

Aquila Real Asset Finance a.s. - Senior Bond

Interim Report per 31.12.2019

Aquila Real Asset Finance a.s. ("the Issuer") was able to raise roughly 3,722m Czech Crowns by issuing Senior Bonds (1,825m Czech Crowns or 73.1m euros) and Junior Bonds (74m euros or 1,897m Czech Crowns). Shortly after capital raising in September and October 2018, the issue proceeds were used to finance a broadly diversified portfolio comprising renewable energy and real estate projects predominantly located in the European Union.

As of 31 December 2019, on the renewable energy side, the portfolio consists of the Norwegian wind project Wind Norway II and a Portuguese photovoltaics portfolio PV Portugal I comprising two solar PV parks. Over the course of June 2019 until September 2019, the Issuer saw first exits as the wind projects Wind Sweden I+II as well as Wind Norway I had been

sold. Subsequently, the financing provided by the Issuer including interest had been fully paid back.

In Madrid, the Issuer finances the two housing projects Real estate Spain I and Real estate Spain II as well as the hotel project Real estate Spain V. The remainder of the portfolio consists of the housing project Real estate Spain III with three properties in Spanish metropolitan regions and the housing project Real estate Spain IV in Valencia.

The first interest payment to investors was made on 16 September 2019.

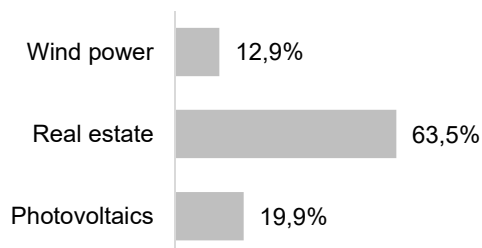
For an assessment of the SARS-CoV-2 pandemic, please refer to the information published on the Issuer's website and the annual report.

Key Terms

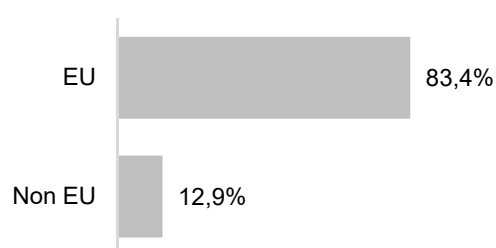
ISIN	CZ0003519753
Currency	CZK
Nominal value per note	CZK 10,000
Initial subscription price	100%
Capital raising	CZK 1,875,000,000
Investment focus	Europe, other OECD countries
Issuer	Aquila Real Asset Finance a.s.
Interest rate	5.00% p.a.
Interest payment dates	14.09.2020; 14.09.2021; 14.09.2022; 14.09.2023
Issue date	14.09.2018
Term/Maturity date	5 years/14.09.2023

Asset Allocation¹

By Asset Class



By Regions



¹Gap to 100% comprises liquidity and costs.

1. Renewable Energies

PV Portugal I

Asset class	Photovoltaics
Country	Portugal
Investment	EUR 29.2m
Investment date	14.09.2018

The project consists of two PV parks with a combined nominal capacity of 132.1 MWp being constructed in central and southern Portugal. Based on very attractive radiation conditions at the location and the sharp decline in the prices of the PV technology, the park is at a very competitive level to other technologies and does not need a state subsidy regime. A power purchase agreement ("PPA") was signed with a local utility company as a customer for the first seven years of electricity generated. The PPA provides a fixed price for this period. The parks have an expected operating life of 25 years. One of the parks has already been finished and connected to the grid in December 2019. The construction phase of the second park is expected to be finished at the beginning of the second quarter 2020 (initial planning was the third quarter 2019, due to a delay related to the construction of the grid connection). Furthermore, there are advanced negotiations with an external party intending to purchase 100% of both parks.

Wind Norway II

Asset class	Wind power
Country	Norway
Investment	EUR 19.0m
Investment date	19.12.2019

The project is a fully permitted Norwegian 400 MW wind energy project located in the Vefsn municipality in Nordland county. The construction of the project started in December 2019 and the commissioning date is expected towards the end of the third quarter 2021. The wind park will consist of 72 Nordex turbines with capacity ranging from 5.5 MW to 5.6 MW. The project was developed by Eolus, a listed Swedish wind energy developer who is also the designated procurement and construction management contractor for the construction of the project. The operating term of the wind park will be 30 years. The relevant operations and maintenance contract is still subject to negotiations. The project benefits from an already contracted pay-as-produced power purchase agreement for 89% of the expected P-50 production for 15 years.

2. Real estate

Real estate Spain I

Asset class	Real estate
Country	Spain
Investment	EUR 15.1m
Investment date	14.09.2018

The project consists of nine plots with a total surface area of around 52,500 m² in a Madrid city district 7 km from Madrid's city centre. The land, which was previously state-owned, is intended for residential development (subsidised residential property construction) with living space of around 120,500 m² and 1,342 residential units. It is currently Madrid's largest interconnected residential construction project. The project benefits from a very well-developed local infrastructure (such as shopping centres, restaurants etc.) as well as very good public and personal transport connections. Five plots (798 rental units) have been sold to institutional investors before construction end, while 511 of the 544 units have been sold to individual clients. The completion of all plots is expected by the end of 2020.

Real estate Spain II

Asset class	Real estate
Country	Spain
Investment	EUR 15.2m
Investment date	20.09.2018

The project is a residential development site measuring 23,336 m² in the northern part of Madrid. The plans call for the construction of 95 luxury residential units with a total area of approx. 26,673 m² in the form of an "urbanización", a very popular form of residential development in Spain. The district has traditionally been Madrid's high-end residential area and has well-developed infrastructure (private national and international schools, hospitals, shops, golf courses, parks, etc.). The area is connected to public transport (e.g. line 10 of the Madrid Metro) and has direct access to the A-1, M-30 and M-40 motorways; Madrid-Barajas Airport is ten minutes away. As of 31 December 2019, 35% of the units have already been sold. The construction of all units is expected to be finished in the first quarter 2021.

Real estate Spain III

Asset class	Real estate
Country	Spain (3 locations)
Investment	EUR 16.2m
Investment date	20.09.2018

The project is a residential development project consisting of three different locations in Spain, each with different construction phases. In total, the project aims to build 1,104 residential units with approx. 110,000 m². In Estepona (roughly 90 km from Málaga), the construction of 450 units started in May 2019 while in Barcelona 124 units are being constructed since July 2019. In January 2020, construction works began on the plots located in Málaga where 765 units are planned. Aquila entered the project in 2017. The completion of all plots is expected in the third quarter of 2023 while the current sales status is 26% of the available units.

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Real estate Spain IV

Asset class	Real estate
Country	Spain
Investment	EUR 22.8m
Investment date	24.09.2018

The project comprises a portfolio of nine residential plots as well as neighbored property for commercial use. The portfolio is located within the city of Valencia and has a total surface area of around 83,000 m². It is intended to develop around 138,000 m² of social- and freehold-housing as well as around 74,300 m² for commercial use (i.e. Retail, Hotel, Logistics etc.). The project benefits from its good central residential location and its excellent transport link to the city centre. The construction began in September 2019. While the sale of units is in the starting phase, the completion of the project is expected in the second quarter 2023.

Real estate Spain V

Asset class	Real estate
Country	Spain
Investment	EUR 24.1m
Investment date	10.12.2019

The project is a boutique hotel in the heart of the city of Madrid that had its opening in October 2019. The hotel is located within the inner circle of the city in walking distance to Plaza de Mayor and has 80 rooms which translates to a total letting area of approx. 4,583 m². The project benefits from its excellent central location and link to the city centre. The current business case envisages a sale of the project to an external party in 2022 with two offers already received.

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3. Exits

Project	Asset class	Country	Investment	Investment date	Exit date
Wind Norway I	Wind power	Norway	EUR 16.6m	14.09.2018	15.07.2019
Wind Sweden I	Wind power	Sweden	EUR 18.1m	20.09.2018	17.09.2019
Wind Sweden II	Wind power	Sweden	EUR 25.5m	20.09.2018	17.09.2019

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Certain Risk Factors

- Project development risk from investments in renewable energies and real estate projects (delays, cost increases, approvals etc.)
- Risks associated with investments in infrastructure (regulatory risks - e.g. revocal of concessions or adverse price changes, interruption of operation/technical malfunctions, counterparty risk etc.)
- The underlying assets will not be rated, publicly offered, listed or traded on any stock exchange

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Publication of Aquila Real Asset Finance a.s.