved by the Board of Directors and authorised for issue on 22 January 2024 and were signed on its behalf by:

Sue Inglis
Chair of the Board

Clifford Tompsett
Director

The accompanying notes are an integral part of these Financial Statements.

Incorporated in England and Wales with registered number 13605841

Statement of Changes in Equity

For the period from 1 November 2021 to 31 December 2022

	Notes	Share capital US$'000s	Preference shares US$'000s	Share premium US$'000s	Special distributable reserve US$'000s	Capital reserve US$'000s	Revenue reserve US$'000s	Total US$'000s
Opening equity as at 6 September 2021		–	–	–	–	–	–	–
Shares issued in period	14	–	66	–	–	–	–	66
At 31 October 2021		**–**	**66**	**–**	**–**	**–**	**–**	**66**
Shares issues in the period	14	1,757	–	179,128	–	–	–	180,885
Share issue costs	14	–	–	(3,618)	–	–	–	(3,618)
Transfer to special distributable reserve	15	–	–	(111,992)	111,992	–	–	–
Cancellation of share capital	14	–	(66)	–	–	–	–	(66)
Loss and comprehensive income for the period		–	–		–	(86,501)	(2,283)	(88,784)
Dividends paid	7	–	–		(1,903)	–	–	(1,903)
Closing equity as at 31 December 2022		**1,757**	**–**	**63,518**	**110,089**	**(86,501)**	**(2,283)**	**86,580**

The accompanying notes are an integral part of these Financial Statements.

Statement of Cash Flows

	Notes	For the period from 1 November 2021 to 31 December 2022 US$'000s	From incorporation to 31 October 2021 US$'000s
Operating activities cash flows			
Loss before taxation		(88,784)	–
Adjustments for:			
Movement in fair value of investments	9	46,993	–
Increase in provisions	13	38,500	–
Foreign exchange gains		(1,669)	–
Operating cash flow before movements in working capital		**(4,960)**	**–**
Changes in working capital:			
Increase in trade and other receivables	10	(633)	–
Increase in trade and other payables	12	2,863	–
Net cash flow used in operating activities		**(2,730)**	**–**
Investing activities cash flows			
Acquisition of investments	9	(28,298)	–
Net cash flow used in investing activities		**(28,298)**	**–**
Financing activities cash flows			
Dividends paid to shareholders	7	(1,903)	–
Proceeds from issue of share capital during the period	14	150,699	–
Costs in relation to issue of shares	14	(3,618)	–
Net cash flow from financing activities		**145,178**	**–**
Cash and cash equivalents at start of period		**–**	**–**
Net increase in cash and cash equivalents		114,150	–
Foreign exchange gains on cash or cash equivalents		1,669	–
Cash and cash equivalents at end of period	11	**115,819**	**–**

The accompanying notes are an integral part of these Financial Statements.

Notes to the Financial Statements

For the period from 1 November 2021 to 31 December 2022

1. General information

Asian Energy Impact Trust plc ("AEIT" or the "Company") is a public company limited by shares incorporated in England and Wales on 6 September 2021 with registered number 13605841. The Company changed its name from ThomasLloyd Energy Impact Trust plc on 27th October 2023. The Company is a closed-ended investment company with an indefinite life. The Company commenced its operations on 14 December 2021 when the Company's ordinary shares were admitted to trading on premium segment of the London Stock Exchange's Main Market (the "IPO"). The Directors intend, at all times, to conduct the affairs of the Company as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

The registered office and principal place of business of the Company is The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF, United Kingdom.

The Company's principal activity is to invest in a diversified investment portfolio of sustainable energy infrastructure assets in fast-growing and emerging economies in Asia. The Company has a 'Triple Return' investment objective which consists of: (i) providing shareholders with attractive dividend growth and prospects for long-term capital appreciation (the financial return); (ii) protecting natural resources and the environment (the environmental return); and (iii) delivering economic and social progress, helping build resilient communities and supporting purposeful activity (the social return). The Company seeks to achieve its investment objective by delivering on its principal activity.

The audited financial statements of the Company (the "Financial Statements") are for the period from 1 November 2021 to 31 December 2022 and comprise only the results of the Company as the Company is determined to be an investment entity and, therefore its subsidiaries are measured at fair value and are not consolidated (see note 2). On 16 November 2021, the Company extended its accounting period to 31 December 2022. The comparative period is the period from 6 September 2021 to 31 October 2021, being the period from incorporation to the Company's first accounting date.

The Company has appointed Adepa Asset Management S.A to be the alternative investment fund manager of the Company (the "AIFM") for the purposes of Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers. Accordingly, the AIFM is responsible for the portfolio management of the Company and for exercising the risk management function in respect of the Company. The AIFM, with the agreement of the Company, has delegated the portfolio management of the Company to the Investment Manager. For the period from IPO to 31 October 2023, the Investment Manager was ThomasLloyd Global Asset Management (Americas) LLC (the "Former Investment Manager"). Under the relevant investment management agreement between the AIFM, Company and Former Investment Manager (the "IMA") the Former Investment Manager was entitled to a management fee, details of which are included in note 19 to the Financial Statements. On 15 September 2023, the Board served notice on the Former Investment Manager terminating the IMA with effect from 31 October 2023. From 1 November 2023, Octopus Energy Generation ("OEGEN") was appointed as Transitional Investment Manager to cover an initial period through to 30 April 2024. For this initial term, the Company will pay OEGEN a management fee of US$1.35 million. At the end of the term, at the discretion of the Board, there is scope for OEGEN to earn an additional management fee of up to US$0.55 million for its services during the transitional period.

JTC Limited (the "Administrator") provides administrative and company secretarial services to the Company under the terms of the Administration Agreement between the Company and the Administrator.

2. Basis of preparation

The Financial Statements have been prepared in accordance with United Kingdom adopted international accounting standards and the applicable legal requirements of the Companies Act 2006.

The Financial Statements have also been prepared as far as is relevant and applicable to the Company in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued in July 2022 by the Association of Investment Companies ("AIC"). In line with the AIC SORP, the statement of comprehensive income differentiates between the 'revenue' account and the 'capital' account, and the sum of both items equals the Company's profit for the year. Items classified as capital in nature either relate directly to the Company's investment portfolio or are costs deemed attributable to the long-term capital growth of the Company.

The Financial Statements are prepared on the historical cost basis but as the Company qualifies as an investment entity under the amendments to IFRS10, all investments in subsidiaries, associates and joint ventures are measured at fair value through profit or loss. They have been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out in notes 2 and 3. These policies are consistently applied.

The Financial Statements are presented in US Dollar ('US$'), which is the Company's functional currency and are rounded to the nearest thousand, unless otherwise stated. On 14 December 2021, the date of the IPO, the Company changed its functional and presentation currency to the US Dollar from the Great British Pound ('GBP'), with the change in functional currency being applied prospectively.

Going concern

The Company has undertaken an evaluation of its cashflow forecasts and going concern position, including downside scenarios. This evaluation demonstrated that the Company has sufficient cash to meet all of its liabilities within the going concern assessment period, which is a period of at least 12 months from the date the Financial Statements were authorised for issue.

In reaching this conclusion, the Directors considered the Company's net assets as at 31 December 2022 of US$86.6 million, its cash reserves at that date of US$115.8 million, consequences of the share suspension and its recurring operating expenditure requirements, both to date and into the future. During 2023, the Company paid out all of its commitments as disclosed in note 21 to the Financial Statements, being US$38.5 million to acquire 57% of SolarArise in January 2023 and US$3.1 million to acquire 99.8% of VSS in May 2023, funded the construction of the RUMS project via a US$20.0 million loan, paid dividends to its shareholders of US$4.4 million and paid the costs of the Company. As at 31 December 2023 the Company had cash reserves of US$41.4 million and AEIT Holdings had cash reserves of US$1.7 million. This cash position has been used in assessing the Company's going concern position and cash flow forecasts.

The Company continues to meet its day-to-day liquidity needs through its cash resources. Assumed future cash inflows over the going concern period include the receipt of dividend and interest income from its underlying investments and the main cash outflows are the ongoing running costs of the Company and the payment of dividends to its shareholders. A key priority for 2024 for the Board and Transitional Investment Manager is to undertake capital restructuring to facilitate the repatriation of cash out of the underlying investment portfolio. A downside scenario modelled within the cash flows in the going concern assessment assume this repatriation is delayed until after the end of the going concern period (i.e. no dividend or interest income is received from the Company's investments during that period). Even in this scenario, the Company has sufficient cash reserves to continue as a going concern. The cash flow forecasts in the downside scenario also assume no further investment commitments during the going concern period. The Company had no outstanding investment commitments at 31 December 2023 and at the date of signing this Annual Report.

The future of the Company relies heavily on the outcome of the current strategic review of the options for the future of the Company which is expected to conclude by the end of the first quarter of 2024. At the date of this Annual Report, based on the information currently available, the most likely outcomes of the strategic review remain a proposal for either the relaunch of the Company (potentially with a new investment objective, investment policy, target returns and/or Investment Manager but maintaining the impact-led, Asian focus) or a managed wind-down. Shareholders will have the opportunity to vote on the outcome of the strategic review.

The Board does not intend to declare a dividend in respect of the quarter ended 31 December 2023, nor does it intend to make any further acquisitions or commitments prior to completion of, the strategic review.

While the Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and the going concern basis of accounting has been adopted in preparing the Financial Statements, the outcome of the strategic review as set out above is not within the control of the Board and is therefore uncertain, and will solely be down to a vote of the shareholders, who may vote for a managed wind up of the Company. In light of this shareholder vote and that shareholders may vote for a managed wind up of the Company, this constitutes a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Critical accounting judgements, estimates and assumptions

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed regularly on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant estimates, judgements and assumptions for the period are set out as follows:

Key sources of estimation uncertainty: fair value estimation for investments at fair value

The Company's investments at fair value are not traded in active markets. As such, the fair value of these investments is calculated using discounted cash flow ("DCF") models based on valuation methods and techniques generally recognised as standard in the industry, specifically taking into account the International Private Equity and Venture Capital Valuation Guidelines, which includes recommendations and best practice.

The discounted cash flow models use observable data, to the extent practicable. However, the key inputs require management to make estimates. The key assumptions used in the DCF models at 31 December 2022 that the Directors believe would have a material impact on the fair value of the investments should they change are set out in note 9. The key unobservable inputs, and therefore the key sources of estimation uncertainty, are future power prices, renewable energy generation, discount rates, inflation rates and the timing of dividends given some of the investments have capital structures which make the realisation of dividends more difficult. Sensitivities of the key inputs used in the DCF models are detailed in note 9.

As at 31 December 2022, the Company held an investment in SolarArise which owns 6 operational solar farms and 1 under construction asset in India. The asset under construction is termed the RUMS project.

In preparing the December 2022 valuation of SolarArise, the Board identified a risk that the fair value of the RUMS project was negative. At the balance sheet date, the valuation of proceeding with the project was estimated to be negative US$33.3 million on a 100% basis. The Board has considered ways to mitigate this exposure including aborting the project and not proceeding with construction. However, termination penalties could arise if the project were aborted which are estimated to be up to US$33.4 million (on a 100% basis).

There is therefore significant subjectivity and estimation uncertainty in determining the fair value of the Company's investment in SolarArise and the valuation of the RUMS project. In determining the fair value of SolarArise, it has been determined that a market participant would view the SolarArise portfolio in its entirety and that an appropriate assumption would be to write the SolarArise portfolio down to zero. This reflects a fair value (pre RUMS abort liability) of US$12 million and an abort liability of US$12 million for the 43% ownership held at the balance sheet date and the fact that it has been assessed that there is a remote risk of further liabilities falling on the Company such that the valuation cannot go below US$nil. The sensitivity of this key input is detailed in note 9. Including the abort liabilities in the valuation of SolarArise as at 31 December 2022 also gives rise to an onerous contract for the commitment to purchase the remaining 57% of SolarArise. This is because on acquisition, the remaining 57% stake acquired in January 2023 for US$38.5 million would be written down to US$nil. Please see note 13 for further details. Post period end solar module prices have fallen as China came out of lockdowns and opened up supply through 2023. This is the primary reason why the overall negative NPV of the project has fallen to approximately US$13 million as at 1 September 2023, and based on advice from the Former Investment Manager, on 11 October 2023, the Board agreed to provide funding of US$20 million by way of an INR denominated external commercial borrowings loan from the Company to SolarArise to enable construction of the RUMS project to proceed on the basis that proceeding with the project was now the a less disadvantageous option rather than paying termination penalties. This loan was provided on 18 October 2023. The Transitional Investment Manager subsequently valued the RUMS project at a negative NPV of US$14.6 million as at 30 September 2023. See note 22 for further details.

Further considerations on currency risks, interest rate risks, power price risks, credit risks, and liquidity risks are detailed in note 18.

Critical accounting judgement: equity and loan investments

The Company considers the equity and loan investments to share the same investment characteristics and risks and they are therefore treated as a single unit of account for fair value purposes (IFRS 13) and a single class for financial instrument disclosure purposes (IFRS 9). As a result, the evaluation of the performance of the Company's investments is done for the entire portfolio on a fair value basis, as is the reporting to the key management personnel and to the investors. In this case, all equity, derivatives and debt investments form part of the same portfolio for which the performance is evaluated on a fair value basis together and reported to the key management personnel in its entirety.

Critical accounting judgement: basis of non-consolidation

The Company has adopted the amendments to IFRS 10 which states that investment entities should measure all of their subsidiaries that are themselves investment entities at fair value (in accordance with IFRS 9 Financial Instruments: Recognition and Measurement, and IFRS 13 Fair Value Measurement).

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

(i) the Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;

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

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

In assessing whether the Company meet the definition of an investment entity set out in IFRS 10 the Directors note that:

(i) the Company has multiple investors and obtains funds from a diverse group of shareholders who would otherwise not have access individually to invest in renewable energy infrastructure investments due to high barriers to entry and capital requirements;

(ii) the Company intends to hold its investments for the remainder of their useful lives for the purpose of capital appreciation and investment income in line with the Company's stated strategy and the Directors believe the Company is able to generate returns to the investors during that period[51]; and

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

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

[51] Directors will be putting forward proposals for the reconstruction and reorganisation of the Company to shareholders. Included within these proposals will be a managed wind-down of the Company. Shareholders will be given the option to vote on their preferred proposal.

Critical accounting judgement: functional currency

The Directors consider that the US Dollar is the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions that impact the Company.

The Company's ordinary share capital is issued in US Dollars. The primary activity of the Company is to invest in unlisted debt and equity securities issued by companies involved in the construction or operation of sustainable renewable energy infrastructure assets in fast-growing and emerging economies in Asia. Although these unlisted debt and equity securities are held in their local currencies, the fair value associated with each investment held is converted into US Dollars at the prevailing spot exchange rate at the valuation date for presentation within the Company's results. The US Dollar is the currency in which the Company measures its performance and reports its results, as well as the principal currency in which it receives subscriptions from its investors.

The functional currency assessment also considers the cost structure of the Company and the currencies in which it may pay dividends and receive income. The majority of operating expenses are denominated in US Dollars and the Company announces dividend payments in US Dollars (although it may also settle in currencies other than US Dollars). It is expected that the Company will receive dividend income in currencies other than US Dollars, although it may enter into a hedging programme to mitigate against future volatility in those currencies in comparison to US Dollars.

The functional currency assessment is reviewed periodically in light of investments made and to be made.

Key sources of estimation uncertainty: contingent consideration in relation to NISPI

The sale and purchase agreement to acquire the 40% economic interest in NISPI included an additional contingent cash consideration of up to US$22.0 million that was dependent upon NISPI being awarded a Green Auction PPA prior to 1 June 2023. In assessing the fair value of this contingent consideration at 31 December 2022, the Investment Manager and Directors have considered a number of external factors, including macro-economic, political and operational.

NISPI did not participate in a Green Auction during 2022 as it was not eligible to participate. At 31 December 2022, the wholesale power prices were higher than expected Green Auction solar prices and it was expected that this will prevail through 1 June 2023. Consequently, the likelihood that NISPI would participate in such an auction prior to 1 June 2023 was assessed as being remote. As such, the contingency is fair valued at US$nil at 31 December 2022.

Post the period end it has been confirmed that NISPI was not awarded a Green Auction PPA by 1 June 2023 and no further consideration is payable.

New and amended standards and interpretations

Effective from 1 November 2021 to January 2022

The Company applied the following amendments for the first time for its annual reporting period commencing 1 November 2021:

- onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37; and
- annual improvements to IFRS Standards 2018-2020.

The amendments listed above did not have any impact on the amounts recognised in the current or prior period and are not expected to significantly affect the current or future periods. The Company has considered the above amendments in valuing the onerous contract provision as detailed in note 13.

Effective on or after 1 January 2023

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are effective for annual periods beginning on or after 1 January 2023 that have not been early adopted in preparing these Financial Statements. These standards, amendments and interpretations are not expected to have a material impact on the Company in the current or future reporting periods, or on foreseeable future transactions.

The new standards, amendments to existing standards and interpretations that have been published and will be applied to the Company in future periods, subject to UK endorsement, include:

- disclosure of accounting policies and materiality judgements- Amendments to IAS 1 and IFRS Practice Statement 2, effective 1 January 2023;
- non-current liabilities with covenants – Amendments to IAS 1, effective 1 January 2024;
- definition of accounting estimates – Amendments to IAS 8, effective 1 January 2023; and
- deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12, effective 1 January 2023.

These are not likely to have a material impact on the Company's Financial Statements going forward.

3. Significant accounting policies

a) Financial instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred, and the transfer qualifies for derecognition in accordance with IFRS 9 Financial Instruments.

Financial assets

As an investment entity, the Company is required to measure its investments in its wholly owned direct subsidiaries, joint ventures and associates at FVTPL. As explained in note 2, the Company has made a judgement to fair value both the equity and debt investment in its subsidiary together. Subsequent to initial recognition, the Company measures its investments on a combined basis at fair value in accordance with IFRS 9 Financial Instruments:

Recognition and Measurement and IFRS 13 Fair Value Measurement

Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost. These assets are measured at amortised cost using the effective interest method, less allowance for expected credit losses. The Company has assessed IFRS 9's expected credit loss model and does not consider there to be any material impact on these Financial Statements.

Trade receivables, loans and other receivables are included in current assets, except where maturities are greater than 12 months after the year end date in which case they are classified as non-current assets.

Regular purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets at FVTPL are initially recognised at fair value. Transaction costs are expensed as incurred within the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value.

Gains and losses arising from changes in the fair value of the 'financial assets at FVTPL' category are presented in the Statement of Comprehensive Income within investment income in the period in which they arise.

Income from financial assets at FVTPL is recognised in the Statement of Comprehensive Income within investment income when the Company's right to receive payments is established.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

Recognition and Measurement and IFRS 13 Fair Value Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest rate method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Direct issue costs are charged against the value of ordinary share premium.

b) Taxation

Investment trusts which have approval under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains. The Company has successfully applied and has been granted approval as an Investment Trust by HMRC.

Irrecoverable withholding tax is recognised on any overseas income on an accrual basis using the applicable rate of taxation for the country of origin.

The underlying intermediate holding companies and project companies in which the Company invests provide for and pay taxation at the appropriate rates in the countries in which they operate. This is taken into account when assessing the value of the subsidiaries, joint ventures and associates.

c) Segmental reporting

The Board is of the opinion that the Company is engaged in a single segment of business, being investment in renewable energy infrastructure assets to generate investment returns whilst preserving capital. The financial information used by the Board to manage the Company presents the business as a single segment.

d) Investment income

Investment income comprises interest income and dividend income received from the Company's subsidiaries. Interest income is recognised in the Statement of Comprehensive Income using the effective interest method. Dividend income is recognised when the Company's entitlement to receive payment is established.

e) Expenses

All expenses are accounted for on an accrual basis. In accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ('SORP') issued in July 2022 by the Association of Investment Companies ('AIC'), the statement of comprehensive income differentiates between the 'revenue' account and the 'capital' account, and the sum of both items equals the Company's profit for the year/period. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, expenses directly attributable to the long-term capital growth of the Company are presented as capital items. See below for specific examples:

- **Investment management fees**: As per the Company's investment objective, it is expected that income returns will make up 50% of the Company's long-term return. Therefore, based on the estimated split of future returns (which cannot be guaranteed), 50% of the investment management fee is charged as a capital item within the Statement of Comprehensive Income.

- **Transaction costs**: Transaction costs incurred on completed transactions are charged as capital items within the Statement of Comprehensive Income.

f) Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income.

g) Cash and cash equivalents

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

h) Dividends payable

Final dividends payable to equity shareholders are recognised in the Financial Statements when they have been approved by shareholders and become a liability of the Company. Interim dividends payable are recognised in the period in which they are paid.

i) Reserves

The Company's capital is represented by the ordinary shares, share premium, the special distributable reserve, retained losses and other comprehensive income.

- **Share premium**: Share premium includes the premium above nominal value received by the Company on issuing shares, net of issue costs, to the extent not subsequently cancelled and transferred to another reserve.

- **Special distributable reserve**: This reserve is distributable and may be used, where the Board considers it appropriate, by the Company for the purposes of paying dividends to shareholders (and, in particular, augmenting or smoothing payments of dividends to shareholders) or buying back shares. There is no guarantee that the Board will make use of this reserve for such purposes. See note 15 for further information.

- **Retained losses**: Retained losses are split between revenue and capital reserves as follows:

    - **Revenue reserve**: This reserve reflects all income and costs which are recognised in the revenue column of the statement of comprehensive income. This reserve is distributable by way of dividend.

    - **Capital reserve**: This reserve includes gains and losses on disposal of investments and changes in fair values of investments, foreign exchange differences determined to be of a capital nature and the capital element of the management fee. Any associated tax relief is also credited to this reserve. This reserve is distributable by way of dividend.

j) Onerous contract provision

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company or its subsidiaries has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Company's onerous contract relates to the agreed acquisition of a further 57% in SolarArise where the fair value of that 57% stake at the balance sheet date has been determined to be less than the agreed consideration payable. Please refer to note 13 for further detail. As the onerous contract is linked to the fair value of the investment portfolio, the income statement charge arising from the onerous contract has been recognised in revenue.

4. Administration and professional fees

	For the period ended 31 December 2022		
	Revenue US$'000	Capital US$'000	Total US$'000
Administration fees	146	–	146
AIFM fees	94	–	94
Legal and professional fees	693	–	693
Transaction costs	–	296	296
Compliance and regulatory fees	157	–	157
Directors' fees	267	–	267
Valuation fees	842	–	842
Company's audit and non-audit fees:			
– in respect of audit services	445	–	445
– in respect of non-audit related services	207	–	207
Other operating expenses	389	–	389
	3,240	**296**	**3,536**

Analysed as:

	For the period ended 31 December 2022
	Total US$'000
Ongoing and recurring costs of the Company	1,508
Exceptional costs incurred to finalise the December 2022 valuations and 2022 audit	1,192
Other one-off costs	836
Total	**3,536**

Fees payable to the Company's Auditor during the period were:

	For the period ended 31 December 2022
	Total US$'000
Fees payable to the Company's Auditor for the audit of the Company's Financial Statements	445
Fees payable to the Company's Auditor for other services:	
Audit-related services	43
Non-audit related services	446
Total	**934**

The audit-related services provided relate to the review of the interim financial statements. During the period, the Company's Auditor was also paid £215,000 (US$282,000 equivalent) for its role as reporting accountant and £136,000 (US$164,000 equivalent) for tax structuring advice in connection with the IPO. The reporting accountant fee was recognised directly in equity as a cost associated with the initial capital raising of the Company.

In addition to the fees disclosed above, US$3,350 is payable to the Company's Auditor in respect of audit services provided to the Company's unconsolidated subsidiary, AEIT Holdings, that is not included in the Company's expenses above.

The Company has no employees. Full detail on Directors' fees is provided in note 19. Directors' fees in the table above include employer social security contributions of US$11,000. In the period from incorporation to 31 October 2021 and from 1 November 2021 until the date of IPO, Directors' fees were US$nil.

5. Net foreign exchange gains

Net foreign exchange gains primarily relate to foreign exchange gains realised on the Company's IPO proceeds that have not yet been deployed.

6. Taxation

(a) Analysis of charge in the period

	For the period ended 31 December 2022		
	Revenue US$'000	Capital US$'000	Total US$'000
Corporation tax	–	–	–
Tax charge for the period	–	–	–

(b) Factors affecting total tax charge for the period

The effective UK corporation tax rate applicable to the Company for the period is 19%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company. The differences are explained below:

	Revenue US$'000	Capital US$'000	Total US$'000
Loss before taxation	(2,283)	(86,501)	(88,784)
Corporation tax at 19%	(434)	(16,435)	(16,869)
Effects of:			
Non-deductible capital losses	–	16,244	16,244
Unutilised losses carried forward	434	191	625
Total tax charge for the period	–	–	–

The Directors are of the opinion that the Company has complied with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010. This allows certain capital profits of the Company to be exempt from UK tax. Additionally, the Company may designate dividends payable wholly or partly as interest distributions for UK tax purposes. Interest distributions are treated as tax deductions against taxable income of the Company so that investors do not suffer double taxation on their returns.

The Financial Statements do not directly include the tax charges for any of the Company's subsidiaries as these are held at fair value. Each of these companies are subject to taxes in the countries in which they operate.

The Company has an unrecognised deferred tax asset of US$0.8 million based on the excess unutilised operating expenses of US$3.3 million at the prospective UK corporation tax rate of 25%. A deferred tax asset has not been recognised in respect of these operating expenses and will be recoverable only to the extent that the Company has sufficient future taxable revenue.

7. Dividends

The dividends reflected in the Financial Statements for the period are as follows:

	For the period ended 31 December 2022	
	Cents per ordinary share	Total US$'000
Q1 2022 dividend- paid on 24 June 2022	0.44	508
Q2 2022 dividend- paid on 30 September 2022	0.44	622
Q3 2022 dividend- paid on 2 December 2022	0.44	773
Total	**1.32**	**1,903**

The dividends relating to the period ended 31 December 2022, which is the basis on which the requirements of section 1159[52] of the Corporation Tax Act 2010 are detailed below:

	For the period ended 31 December 2022	
	Cents per ordinary share	Total US$'000
Q1 2022 dividend- paid on 24 June 2022	0.44	508
Q2 2022 dividend- paid on 30 September 2022	0.44	622
Q3 2022 dividend- paid on 2 December 2022	0.44	773
Q4 2022 dividend- paid on 23 May 2023	1.18	2,073
Total	**2.50**	**3,976**

As disclosed in note 22, the Company declared its dividend for the fourth quarter on 13 April 2023 of 1.18 cents per share in respect of the three-month period from 1 October 2022 to 31 December 2022. The dividend totalling US$2.1 million was paid on 23 May 2023.

See note 22 for details on additional dividends declared since the period end.

8. Earnings per ordinary share

Earnings per ordinary share is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the period:

	For the period ended 31 December 2022		
	Revenue	Capital	Total
Loss attributable to the equity holders of the Company (US$'000)	(2,283)	(86,501)	(88,784)
Weighted average number of ordinary shares in issue (000s)	115,177	115,177	115,177
Earnings per ordinary share (cents) - basic and diluted	(1.98)	(75.14)	(77.13)

9. Investments at fair value through profit or loss

As set out in note 2, the Company accounts for its interest in its wholly owned direct subsidiaries as an investment at fair value through profit or loss.

	31 December 2022 US$'000
Philippines	11,491
India	–
AEIT Holdings	–
Total investments at FVTPL	**11,491**
Movements in the period:	
Acquisition of assets – cash settled	28,298
Acquisition of assets – consideration shares	30,186
Discount rate unwind	2,833
Changes to inflation	2,789
Change in FX	(3,391)
Estimated termination penalties for RUMS project	(14,071)
Adjustments to modelling methodology and timing of cash extraction	(12,410)
Decrease in power prices (WESM)	(9,036)
Changes to generation profile	(3,328)
Increase in discount rates	(826)
Removal of carbon credit revenues (SolarArise)	(2,033)
Other movements in fair value of investments	(7,520)
Fair value of Company's investments as at 31 December 2022	**11,491**

[52] The requirement for an investment trust to pay out 85% of profits generated in the year as dividends.

Fair value of the investment portfolio

The Transitional Investment Manager has carried out a fair market valuation of the investments as at 31 December 2022. These valuations have been reviewed by the Company's independent valuation expert.

The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. All investments are in renewable energy assets and are valued using a discounted cash flow methodology.

The key assumptions used in the DCF models at 31 December 2022 that the Directors believe would have a material impact on the fair value of the investments should they change are set out in the table below. The key unobservable inputs, and therefore the key sources of estimation uncertainty, are future power prices, renewable energy generation, discount rates and inflation rates. The table below also includes other assumptions that the Transitional Investment Manager consider to be key to the valuation of each investment, such as the ability to extract cash from each of the investments and the timing of dividend payments.

Key assumption	Philippines	India	Description
Power prices	Forecast WESM[53] prices, are based on a blend of two wholesale energy price curves as prepared by independent market advisors that are reputable in these markets.	Fixed price PPA	All assets in the Indian portfolio have long-term fixed price power purchase agreements and therefore market forecasts are not required. The Philippine portfolio generates revenue through the sale of power to the grid at the wholesale electricity market price and is fully exposed to volatility in wholesale energy price curves.
Energy generation	P50	P50	Electricity output is based on specifically commissioned yield assessments prepared by technical advisors. Each asset's valuation assumes a 'P50' level of electricity output, which is the estimated annual amount of electricity generation that has a 50% probability of being exceeded- both in any single year and over the long-term- and a 50% probability of being underachieved. The P50 provides an expected level of generation over the long-term. A 3-5% 'haircut' has been applied to the current P50 yields in the models based on historical underperformance.
Discount rate	12%	12% for operational assets; 12.5% for construction assets	The discount rate used in each DCF model reflects the current market assessment of the time value of money and the risks specific to each investment. Key inputs to the discount rates have been reviewed by PwC, the independent valuation expert.
FX rate	US$1:PHP 55.616	US$1:INR 82.67	Underlying valuations are calculated in local currency and converted back to USD at the spot rate at the relevant valuation date.
Inflation	CPI trends downwards to a long-term inflation rate assumption of 3%. The Bangko Sentral ng Pilipinas (central bank of the Philippines) target inflation range is 2% to 4%.	India CPI forecasts trend downwards in the near term to a long-term inflation rate assumption of 4.2%. This is in line with the Reserve Bank of India target inflation range of 2% to 6%.	Inflation assumptions used in the model are a blend of a leading market forecaster with International Monetary Fund (IMF) CPI forecasts for all invested markets as at 31 December 2022.
Capital structure	Philippines: Capital reduction effective on 30 June 2023	India: Capital reduction effective on 31 December 2023	The current structure of each of these investments is not optimal for cash extraction. The DCF models assume a degree of capital restructuring for each investment to enable cash to be extracted more efficiently. Any delay to these restructuring plans may delay the ability of the Company to extract cash out of its underlying investments.

[53] Philippine Wholesale Electricity Spot Market.

RUMS project

Within the SolarArise portfolio is a 200 MW asset under construction (the "RUMS project") held through a separate subsidiary. As at 31 December 2022, SolarArise had spent US$6.8 million on the RUMS project. In valuing the SolarArise portfolio, the RUMS project was initially held at US$6.8 million i.e. cost.

As detailed on page 17, at 31 December 2022 the price of solar panels to complete construction of the asset were high, primarily due to lockdowns in China which limited global solar panel supply. The DCF valuation of proceeding with the RUMS project as at 31 December 2022 was therefore a negative NPV of US$33.3 million (100% basis) whereas the potential liabilities from aborting the project were between US$14.1million and US$33.2 million, with termination penalties potentially being levied on SolarArise. Therefore the valuation of SolarArise at 31 December 2022 assumes that the RUMS project would be aborted, any costs paid into the project would be written off to US$nil and that termination penalties would be levied on the rest of the SolarArise investment. There is significant judgement in determining the likely value of the crystallised abort liabilities but in valuing SolarArise at 31 December 2022, it has been assumed that a market participant would look at the SolarArise platform in its entirety and consider either the termination liabilities or the negative NPV of proceeding with the RUMS project in valuing the investment and therefore the fair value of the SolarArise investment as a whole has been written down to US$nil as the risk of further liabilities being levied on the Company is deemed to be remote such that the valuation cannot go below US$nil. This represents total abort liabilities of US$27.8 million (100% basis). As at 31 December 2022, the Company owned 43% of SolarArise. However, given that it had also made a commitment to purchase the remaining 57%, an onerous contract provision has also been recognised for the 57% commitment – see note 13.

Post period end, following a decrease in panel prices and re-evaluation of the project, the Board decided that proceeding with the project represented the least value destructive option for the Company. As at 30 September 2023, the valuation of the RUMS project is a negative NPV of US$14.6 million. This excludes the paid in capital to date of US$10.1 million. See note 22 for further information.

AEIT Holdings

On 5 May 2022, the Company incorporated a wholly owned subsidiary, AEIT Holdings, a private company, limited by ordinary shares. AEIT Holdings' principal activity is to act as an investment holding company and it is intended that the Company will acquire its future investments directly through AEIT Holdings. It is expected that the Company will finance AEIT Holdings through a mix of equity and long-term debt. At 31 December 2022, AEIT Holdings did not hold any investments and is therefore held at a fair value of US$nil.

Valuation sensitivities

The following table presents the results and impact of the sensitivity analysis completed on the key inputs used in the DCF models. The sensitivities assume that the relevant input is changed over the entire useful life of each of the underlying renewable energy investments, while all other variables remain constant. All sensitivities have been calculated independently of each other. Each of these sensitivities have been assessed as reasonably possible based on actual changes seen over the year.

The Directors have assessed the sensitivity applied to each of the significant unobservable inputs and believe that each sensitivity represents a reasonable possible long-term movement in the significant unobservable input to which it relates, notwithstanding the significant short-term movements that have occurred in the period in relation to Philippine wholesale power prices, foreign exchange, inflation rates and government bonds yields due to the recent energy market disruption caused by the ongoing Ukraine-Russia war.

While the Directors believe the changes in inputs calculated to be within a reasonable expected range based on their understanding of market transactions, this is not intended to imply the likelihood of change or that possible changes in value would be restricted to the range considered. For SolarArise, the sensitivities in the chart below are calculated on its operational portfolio, excluding the RUMS project. As the total value of SolarArise (including the RUMS project) as at 31 December 2022 is US$nil, the downsides shown below are not reflective of the actual impact on the Company (as the value of SolarArise can not fall below US$nil).

		Impact of sensitivity			
Significant unobservable input	**Relationship to fair value**	**Fair value increase**	**Fair value (decrease)**	**NAV per share increase**	**NAV per share (decrease)**
Power prices	Power price sensitivities have only been applied to investments whose underlying assets are exposed to merchant prices (i.e. revenue streams which are not tied to a fixed-price PPA). An increase in forecasted power prices used for these revenue streams would result in an increase in fair value.) ***Sensitivity:*** +/- 25%	US$6.8 million	US$(6.5) million	3.9 cents	(3.7) cents
Renewable energy generation	An increase in generation would result in an increase in fair value. ***Sensitivity:*** +/- 10%	US$6.5 million	US$(6.6) million	3.7 cents	(3.8) cents

Significant unobservable input	Relationship to fair value	Impact of sensitivity Fair value increase	Fair value (decrease)	NAV per share increase	NAV per share (decrease)
Discount rate	A decrease in the discount rate used would result in an increase in fair value. ***Sensitivity:*** -/+ 1%	US$1.4 million	US$(1.3) million	0.8 cents	(1.1) cents
Foreign exchange rate	Deflation of the local currencies in which the investments are held against the US Dollar would result in an increase in fair value. ***Sensitivity:*** -/+ 10%	US$1.0 million	US$(1.0) million	0.6 cents	(0.6) cents
Cost inflation	A decrease in the inflation rate used would result in an increase in fair value. ***Sensitivity:*** -/+ 1%	US$0.6 million	US$(0.6) million	0.3 cents	(0.3) cents
Cash extraction	As at 31 December 2022, NISPI, the SolarArise holding company and each of the SolarArise SPVs has significant negative distributable reserve balances, prohibiting the payment of dividends. The updated valuations have been updated to reflect this but assume that some measures to eliminate cash traps within a reasonable timeframe are implemented for example, capital reductions. The sensitivity assumes that such measures to eliminate cash traps are delayed by c. 12 months at both NISPI and SolarArise. ***Sensitivity:*** Delay to assumed capital reductions +12 months	-	US$(1.2) million	-	(0.7) cents
RUMS termination liabilities	As at 31 December 2022, the least value destructive option was to abort the RUMS project. Advice was sought on the range of liabilities that could arise. The potential outcomes ranged from a worst case liability of US$14.1 million to a mitigated case of US$6.1 million on a 43% basis. The sensitivity shows the impact on Company value by adopting the ends of these ranges vs. the concluded abort estimation of $12.0 million. ***Sensitivity:*** Third party advisors worst case / mitigated case	US$5.9 million	US$(2.4) million	3.3 cents	(1.4) cents

10. Trade and other receivables

	31 December 2022 US$'000	31 October 2022 US$'000
VAT receivable	541	–
Prepayments	92	–
Amounts receivable from related parties	–	66
Total	**633**	**66**

Amounts receivable from related parties in the prior year related to the ordinary share and preference shares issued on incorporation, payable by the initial parent company, ThomasLloyd Cleantech Infrastructure Holding GmbH. In March 2022, the preference shares were cancelled (see note 14).

11. Cash and cash equivalents

The cash and cash equivalents were held in the following currencies at the period end:

	31 December 2022 US$'000	31 October 2022 US$'000
US$	109,024	–
GBP	6,742	–
Euro	53	–
Total	**115,819**	**–**

12. Trade and other payables

	31 December 2022 US$'000	31 October 2022 US$'000
Trade payables	350	–
Accrued expenses	2,367	–
Amounts payable to related parties	146	–
Total	**2,863**	**–**

Amounts payable to related parties are management fees accrued and payable to the previous Former Investment Manager. See note 19 for further information.

13. Provisions

	31 December 2022 US$'000	31 October 2022 US$'000
Opening balance	–	–
Additions in the period		
Onerous contract provision	38,500	–
Amounts utilised in the period	–	–
Balance at the end of the period	**38,500**	**–**

On 20 June 2022 the Company made a commitment to purchase the remaining 57% of SolarArise for a total consideration of US$38.5 million. The Company has identified an onerous contract and recognised a provision of US$38.5 million in respect of this commitment as the fair value of the 57% investment is lower than the consideration paid to acquire this 57% investment, primarily due to termination penalties relating to the RUMS project. Completion of the purchase of 57% of SolarArise occurred on 13 January 2023. See note 9 for further details on how the fair value of SolarArise was determined.

14. Share capital

Allotted, issued and fully paid:	Number of ordinary shares	Share capital US$'000	Share premium US$'000	Number of preference shares	Preference share capital US$'000
At incorporation *(6 September 2021)*	1	–	–	–	–
Issues of shares *(18 October 2021)*	1	–	–	50,000	66
Cancellation of shares *(18 October 2021)*	(1)	–	–	–	–
At 31 October 2021	**1**	**–**	**–**	**50,000**	**66**
Issue of shares at IPO *(14 December 2021)*	115,393,127	1,154	114,239	–	–
Cancellation of preference shares *(22 March 2022)*	–	–	–	(50,000)	(66)
Subsequent issue of shares *(16 August 2022)*	26,014,349	260	29,926	–	–
Subsequent issue of shares *(16 November 2022)*	34,277,228	343	34,963	–	–
Share issue costs	–	–	(3,618)	–	–
Transfer to special distributable reserve	–	–	(111,992)	–	–
Closing balance 31 December 2022	**175,684,705**	**1,757**	**63,518**	**–**	**–**

The Company was incorporated on 6 September 2021 with share capital of £0.01, being one ordinary share of £0.01.

On 18 October 2021, the Company issued US$0.01 of ordinary share capital, being one ordinary share of US$0.01 and preference share capital of £50,000, being 5,000,000 preference shares of £0.01. On this date, the Company cancelled the one ordinary share of £0.01.

On 14 December 2021, at IPO, the Company issued 115,393,127 ordinary shares of US$0.01 each, at a price of US$1.00 per ordinary share, raising gross proceeds of US$115.4 million.

On 22 March 2022, the Company effected a capital reduction process which included the cancellation of the 50,000 preference shares and the related reduction of an amount receivable from related parties of US$66,000 and the reduction of the share premium reserve and related transfer to the special distributable reserve of US$111,992,000.

On 16 August 2022, the Company issued 26,014,349 ordinary shares of US$0.01 each in consideration for the 43% economic interest in SolarArise. SolarArise forms part of the seed assets of the IPO, with the consideration shares forming part of the gross IPO proceeds. The shares were issued at a price of US$1.16035 per share that was based on the 10-day average share price prior to allotment of the shares.

On 16 November 2022, pursuant to the subsequent placing programme, the Company issued 34,277,228 ordinary shares of US$0.01 each at a price of US$1.030 per ordinary share, raising gross proceeds of US$35.3 million. The shares were subsequently issued on 18 November 2022.

Expenses incurred of US$3.6 million were determined to be directly attributable to the equity transactions and that would have otherwise been avoided if the shares had not been issued. These expenses include broker fees and commissions, sponsor fees, amounts paid to lawyers, accountants and other professional advisors in relation to the IPO and the subsequent placing programme. Such expenses have been recognised directly in share premium.

15. Special distributable reserve

In March 2022, the Company was granted court approval for a capital reduction process to cancel US$112.0 million of share premium which was transferred to the special distributable reserve. During 2022, the Company paid dividends of US$1.9 million from this reserve. At 31 December 2022, the special distributable reserve was US$110.1 million and is fully distributable.

16. Net asset value per ordinary share

	As at 31 December 2022
Total shareholders' equity (US$'000)	86,580
Number of ordinary shares in issue (000)	175,685
Net asset value per Ordinary Share (cents)	**49.28**

17. Financial instruments by category

The table below sets out the classifications of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instruments. There are no non-recurring fair value measurements.

	As at 31 December 2022			
	Financial assets at amortised cost US$'000	Financial assets at fair value through profit or loss US$'000	Financial liabilities at amortised cost US$'000	Total US$'000
Non-current assets				
Investments at fair value through profit or loss	–	11,491	–	**11,491**
Current assets				
Cash and cash equivalents	115,819	–	–	**115,819**
Total assets	**115,819**	**11,491**	**–**	**127,310**
Current liabilities				
Trade and other payables	–	–	(350)	**(350)**
Total liabilities	**–**	**–**	**(350)**	**(350)**
Net assets	**115,819**	**11,491**	**(350)**	**126,960**

Financial instruments are held at carrying value as an approximation to fair value unless stated otherwise.

IFRS 13 requires the Company to classify its investments in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy under IFRS 13 are as follows:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities	**Level 2:** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)	**Level 3:** fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs)

	As at 31 December 2022			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets				
Investments at fair value through profit or loss	–	–	11,491	11,491
Total financial assets	**–**	**–**	**11,491**	**11,491**

There were no Level 1 or Level 2 assets during the period. There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the period.

Reconciliation of level 3 fair value measurement of financial assets and liabilities

An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss (all classified as Level 3) is given in note 9.

The fair value of the investments at fair value through profit or loss includes the use of Level 3 inputs. Refer to note 9 for details on the valuation methodology.

18. Financial risk management

The Company is exposed to certain risks through the ordinary course of business and its financial risk management objective is to minimise the effect of these risks on its operations. The management of risks is the responsibility of the Board. The Investment Manager and AIFM 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 Company's operations.

The exposure to each financial risk considered potentially material to the Company, how it arises and the policy for managing it is summarised below.

(i) Currency risk

The Company operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the US Dollar, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions and recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk and not foreign currency risk. However, the Investment Manager monitors the exposure on all foreign currency-denominated assets and liabilities.

Whilst the Company will not pursue long-term currency hedging, the Board intends to substantially hedge future dividend payments to shareholders where those payments are funded by non-US Dollar-denominated dividend income. This hedging programme may cover up to a rolling two-year period. At 31 December 2022, the Company had not entered into any foreign exchange hedging transactions for the purpose of managing its exposure to foreign exchange movements (both monetary and non-monetary).

In relation to local currency debt facilities held at the investment portfolio level, these are and should be in the same currency as the offtake agreement, which provides a natural hedge to mitigate the currency risk. The Investment Manager also includes prevailing assumptions on annualised currency depreciation in its financial projections, so that its financial models contain anticipated changes in currency value. As at 31 December 2022, the SolarArise portfolio held debt of US$106.8 million on a 100% basis (US$45.9 million on a 43% basis).

When the Investment Manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Company, the Investment Manager factors that into its investment portfolio decisions. While the Company has direct exposure to foreign exchange rate changes on the price of non-US Dollar-denominated investments, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain of its investments and, therefore, the sensitivity analysis below may not necessarily indicate the total effect on the Company's net assets of future movements in foreign exchange rates.

The table below summarise the Company's assets and liabilities, both monetary and non-monetary, denominated in the currencies the Company is exposed to, expressed in US$'000s.

	US$	GBP	PHP	INR	Other	Total
Assets						
Investments at fair value through profit or loss	–	–	11,491	–	–	**11,491**
Trade and other receivables	–	633	–	–	–	**633**
Cash and cash equivalents	109,024	6,742	–	–	53	**115,819**
Liabilities						
Trade and other payables	(593)	(2,270)	–	–	–	**(2,863)**
Onerous contract provision	–	–	–	(38,500)	–	**(38,500)**
Net assets	**108,431**	**5,105**	**11,491**	**(38,500)**	**53**	**86,580**
% of NAV	125%	6%	13%	(43%)	0%	100%

(ii) Interest rate risk

The Company's interest and non-interest bearing assets and liabilities (both monetary and non-monetary) as at 31 December 2022 are summarised below:

	Interest bearing US$'000	Non-interest bearing US$'000	Total US$'000
Assets			
Cash and cash equivalents	–	115,819	115,819
Trade and other receivables	–	633	633
Investments at fair value through profit or loss	–	11,491	11,491
Total assets	**–**	**127,943**	**127,943**
Liabilities			
Trade and other payables	–	(2,863)	(2,863)
Onerous contract provision		(38,500)	(38,500)
Total liabilities	**–**	**(41,363)**	**(41,363)**

(iii) Power price risk

The Company is also exposed to power price risk on its investments, primarily being future power prices. Wholesale electricity prices tend to be volatile and are impacted by a variety of factors, including market demand, the electricity generation mix in a specific market and fluctuations in the market prices of certain commodities. Whilst SolarArise benefits from fixed priced PPAs, NISPI's revenues are based on the wholesale electricity spot market price in the Philippines. The Investment Manager continually monitors the wholesale electricity spot market price and forecasts and aims to put in place mitigating strategies, such as securing fixed PPA contracts, to reduce the exposure of the Company to this risk. However none were entered into either in the year or subsequent to the balance sheet date. The valuation sensitivity of the investment portfolio to power prices is shown in note 9.

The Company's policy is to manage price risk arising from investments through diversification of its investment portfolio and selection of investments in renewable energy assets and other financial instruments within the specified limits set out in the Company's investment policy, or otherwise set by the Board. See page 11 for further details on the Company's Investment Policy.

(iv) Credit risks

The Company is exposed to third-party credit risk in several instances and the possibility that a counterparty with which the Company or its underlying investment entities contract may fail to perform their obligations under a commitment that it has entered into with the Company or its underlying investment entities, in the manner anticipated by the Company.

Credit risk arises where capital commitments are being made and is managed by diversifying exposures among a portfolio of counterparties and through applying credit limits to those counterparties with a lower credit standing.

Counterparty credit risk exposure limits are determined based on the credit rating of the counterparty. Counterparties are assessed and monitored on the basis of their ratings from Standard & Poor's and/or Moody's. No financial transactions are permitted with counterparties with a credit rating of less than BBB- from Standard & Poor's or Baa3 from Moody's, unless specifically approved by the Board.

Credit risk also arises from cash and other assets that are required to be held in custody by banks and other financial institutions. Cash held with banks and other financial institutions will not be treated as client money subject to the rules of the FCA and may be used by the bank in the ordinary course of its own business. The Company will, therefore, be subject to the creditworthiness of the bank or other financial institution. In the event of insolvency of a bank or other financial institution, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all. To mitigate this risk, cash and bank deposits are only held with major financial institutions with high credit ratings assigned by international credit rating agencies.

The Company has assessed the expected credit loss model in IFRS 9 and does not consider any material impact on these Financial Statements. No balances are past due or impaired.

(v) Liquidity risks

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. The objective of liquidity management is, therefore, to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding.

At 31 December 2022, the Company's financial liabilities were trade payables. The Company also held an onerous commitment for $38.5m to acquire the remaining 57% interest in SolarArise and a contingent liability in relation to contingent consideration payable under the NISPI sale and purchase agreement. As detailed in note 21 the fair value of this contingent liability was determined to be US$nil at 31 December 2022 and the risk surrounding this contingent liability has fallen away post the period end. The Company intends to hold sufficient cash to meet its working capital needs over a horizon of at least the next 12 months from the signing of these Financial Statements. The Company held cash and cash equivalents of US$115.8 million at 31 December 2022, with total financial liabilities of US$0.35 million. The Company also had non-financial liabilities, including amounts payable under an onerous contract provision, of US$41.0 million.

Cash flow forecasts are prepared by the Investment Manager on a quarterly basis for a rolling six-month period to assist in the ongoing analysis of short-term cash flow, and for at least 12 months to cover the Company's going concern assessment. The Directors monitor forecast and actual cash flows from operating, financing and investing activities to consider payment of trade and other payables, payment of dividends or the funding of additional investing activities. The Company also ensures that it maintains adequate cash reserves by monitoring the forecast and actual cash flows.

The following table shows the maturity analysis of financial assets and liabilities held at 31 December 2022.

	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000	Total US$'000
Assets				
Investments at fair value through profit or loss	–	–	11,491	11,491
Cash and cash equivalents	115,819	–	–	115,819
Liabilities				
Trade and other payables	(350)	–	–	(350)
	115,469	**–**	**11,491**	**126,960**

Investments at fair value through profit and loss have been presented as more than 5 years on account that they are held as long term investments.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the capital return to shareholders. The capital structure of the Company at 31 December 2022 consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves, including accumulated losses. The Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

The Company does not have any debt, however is permitted to have debt within its underlying investments. Per the Company's investment policy, gearing should not exceed 65% of the Adjusted GAV, with the Company targeting gearing of below 50% in the medium term. External debt financing is only at the level of the Indian solar portfolio and as at 31 December 2022, this comprised outstanding principal amounts of US$45.9 million (pro rated for economic ownership), representing a leverage ratio of 27% increasing to 46% on a committed basis (including 100% of SolarArise).

19. Related party transactions

AIFM

The Company is classified as an Alternative Investment Fund under the EU Alternative Investment Fund Managers' Directive as incorporated into UK law (the 'AIFMD') and is, therefore, required to have an AIFM. The Company's AIFM is Adepa Asset Management S.A.

The AIFM is entitled to an annual management fee at the following rates, based on the NAV and payable quarterly in arrears:

	Fee based on NAV
Up to US$200 million	0.055%
Between US&200-400 million	0.045%
Between US&400-1,000 million	0.035%
Above US$1 billion	0.025%

The AIFM is also entitled to an annual risk management fee of EUR14,500.

For the period from IPO to 31 December 2022, the AIFM was entitled to management fees of US$94,000. Of this total, US$38,000 remained outstanding at the balance sheet date and was included in payables.

Investment Manager

The AIFM, with the agreement of the Company, has delegated the portfolio management of the Company to the Investment Manager. For the period from IPO to 31 October 2023, the Investment Manager was ThomasLloyd Global Asset Management (Americas) LLC (the "Former Investment Manager").

Management fees are payable quarterly in arrears and are calculated at the following rates, based on the NAV on the last business day of the relevant quarter:

	Fee based on NAV
Up to US$700 million	1.3%
US$700 million to US$2.0 billion	1.1%
Over US$2.0 billion	1.0%

For the period from IPO to 31 December 2022, the Former Investment Manager was entitled to management fees of US$1.4 million. Of this total, US$0.15 million remained outstanding at the balance sheet date and was included in amounts payable to related parties.

The Investment Management Agreement between the AIFM, Company and Former Investment Manager (the "IMA") was terminated post period end with effect from 31 October 2023. From 1 November 2023, Octopus Energy Generation were appointed as Transitional Investment Manager to cover an initial period through to 30 April 2024.

Transactions with the Former Investment Manager

Acquisition of SolarArise

The Company acquired its 43% economic interest in SolarArise from ThomasLloyd SICAV, ThomasLloyd Cleantech Infrastructure Fund SICAV and ThomasLloyd Cleantech Infrastructure Holding GmbH, all related parties of the Former Investment Manager. The acquisition agreement signed in November 2021 was amended prior to completion in August 2022 to provide for the consideration to be changed from a fixed number of ordinary shares to a variable number of shares based on an average 10-day share price prior to date of allotment, to update the fair value to that at 30 June 2022 as opined on by an independent third-party and to provide for the number of ordinary shares to be issued as consideration to be net of withholding tax of US$2.7 million, which was required to be withheld and remitted by the Company to the tax authorities on behalf of the sellers.

At November 2021, the consideration payable was US$34.6 million, which was to be settled by the issue of 34,606,872 ordinary shares in the Company (equivalent to an issue price of US$1.00 per share). Following these amendments, completion of the acquisition of the 43% economic interest in SolarArise was for a consideration of US$30.2 million, settled through the issue of 26,014,349 ordinary shares at US$1.16035 per share. In addition, cash of US$2.7 million was paid to the Indian tax authorities on behalf of the sellers.

As at 31 December 2022 the Company's investment in SolarArise was valued at US$nil. See note 9 for further information.

Acquisition of NISPI

The Company acquired its 40% economic interest in NISPI from ThomasLloyd CTI Asia Holdings Pte Ltd, which is a related party of the Former Investment Manager and shares an ultimate beneficial owner with the Former Investment Manager. Under the acquisition agreement, the Company paid an initial cash consideration of US$25.4 million and may have led to paying an additional contingent cash consideration of up to US$22.0 million if the Company, prior to June 2023, was awarded a power purchase agreement pursuant to a Green Auction carried out by the Department of Energy of the Philippines. If such contingent consideration was payable, the consideration would have been settled 10 business days after the Green Auction purchase price agreement is awarded. On 10 June 2022, the Company and ThomasLloyd CTI Asia Holdings Pte Ltd agreed to extend the date for payment of any contingent consideration to the earlier of (i) 31 December 2026 and (ii) 10 business days after a further capital raise by the Company, the purpose of which includes funding payment of contingent consideration (or, if the updated valuation has not been received prior to such fundraise, 10 business days after the updated valuation has been received).

NISPI was not awarded a PPA under a Green Auction prior to June 2023 and therefore no further consideration is payable for the acquisition of NISPI.

Directors

The Company has four non-executive Directors. Total Directors' fees of US$255,000, with associated payroll taxes of US$11,000, have been incurred in respect of the period since IPO. Total expenses of US$6,000 were also paid to the Directors in the period, of which US$1,000 was outstanding at 31 December 2022.

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

	Ordinary shares held as at date of this report	Ordinary shares held as at 31 December 2022
Sue Inglis	65,000	65,000
Kirstine Damkjaer	–	–
Mukesh Rajani	33,000	33,000
Clifford Tompsett	33,000	33,000

20. Subsidiaries, joint ventures and associates

As a result of applying Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), no subsidiaries have been consolidated in these Financial Statements. The Company does not control each of the subsidiaries listed below and therefore the transfer of dividends is dependent on there being suitable distributable reserves, and the approval of co-shareholders. For those subsidiaries with external debt, all debt agreements are complied with. See note 21 to the Financial statements fro further information on the Company's commitments with respect to these subsidiaries. The Company's subsidiaries are listed below:

Name	Category	Place of business	Registered Office*	Ownership interest
AEIT Holdings Limited	Intermediate Holdings	UK	A	100%
Negros Island Solar Power Inc. ('NISPI')	Project company	Philippines	B	34%[54]
SolarArise India Projects Private Ltd ('SolarArise')	Intermediate Holdings	India	C	43%
Talettutayi Solar Projects Private Limited	Project company	India	D	43%
Talettutayi Solar Projects One Private Limited	Project company	India	D	43%
Talettutayi Solar Projects Two Private Limited	Project company	India	D	43%
Talettutayi Solar Projects Four Private Limited	Project company	India	D	43%
Talettutayi Solar Projects Five Private Limited	Project company	India	D	43%
Talettutayi Solar Projects Six Private Limited	Project company	India	D	43%
Talettutayi Solar Projects Eight Private Limited	Project company	India	D	43%
Talettutayi Solar Projects Nine Private Limited	Project company	India	D	43%
Talettutayi Solar Projects Ten Private Limited	Project company	India	D	43%

*Registered offices:

A – The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF, United Kingdom.

B – Emerald Arcade, F.e. Ledesma 8t., San Carlos, Negros Island, Philippines.

C – A-39, LGF, Lajpat Nagar, Part-1 New Delhi-110024, India.

D – Unit No. 1004, 10th Floor, BPTP Park Centra, Sector 30, NH-8, Gurugram-122001, Haryana, India.

As at 31 December 2022, investments into AEIT Holdings, NISPI and SolarArise were held directly. All other investments were held indirectly.

[54] The Company's economic interest in NISPI is 40%.

21. Guarantees, contingent liabilities and other commitments

NISPI – contingent consideration

The sale and purchase agreement for the acquisition of the 40% economic interest in NISPI provided for an initial cash consideration of US$25.4 million and potentially an additional contingent cash consideration of up to US$22.0 million. This contingent cash consideration was dependent upon NISPI being awarded a PPA, prior to June 2023, by the Philippine's Department of Energy under their Green Auction process. At 31 December 2023 any payment was considered remote and therefore was fair valued at US$nil.

NISPI was not awarded a PPA under a Green Auction prior to June 2023 and therefore this contingent liability no longer exists at the date of signing these Financial Statements.

AEIT Holdings – funding

At the balance sheet date, the Company committed to provide US$5.0 million of funding to AEIT Holdings to acquire a 99.8% interest in VSS, a privately-owned company which holds 6.12 MWp of rooftop solar assets. The funding was provided through the issue of shares by AEIT Holdings to the Company for cash. The funding was provided on 20 April 2023 and the acquisition of VSS completed on 31 May 2023 for US$3.1 million.

SolarArise – acquisition of additional 57% economic stake

On 20 June 2022 the Company made a commitment to purchase the remaining 57% of SolarArise for a total consideration of US$38.5 million. The Company has identified an onerous contract and recognised a provision of US$38.5 million in respect of this commitment. This provision represents the Company's best estimate of the fair value of 57% of SolarArise (which was US$nil after factoring in the liabilities associated with the RUMS project) less the consideration payable as of 31 December 2022. Completion of the purchase of 57% of SolarArise occurred on 13 January 2023. See note 13 for further information.

22. Post period end events

There have been no reportable events after the balance sheet date, other than as described below:

On 13 January 2023, the Company completed its acquisition of the remaining 57% in SolarArise for US$38.5 million. At the period end, the Company had an onerous contract provision in respect of this commitment. See note 13 for further information.

The Company declared its fourth interim dividend of 1.18 cents per ordinary share on 13 April 2023 in respect of the period from 1 October 2022 to 31 December 2022. The dividend was paid on 22 May 2023.

On 20 April 2023, the Company increased its investment in AEIT Holdings by US$5.0 million. US$3.1 million of this amount was used by AEIT Holdings to acquire Viet Solar System Company Limited ("VSS"), a privately-owned company which holds 6.12 MW of rooftop solar assets. The acquisition completed on 31 May 2023 and represents a 99.8% interest in VSS.

On 25 April 2023 the Company announced a temporary share suspension. This was due to a material uncertainty regarding the fair value of its assets and liabilities, in particular with regard to the 200 MW construction-ready asset in Rewa Ultra Mega Solar Park, the "RUMS project" acquired as part of the SolarArise portfolio. Refer to page 14 for further details.

On 6 June 2023 the Company declared an interim dividend for the period from 1 January 2023 to 31 March 2023 of 0.44 cents per ordinary share. The dividend was paid on 19 July 2023 to shareholders on the register on 16 June 2023.

On 10 August 2023 the Company declared an interim dividend for the period from 1 April 2023 to 30 June 2023 of 0.44 cents per ordinary share. The dividend was paid on 11 September 2023 to shareholders on the register on 18 August 2023.

As detailed on page 15, on 15 September 2023, the Board served notice on the Former Investment Manager terminating the IMA with effect from 31 October 2023. From 1 November 2023, Octopus Energy Generation "OEGEN" was appointed as Transitional Investment Manager to cover an initial period through to 30 April 2024. For this initial term, the Company will pay OEGEN a management fee of US$1.35 million. At the end of the term, at the discretion of the Board, there is scope for OEGEN to earn an additional management fee of up to US$0.55 million for its services during the initial period.

On 11 October 2023 the Board announced its decision to proceed with the RUMS project due to it being the least value destructive option for shareholders. This was based on the advice received from the Former Investment Manager as detailed on page 17. To proceed with the RUMS project, the Board put forward an amendment to the Company's investment policy with regard to the single country limit which was passed on 31 October 2023. See page 12 for further information.

On 27 October 2023, the Company changed its name to Asian Energy Impact Trust plc. with a new corporate website launched on 1 November 2023 www.asianenergyimpact.com.

On 8 November 2023 the Company declared an interim dividend for the period from 1 July 2023 to 30 September 2023 of 0.44 cents per ordinary share. The dividend was paid on 11 December 2023 to shareholders on the register on 17 November 2023.

On 13 December 2023, the Company announced its unaudited NAV as at 30 September 2023 is US$88.5 million (50.4 cents per share) and as at 30 September 2023, the Company had cash balances of US$63.6 million and held US$1.7 million in its UK subsidiary, AEIT Holdings. As at 30 September 2023, the value of the SolarArise portfolio increased from US$nil as at 31 December 2022 to US$11.3 million and included a negative NPV associated with completing the RUMS project of US$14.6 million. The improvement in valuation associated with completing the RUMS project is due to a reduction in the price of solar panels through 2023, primarily due to China opening up from lockdowns and therefore an increase in solar panel supply.

Alternative Performance Measures

In reporting financial information, the Company presents alternative performance measures ("APMs") which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. The APMs presented in this report are shown below:

NAV per share

A measure of the value of the Company attributable to each share, at the reporting date. The calculation of NAV per share is shown in note 16 to the Financial Statements.

NAV total return

A measure of success of the Company's investment strategy. The NAV total return per share includes both income and capital returns by taking into account any increase or decrease in the NAV per share over the reporting period and assuming that dividends paid to shareholders during the reporting period are reinvested at the NAV per share on the ex-dividend date.

31 December 2022		Page	NAV
NAV per share at IPO (14 December 2021) – cents	a	n/a	98.00
NAV per share at 31 December 2022- cents	b	87	49.28
Benefits of reinvesting dividends – cents[55]	d	n/a	(0.78)
Dividends paid in the year- cents	c	97	1.32
Total return	**(b+c+d)÷a)-1**		**-49.2%**

GAV, Adjusted GAV and Gearing

GAV is measure of the total size of the Company and is the total value of the assets of the Company, being the aggregate of aggregate of the fair value of its investment portfolio and any cash and cash equivalents. Leverage is not employed at the Company level but may be employed within investment portfolio. Adjusted GAV is a measure of the total size of the Company, including, on a look through basis, its proportionate share of any leverage within its investment portfolio, and forms the basis on which the gearing restriction in the Company's investment policy is calculated. Gearing is a measure of the potential financial risk to which the Company is exposed and is its proportionate share of any leverage within its investment portfolio expressed as a percentage of Adjusted GAV. This excludes the onerous contract relating to the commitment to acquire a further 57% of SolarArise.

		Page	As at 31 December 2022 US$ million
Value of investment portfolio	a	87	11.5
Cash and cash equivalents of the Company	b	87	115.8
GAV	**a + b = c**		**127.3**
Debt in underlying SPVs[56]	d	n/a	45.9
Adjusted GAV	**c + d = e**		**173.3**
Gearing	**(d÷e)**		**27%**

Net operational asset value

The value of the Company's operational asset investments, excluding construction projects. Provides a measure of the value of the investment portfolio that is revenue generating and will make a positive contribution to the Company's dividend cover.

		Page	As at 31 December 2022 US$ million
Value of investment portfolio	a	87	11.5
Abort liabilities recognised in respect of the RUMS project	b	21	(12.0)
Net operational asset value	**a-b**		**23.5**

Market capitalisation

Market capitalisation is a measure of the value of the Company as determined by the stock market and is the total value of all outstanding shares at the prevailing market price.

		Page	As at 31 December 2022 US$ million
Share price (US$ per share)	a	n/a	1.18
Shares in issue at period end	b	102	175,685
Market capitalisation	**a+b**		**207.3**

[55] Calculated by taking the dividend per share and assuming it is reinvested at the prevailing NAV/share price on the dividend payment date.
[56] Debt held at SolarArise and disclosed here on a 43% basis.

Ongoing charges ratio

The ongoing charges ratio is a measure of the recurring annual costs of running the Company based on historical data. It is calculated using the AIC methodology and is the Company's recurring operating expenses for the last 12 months expressed as a percentage of the average published net assets for that period. Recurring operating expenses exclude the costs of buying and selling investments, any non-recurring costs and the costs of issuing shares.

Period ended 31 December 2022		Page	US$ million
Reported NAV			
Q1 2022	a	n/a	106.2
Q2 2022	b	n/a	115.2
Q3 2022	c	n/a	142.5
Q4 2022	d	87	86.6
Average NAV	**(a+b+c+d)/4 = e**		**112.7**
Total expenses	f	86	3.3
less transaction costs	g	96	(0.3)
less non-audit related services	h	96	(0.2)
less other non-recurring expenses	i	n/a	(1.5)
add realised FX gains	j	86	1.7
Annualised expenses	**(f+g+h+i+j)/12.5*12 =k**		**2.9**
Ongoing charges ratio	**(k÷e)**		**2.50%**

% of sustainable investments including cash

The proportion of the Company's sustainability-related investments after classifying the Company's cash as 'unsustainable'. This is disclosed in the SFDR periodic disclosures on pages 115 to 119.

		Page	As at 31 December 2022 US$ million
Fair value of investments	a	87	11.5
Net assets of the Company	b	87	86.6
Onerous contract provision	c	102	38.5
Adjusted net assets of the Company	**b+c =d**		**125.1**
% of sustainable investments	**(a÷d)**		**9.2%**
Committed for 57% of SolarArise	e	109	38.5
Committed for 99.8% of VSS	f	109	3.1
Total commitments	**e+f =g**		**41.6**
% of sustainable investments (including commitments)	**(a+g)÷d**		**42.4%**

Excluding cash, 100% of the Company's investments are sustainable.

SFDR Principle Adverse Impacts Statement (Unaudited)

SFDR Principle Adverse Impacts Statement for financial products (Article 7 of SFDR)

Financial market participant: Asian Energy Impact Trust plc

Summary

Asian Energy Impact Trust plc (AEIT) LEI 254900V23329JCBR9G82 through its Investment Manager during the period, ThomasLloyd Global Asset Management (Americas) LLC, considered principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of AEIT.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022. The indicators presented are based on data directly provided by investee companies and reviewed by the Investment Manager. This statement considers the operational assets within the SolarArise and excludes the RUMS project. Including the RUMS project results in the SolarArise being valued at zero due to material negative value of that project. Without this exclusion, all data pertaining to SolarArise, would not have been considered due to the mathematical calculations. Excluding the RUMS project ensures that SolarArise reflects a non zero value and PAIs are more reflective of the assets. To complete a comprehensive assessment of Scope 2 and 3 assessments, software solutions that apply emissions factors to financial expenditures were used. On climate and environment related indicators: the GHG emissions associated with the AEIT portfolio are a small fraction of the avoided emissions associated with the clean energy generation it has financed, even when all three scopes are accounted for. AEIT will continue to work with investee companies to explore opportunities to further reduce this footprint, in order to improve carbon footprint, carbon intensity, and reduce non-renewable energy consumption PAIs wherever possible. Portfolio emissions or intensity targets are not yet proposed. No investments had negative impacts on biodiversity sensitive areas, and emissions to water and hazardous waste were small across the portfolio. On social and employee issues, respect for human rights, anti-corruption and anti-bribery matters, no major issues related to the UN Global Compact or OECD Guidelines for Multinational Enterprises were reported, and grievance mechanisms were in place. Further engagement with investee companies will strengthen the practical implementation of existing policies and effectiveness of grievance mechanisms. The data presented in this first PAI statement for AEIT has been reviewed by the Board.

Indicators applicable to investments in investee companies (AEIT investment portfolio including commitment to SolarArise)

Adverse sustainability indicator		Metric	Impact 2022 (First year of reporting)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators					
Greenhouse gas (GHG) emissions	1. GHG emissions	Scope 1 GHG Emissions	23.0 tCO_2e	The Investment Manager used an external advisor, a CDP certified software to support GHG accounting, and to complete its GHG footprint. The figures presented represent a best first effort to capture the scope 3 emissions of investee companies more completely by applying emissions factors to financial expenditures. Through the process a number of areas were identified where more work is needed to collect more granular data on critical scope 3 emissions, in addition to priorities for GHG management. Nevertheless, the emissions associated with the AEIT portfolio are substantially smaller than the emissions avoided associated with the clean energy generation it has financed.	The current portfolio footprint is relatively small. 2022 is the first year of operation for AEIT. Next steps include engagement with investee companies to identify and implement measures to further reduce GHG emissions. At this stage, GHG emission reduction targets are not being set.
		Scope 2 GHG Emissions	68.2 tCO_2e		
		Scope 3 GHG Emissions	598.7 tCO_2e		
		Total GHG Emissions	689.9 tCO_2e		
	2. Carbon footprint	Carbon footprint	22,2tCO_2e/ EUR m		
	3. GHG intensity of investee companies	GHG intensity of investee companies	213.6 tCO_2e/ EUR m revenue		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0		The Investment Manager's ESG policies excluded investment in coal or nuclear fired power, and oil and gas projects.
	5. Share of non-renewable energy	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	a) 100% (all consumption from non-renewable sources) b) 0% (all production from renewable sources)	The investment portfolio is focused on renewable energy production. However, some non-renewable energy is used through diesel generator sets for backup power and purchasing electricity from the grid to support overnight functions for the solar portfolio. Taking a conservative approach, energy purchased from the grid has been treated as non-renewable for the purposes of these metrics.	The Investment Manager will continue to work with companies to explore opportunities to reduce their consumption of non-renewable energy and improve energy efficiency.

Indicators applicable to investments in investee companies (AEIT investment portfolio including commitment to SolarArise)

Adverse sustainability indicator		Metric	Impact 2022 (First year of reporting)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators					
Greenhouse gas (GHG) emissions (continued)	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.075GWh/ EURm	Renewable energy generation is allocated to the NACE sector "electricity, gas, steam and air conditioning supply" (NACE code D/35) classified in total as high impact climate sector. For the purposes of this PAI indicator regulation 2022/1288 does not differentiate between renewable energy generation and other forms of energy generation which have a high climate impact.	
Biodiversity	7. Activities negatively affecting biodiversity – sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	None.	To ensure no significant harm to biodiversity and ecosystems, environmental screening is conducted for all investments.
Water	8. Emissions to Water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.002 tonnes	As the current portfolio comprises entirely of solar plants, these emissions are not associated with their operations.	The Investment Manager will continue to monitor this critical issue.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.04 tonnes	The Investment Manager understood that the small quantity of hazardous waste reported were in relation to solar panels that were replaced at one investee company site. These solar panels were safely disposed of through a designated waste disposal agent authorised by government authorities.	The Investment Manager will continue to explore opportunities to reduce the production of hazardous waste and promote circular economy approaches.
Indicators for Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	No violations have been reported.	Further engagement with investee companies will strengthen their implementation of the OECD Guidelines for Multinational Enterprises and the effectiveness of grievance mechanisms.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	All investee companies have grievance mechanisms in place through which any stakeholder can raise concerns about their project implementation frameworks, and complaints lodged through these mechanisms are reported to the Investment Manager.	The Investment Manager will continue to work closely with the investee companies to identify and action areas where implementation of these frameworks can be further enhanced, make information about the functioning of these mechanisms more readily available, and establish appropriate policies to promote respect for human rights in all activities, including with their suppliers.

Indicators applicable to investments in investee companies (AEIT investment portfolio including commitment to SolarArise)

Adverse sustainability indicator		Metric	Impact 2022 (First year of reporting)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators					
Social and employee matters (continued)	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	37%	Gender pay-gap analysis was not possible in most cases given no female employees at the investee company. A substantial gender pay gap was reported at one of AEIT's investee companies, with the average daily gross pay for men being 51% higher as women.	The Investment Manager will continue to monitor and encourage investee companies to consider diversity and equality in their operating priorities, local culture and needs.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	74%	SolarArise board diversity had 50/50 representation. However, NISPI did not have a board in place during the period and so the calculation assumes 100% male representation for NISPI.	The Investment Manager will look to advocate for gender equality across investee company governance.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	Not applicable due to exclusion.	Not applicable. These sectors are excluded.
Additional climate and other environment-related Indicators					
	6. Water usage	(a) Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies (b) percentage of water recycled and reused by investee companies	(a) 751.7 m3/ EUR m (b) 0%	Water consumption at investee companies fluctuated over the course of 2022, with less consumption during rainy periods, and substantially higher consumption during periods of high pollution that result in a greater need for solar panel cleaning. Water recycling and reuse was not measured during the period and so the Investment Manager assumed 0%.	Efforts to improve water consumption efficiency reflecting the level of water scarcity at site level are needed at all sites. The Investment Manager will continue to engage with investee companies to explore site appropriate responses. The Investment Manager will encourage the measurement of water recycling and reuse.
Additional social and employee, respect for human rights, anti-corruption and anti-bribery matters indicator					
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	0	Investee companies reported no workdays lost to health and safety related issues.	Continued vigilance in monitoring incidents at managed sites is needed, and sustained efforts to maintain high health and safety standards are required.

SFDR Periodic Disclosure

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Asian Energy Investment Trust plc
Legal entity identifier: 254900V23329JCBR9G82

Sustainable investment objective

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

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

Does this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective:** 100% ☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 0% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It made **sustainable investments with a social objective: 0%**	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent was the sustainable investment objective of this financial product met?

Asian Energy Infrastructure Trust Plc (AEIT) is a renewable energy investment trust providing direct access to sustainable energy infrastructure in fast-growing and emerging economies in Asia. In line with AEIT's triple return objectives, which aim to provide financial, environmental and social returns, the investments support the environmental objective of climate change mitigation as set out in Article 9 of the EU Taxonomy by generating, transmitting, storing, distributing or using renewable energy. AEIT's investments in sustainable energy target countries where greenhouse gas (GHG) emissions are growing rapidly. The investments address the climate change mitigation priorities set out in those countries' Nationally Determined Contributions under the Paris Agreement on Climate Change, as well as their efforts to achieve the Sustainable Development Goals (SDGs), by avoiding GHG emissions and having a positive effect on the communities in which they work. In the period ended 31 December 2022, investments were made in 80 MW of operating solar capacity on Negros Province in the Philippines and 233 MW of operating solar capacity in India. AEIT's share of the operational capacity was 32 MW and 100 MW respectively.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

How did the sustainability indicators perform?

AEIT's investments substantially contributed to climate change mitigation as reflected in the technical screening criteria listed in section 4 Annex 1 regulation 2021/2139. The construction and operation of new renewable energy infrastructure in Asia helped improve energy access and security, create jobs, and avoid GHG emissions. These positive impacts were measured using the following key performance indicators, which align with SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action):

Installed renewable capacity – MW	132
Renewable energy generated – MWh	85,199
CO_2 emissions avoided – tCO_2e	62,770

Note: Figures are based on AEIT's proportional share of the investment portfolio as at 31 December 2022. The Portfolio therefore comprised a 40% interest in NISPI and a 43% interest in SolarArise.

… and compared to previous periods?

Not applicable: this was the first complete year of AEIT operation, with the first investment made in December 2021.

How did the sustainable investments not cause significant harm to any sustainable investment objective?

Environmental, social and governance (ESG) considerations are integral to AEIT's investment objective, and AEIT's investment manager during the period (the 'Investment Manager') had environmental and social policies that drew on the International Finance Corporation's environmental and social performance standards. These policies provide a framework that help identify and manage potential significant harm to any environmental or social objectives, including water; biodiversity and ecosystems; circular economy; pollution prevention.

How were the indicators for adverse impacts on sustainability factors taken into account?

Data related to the mandatory indicators for Principle Adverse Impacts listed under Table 1 Annex 1 of regulation 2022/1288 have been collected. These indicators are also monitored continuously over the life of an investment. AEIT's 2022 Annual Report includes its Annual PAI Statement completed using Annex I of regulation 2022/1288.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

No major controversies or violations were reported during the period. The Investment Manager will continue to engage with investee companies to strengthen implementation frameworks, and enhance the practical effectiveness of established grievance mechanisms.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did this financial product consider principal adverse impacts on sustainability factors?

The issues addressed by the PAIs were expressly covered by the Investment Manager's Sustainability Policies and management frameworks, and social and environmental issues were considered during due diligence phases of the investment process and KPIs were monitored post-acquisition. Specifically, in 2022 the Investment Manager worked with the investee companies to carry out greenhouse gas accounting including to capture Scope 3 emissions. AEIT's 2022 Annual Report includes its Annual PAI Statement containing information on the mandatory PAI indicators in Table 1 Annex 1 regulation 2022/1288 for the AEIT investments collected using best efforts.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: Jan 1 – December 31 2022.

What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
SolarArise	Energy	100%	India
NISPI	Energy	0%	Philippines

Note: Figures are based on AEIT's investment portfolio at 31 December 2022.

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments? 100%

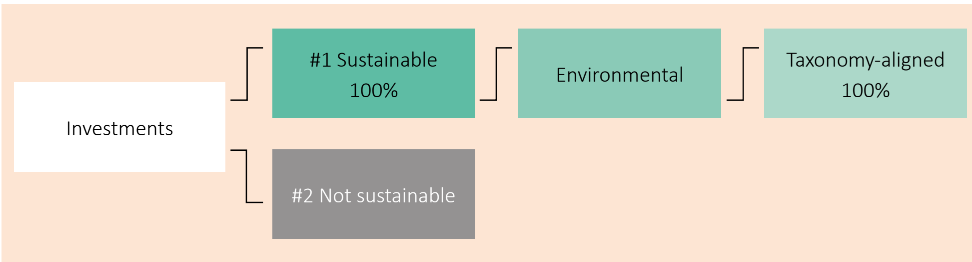
AEIT invests in sustainable energy solutions and infrastructure assets that align with the EU Green Taxonomy environmental objective of climate change mitigation. In 2022, 100% of AEIT investments were used to meet its sustainable investment objective, in accordance with the binding elements of the investment strategy. This calculation excludes cash held that is committed and is awaiting deployment.

Given AEIT held a significant proportion of cash during the period, AEIT decided to also disclose the proportion of sustainability-related investments including and classifying AEIT's cash as 'unsustainable'. This is calculated to be only 9.2%[57].

Considering the undeployed cash which was committed but not yet invested to the SolarArise Portfolio and VSS Portfolio as sustainable investments, this percentage increases to 42.4%. The remaining cash was being held for future investments, that are expected to also meet the sustainable investment criteria as per the Investment Strategy's mandate.

What was the asset allocation?

100% of the sustainable investments were held indirectly through Special Purpose Vehicles and intermediate entities.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

In which economic sectors were the investments made?

Energy – Electricity generation using solar photovoltaic technology

[57] Refer to the APM for detailed calculations.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

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

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

100%

All investments made by AEIT in 2022 were in companies that exclusively generate solar photovoltaic electricity, thereby meeting the substantial contribution criteria of the technical screening criteria of the EU Taxonomy in section 4.1 Annex 1 of regulation 2021/2139 (electricity generation using solar photovoltaic technology). The MWh produced have been reported above and detailed in AEIT's Annual Report. To ensure no significant harm to biodiversity and ecosystems, environmental screening was conducted for all investments prior to acquisition, reflecting the Investment Manager's ESG policies and national law. New physical climate risk and vulnerability assessments were completed for all existing investments in collaboration using a leading third-party sustainability advisory. Investee companies have sought to use durable equipment. Where panel or critical equipment replacement was required, as was the case at one of our investee companies, the process was prudently managed to minimise the number of components that had to be disposed of, and managed through authorised specialist service providers through a process regulated by the relevant national government.

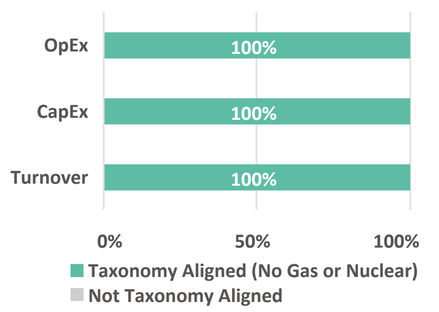
The alignment of existing investments with EU Taxonomy was not subject to an assurance provided by an auditor. Such alignment was substantiated by in-house experts, on the basis of inputs from third-party technical advisors, publicly available information, information provided directly by investee companies, as well as third-party data sources.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[58]?

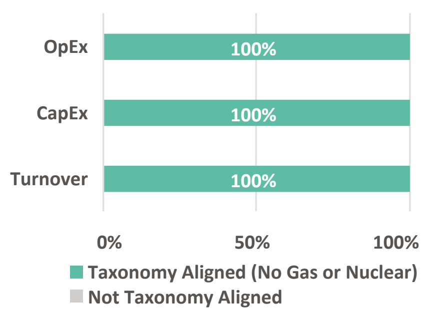
☐ Yes
  ☐ In fossil gas
  ☐ In nuclear energy
☒ No

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

1. Taxonomy-alignment of investments
including sovereign bonds*
Climate change mitigation



2. Taxonomy-alignment of investments
excluding sovereign bonds*
Climate change mitigation



Note: AEIT does not make any investments in Fossil gas or Nuclear.

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

[58] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ('climate change mitigation') and do no significant harm to any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What was the share of investments made in transitional and enabling activities?

0%

How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

Not Applicable.

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

0%

What was the share of socially sustainable investments?

Not applicable for Article 9 SFDR classification purposes. All AEIT investments aim to have a positive effect on the communities in which they work and support social development. In 2022, AEIT investments directly supported 148 full time equivalent jobs, including 5 full time salaried employee positions.

What investments were included under 'not sustainable', what was their purpose and were there any minimum environmental or social safeguards?

No investments were included under not sustainable.

What actions have been taken to attain the sustainable investment objective during the reference period?

The sustainability objectives achieved are the direct result of implementation of the binding elements of our investment strategy. AEIT invests in a diversified portfolio of sustainable energy infrastructure assets in fast-growing and emerging economies in Asia. The investments meet the AEIT's aim of building a diversified portfolio of assets in the areas of renewable energy generation. The 2022 portfolio consists entirely of solar photovoltaic electricity generation. The Investment Manager has worked with the investee companies to monitor progress towards attainment of these sustainability objectives using the key performance indicators specified above, which align with SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). Avoided emissions were calculated using the standards of the International Financial Institutions Joint Standards for GHG Accounting for Grid Connected Renewable Energy Projects. The avoided emissions attributable to the AEIT portfolio on this basis substantially exceeded the Scope 1, 2 and 3 emissions associated with operating these assets as reported in AEIT's Annual PAI Statement which is annexed to its 2022 Annual Report. The sustainability indicators presented in this disclosure and in the Annual Report have been reviewed by the Board.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

How did this financial product perform compared to the reference sustainable benchmark?

Not Applicable.

How did the reference benchmark differ from a broad market index?

Not Applicable as AEIT does not use any reference benchmarks.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?

Not Applicable.

How did this financial product perform compared with the reference benchmark?

Not Applicable.

How did this financial product perform compared with the broad market index?

Not Applicable.

Glossary

Adjusted GAV	GAV plus the Company's proportionate share of asset level debt
AIC	Association of Investment Companies
AIFM	Alternative Investment Fund Manager
AIFM Directive	The EU Alternative Investment Fund Managers Directive (No. 2011/61/EU)
APM	Alternative performance measures
CO_2e	Carbon dioxide
Company or AEIT	Asian Energy Impact Trust plc
Continuation Resolution	An ordinary resolution to continue the Company in its present form
DCF	Discounted Cash Flow
DTR	Disclosure Guidance and Transparency Rules
Group	The Company along with all its subsidiaries (as disclosed in note 20)
ESG	Environmental, social and governance
EU	European Union
FCA	Financial Conduct Authority
FCDO	Foreign, Commonwealth and Development Office of the UK Government
Former Investment Manager or ThomasLloyd Group	ThomasLloyd Global Asset Management (Americas) LLC
FRC	Financial Reporting Council
FTE	Full time equivalent
GAV	Gross asset value
GW	Gigawatt
IPO	The Company's initial public offering which completed on 14 December 2021, when its shares were admitted to trading on the London Stock Exchange
INR	Indian Rupee
Investment Manager	The Company's investment manager from time to time (the Former Investment Manager or the Transitional Investment Manager as the context requires)
KPI	Key performance indicators
LSE	London Stock Exchange plc
MW	Megawatt
MWh	Megawatt hour
MWp	Megawatts of electricity generated in the form of direct current at peak capacity
NAV	Net asset value
NISPI	Negros Island Solar Power Inc
OCR	Ongoing charges ratio
O&M	Operations and maintenance
PHP	Philippine Peso
PPA	Power purchase agreement
SDGs	Sustainable Development Goals
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
SolarArise	SolarArise India Projects Private Limited and its subsidiaries
SORP	Statement of Recommended Practice
SPV	Special purpose vehicle
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	The number of metric tonnes of CO_2 emissions with the same global warming potential as one metric ton of another greenhouse gas

Temporary share suspension	the temporary suspension in the listing of, and trading in, the Company's shares, at the request of the Company due to a material uncertainty regarding the fair value of its assets and liabilities, with effect from 25 April 2023
Transitional Investment Manager or OEGEN	Octopus Renewables Limited (trading as Octopus Energy Generation)
VSS	Viet Solar System Company Limited and its subsidiaries
WESM	Philippine wholesale electricity spot market

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