ATLAS IBERIA RE GREEN LOAN
INVEU-ICR-0003-2022 – Sustainable Infrastructure

Short description of the financing or investment operation and its objectives:

Name of the Promoter or Financial Intermediary: AQUILA CAPITAL HOLDING GMBH
Country(-ies) of implementation: Spain, Portugal
Implementing Partner: EIB

The Project consists of financing part of a portfolio of renewable energy ("RE") plants, for about 2.6 GW, located in Spain and Portugal. Its scope includes also the ancillary infrastructures for the interconnections to the grid.

The operation comprises the pipeline of new projects that the German asset manager, Aquila Capital, intends to implement in Spain and Portugal between mid-2021 and end-2023.

The Bank will support each sub-projects or group of sub-projects through individual financings to newly incorporated SPVs in the form of Construction Financings: 3 to 5 years non-recourse Construction Financings aimed at getting the assets built and in operation. Aquila expects initially to finance all the sub-projects through short term non-recourse financings ("Construction Financings") until the construction is completed and the assets are fully operational.

Global Assessment and rationale for approval
The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 1.4.2022 for the above mentioned operation.

The EU guarantee will support the operation both in terms of risk and in terms of volume, supporting the development of riskier RE projects in Spain and Portugal. The bridge financing [with a bullet payment at the end with full merchant risk] on a Project Finance basis is an innovative structure, which is not available in this market. It will guarantee bigger volumes and allow commercial banks spreading their financing and risks across the projects.

The project increases renewable energy generation capacity in Spain and Portugal and contributes to national and EU 2030 climate objectives. Electricity is produced from low carbon sources (onshore wind and solar PV), addressing the market failure of negative climate and environmental externalities, through the reduction of carbon emissions and air pollution emissions. The project thus contributes to the EIB's priority of supporting the transition to a low carbon, environmentally friendly and climate resilient economy. The financing of this project is in line with the Bank's lending priority objectives on renewable energy as well as the on climate action, environmental sustainability as well as social and economic cohesion. As it relies on

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1 This document reflects the information presented to the InvestEU Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.
Conclusions

revenues from the market (the wholesale market and unsubsidized commercial Power Purchase Agreements, ("PPA")), in a sector characterised by incomplete markets, the project improves market efficiency and competition. It is expected to yield very good quality and results due to excellent social benefits, fair employment creation and a fair ESG rating.

EIB will provide a meaningful part of the overall financing needs for this important Project through a construction facility of between 3-5 years aimed at getting the assets built and in operation. This type of loan with a bullet payment at the end of the tenor, with full merchant risk would be the first for EIB on a Project Finance (PF) basis. Currently, most commercial banks are still reluctant to offer such type of financing.

This approach gives the Promoter the necessary flexibility to roll out its sizable portfolio of assets within a quite short time horizon given that the initial formalisation of the Bridge Financings is much quicker than the execution of a long-term PF transaction, and does not require the signature of a PPA.

Aquila attaches great value added to the signaling effect provided by the EIB, as a reference financier with the strictest standards in terms of sustainability and environmental protection. Accordingly, EIB's financing standards label the loan as a "Green Loan" due to the quality it places on its investment and environment-related procedures, which contributes to attract investors and co-financiers to Aquila Capital's project.