US Solar Fund

US Solar Fund Plc
(Company registration number 11761009)

HALF-YEAR REPORT AND FINANCIAL STATEMENTS

for the period from 1 January 2020 to 30 June 2020

**Renewable energy.
Sustainable investments.**

CONTENTS

Alkali 15.1MW$_{DC}$

1. Highlights

Turkey Hill 13.2MW$_{DC}$

1. Highlights

	30 June 2020	31 December 2019
Net Asset Value (NAV)	$192.9m	$194.4m
NAV per share	$0.964	$0.972
Ordinary shares issued	200m	200m
Share price based on closing price of indicated date	$0.94	$1.05
Premium (Discount) to NAV	(2.5%)	8.1%
Market capitalisation based on closing price of indicated date	$188m	$210m
Dividends paid	$2.00m	$0.82m
Share price total return performance[1]	(4.67%)	5.44%
Ongoing charges[2]	1.50%	1.50%

Number of Solar Projects[3]
41

Total Capacity
443MW$_{DC}$

CO_2 emissions displaced[4]
630,000t

Figure 1: US Solar Fund's key milestones

2019

April
- Initial capital raising completed
- Listed on the premium segment of the London Stock Exchange

June
- Exclusivity to acquire 127.8MW$_{DC}$ Solar Asset (Acquisition One)
- Exclusivity to acquire 90MW$_{DC}$ Solar Portfolio (Acquisition Two)

July
- Executed acquisition agreement for Acquisition One

October
- Exclusivity to acquire 39.1MW$_{DC}$ Solar Portfolio (Acquisition Three)

November
- First interim dividend paid (0.41 US cents per Ordinary Share)

December
- Executed acquisition agreement for Acquisition Two (acquired 38.8MW$_{DC}$ of the 90MW$_{DC}$ portfolio)
- Executed acquisition agreement for Acquisition Three

2020

January
- Executed acquisition agreement for 176.7MW$_{DC}$ Solar Portfolio (Acquisition Four)
- Announced substantial deployment of IPO proceeds

February
- Second interim dividend paid (0.50 US cents per Ordinary Share)

May
- Third interim dividend paid (0.50 US cents per Ordinary Share)
- Executed acquisition agreement for 60.6MW$_{DC}$ Solar Portfolio (Acquisition Five)

July
- Acquisition Five portfolio achieves commercial operations

August
- Fourth interim dividend paid (0.50 US cents per Ordinary Share)

1. Total return to shareholders is based on reinvested dividends (at ex-dividend date) paid throughout the period and share price movement since the issue price of $1.00.
2. The ongoing charges ratio is calculated in accordance with the Association of Investment Companies ("AIC") methodology. The estimated total cost as laid out in the prospectus was 1.35% based on proceeds of $250 million. As total proceeds of the IPO were $200 million, this ratio is slightly higher than estimated at IPO.
3. Solar Projects (**Projects**) or Solar Assets (**Assets**) are used interchangeably throughout the report.
4. Estimates utilise the first year of each project's electricity production once operational or acquired by the Investment Manager; and assume all projects are owned by USF on a 100% basis and that all projects under construction are fully operational.

Davis Lane 7MW$_{DC}$

2. Chair’s Statement

Tate 6.5MW$_{DC}$

2. Chair's Statement

I am pleased to present the Interim Report for the six-month period ending 30 June 2020 for US Solar Fund plc (**USF** or the **Company**). It has been a very unusual six months as a result of the global pandemic of COVID-19. Despite the obvious challenges that this presented to the Company during the period, the Investment Manager, New Energy Solar Manager (**NESM** or **Investment Manager**) continued building USF's well-diversified portfolio of US solar assets. Over the period, USF made two further acquisitions, a portfolio of 22 operating utility-scale solar projects and a portfolio of four utility-scale solar projects located in Oregon. At the end of the period, USF's solar assets had power purchase agreements (**PPAs**) in place with 100% of electricity generated contracted. The PPAs have an average remaining term of 15.3 years at period end. The Board believes that USF's steady long-term contracted cashflows are particularly attractive in the current market environment of low interest rates and reduced dividend income from many sectors.

The share price has traded down during the period from $1.05 at the end of the financial year (31 December 2019), to $0.94 at 30 June 2020. Including the dividends paid and reinvested during the period, this gives a total return of (4.67%) to shareholders since inception.

Even during the uncertainty of the COVID-19 global pandemic, the solar industry in the US has continued to grow and USF has made strong progress with its portfolio. Solar has been deemed an essential service across the US, allowing work to continue with limited disruption for both operating and in-construction assets. USF's operating and in-construction assets have both progressed, meeting key targets during the period. The Company also continued to deploy capital, announcing the close of four transactions, as well as the commitment of the IPO proceeds during the period.

PERFORMANCE

USF's NAV at 30 June 2020 was $192.9 million, a 0.8% decrease from the $194.4 million reported at 31 December 2019. The $0.008 per share reduction in NAV reflects the payment of $0.01 per share in dividends and $0.008 per share in operating expenses but the impact of these items was offset by $0.009 per share of net gain in the fair value of underlying investments and a small amount of interest income. In accordance with Company policy, operating assets held for the half ending 30 June 2020 have been externally valued, with the Company recognizing a small gain across the Acquisition Three and Acquisition Four portfolios due to positive working capital movements. Other acquisitions continue to be held at cost but will be externally valued at 31 December 2020.

The share price has also fallen from $1.05 to $0.94 over the period and the shares have traded at a small discount to NAV (2.5% discount as at 30 June 2020), reflecting the general uncertainty in the market. The Company expects to pay remaining 2020 dividends from operating cash flow rather than capital and continues to be in a strong position to commence the 5.5% target dividend in 2021.

PORTFOLIO PROGRESS

During the period, the Company announced the close of two additional transactions. USF's portfolio now comprises $443MW_{DC}$ of capacity across 41 projects, in four states and with a variety of investment grade offtakers (S&P rated: A to BBB+). This compares to $206MW_{DC}$ of capacity across 15 projects as at 31 December 2019. At 30 June 2020, seven projects ($167MW_{DC}$) remained in construction and were all progressing well to meet targeted milestones. After the period end, during July and August, four of the six projects in Acquisition Two reached completion and are operating, and USF's largest project, the $128MW_{DC}$ Milford project in Utah (Acquisition One) commenced sending test power to the grid. Hence, almost 70% of USF's portfolio is now fully operating and the final three projects remain on track to reach completion by year-end.

The company has now effectively committed all the funds raised in the IPO and, in due course, will consider seeking further capital to grow the Company. More details of the portfolio are given in the Investment Manager's Report.

DIVIDEND

The Company will be paying a dividend of 0.50 cents per share in November 2020 for the quarter ending 30 June 2020, totalling 1.00 cent per share for the 6-month period, representing an annualised dividend of 2% when measured against the initial issue price of $1.00 per share.

With almost 70% of USF projects now operating, and the remaining projects expected to reach completion by year-end, USF expects to cash cover the remaining 2020 dividends.

BOARD

In June 2020, following the resignation of Josephine Tan for work reasons and a professionally conducted search, the Company appointed Thomas Plagemann as an independent non-executive director. Thomas brings valuable industry experience as the Chief Commercial Officer and Head of Capital Markets for Vivint Solar, and as a member of the Board and Executive Committee of the Solar Energy Industries Association (**SEIA**). He has over 25 years of experience originating and executing financings and investments in renewables, energy, and infrastructure assets in the US and globally. We believe his experience and perspective greatly complement the other non-executive directors and we welcome him to the Board.

OUTLOOK AND COVID-19

At the start of the year, the US federal solar subsidy, the Investment Tax Credit (**ITC**) had its first scheduled step down from 30% to 26%. Of the total 41 projects in the current portfolio, there were seven projects that were not yet completed at 30 June 2020, all of which have met safe harbouring conditions to qualify for the 30% ITC. Four of these have since been completed. Importantly, the industry continued strong growth as this occurred, installing $3.6GW_{DC}$, a 42% increase year-over-year for installations and the largest Q1 for solar photovoltaic (**PV**) on record. Growth is also expected in the years to come as the subsidy continues to roll-off before settling at 10% in 2022. Without the subsidy, solar remains extremely cost-competitive throughout much of the US, so the subsidy roll-off is expected to have limited impact on the industry's growth.

During the period, the global COVID-19 pandemic continued spreading and the US has struggled to contain the virus. Despite the widespread economic impact of the disruption caused by the virus, the US solar market has fared well during the period. Operations and construction of solar assets were both largely deemed essential services and allowed to continue with little or no interruption. Indications of further growth of the industry also remain strong. Wood Mackenzie's projections for US utility-scale solar installations from 2020 to 2025 decreased by only 0.5GW_{DC} to 82.7GW_{DC} including COVID-19 impacts. As solar is the most cost-effective new build source of power generation in much of the US, the outlook for solar in the US remains positive.

COVID-19 mitigation strategies have also resulted in a reduction in electricity demand in the US, creating the possibility of curtailment. When demand is reduced, utilities can choose to reduce their electricity supply across a variety of sources. USF is protected from curtailment through its PPAs which either do not permit, or strictly limit, economic curtailment. No USF assets have received curtailment instructions and, at current levels of demand, are unlikely to do so.

For the second quarter, the Financial Times reported that 176 UK companies had cancelled their dividend and 30 more had reduced distributions paid to investors. This accounts for about three quarters of companies that typically pay a dividend. Although USF is not immune to COVID-19 and broader market impacts, USF's PPAs are for 100% of electricity generated for 10 to 25 years, USF's revenues and dividend are relatively well-protected even in volatile markets.

Given general market volatility and the challenges of the COVID-19 pandemic, we believe that USF's core business is resilient and that the Company is well-positioned for future growth. After the period end, 38 of the 41 projects acquired are now operational and are generating revenue for the fund, with the remaining three expected to be completed on time and budget during Q3 and Q4 2020. The Board is pleased with the progress made committing the IPO proceeds and working toward a fully operating portfolio to support the full 5.5% (annualised and based on issue price of $1.00) dividend in 2021 as targeted at IPO.

GILL NOTT

Chair

16 September 2020

Merrill 10.5MW_{DC}

3. Investment Manager’s Report

Milford 127.8MW_{DC}

3. Investment Manager's Report

SUMMARY OF THE PERIOD

During the period, the Investment Manager has focused on achieving its Initial Public Offering (**IPO**) operational and dividend targets. As at 30 June 2020, the Company had closed a total of five transactions since IPO. USF's portfolio comprises 41 assets, spread across four states in the US and totals capacity of 443MW_{DC}. The Company's cashflows from these assets are 100% contracted in the US with investment grade offtakers for an average remaining term of 15.3 years as at 30 June 2020.

Whilst COVID-19 has presented challenges to industries globally and presented some operational risks in the broader solar industry, the Company is in a strong position to meet construction deadlines, continue operating sites that are currently generating and realise consistent predictable cashflows. Assets are progressing through construction and operating during sustained lock down periods because electricity is deemed an essential service throughout the United States, thus teams can continue work. The Company and Investment Manager are working together to protect the welfare of employees, contractors, and other stakeholders while ensuring operational and construction milestones are met. USF's cashflows remain steady despite general economic uncertainty because of the long-term PPA contracts USF has with investment grade offtakers.

INVESTMENT PORTFOLIO PROGRESS

ACQUISITION ONE

USF's first acquisition, closed in September 2019, is a 128MW_{DC} in-construction Solar Project (**Acquisition One**) with a 25-year PPA with PacifiCorp (S&P rating: A). It is expected to become operational by the end of 2020. The project commenced construction shortly after it was acquired and is currently being constructed on a fixed-time and fixed-cost basis by McCarthy Building Companies (**McCarthy**), a leading engineering, procurement, and construction (**EPC**) contractor with a 150-year track record in the US, using First Solar Inc.'s Series 6 solar panels.

Over the course of the period, NEXTracker racking was installed onsite according to schedule. The project's main transformer was also delivered and installed. McCarthy remains on schedule with the remaining construction materials deliveries as there has been no reported material variances to the contractual schedules in the key project contracts. More than 75,000 modules were installed as at 30 June 2020, representing over 25% of modules installed. By the end of August 2020, approximately 50% of modules were installed, with 100% of modules delivered to site. At the start of September, the plant began sending test power to the grid. The Investment Manager and construction contractor are working towards mechanical completion in Q3 2020, and the project is on track to reach full commercial operations in Q4 2020.

ACQUISITION TWO

The Company acquired a 39MW_{DC} portfolio of six utility-scale solar power projects (**Acquisition Two**) located in North Carolina from a subsidiary of Cypress Creek Renewables (**Cypress Creek**) in December 2019. Each project in the portfolio has a PPA with a subsidiary of Duke Energy[5] with a weighted average term of 13.1 years. The projects have fixed-time and fixed-cost construction contracts with Horne Brothers Construction, a North Carolina-based solar installer which has successfully completed over 900MW of solar construction.

5. Duke Energy Progress (S&P: A-) or Duke Energy Carolinas (S&P: A-).

As of 30 June 2020, all construction materials required for the build were delivered and stored on site. Of the six projects, four projects had reached Mechanical Completion by 30 June 2020 and, during July and August 2020, achieved commercial operations (Benson, Eagle, Lane, and Tate). The remaining two projects achieved mechanical completion in July 2020 and are expected to achieve commercial operations during September 2020.

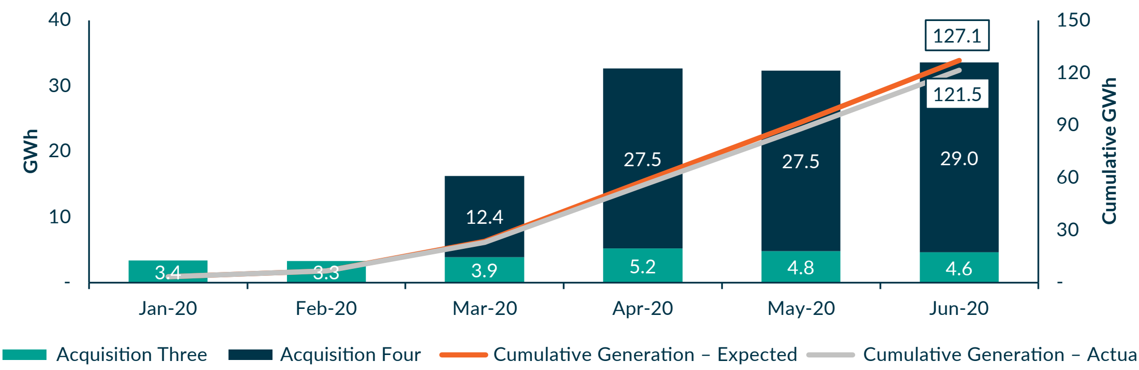
ACQUISITION THREE

In December 2019 and January 2020, USF closed the acquisition of a 39MW_{DC} operating utility-scale solar power portfolio (**Acquisition Three**) in North Carolina from Greenbacker Renewable Energy Corporation (**Greenbacker**). The projects commenced commercial operations between 2012 and 2015 and all are selling 100% of their electricity output under fixed price long-term PPAs with Duke Energy Progress (S&P rating: A-). From acquisition to 30 June 2020, the Investment Manager has been pleased with the performance of the projects as the portfolio has performed close to its weather adjusted[6] forecast. For monthly production figures to date see Figure 2.

ACQUISITION FOUR

In March 2020, USF acquired a portfolio of 22 operating utility-scale solar power projects located in North Carolina, Oregon, and California with a total capacity of 177MW_{DC} (**Acquisition Four**). The projects commenced operations between 2016 and 2018 and sell 100% of their electricity output under fixed price long-term PPAs to a variety of investment grade offtakers (S&P ratings: from BBB+ to A). These projects were acquired and developed by Heelstone Renewable Energy, LLC (**Heelstone**), a leading developer of renewable energy projects in the United States, having developed over 60 projects with an aggregate capacity in excess of 500MW_{DC}. Upon acquisition, the portfolio immediately generated revenues for USF.

Figure 2: Monthly Performance for USF's Operating Assets



Cumulative production for Acquisition Three and Four as at 30 June 2020 totalled 121.5 Gigawatt hours (**GWh**), compared to weather adjusted budget of 127.1GWh. This represents a generation shortfall of approximately 4% over the period, primarily due to unscheduled maintenance requirements and grid outages.

Acquisition Three experienced sporadic grid outages over the months of April, May, and June, largely due to unusually heavy rainfall in North Carolina over the period. Prior to this, the entire portfolio had been performing above budget on a weather adjusted basis.

6. Weather-adjusted performance is power output with respect to a set of reporting conditions including solar irradiance in the plane of the modules, ambient temperature, module temperature, and wind speed. This standard allows measurements under a variety of reporting conditions to facilitate testing and direct comparison of results.

USF began tracking data for Acquisition Four on the acquisition date of 12 March 2020. During May, some assets experienced inverter issues causing the overall portfolio to underperform for the month on a weather-adjusted basis. NESM is working with the operations and maintenance provider to resolve the issues, which is expected to be completed this half.

Since onboarding the assets, the Investment Manager's asset management team has closely monitored these assets to assess the issues and adjust preventative maintenance where required.

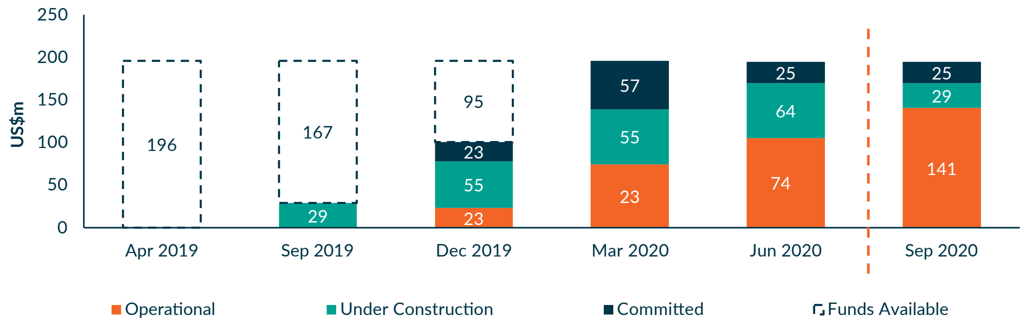
ACQUISITION FIVE

In June 2020, USF closed on a portfolio of four projects located in Oregon totalling $61MW_{DC}$ (**Acquisition Five**). Each project has a long-term PPA with Portland General Electric (S&P: BBB+), a publicly traded offtaker based in Portland, Oregon. The portfolio was acquired from Southern Current LLC (**Southern Current**), a leading US solar developer and EPC contractor. At the time of acquisition, the four projects were mechanically complete with plant commissioning subject to the interconnection utility re-starting work following COVID-19 restrictions. As part of the transaction, USF's purchase price for the acquisition was payable in stages, with the full purchase price not at risk until the utility completes the work and the projects are commercially operational and selling power under the PPAs. Additionally, the purchase price was subject to downward adjustment dependent on the length of time until the projects were operational.

FUNDS COMMITTED

With the five acquisitions now in place, the Company has effectively committed all the funds raised in the IPO, as the remaining capital alone is not sufficient to fund a sizeable transaction[7]. USF continues to assess new investment opportunities and will, in due course, consider raising further capital to grow the Company.

Figure 3: USF Funds Committed by Stage[8]



7. Remaining capital is committed to working capital, as well as future acquisitions or refinancing of Acquisition Four. Remaining capital alone is not sufficient to complete either of these, thus USF may consider raising an acquisition facility to fund future transactions alongside the remaining capital. Timing and quantum of refinancing of Acquisition Four is at USF's option, and remaining capital may also be allocated to further acquisitions instead of or along with refinancing.

8. Funds indicated as 'committed' at December 2019 represent funds committed to Acquisition Two and Acquisition Three at the time. Funds indicated as 'committed' from March 2020 onwards represent remaining capital committed to working capital, as well as future acquisitions or refinancing of Acquisition Four. Remaining capital alone is not sufficient to complete either of these, thus USF may consider raising an acquisition facility to fund future transactions alongside the remaining capital. Timing and quantum of refinancing of Acquisition Four is at USF's option, and remaining capital may also be allocated to further acquisitions instead of or along with refinancing. Acquisition two is assumed to be entirely operational in September 2020.

SUMMARY OF RECENT TRANSACTIONS

The Investment Manager tests all acquisitions against the Acquisition and Asset Management Principles disclosed in the Prospectus and as set out below for Acquisition Five.

Table 1: Acquisition and Asset Management Principles Tested Against Acquisition Five

USF Acquisition Principles	Acquisition Five
1. Seek Solar Power Assets[9] with long-term contracted offtake agreements with creditworthy counterparties.	✓ 11.1-year PPA average term remaining with an investment-grade utility (S&P rating BBB+) ✓ Fixed price for 100% of the energy generated by the Project
2. Acquire Solar Power Assets at a time which minimises exposure to development risks but maximises the Company's competitive advantage compared to mature asset acquisitions.	✓ All four assets have met Mechanical Completion ✓ Company's purchase price for the acquisition is payable in stages with the full purchase price not at risk until the utility completes the work ✓ Fully-wrapped turnkey EPC contractor with a credible construction partner reduces time and cost risks
3. Form strong relationships with credible and capable project developers, construction partners, and vendors who can offer a pipeline of investment opportunities.	Developer – Southern Current ✓ Leading developer in the residential, commercial, and large-scale solar markets with hundreds of systems currently providing power to customers across the United States O&M Provider – Carolina Solar Services & DEPCOM Carolina Solar Services (**CSS**) ✓ CSS maintains more than 780MW of PV assets in the United States ranging in project size of 50kW to more than 25MW. CSS provides turn-key services in 10 states utilising 40 technicians DEPCOM ✓ DEPCOM is led by an experienced and qualified management team with each member having approximately 10-30 years of experience, representing collective design/build solar plant experience exceeding 3.5GW Panel manufacturer – Boviet Solar & Adani Solar

9. The stated strategy of the Company is to deliver stable returns to shareholders through investing in a diversified portfolio of utility-scale solar power plants and associated infrastructure, which may include transmission and storage (e.g. batteries) assets which would typically be co-located with the solar power plant (together, **Solar Power Assets**).

USF Acquisition Principles	Acquisition Five
	Boviet Solar ✓ Boviet Solar is an integrated solar cell and module manufacturer with 1GW annual production capacity, equipped with highly automatic production lines. Boviet Solar began module manufacturing production in 2011 and has been listed on Bloomberg's tier 1 module vendor list since Q1 2018 Adani Solar (**Adani**) ✓ Adani is a tier 1 solar cell and module manufacturer with a reported annual production capacity of 1.2GW and operates as the solar PV manufacturing arm of Adani Group
4. Prioritise bilateral acquisition negotiations over competitive auction processes	✓ USF secured exclusivity of the portfolio through existing relationships of the Investment Manager and did not enter a competitive auction process
5. Participate in mid-market segments where team capability and track record offer a competitive advantage	✓ 39MW_{DC} portfolio size allows USF to deploy capital at attractive returns without competing with larger passive investors for larger projects/portfolio or operating assets ✓ The Investment Manager's track record has reduced perceived execution and counterparty risk for the vendor, lenders, and tax equity

See section 2.2 Acquisition and Asset Management Principles in the Prospectus for additional information.

PIPELINE UPDATE

While COVID-19 has created a challenging macroeconomic environment, projects are still progressing, and the Investment Manager has seen an increase in the potential acquisition pipeline when compared to 31 December 2019. As of 30 June, the pipeline included 3,379MW_{DC} of assets with a cash equity value of $3.2 billion and a weighted-average PPA term of 17 years at the end of the period. At 31 December 2019, the Investment Manager's pipeline included 2,036MW_{DC} of assets with a $1.9 billion cash equity value, and an average PPA term of 14 years.

Throughout the course of the period, the Investment Manager has screened over 6GW_{DC} of projects, with a total cash equity value of over $5 billion. The Investment Manager continues to take a conservative approach to pricing. It also continues to strictly adhere to a process that is consistent with the strategy and return targets of the Company given the pipeline offers numerous high-quality construction-ready and operational investment opportunities.

FRAUD

At the end of January 2020, the Investment Manager was the victim of a fraud by a third party in relation to $6.9m of contracted construction payments. During the period, the Company fully recovered the entire $6.9m. Immediately following the Fraud, with the full support of the Board, the Investment Manager appointed a major accountancy firm to review the financial controls and processes at the Investment Manager. The review is now complete and, although it identified no material deficiencies, the Investment Manager implemented the enhancements to its financial controls and processes suggested by the accounting firm. The Investment Manager has also undertaken internal and external reviews focussed on IT and email security, particularly with increased levels of employees working remotely as a result of COVID-19 workplace access restrictions, with recommended enhancements to cybersecurity scheduled for completion during September 2020.

EVENTS AFTER THE PERIOD

After the period ended, USF announced the commissioning of Acquisition Five, the 61MW_{DC} portfolio of four utility-scale solar projects in Oregon. With the portfolio now commencing commercial operations, all four projects will sell 100% of their electricity output under long-term power purchase agreements (PPAs) to Portland General Electric (S&P rating: BBB+). The Acquisition Five PPAs have an average term of over 11 years from commercial operations with fixed annual percentage increases.

In July and August 2020, four of the six assets in Acquisition Two achieved commercial operations. These assets will sell 100% of their electricity output to Duke Energy Progress, a subsidiary of Duke Energy for a term of over 13 years from commercial operations. The Investment Manager has worked closely with Horne Brothers Construction over the period to achieve the commercial operations milestone in line with planned timeframes. USF's 443MW_{DC} portfolio is now almost 70% operational (by MW_{DC}) with the remainder on track to be fully operational by the end of 2020.

CORONAVIRUS OUTBREAK

COVID-19 has had limited impact on the Company to date. The Investment Manager has been closely monitoring well-developed contingency plans in order to mitigate potential impacts. Remote monitoring, fault identification, and alarms are in operation at all operational sites, and construction sites are secure and monitored. Additionally, the Investment Manager's Portfolio Management team are still able to visit US construction sites on a limited basis or conduct inspections and meetings virtually. Where appropriate, construction contractors have implemented additional procedures to ensure proper distancing and handling of any COVID-19 cases.

Construction remains on schedule for the in-construction assets. Given the global spread of COVID-19, work interruptions across industries continue. The Investment Manager is working with Engineering, Procurement and Construction contractors to assess and consider risk mitigation strategies at USF's solar projects as specific issues develop. There continues to be no direct day-to-day impact on USF's operational solar assets from the COVID-19 pandemic. Essential for economic activity, the generation and provision of electricity in most of the US has not been significantly disrupted by the pandemic. USF's projects have continued to operate throughout the pandemic and the Company has found that service personnel have been permitted to travel to sites to conduct work as needed. The Investment Manager continues to assess the current and potential impact of the various COVID-19 measures implemented by government on USF's investment strategy and operations.

With respect to the longer-term impact of COVID-19, there is a high degree of uncertainty as to the current and future economic impact of the pandemic, and accordingly, USF's Investment Manager is taking a cautious approach. USF is closely monitoring the changes in electricity and financial markets, developing scenarios and planning for a range of outcomes. Leading indicators that USF has been monitoring include the following:

- **Electricity prices:** COVID-19 restrictions of economic activity have contributed to both reduced demand for electricity and an oversupply of oil on global markets. These factors have resulted in reduced electricity prices in many markets including the US electricity market. USF's exposure to electricity prices is limited given its long-term power purchase agreements.

- **Equity markets:** UK equity markets have remained open during COVID, with some slower periods. Renewables funds, in particular, have seen continued support from investors and continue to raise new capital, demonstrating demand for the sector.
- **Tax equity markets:** Since the onset of COVID-19 it has become evident that tax equity funding may be less available than in previous years as the outlook for US corporate profitability remains weak, and the available pool of tax equity funding may shrink as a result. This is not a current issue for USF as tax equity funding is complete or committed for all USF's projects and it is not seeking to close any further transactions at this time. The Investment Manager will continue to monitor US tax equity markets given the likely requirement for tax equity for any future transactions.
- **Debt markets:** Debt markets and debt providers are becoming increasingly cautious in response to the uncertainty of current and future economic conditions. USF's assets are well-positioned regarding debt with all debt in place for levered projects (Acquisition One and Five). Long-term financing is in place for Acquisition Four and refinancing will only proceed when satisfactory terms are available (existing debt does not mature until after 2030).
- **Insurance:** The potentially high level of COVID-19 related claims together with losses from insurer's investment portfolios resulting from the disruption to commercial activity precipitated by COVID-19 is resulting in increased premiums for insurance products.

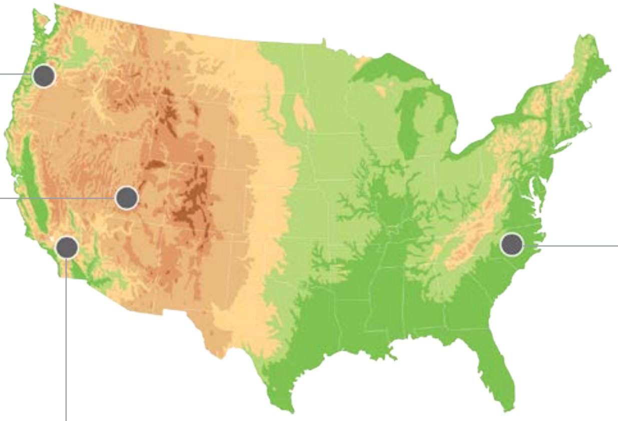
Since the outbreak, USF has made changes to the work environment to ensure the health and safety of its employees, contractors, and stakeholders. The New York office remains closed and the US team continues to work remotely using existing remote working and monitoring systems. The Sydney office has implemented staggered access arrangements to enable staff to work from the office while adhering to social distancing guidelines.

The Investment Manager is working with all contractors and other stakeholders to ensure that operational and construction targets can be met whilst ensuring safety for all parties and meeting relevant COVID-19 requirements or restrictions. For further information please see our COVID-19 Statement at www.ussolarfund.co.uk/usf-and-covid-19-pandemic.

INVESTMENT PORTFOLIO

As at 30 June 2020 the Fund had acquired 41 utility-scale solar projects, totalling 443MW$_{DC}$. After the period ended, all but three of the in-construction assets[10] in the portfolio achieved commercial operations, bringing the total operational portfolio to 38 projects, representing 302MW$_{DC}$ or almost 70% of USF's total portfolio on a capacity basis. The remaining solar assets totalling 141MW$_{DC}$ (Milford, Pilot Mountain, and Willard) are on track to be completed by year-end.

Figure 4: USF Portfolio Locations



OREGON PLANTS

Name	Capacity (MWDC)	Energy Offtaker
Alkali	15.1	Portland General Electric
Chiloquin	14.0	PacifiCorp
Dairy	14.0	PacifiCorp
Lakeview	13.7	PacifiCorp
Merrill	10.5	PacifiCorp
Rock Garden	14.9	Portland General Electric
Suntex	15.3	Portland General Electric
Tumbleweed	14.0	PacifiCorp
Turkey Hill	13.2	PacifiCorp
West Hines	15.3	Portland General Electric
Total	**140.0**	

UTAH PLANTS

Name	Capacity (MWDC)	Energy Offtaker
Milford	127.8	PacifiCorp
Total	**127.8**	

CALIFORNIA PLANTS

Name	Capacity (MWDC)	Energy Offtaker
Granger	3.9	San Diego Gas & Electric
Valley Center	3.0	San Diego Gas & Electric
Total	**6.9**	

KEY:
Operational
Under construction

NORTH CAROLINA PLANTS

Name	Capacity (MWDC)	Energy Offtaker
Benson	5.7	Duke Energy Progress
Cotten	6.8	Duke Energy Progress
County Home	2.6	Duke Energy Carolinas
Davis Lane	7.0	Virginia Electric & Power
Eagle Solar	5.6	Duke Energy Progress
Faison	2.3	Duke Energy Progress
Four Oaks	6.5	Duke Energy Progress
Freemont	6.4	Duke Energy Carolinas
Gauss	7.0	Virginia Electric & Power

Name	Capacity (MWDC)	Energy Offtaker
Jersey	7.0	North Carolina Electric
Lane II	7.5	Duke Energy Progress
Mariposa	6.4	Duke Energy Carolinas
Monroe Moore	6.6	Duke Energy Carolinas
Nitro	6.2	Duke Energy Progress
Pilot Mountain	7.5	Duke Energy Carolinas
Princeton	6.5	Duke Energy Progress
Progress 1	2.5	Progress Energy
Progress 2	2.5	Progress Energy
Red Oak	6.9	Duke Energy Progress

Name	Capacity (MWDC)	Energy Offtaker
S. Robertson	6.3	Progress Energy
Sarah	6.3	Duke Energy Progress
Schell	6.9	Virginia Electric & Power
Sedberry	6.2	Duke Energy Progress
Siler 421	6.9	Duke Energy Progress
Sonne Two	7.0	Duke Energy Carolinas
Tate	6.5	Duke Energy Progress
Tiburon	6.7	Duke Energy Carolinas
Willard	6.0	Duke Energy Progress
Total	**168.3**	

10. Assets that became operational after the period include Benson, Eagle Solar, Lane II, Tate. and Suntex.

Table 2: Portfolio Overview

Status	Acquisition Portfolio	Asset	Capacity (MW_{DC})	Location	Acquisition Date	Energy Offtaker[11]	Offtaker Credit Rating	Remaining PPA Length (Years)	COD[12]
	One	Milford	127.8	Utah	Aug 19	PacifiCorp	S&P: A	25.0	Nov 20
	Two	Pilot Mountain	7.5	North Carolina	Dec 19	Duke Energy Carolinas	S&P: A-	13.0	Sep 20
	Two	Willard	6.0	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	13.0	Sep 20
Construction Total			**141.3**					**23.9**[13]	
	Two	Benson	5.7	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	13.1	Aug 20
	Two	Eagle Solar	5.6	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	13.1	Aug 20
	Two	Tate	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	13.1	Aug 20
	Two	Lane II	7.5	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	13.2	Jul 20
	Three	Faison	2.3	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	9.8	Jun 15
	Three	Four Oaks	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	10.3	Oct 15
	Three	Nitro	6.2	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	9.4	Jul 15
	Three	Princeton	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	10.3	Oct 15
	Three	Sarah	6.3	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	10.0	Jun 15
	Three	S. Robeson	6.3	North Carolina	Jan 20	Progress Energy	S&P: A-	7.1	Jul 12
	Three	Progress 1	2.5	North Carolina	Jan 20	Progress Energy	S&P: A-	11.8	Apr 12
	Three	Progress 2	2.5	North Carolina	Jan 20	Progress Energy	S&P: A-	7.5	Apr 13
	Four	County Home	2.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	11.1	Sep 16
	Four	Mariposa	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	11.2	Sep 16
	Four	Freemont	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	11.1	Dec 16
	Four	Sonne Two	7.0	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	11.1	Dec 16
	Four	Cotten	6.8	North Carolina	Mar 20	Duke Energy Progress	S&P: A-	11.4	Nov 16
	Four	Monroe Moore	6.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	11.1	Dec 16
	Four	Red Oak	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: A-	11.5	Dec 16
	Four	Schell	6.9	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	11.5	Dec 16
	Four	Sedberry	6.2	North Carolina	Mar 20	Duke Energy Progress	S&P: A-	11.1	Dec 16
	Four	Siler 421	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: A-	11.1	Dec 16
	Four	Tiburon	6.7	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	11.1	Dec 16
	Four	Granger	3.9	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	16.2	Sep 16
	Four	Valley Center	3.0	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	16.4	Dec 16
	Four	Turkey Hill	13.2	Oregon	Mar 20	PacifiCorp	S&P: A	11.3	Dec 17

11. Duke Energy Carolinas, Duke Energy Progress and Progress Energy are subsidiaries of Duke Energy Corporation and are separate legal entities which are liable to meet their own financial obligations and as such are subject to separate credit ratings.

12. Commercial Operation Date, dates italicised indicate estimated dates.

13. Capacity-weighted average remaining PPA term as at 30 June 2020.

Status	Acquisition Portfolio	Asset	Capacity (MW_{DC})	Location	Acquisition Date	Energy Offtaker[11]	Offtaker Credit Rating	Remaining PPA Length (Years)	COD[12]
●	Four	Merrill	10.5	Oregon	Mar 20	PacifiCorp	S&P: A	11.3	Jan 18
●	Four	Lakeview	13.7	Oregon	Mar 20	PacifiCorp	S&P: A	11.3	Dec 17
●	Four	Dairy	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	11.3	Mar 18
●	Four	Chiloquin	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	11.5	Dec 17
●	Four	Tumbleweed	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	11.5	Dec 17
●	Four	Davis Lane	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	12.5	Dec 17
●	Four	Jersey	7.0	North Carolina	Mar 20	North Carolina Electric	S&P: A-	7.5	Dec 17
●	Four	Gauss	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	13.1	Oct 18
●	Five	Alkali	15.1	Oregon	May 20	Portland General Electric	S&P: BBB+	11.2	Jun 20
●	Five	Rock Garden	14.9	Oregon	May 20	Portland General Electric	S&P: BBB+	11.2	Jun 20
●	Five	Suntex	15.3	Oregon	May 20	Portland General Electric	S&P: BBB+	11.1	Jul 20
●	Five	West Hines	15.3	Oregon	May 20	Portland General Electric	S&P: BBB+	11.1	Jun 20
Operational Total			**301.7**					**11.3[13]**	
Portfolio Total			**443.0**					**15.13[13]**	

Key

● Operational ● Under construction

ACQUISITIONS

Details of the acquisitions made as of 30 June 2020 are shown in Table 3 below.

Table 3: Portfolio Acquisition Commitment

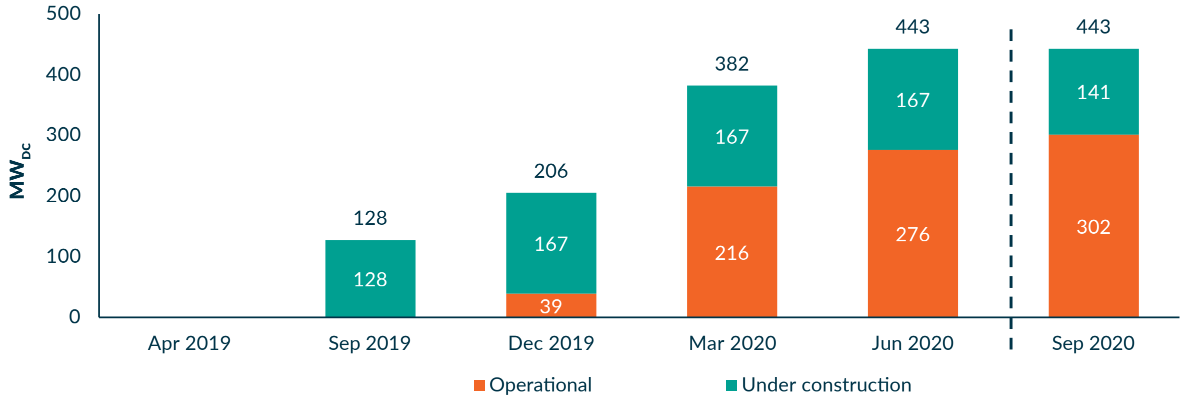
(US$m)	Acquisition Commitment Paid (as at 30 Jun 20)	Estimated Remaining Commitment	Total Commitment
Acquisition One	29.0	-	29.0
Acquisition Two	50.9	-15.4	35.5
Acquisition Three	35.3	-	35.3
Acquisition Four	44.2	-	44.2
Acquisition Five	4.6	20.9	25.5
Remaining Capital (Committed) [14]	-	25.1	25.1
Total	**164.0**	**30.6**	**194.6**

14. Remaining capital is committed to working capital, as well as future acquisitions or refinancing of Acquisition Four. Remaining capital alone is not sufficient to complete either of these, thus USF may consider raising an acquisition facility to fund future transactions alongside the remaining capital. Timing and quantum of refinancing of Acquisition Four is at USF's option, and remaining capital may also be allocated to further acquisitions instead of or along with refinancing.

As of 30 June 2020, the fund closed five acquisitions bringing total committed capital to $194.6 million (with $164.0 million invested as at 30 June 2020). As Acquisition Two included assets that were still in construction at period end, additional equity contributions will be made as construction milestones are achieved. However, USF's commitment in Acquisition Two is structured such that USF will fund the construction of the project up until the tax equity partner (**Tax Equity Partner**)[15] funds their full committed investment at substantial completion of the last project, expected to be in September 2020. USF will receive a return of capital from the Tax Equity Partner once construction is complete. Additionally, although the Fund had closed the acquisition of 100% of the cash equity interests of the four projects in Acquisition Five prior to 30 June 2020, the entire purchase price was not due until the utility completed interconnection work and the projects began selling power under the PPAs.

After the end of the reporting period, USF announced commercial operations of Acquisition Five and funded the majority of the estimated remaining commitment amount as noted in Table 3. All but two of the projects in Acquisition Two are operational with the remaining two expected to be operational in September 2020. Acquisition One is expected to be completed by year-end. USF's portfolio is now almost 70% operational as shown in Figure 5.

Figure 5: Portfolio by Stage[16]



US SOLAR MARKET UPDATE

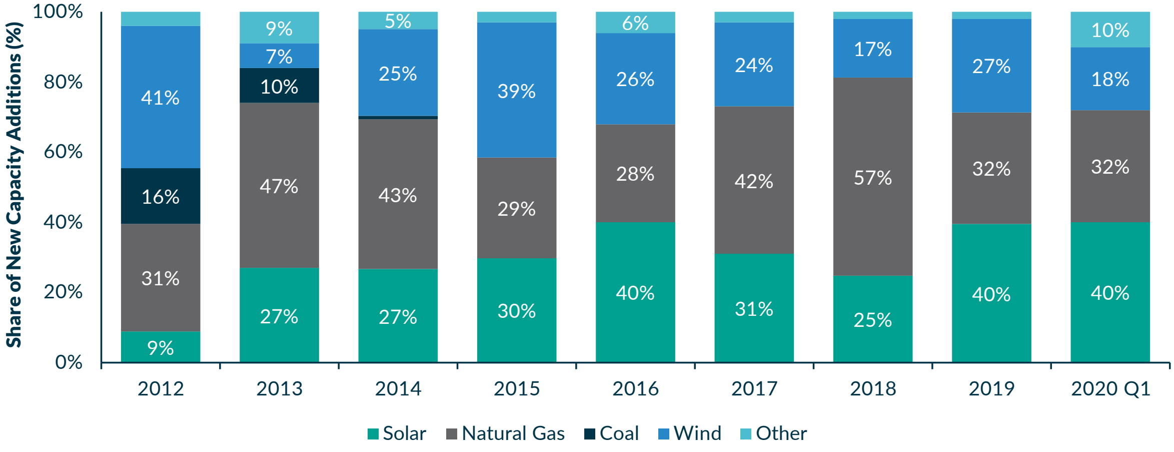
The US solar photovoltaic market installed 3.6GW_{DC} of capacity over Q1 2020, accounting for 40% of new electricity-generating capacity additions over the course of the year as seen in Figure 6. This represents a 42% increase year-over-year for capacity installations and the largest Q1 for solar PV on record. The growth of the US utility-scale solar PV market remained strong through Q1 with 2.3GW_{DC} of utility-scale PV installed, representing:

- a 57% increase compared to Q1 2019;
- a 258% increase to Q1 five years prior, and;
- the largest ever Q1 capacity growth.

15. Tax Equity Partners are partner equity investors who utilise federal and state income tax benefits and invest alongside USF into different acquisitions.

16. June 2020 operational figure includes acquisition five assets which were all mechanically complete by June 2020.

Figure 6: New US Electricity Generating Capacity Additions, 2012-2020 (YTD)

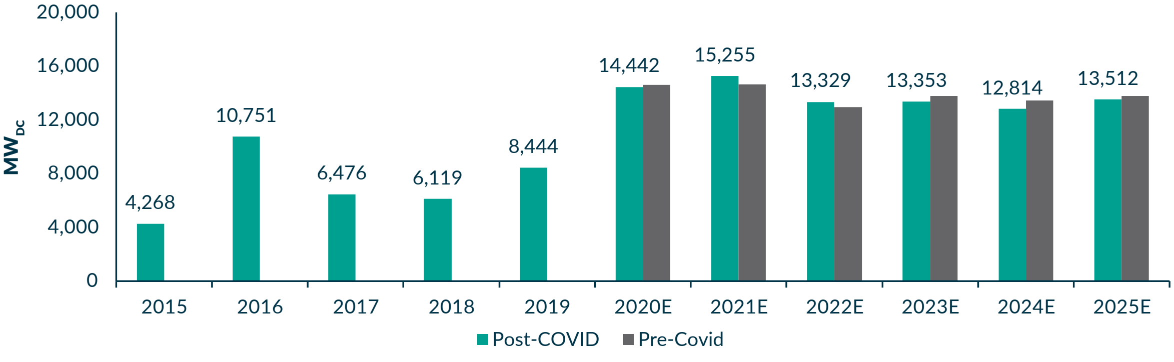


Source: Wood Mackenzie Power & Renewables/SEIA U.S. Solar Market Insight

Forward looking data for the industry also remains strong. The US utility-scale PV contracted pipeline grew by $5GW_{DC}$ to $51GW_{DC}$ over the quarter, driven by a surge in new PPA and project announcements. The pre-contract pipeline (the total capacity of solar without a PPA signed but entered into an interconnection queue) has also grown to $258GW_{DC}$, indicating the continued demand for utility-scale PV projects.

Within the US, COVID-19 has had little impact on the supply chain of the solar industry as most manufacturing services are deemed essential. The utility-scale solar segment in particular has seen minimal disruption and is largely immune to state level stay-at-home orders. Wood Mackenzie has taken into cons ideration the potential detrimental effects of COVID-19[17] on the industry and has revised their forecast for annual US utility-scale PV installations as seen in Figure 7 below, with the capacity installation forecast for 2020-2025 declining by only $0.5GW_{DC}$.

Figure 7: Annual U.S. Utility-Scale PV Installed Capacity and Post COVID-19 Forecast (MW_{DC})



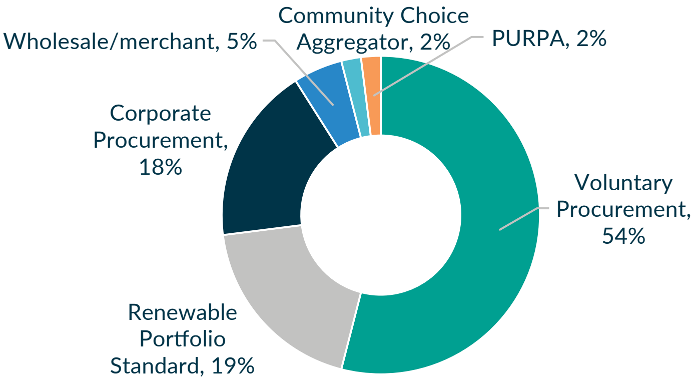
Source: Wood Mackenzie Power & Renewables/SEIA U.S. Solar Market Insight

17. Revisions have been based on Wood Mackenzie's economic forecast of a 5% contraction in US GDP in 2020 followed by a 3% growth from 2021 onwards. This assumes continued stability in financial markets and an economic recovery that keeps long-term electricity demand at current projections.

In 2020, 14.4GW_{DC} of US utility-scale PV is expected to be installed. This figure remains largely unchanged compared to pre-COVID-19 forecasts as 76% of the 12.5GW_{DC} projects that were in construction by the end of the first quarter of 2020 are targeting commercial operations in 2020. Between 2021 and 2022, Wood Mackenzie has moderately increased their installation estimates due to the surprisingly high procurement levels seen in Q1 2020. Of projects procured in Q1 2020, 65% have either a 2021 or 2022 completion date, providing more confidence in the forecast capacity figures regardless of the risks of COVID-19. Forecasts from 2023 onwards also remain consistently higher than historic annual capacity additions and are largely unaffected by COVID-19. Whilst the projects that are expected to come online within the next few years may face delay risks related to COVID-19 impacts, the current pipeline strength and demand from utilities to meet renewable portfolio standards and carbon-reduction pledges or new electricity generation are expected to continue to drive demand for record capacity additions.

While there are concerns COVID-19 may affect new project development, utility-scale PV is expected to remain the most economically competitive electricity source in the US. Voluntary procurement continues to be the largest driver of new projects, spurring approximately half of the new PPAs in Q1 2020. This is expected to continue through to 2025. New procurement from state renewable targets grew to 28% from 15% in 2019 due the increase in state renewable portfolio standard (**RPS**) mandates over recent years. Seven states across the US in addition to Puerto Rico and the District of Columbia now have 100% renewable or zero-carbon energy policies. In addition, Minnesota, Illinois and Florida have all recently proposed to increase their RPS targets. Corporate procurement has faced increased uncertainty in the current political and economic climate, as corporations have shifted focus to investment in operationally critical areas.

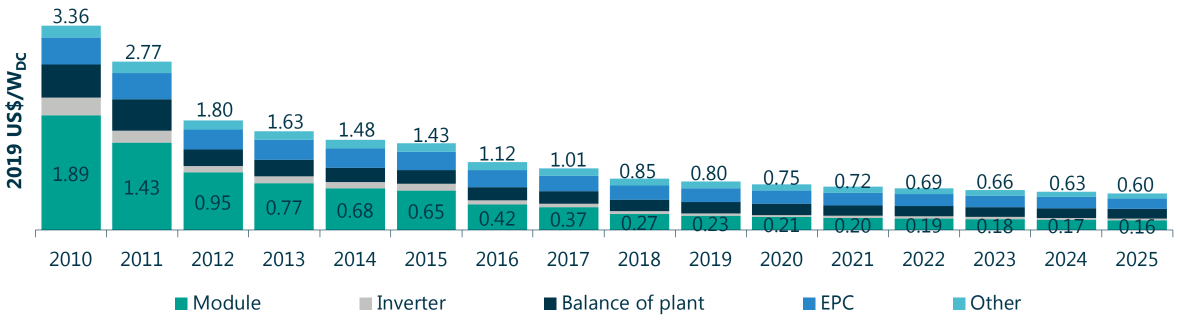
Figure 8: Utility PV Contracted Pipeline by Demand Driver (MW_{DC})



Source: Wood Mackenzie Power & Renewables/SEIA U.S. Solar Market Insight

COVID-19 is not expected to impact costs of developing utility-scale solar projects. As of May 2020, Bloomberg has maintained their global utility-scale system capex estimates after considering the effects of COVID-19. In 2020, it is suggested that a 1MW_{DC} PV system should cost approximately $750,000, decreasing to $600,000 by 2025 as shown in Figure 9. This is a global estimate and excludes the impact of any tax credit, subsidy, or carbon price, and also ignores increasing interconnection and land costs that apply in some areas. Therefore, individual project costs may be higher.

Figure 9: Benchmark Capex for a Utility-Scale Fixed-Axis PV System



Source: BloombergNEF 2Q 2020 Global PV Market Outlook

The outlook of the US utility-scale PV market remains strong with 82.7GW$_{DC}$ expected to be installed from 2020 to 2025. While the pandemic has caused some changes in project dynamics, Wood Mackenzie does not believe it will be detrimental to the long-term growth of the sector. Medium-term growth is expected to be driven by the remaining years of the federal Investment Tax Credit, while long-term growth will be supported by declining utility-scale PV installation costs and increasingly prevalent policy mandates for clean energy. Utility-scale PV is expected to consistently account for over half of new US annual generation capacity from 2027 onwards.

INVESTMENT PERFORMANCE

At 30 June 2020, the Company's shares were trading at $0.94 per share. This represents a 2.5% discount to the Net Asset Value of $192.9 million or $0.964 per share. The Net Asset Value is defined as the total assets less any liabilities. The share price has trended up since 30 June 2020 and, at 31 August 2020 shares were trading at $0.96 per share representing a 1.2% discount to the 31 December 2019 NAV and a 0.4% discount to the 30 June 2020 NAV.

The Company generated a profit after tax of $452,259 (0.226 cents per share) during the period. Interest income of $224,699 and a net gain from investments of $1,719,385 were offset by operating expenses of $1,491,154 and a foreign exchange loss of $671 on funds that were retained in GBP. The financial statements of the Company are presented on pages 53 to 72.

Table 4: Performance Summary

	30 JUNE 2020	31 DECEMBER 2019
Number of Projects[18]	41	15
Capacity of Projects	443MW$_{DC}$	206MW$_{DC}$
Net Asset Value (NAV)	$192.9m	$194.4m
NAV per share	$0.964	$0.972
Ordinary Shares Issued	200m	200m
Closing Share Price (USF)	$0.94	$1.05
Market Capitalisation (Based on closing price)	$188m	$210m
Dividends paid	$2.00m	$0.82m
Share price total return performance	(4.67%)	5.44%

18. Represents projects that had reached financial close on the valuation date.

Figure 10: NAV Bridge 31 December 2019 to 30 June 2020

ONGOING CHARGES

The ongoing charges ratio of the Company is 1.50% of the average NAV for the period ended 30 June 2020. The ratio has been calculated using the AIC recommended methodology. The estimated total cost as laid out in the prospectus was 1.35% based on proceeds of $250 million. As total proceeds of the IPO were $200 million, this ratio is slightly higher than estimated at IPO.

VALUATION

NET ASSET VALUE

The Net Asset Value for the period ending 30 June 2020 is $192.9 million.

An unaudited Net Asset Value and Net Asset Value per Ordinary Share is calculated in US Dollars on a quarterly basis as at 31 March, 30 June, 30 September and 31 December each year, pursuant to the valuation methodology described below, by the administrator (**Administrator**) in conjunction with the Investment Manager. The valuation of the Solar Power Assets will be produced by an independent appraiser on a semi-annual basis as at 30 June and 31 December. These valuations form part of the Net Asset Value calculation of the Company, which is subject to audit.

VALUATION METHODOLOGY

The Company has engaged an independent third-party appraiser to value operational Solar Power Assets acquired by the Company and its Project SPVs every six months as at 30 June and 31 December.

At each quarter end, the Investment Manager will provide the relevant third-party or internal valuations of the Solar Power Assets together with the valuations of the other assets of the Company and its Project SPVs to the Company Secretary and Administrator of the Company.

The Administrator, in conjunction with the Investment Manager, will calculate the Net Asset Value and the Net Asset Value per Ordinary Share as at the end of each quarter of the Company's financial year and submit the same to the Board for its approval.

The valuation has been calculated in accordance with Uniform Standards of Professional Appraisal Practice (**USPAP**) as applied to photovoltaic electricity generation systems in the United States.

Fair value for operational solar power assets will be derived from a discounted cash flow (**DCF**) methodology. For Solar Power Assets that are not yet operational or where the completion of the acquisition by the Company has not occurred at the time of valuation, the purchase price of the Solar Power Asset including acquisition costs will normally be used as an appropriate estimate of fair value provided no significant changes to key underlying economic considerations (such as major construction impediments or natural disasters) have arisen.

In a DCF analysis, the fair value of the Solar Power Asset is the present value of the asset's expected future cash flows, based on a range of operating assumptions for revenues and costs and an appropriate discount rate range.

The Investment Manager will review a range of sources in determining the fair market valuation of the Solar Power Assets, including but not limited to:

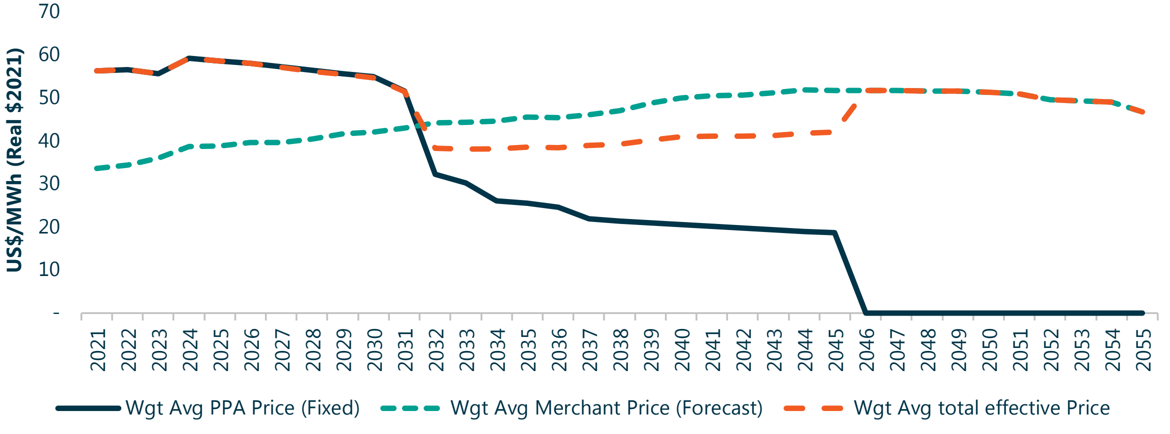
- discount rates publicly disclosed by the Company's global peers;
- discount rates applicable to comparable infrastructure asset classes; and
- capital asset price model outputs and implied risk premium over relevant risk-free rates.

A broad range of assumptions are used in valuation models. Given the long-term nature of the assets, valuations are assessed using long-term historical data to reflect the asset life.

Where possible, assumptions are based on observable market and technical data. The Investment Manager also engages technical experts such as long-term electricity price forecasters to provide long-term data for use in its valuations.

Long-term electricity price forecasts are obtained every six months from two leading independent power price forecasting firms for each jurisdiction in which Solar Power Assets are located. These two electricity price forecasts are averaged and provided to the independent valuer to project the prices at which existing power purchase agreements will be re-contracted. The independent valuer assesses these forecast prices for reasonableness against their own internal forecasts and others in the marketplace.

Figure 11: Portfolio Weighted Average Electricity Pricing – PPA v Merchant (Real 2021 at 2% inflation)



The Investment Manager will use its judgement in arriving at an appropriate discount rate but will generally rely on the discount rate derived by the independent valuer. The Investment Manager's view of discount rates is based on its knowledge of the market, considering intelligence gained from its bidding activities, discussions with financial advisers in the appropriate market and publicly available information on relevant transactions.

NESM has engaged independent valuer KPMG to calculate the fair value of its operating renewable energy assets. At 30 June 2020 the operating assets valued by KPMG were Acquisition Three and Acquisition Four. Consistent with Company policy, other assets that are still under construction or were acquired during the period are valued at acquisition cost on the basis that acquisition cost equates to the asset's fair value at the reporting date. KPMG is one of the largest valuation firms in the United States with significant experience in estimating the fair value of solar and other renewable energy assets.

Primary valuation methodology:

- The equity fair values of USF's construction assets are based on the equity purchase price plus transaction costs.
- The equity fair values of USF's operational assets are based on DCF modelling of pre-tax cashflows to equity as at 30 June 2020. This methodology more accurately reflects the valuation impact of the discrete debt instruments that USF has in place when compared to an unlevered valuation.
- A post-tax valuation is conducted at the US Holding Corp. level to compare the implied post-tax discount rate.

The Investment Manager has used the two most current merchant curves available from two providers at the valuation date. Despite recent downward movements in US merchant curves, the valuation curves did not differ materially from the curves assumed at the time of acquisition. For operating assets that were externally valued at 30 June 2020, the discount rate range used was 6.80% to 7.20% on a pre-tax weighted average cost of capital (**WACC**) basis, equating to 8.10% to 8.80% on a pre-tax cost of equity basis. The use of a WACC or cost of equity in valuations is dependent on actual leverage employed.

GEARING

On a look-through basis USF had outstanding debt of $321.5 million as at 30 June 2020, which is based on the face value of drawn debt. This equates to 62.5% of Gross Asset Value (**GAV**) (calculated as NAV plus outstanding debt), noting the Prospectus permits gearing above 50% during construction and the first year of operations.

USF's debt facilities outstanding as at 30 June 2020 are set out in Table 5.

Table 5: Gearing Summary

SOLAR ASSET	LOAN TYPE	FACILITY SIZE (US$M)	DRAWN FACE VALUE (US$M)	DRAWN FAIR VALUE (US$M)[19]
Acquisition One	Construction Loan	48.5	48.5	54.6
Acquisition One	ITC Bridge Loan	79.2	24.6	25.1
Acquisition Four	Project Term Loans	152.3	148.4	161.7
Acquisition Five	Construction Loans	100.3	100.0	100.0
Total		**380.3**	**321.5**	**341.4**

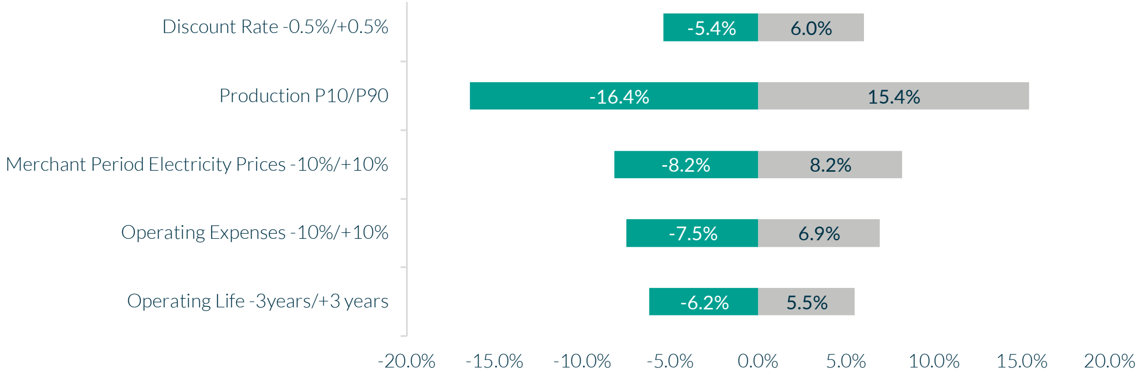
Refer to Note 9 of the financial statements for further information on USF's debt facilities.

19. Debt at fair value reflects market interest rates at 30 June 2020. Debt is held by multiple subsidiaries, thus is included in "Investment held at fair value" on the Statement of Financial Position.

SENSITIVITY ANALYSIS

The Investment Manager and Company use sensitivity analysis to assess the impact of changes in key assumptions on the fair value of the Company's investments. The sensitivities shown in Figure 12 assume the relevant input is changed over the entire useful life of each of the underlying renewable energy assets, while all other variables remain constant. All sensitivities have been calculated independently of each other. The full sensitivity analysis, including comments on key assumptions and sensitivities in US$ and US$ cents per share terms, is included in note 14 to the financial statements.

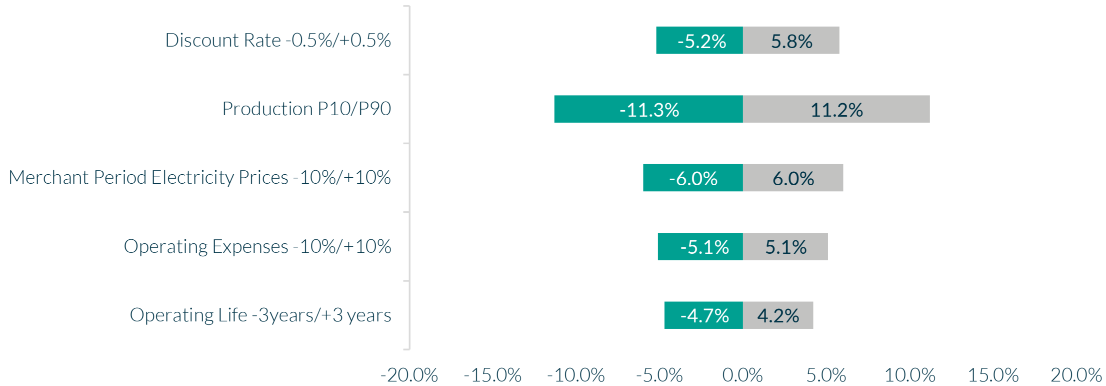
Figure 12: Sensitivity Analysis



The Company has previously announced that it has the option to refinance the existing project-level debt associated with Acquisition Four with a new, smaller facility on more favourable terms resulting in lower gearing and improved returns. Proceeding with the full refinancing would require the Company to raise approximately $70m[20] (net) of equity but results in reduced sensitivity to key assumptions as shown below. This is based on the equity raising and refinancing being completed in Q1 2021. Any such equity raising is subject to Board approval and market conditions.

As shown in Figure 13, the proposed Acquisition Four refinancing reduces the estimated impact of all key sensitivities.

Figure 13: Alternative Sensitivity Analysis



20. Based on using approximately $20m of existing cash plus $70m net proceeds from a potential equity raise in Q1 2021.

SHARE CAPITAL

On 16 April 2019, the Company was admitted to the premium listing segment of the Official List of the FCA and to trading on the main market of the London Stock Exchange.

As at 30 June 2020, 200,092,323 ordinary shares were in issue and no other classes of shares were in issue at that date. At 31 December 2019 there were 200,092,323 ordinary shares on issue.

During the period from 1 July 2019 to 31 December 2019, the Company issued 92,323 shares at US$1 per share to the Investment Manager in accordance with the fee arrangement established in the IPO Prospectus. Given the relative position of the Company's share price and net asset value per share at the relevant times since 31 December 2019, no additional shares in the Company were issued in order to satisfy the portion of the Investment Manager's fee paid in shares during the period ending 30 June 2020.

INFORMATION ON THE INVESTMENT MANAGER

The US Solar Fund is managed by New Energy Solar Manager which also manages New Energy Solar (www.newenergysolar.com.au). The Investment Manager manages two listed global solar power investment funds, US Solar Fund and New Energy Solar, which combined has committed approximately US$1.3 billion to 57 projects totalling 1.2GW_{DC}.

The Investment Manager has been given responsibility, subject to the overall supervision of the Board, for active discretionary investment management of the Portfolio in accordance with the Company's investment objective and policy. The Investment Manager offers in-house deal origination, execution and asset management capabilities with experience in equity, tax equity, debt structuring and arranging, and active asset management. The Investment Manager's team currently consists of more than 20 investment and asset management professionals located in Sydney and New York.

SENIOR MANAGEMENT TEAM

The senior members of the Investment Manager who are responsible for the management of US Solar Fund are set out below. Further information on the Investment Manager team is provided at www.ussolarfund.co.uk.

JOHN MARTIN BEcon (USYD)
CHIEF EXECUTIVE OFFICER

John joined the Investment Manager as Managing Director and CEO in May 2017. John brings a wealth of experience and capability to the role after more than two decades of experience in corporate advisory and investment banking with a focus on the infrastructure, energy and utility sectors. John previously led the Infrastructure and Utilities business at corporate advisory firm Aquasia where he advised on more than A$10 billion of infrastructure and utility M&A and financing transactions. Prior to this John held various investment bank management positions including the Head of National Australia Bank Advisory and the Joint Head of Credit Markets and Head of

Structured Finance at RBS / ABN AMRO. During his time at ABN AMRO, John managed the Infrastructure Capital business which was viewed as a market leader in the development and financing of infrastructure and utility projects in Australia. John started his career as an economist with the Reserve Bank of Australia and then worked in various treasury and risk management positions, before moving to PwC as the partner responsible for financial risk management.

JACLYN STRELOW BJus, LLB (QUT), MBA (MELB)
CHIEF OPERATING OFFICER

Jaclyn has been an executive in the Evans Dixon funds management business since 2016 and joined the Investment Management team in August 2020. Jaclyn has a corporate law background and brings substantial experience specialising in debt and equity markets, mergers and acquisitions and corporate development in Australia and the UK, working in listed company and professional services environments. Prior to joining Evans Dixon, Jaclyn was legal counsel for Aurizon, managing legal risk and strategy across the business development, M&A, strategy, governance, and treasury functions. Prior to Aurizon, Jaclyn worked as legal counsel in capital markets and professional services with Instinet and PwC Legal in London, and Mallesons Stephen Jaques in Australia.

LIAM THOMAS BAgribus (Curtin), MSc (Curtin), MBA (MELB)
CHIEF INVESTMENT OFFICER

Liam joined the Investment Manager as Director – Investments in March 2016, to lead transaction origination and execution activities. Liam has over 15 years' experience in mergers and acquisitions, corporate and business development, projects, and commercial management in the energy, infrastructure, mining, and agribusiness sectors. Prior to joining the Investment Manager, Liam was a senior member of the International Development team at Origin Energy focused on the investment and development strategy for utility-scale solar, hydro, and geothermal projects in Latin America and South-East Asia. Liam's previous roles have included General Manager of Commercial Development at Aurizon, Commercial Manager for the Northwest Infrastructure iron ore port joint venture, and Project Manager at Orica, focusing on large scale mining-related infrastructure and manufacturing projects.

WARWICK KENEALLY BEcon (ANU), BCom (ANU), CA
HEAD OF FINANCE

Prior to joining NESM, Warwick was the interim CFO of NESM's parent, Evans Dixon Limited. Warwick has worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG working in their Canberra, Sydney, and London offices – and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK, and Australia, for a range of Australian, UK, European and US banks. Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

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Davis Lane 7MW_{DC}

4. Risk and Uncertainties

Red Oak 6.9MW_{DC}

The Board is responsible for financial reporting and controls, including the approval of the Annual Report and Accounts, the dividend policy, any significant changes in accounting policies or practices, and treasury policies including the use of derivative financial instruments. During the period the Board has carried out a robust assessment of the principal risks and uncertainties facing the Company and how they are being mitigated.

The Company faces a broad range of risks that the Board and Investment Manager aim to mitigate through internal controls. These risks are regularly assessed on a periodic basis to ensure that the business operates smoothly and that any adverse effect on the Company's performance and share value is mitigated. The Board also maintains a risk matrix that is reviewed annually to ensure that there is a risk management framework in place to minimise the impact of these risks should they occur. The risks that the Board and Investment Manager believe to be the most relevant to the business can be categorised into key categories as set below:

- Legal & Regulatory Risks
- Financial & Market Risks
- Operational Risks

Principal risks for the period and their mitigants are summarised in the tables below:

LEGAL & REGULATORY RISKS

Risk	Impact on Company	Mitigant
Changes in laws or regulations governing the Company's operations or the Investment Manager's operations	Regulation changes may adversely affect the business and performance of the Company. The Company is sensitive to tax changes for example, including but not limited to income tax, Investment Tax Credits and tax restrictions on renewables. An adverse change in the tax legislations may impact the Company's revenue.	The Company and Investment Manager monitor changes in legislation for relevant jurisdictions to enable rapid and effective response. This ensures that any upcoming changes in legislation are proactively accounted for when evaluating potential investment opportunities. The Company and Investment Manager also consult with tax and regulatory experts as required.
Political risks including Brexit and the US elections	Political risks often translate to elevated political uncertainties and detrimental effects on investment and currency markets. Ongoing Brexit uncertainty may impact the Company's ability to raise additional funds. The outcome of US elections and the impacts on renewable energy credits, tax concessions and support for the renewable generation sector are uncertain.	As the Company's assets reside within the US, the Investment Manager does not consider Brexit to cause significant risks to the US renewables market. The Company and Investment Manager monitor changes in legislation for relevant jurisdictions to enable rapid and effective response. The Company and Investment Manager also consult with tax and legislation experts as required. The Company and Investment Manager are monitoring the US elections and renewable energy policy statements from each party.

FINANCIAL & MARKET RISKS

Risk	Impact on Company	Mitigant
Long-term power price fluctuations	Lower wholesale electricity prices may negatively impact the revenue that Solar Power Assets are expected to generate, thereby impacting asset valuations.	The Company intends to secure revenue by acquiring assets that have long-term Power Purchase Agreements in place. The Company continues to regularly monitor changes in expert energy price forecasts and ensure that they are appropriately factored into asset valuations.
Valuation of Assets	The due diligence process that the Investment Manager intends to undertake in evaluating acquisitions of Solar Power Assets may not reveal all facts that may be relevant in connection with such investments. This could lead to valuation errors that affect the return of the underlying assets.	The Company appoints reputable third parties with industry specific skills to assist in the due diligence process. As the valuations of the SPV investments are reliant on detailed financial model inputs, the inherent risks in utilising inaccurate inputs can be mitigated through third party opinions.
Access to capital from Tax Equity Partners and debt providers	The Company may not be able to source funding from suitable Tax Equity Partners and debt providers which may limit the amount of capital the Company is able to utilise in acquiring assets. Additionally, the Company may be exposed to risks from its contractual relationships in relation to tax equity financing with any Tax Equity Partner.	The Company has appointed a reputable and experienced Investment Manager with strong existing banking relationships. These existing relationships, in addition to new relationships, developed with experienced Tax Equity Partners allow for various avenues to appoint a partner best suited for the project. The Company also continues to monitor compliance with tax equity financing provisions.
Unable to source suitable Solar Power Assets	The Company may not be able to source suitable assets for the fund, which would result in the Company holding levels of cash which are higher than optimal. This cash would likely generate much lower levels of returns than the assets in the fund, consequentially adversely affecting the level of returns to shareholders and the market value of the Company.	The Company has appointed an Investment Manager with a dedicated team of experienced investment and renewable energy professionals focused on sourcing, evaluating and transacting on new investments for the Company.

Risk	Impact on Company	Mitigant
Changes to market conditions for the energy industry	The long-term income generated by the portfolio is correlated to energy market conditions due to the nature of the underlying Solar Power Assets. An adverse change to the energy market may affect the Company's ability to achieve dividend and return targets or invest in new Solar Power Assets.	While it is the intention of the Company to be fully invested in normal market conditions, the Company may in its absolute discretion decide to hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds and tradeable debt securities. Additionally, when assessing new projects, the most recent power market forecasts are utilised in assessing the viability of the asset.

OPERATIONAL RISKS

Risk	Impact on Company	Mitigant
Operational fraud	The Company is potentially exposed to financial losses from fraud through receipts from spot price markets and PPA counterparties, and from payments made to construction entities, maintenance providers and capital investors.	The Investment Management Agreement (IMA) provides USF with certain protections through passing certain responsibilities to the Investment Manager. The Investment Manager maintains and adheres to policies and processes to mitigate the risk of fraud. The Evans Dixon Group, of which the Investment Manager is a member, holds insurance which covers fraudulent incidents.
Default of developer or Engineering, Procurement, Construction (EPC) contractor	The Company may experience a financial loss (realised or unrealised) from a developer or EPC counterparty failing to perform their contractual obligations.	The Company intends to appoint experienced and reputable contractors with strong track records through existing relationships with the Investment Manager. The Company will periodically review the credit ratings and other available financial indicators of counterparties before contracting and adjust risk premiums accordingly. 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.

Risk	Impact on Company	Mitigant
Unfavourable weather conditions including Climate Change	The Company may be exposed to a lower than expected volume of revenue generation produced by the Solar Power Assets. Additionally, the Solar Power Assets may face damages due to extreme weather conditions arising from climate change.	The Company and Investment Manager conduct sensitivity analysis on power generation when evaluating the acquisition target. There is an allowance for unfavourable weather events in modelled forecasts of revenue. Investing in geographically diverse projects mitigates the impact of localised, unfavourable weather conditions.
Underperformance of solar power plants relative to acquisition assumptions	The underperformance of solar assets may lead to reductions in energy generated and thereby a reduction in revenue that the asset would be expected to produce.	The Company and Investment Manager conduct sensitivity analyses on power generation when evaluating the acquisition target. The Company also uses third party engineers to review the assets and provide independent reports on performance before acquisition, to ensure that reasonable generation assumptions are utilised. The Company and the Investment Manager also seek to engage with reputable O&M and EPC contractors.
Pandemics including COVID-19	Global health concerns often translate to elevated uncertainties in investment markets and have detrimental effects on the global economy. The COVID-19 outbreak may impact the Company's supply chain and also ability to raise additional funds.	The Investment Manager has received confirmations from the vendors that there is currently no delay expected for the remaining materials to be delivered and continues to work with EPC contractors to assess and consider alternative mitigation strategies. The Investment Manager has developed contingency plans to maximise shareholder value in place of raising additional funds. The Investment Manager is actively monitoring the COVID-19 situation and has a business continuity plan available to implement when required.

Risk	Impact on Company	Mitigant
Counterparty credit risk	There is the potential for losses to be incurred due to defaults by PPA counterparties, EPC contractors, derivative counterparties, and deposit taking institutions.	There have been no material changes to the creditworthiness of any of the USF offtakers or construction contractors as a result of COVID-19, and the Company and the Investment Manager diversifies credit risk across multiple investment grade counterparties. Contractual protections in EPC contracts (milestone-based payments, performance security, liens over assets purchased and installed by the EPC contractor), means the potential impact of EPC contractor default during construction is largely limited to the time and cost of replacing the contractor rather than any persistent loss. The Investment Manager will continue to monitor credit market conditions, including as they apply to PPA counterparties.

Davis Lane 7MW$_{DC}$

5. Environmental, Social and Governance

West Hines 15.3MW$_{DC}$

During the period, the Company and Investment Manager have focused on acquiring assets and, once acquired, onboarding operating assets and managing the construction processes for in-construction assets. During each of these stages, ESG considerations have been considered.

ESG DURING DILIGENCE AND ACQUISITION

- Environmental Site Assessments are completed for all assets during diligence and certification obtained that all projects comply with local, state, or federal law as applicable.
- Climate-related risks are reviewed and considered during the diligence process.
- O&M contractors must obtain and maintain all permits required under applicable laws, including environmental regulations, for each facility and operate them accordingly.
- EPC contracts require third parties to conduct themselves and their processes to the highest standard of environmental control and compliance with all applicable laws. Strict controls are implemented to avoid any spill contamination, hazardous substances, trade sanctions in supply chains, and waste containment among others.
- Prior to construction or investment, each solar asset site has, as part of the EPC contract, an agreed Health and Safety Plan that explicitly outlines health, safety and security measures to be employed at each site at all times and includes various state and federal laws to which all contractors, subcontractors, and site visitors must adhere, as well as injury reporting and investigation and corrective action processes.

SITE-SPECIFIC ESG INITIATIVES DURING OWNERSHIP

As assets are onboarded and in-construction assets become operational, site specific KPIs will be implemented based on a list of potential measures for each asset. The US is vast and contains many different ecological environments. The measures used for each site will depend on the local environment as well as the size of the asset as USF assets to date range from $2MW_{DC}$ to $128MW_{DC}$ and different measures will be appropriate for different size assets. The list below includes potential measures that may be implemented at USF sites:

ENVIRONMENTAL

- Grazing of sheep or livestock
- Planting of local / indigenous grasses, plants or wildflowers
- Pollination (beehive installation)
- Installation of bat, owl or bird boxes
- Implementation of sustainable drainage and flood control measures
- Water consumption monitoring and reduction

SOCIAL

- Attendance at local community and government meetings to maintain community engagement and dialogue
- Ongoing relationship development with O&M providers, construction contractors, and landowners to encourage local community engagement and contribution
- Effective complaint reporting and handling
- Engagement with local education institutions to help develop understanding of renewable energy

- Contributions to select local and regional charitable organisations

GOVERNANCE

- Periodic and regular review of safety statistics and site visits with site service providers to ensure compliance with local and regional laws and IM's ESG practices
- Annual review of contract compliance with site service providers

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDG)

In 2015, the United Nations developed 17 Sustainable Development Goals to enable individuals, organisations, corporations, and government to implement, record and measure their approach to addressing global challenges including poverty, inequality, and climate change.

The Company is aligned with the UNSDG goals and has selected two core goals to which we believe USF can most measurably contribute.

	Affordable and Clean Energy	Decent Work and Economic Growth
Relevant Target	**7.2** By 2030, increase substantially the share of renewable energy in the global energy mix	**8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
Reporting	Measurement of carbon impact of solar assets; development of strategic plans for assets at end of life (e.g. solar panel recycling)	Reporting on health and safety strategic initiatives, planning and incidents at assets under ownership

UNSDG 7.2

Investing in utility-scale solar in order to provide attractive risk-adjusted returns for investors is, by its very nature, a compelling investment for investors focused on sustainability and ESG. It contributes positively and materially to the world's growing awareness of and momentum to address the impact of human activity on the environment and climate. Importantly, through developing utility-scale solar projects and contracting the power purchase agreements with various offtakers, the Company directly contributes to the share of renewable energy in the global energy mix.

The 41 solar power projects in USF's portfolio have a combined capacity of 443MW_{DC} and provide power to electricity consumers by way of long-term PPAs. This power is generated without producing emissions and importantly, also replaces fossil-fuel generated power, thereby displacing CO_2 emissions. Once all of USF's 41 assets are operational, it will be responsible for displacing over 630,000 tonnes of CO_2 emissions, equivalent to powering over 74,000 US homes, or removing over 137,000 US cars from the road, every year.

As at 30 June 2020, the portfolio had 34 operating assets of the 41 acquired. When using first year generation figures, these assets generated enough electricity annually to power approximately 15,000 US homes and displace over 132,000 tonnes of CO_2 emissions, or remove about 28,000 US cars from the road, every year.

As a sustainably focused business, USF is conscious of its obligations to carefully consider and plan for the future disposal of solar panels. Given USF's solar projects are relatively new, with only 6% of the portfolio operational for greater than 5 years and the majority being operational between 2-5 years as at 31 August 2020, end of life considerations are not yet relevant (assumed asset life of 35 years).

During construction and operation, the solar panels employed in USF's projects have proven to be very robust and rates of damage and waste have been very low. With respect to the bulk of the panels installed at USF's solar power projects, which have life cycles of 25+ years, USF intends to establish a solar panel recycling approach that can facilitate the recovery of valuable secondary raw materials and promote high levels of reuse. To this end, USF is investigating the recycling programs available in the industry and the approaches of its development and construction partners.

UNSDG 8.8

When an acquired project is yet to be constructed, an Engineering, Procurement and Construction Agreement must be agreed upon and signed before construction. This agreement contains a comprehensive and systematic Health and Safety Plan that explicitly outlines certain requirements according to each site location and layout of the project. This plan incorporates health, safety and security measures required by various state and federal laws which all contractors, subcontractors and site visitors must adhere to.

A site health and safety committee is established for each project location, comprised of field representatives and management from the EPC contractor once construction commences. These representatives must obtain OSHA36 construction safety certification and are responsible for daily safety briefings. The representatives also facilitate weekly "toolbox" meetings, designed to address potential safety concerns on-site, and ensure the implementation of preventive safety measures.

The Company and the Investment Manager are also focused on injury reporting and investigation as it allows for review of existing preventive measures, thereby reducing the likelihood of a similar event occurring in the future. All injuries and incidents must be reported immediately on the construction site, followed by an investigation process, detailed report and corrective action.

Over the course of the period to 30 June 2020, there were two recordable injuries and one lost time accident on site. In March, there was a foot injury on one of the Acquisition Two construction sites which resulted in lost time. The Investment Manager has worked with Horne Brothers Construction (the EPC provider) to determine the root cause of the accident and has completed a review of the incident with corrective actions. At the Milford construction site, there were two separate incidents over the period, a fractured wrist in April and an arm laceration in June. McCarthy, the EPC contractors, have investigated the root cause of these accidents and have since made corrections to their operating procedures to prevent further injuries.

The Company and Investment Manager continue to monitor and maintain health and safety management policies and take a preventive and proactive approach when dealing with health and safety hazards, rigorously implementing safety practices and improving them where applicable.

6. Board of Directors

Lakeview 13.7MW_{DC}

Milford 127.8MW_{DC}

The Directors are responsible for the determination of the Company's investment objective and policy and its investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the supervision and control of the Investment Manager. The Directors have delegated responsibility for managing the assets comprising the Portfolio to the Investment Manager. Further information on the Board is provided at www.ussolarfund.co.uk.

GILLIAN NOTT

NON-EXECUTIVE CHAIR

Mrs Nott spent the majority of her career working in the energy sector, including positions with BP. In 1994 she became CEO of ProShare, a not for profit organisation promoting financial education, savings and investment, and employee share ownership. She was a non-executive director of the Financial Services Authority from 1998 until 2004. Subsequently she has held numerous board roles, including being a non-executive director of Liverpool Victoria Friendly Society, a leading insurer, and deputy chair of the Association of Investment Companies. Mrs Nott has served as both a non-executive director and chair of a number of venture capital trusts and investment trusts. She is currently chair of JPMorgan Russian Securities plc, Premier Global Infrastructure Trust plc and Gresham House Renewable Energy Venture Capital Trust 1 plc.

JAMIE RICHARDS

NON-EXECUTIVE DIRECTOR

Mr Richards is a chartered accountant and has 25 years' experience in fund management, banking and corporate recovery with a focus on the infrastructure and solar sector. Mr Richards previously was a partner, executive committee member and head of infrastructure at Foresight Group having joined in 2000. Between 2007 and 2018 he had overall responsibility from inception for the group's infrastructure and solar business in the UK, Australia, Italy and the US. He oversaw, as a member of the investment committee, more than 100 solar projects representing the group's approximately £1.5 billion solar portfolio and led the IPO of Foresight Solar Fund Limited. Prior to 2007, he led a number of venture capital and private equity transactions in the technology and cleantech sectors representing Foresight Group's funds and was a non-executive director of several companies. Previously, Mr Richards worked at PwC, Citibank and Macquarie, both in London and Sydney. Mr Richards is also a non-executive director of Smart Meter Systems plc and currently acts as alternative chair of the investment committee of Community Owned Renewable Energy LLP, an investment programme targeting UK solar farms for community ownership.

RACHAEL NUTTER

NON-EXECUTIVE DIRECTOR

Ms Nutter has spent over 20 years in the energy sector and the last 12 years in the renewable and clean energy sector. Until August 2020 Ms Nutter worked at Shell, most recently as general manager of business development for Shell International in the nature-based solutions business. Prior to this, she led a global solar business development team in Shell that originated and delivered investments in solar projects and development platforms, having previously led the development of the solar entry strategy for Shell. Ms Nutter also had a role within Shell Ventures and led the portfolio management of technology demonstration projects and assessment of clean energy commercial opportunities such as biogas for Shell. Prior to re-joining Shell in 2012, she worked at CT Investment Partners, Carbon Trust and PA Consulting Group, having started her career as a petroleum engineer with Shell. Ms Nutter is a board member of the Energy Technologies Institute, a UK public-private partnership to accelerate the commercialisation of low carbon technologies.

THOMAS PLAGEMANN

NON-EXECUTIVE DIRECTOR

Mr Plagemann has almost 30 years of experience originating and executing financings and investments in energy and infrastructure assets. Mr Plagemann is currently the Chief Commercial Officer at Vivint Solar where he is responsible for developing Vivint Solar's tax equity, capital markets, market expansion, and fundraising efforts and leading the financing strategy beyond its existing third-party financing structures. During his career, Mr Plagemann has been involved with projects valued in excess of $29 billion and has completed transactions across the balance sheet from debt to equity. Prior to joining Vivint Solar, he was Head of Energy, U.S. Corporate & Investment Banking for Santander Global Banking & Markets. Prior to joining Santander, he was at First Solar as the Global Head of Project Finance and Transaction Execution. Prior to First Solar, Mr. Plagemann was responsible for AIG FP's principal investment strategy in the renewable energy sector. Before joining AIG, he was a Managing Director with GE Capital's energy investment business, and he started his career as a banker in Deutsche Bank's project finance group. Mr Plagemann received a BA from the University of Minnesota and a master's degree in International Affairs with a specialisation in finance from Columbia University.

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Red Oak 6.9MW_{DC}

7. Directors' Report

Lakeview 13.7MW_{DC}

7. Directors' Report

PRINCIPAL ACTIVITY AND STATUS

US Solar Fund Plc was incorporated as a Public Company, limited by shares, in England and Wales on 10 January 2019 with registered number 11761009. The registered office of the Company is The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF. Its share capital is denominated in US Dollars (**US$** or **$**) and currently consists of ordinary shares. The Company's principal activity is to invest in a diversified portfolio of Solar Power Assets located in North America and other countries forming part of the Organisation for Economic Co-operation and Development (**OECD**) in the Americas.

DIRECTORS

All Directors are non-executive Directors.

The Company maintains £20 million of Directors' and Officers' Liability Insurance cover for the benefit of the Directors, which was in place throughout the period and which continues in effect at the date of this report.

Details of the fees paid to Directors in the period are set out below:

DIRECTOR	ANNUAL FEE (£)	RECEIVED IN PERIOD ENDED 30 JUNE 2020 (£)
Gillian Nott*	60,000	30,000
Jamie Richards**	50,000	25,000
Rachael Nutter	40,000	20,000
Josephine Tan***	40,000	15,026
Thomas Plagemann***	40,000	-

*This includes £20,000 per annum in respect of serving as Chair of the Board.

**This includes £10,000 per annum in respect of serving as Chair of the Audit committee.

***Josephine Tan has resigned as a Director of the Company with effect from 15 May 2020. USF has appointed of Thomas Plagemann as an independent non-executive director of the Company with effect from 29 June 2020.

In accordance with FCA Listing Rules 9.8.6(R)(1), Directors' interest in the shares of the Company (in respect of which transactions are notifiable to the Company under FCA Disclosure and Transparency Rule 3.1.2(R)) as at 30 June 2020 are shown below:

DIRECTOR	NUMBER OF ORDINARY SHARES	PERCENTAGE OF ISSUED SHARE CAPITAL
Gillian Nott	66,000	0.03%
Jamie Richards	65,495	0.03%
Rachael Nutter	26,196	0.01%
Josephine Tan*	26,196	0.01%

*Josephine Tan has resigned as a Director of the Company with effect from 15 May 2020.

SIGNIFICANT SHAREHOLDINGS

As at 30 June 2020, the Company is aware of or has received notification in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5 of the following interests in 3% or more of USF's shares to which voting rights are attached:

SHAREHOLDER	NUMBER OF ORDINARY SHARES	PERCENTAGE OF ISSUED SHARE CAPITAL
CCLA Investment Management Limited	22,141,378	11.07%
Sarasin & Partners LLP	20,250,000	10.12%
Newton Investment Management Limited	19,997,515	9.99%
Baillie Gifford & Co	19,650,000	9.82%
The Trust Company (Australia) Limited as custodian for New Energy Solar Fund	15,000,000	7.50%
FIL Limited	13,550,000	6.77%
Evans Dixon Limited	12,692,323	6.34%

GOING CONCERN

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the financial statements and related notes. In addition, note 16 to the annual financial statements includes the policies and processes for managing its capital, its financial risk management, details of its financial instruments and its exposure to credit risk and liquidity risk. The Company generated profit after tax of $0.4m for the period and had an available cash balance of $26.2 million at 30 June 2020. COVID-19 has had limited impact on the Company to date, albeit with respect to the longer-term impact of COVID-19, there is a high degree of uncertainty as to the current and future economic impact of the pandemic, and accordingly, the Company's Investment Manager is taking a cautious approach. After making enquiries, and bearing in mind the nature of the Company's business and assets means that near term cash flows are reasonably predictable, the Company has sufficient financial resources and expectation of growth in the medium-term to meet its financial obligations. As such the Directors believe that the Company will continue into the foreseeable future and have adopted the going concern basis of preparation in preparing these financial statements.

POLITICAL CONTRIBUTIONS

The Company made no political contributions during the period.

POST BALANCE SHEET EVENTS

On 16 September 2020, the Company announced a dividend of 0.50 cents per Ordinary Share for the period ending 30 June 2020.

The Company's events after the period ended are discussed in the Investment Manager's Report on pages 7 to 28.

Signed by order of the Board,

GILL NOTT
Chair

Date: 16 September 2020

Turkey 13.2MW_{DC}

8. Directors' Responsibility Statement

Red Oak 6.9MW_{DC}

8. Directors' Responsibility Statement

The Directors are responsible for preparing the half yearly report and financial statements in accordance with applicable regulations.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the interim management report which includes the Chairman's Statement, Report of the Investment Adviser and Statement of Principal Risks and Uncertainties for the remaining six months of the year to 30 June 2020 includes a fair review of the information required by:

  a. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Unaudited Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  b. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed by order of the Board,

GILL NOTT
Director

Date: 16 September 2020

Davis Lane $7MW_{DC}$

9. Independent Review Report to US Solar Fund Plc

Turkey Hill $13.2MW_{DC}$

9. Independent Review Report to US Solar Fund plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the Condensed Statement of Profit and Loss and Other Comprehensive Income, Condensed Statement of Financial Position, Condensed Statement of Changes in Equity, Condensed Statement of Cash Flows and related notes 1-18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

USE OF OUR REPORT

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP.

Deloitte LLP
Statutory Auditor
London, UK
16 September 2020

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Alkali 15.1MW_{DC}

Financial Statements

Turkey Hill 13.2MW_{DC}

10. Condensed Statement of Profit and Loss and Other Comprehensive Income

		6 MONTHS ENDED 30 JUNE 2020			PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019		
	Notes	Revenue US$	Capital US$	Total US$	Revenue US$	Capital US$	Total US$
Net gain on investments at fair value through profit and loss	9	-	1,719,385	1,719,385	-	45,878	45,878
Interest income	5	224,699	-	224,699	697,161	-	697,161
		224,699	**1,719,385**	**1,944,084**	**697,161**	**45,878**	**743,039**
Expenditure							
Administrative and other expenses	6	(1,491,154)	-	(1,491,154)	(582,799)	-	(582,799)
Operating profit for the period		**(1,266,455)**	**1,719,385**	**452,930**	**114,362**	**45,878**	**160,240**
Loss on foreign exchange		-	(671)	(671)	-	(152,037)	(152,037)
Profit before taxation		**(1,266,455)**	**1,718,714**	**452,259**	**114,362**	**(106,159)**	**8,203**
Taxation	7	-	-	-	-	-	-
Profit and Total Comprehensive Income for the period		**(1,266,455)**	**1,718,714**	**452,259**	**114,362**	**(106,159)**	**8,203**
Earnings per share (basic and diluted) – cents/share	8	(0.633)	0.859	0.226	0.057	(0.053)	0.004

All items dealt with in arriving at the result for the period relate to continuing operations.

The Total column of this statement represents Company's profit and loss account, prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union. The return on ordinary activities after taxation is the total comprehensive income and therefore no additional statement of other comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies.

11. Condensed Statement of Financial Position

	Notes	30 JUNE 2020 US$	31 DECEMBER 2019 US$
Non-current assets			
Investment held at fair value	9	168,243,133	119,472,416
		168,243,133	**119,472,416**
Current assets			
Trade and other receivables	10	90,684	88,744
Cash and cash equivalents	11	26,243,772	76,458,662
		26,334,456	**76,547,406**
Total assets		**194,577,589**	**196,019,822**
Current liabilities			
Trade and other payables	12	710,071	603,641
Dividends payable	13	1,000,462	1,000,461
Net current assets		**24,623,923**	**74,943,304**
Total net assets		**192,867,056**	**194,415,720**
Shareholders equity			
Share capital		2,000,923	2,000,923
Share premium		89,350	89,350
Capital reduction reserve		190,178,444	192,179,367
Capital reserve		2,038,085	319,371
Retained earnings		(1,439,746)	(173,291)
Total shareholders equity		**192,867,056**	**194,415,720**
Net asset value per share	15	0.964	0.972

12. Condensed Statement of Changes in Equity

For the period ended 30 June 2019

	Notes	SHARE CAPITAL US$	SHARE PREMIUM US$	CAPITAL REDUCTION RESERVE US$	KKL CAPITAL RESERVE US$	RETAINED EARNINGS US$	TOTAL EQUITY US$
Balance at 10 January 2019							
Issue of share capital		2,000,000	198,000,000	-	-	-	200,000,000
Equity issue costs		-	(4,000,000)	-	-	-	(4,000,000)
Transfer to capital reduction reserve		-	(194,000,000)	194,000,000	-	-	-
Profit & total comprehensive income for the period		-	-	-	114,362	(106,159)	8,203
Balance at 30 June 2019		**2,000,000**	**-**	**194,000,000**	**114,362**	**(106,159)**	**196,008,203**

For the period ended 30 June 2020

	Notes	SHARE CAPITAL US$	SHARE PREMIUM US$	CAPITAL REDUCTION RESERVE US$	KKL CAPITAL RESERVE US$	RETAINED EARNINGS US$	TOTAL EQUITY US$
Balance at 1 January 2020		**2,000,923**	**89,350**	**192,179,367**	**319,371**	**(173,291)**	**194,415,720**
Issue of share capital		-	-	-	-	-	-
Equity issue costs		-	-	-	-	-	-
Transfer to capital reduction reserve		-	-	-	-	-	-
Dividends		-	-	(2,000,923)	-	-	(2,000,923)
Profit & total comprehensive income for the period		-	-	-	1,718,714	(1,266,455)	452,259
Balance at 30 June 2020		**2,000,923**	**89,350**	**190,178,444**	**2,038,085**	**(1,439,746)**	**192,867,056**

13. Condensed Statement of Cash Flows

	Notes	1 JANUARY 2020 TO 30 JUNE 2020 US$	10 JANUARY 2019 TO 30 JUNE 2019 US$
Cash flows from operating activities			
Profit for the period		452,259	8,203
Adjustments for:			
Net gain on investments at fair value through profit and loss	10	(1,719,385)	(45,878)
Losses on foreign exchange		671	152,037
Operating cash flows before movements in working capital		**(1,266,455)**	**114,362**
Increase in trade and other receivables		(36,241)	(381,490)
Increase in trade and other payables		106,430	552,026
(Increase)/decrease in interest receivable		34,302	(108, 887)
Net cash (utilised)/ generated in operating activities		**(1,161,964)**	**176,011**
Cash flows used in investing activities			
Purchases of investments	10	(47,051,332)	(50,000,000)
Loan advanced	10	-	(15,000,000)
Net cash outflow from investing activities		**(47,051,332)**	**(65,000,000)**
Cash flows used in financing activities			
Dividends paid		(2,000,923)	-
Proceeds from issue of ordinary shares at a premium		-	200,000,000
Share issue costs		-	(4,000,000)
Net cash (outflow)/inflow from financing activities		**(2,000,923)**	**195,270,101**
Net (decrease)/increase in cash and cash equivalents for the period		(50,214,219)	131,176,011
Effect of foreign exchange rate movements		(671)	(152,037)
Cash and cash equivalents at the beginning of the period		76,458,662	-
Cash and cash equivalents at the end of the period		**26,243,772**	**131,023,974**

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14. Notes to the Financial Statements


Merrill 10.5MW_{DC}


Milford 127.8MW_{DC}

14. Notes to the Financial Statements

FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

1. GENERAL INFORMATION

US Solar Fund Plc was incorporated as a Public Company, limited by shares, in England and Wales on 10 January 2019 with registered number 11761009. The registered office of the Company is 7th Floor, 9 Berkeley Street, London, W1J 8DW. Its share capital is denominated in US Dollars and currently consists of ordinary shares. The Company's principal activity is to invest in a diversified portfolio of Solar Power Assets located in North America and other countries forming part of the Organisation for Economic Co-operation and Development in the Americas.

2. BASIS OF PREPARATION

The Condensed Consolidated Interim Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards (**IFRS**) as adopted by the EU and in accordance with IAS 34 'Interim Financial Reporting'. The financial statements have been prepared on a historical cost basis except for the investment portfolio at fair value through the profit or loss. The accounting policies and methods of computation are the same as those applied in the Company's annual financial statement.

The half yearly financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and interpretations adopted by the European Union and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts", issued by the Association of Investment Companies, (the **AIC SORP**) in October, 2019. The accounting policies and methods of computation are the same as those applied in the Company's annual financial statement and should be read in conjunction with the Company's annual financial statements as at 31 December 2019. The information provided in respect of the year ended 31 December 2019 does not constitute statutory accounts as defined in Section 434 of the *Companies Act 2006*. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not draw attention to any matters by way of emphasis and did not contain statements under Section 498(2) or (3) of the *Companies Act 2006*.

In terms of the AIC SORP, the Company presents an Income Statement which shows amounts split between those which are revenue and capital in nature. The determination of the revenue or capital nature of a transaction is determined by giving consideration to the underlying elements of the transaction. Capital transactions are considered to be those arising as a result of the appreciation or depreciation in the value of assets, whether due to the retranslation of assets held in foreign currency or fair value movements on investments held at fair value through profit and loss. Revenue transactions are all transactions, other than those which have been identified as capital in nature.

FUNCTIONAL AND PRESENTATION CURRENCY

The currency of the primary economic environment in which the Company operates (the functional currency) is US Dollar which is also the presentation currency.

GOING CONCERN

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. In addition, note 16 to the annual financial statements includes the policies and processes for managing its capital, its financial risk management, details of its financial instruments and its exposure to credit risk and liquidity risk. As noted in the Investment Manager's report, COVID-19 has had limited impact on the Company to date. The Investment Manager has been closely monitoring well-developed contingency plans in order to mitigate potential impacts. With respect to the longer-term impact of COVID-19, there is a high degree of uncertainty as to the current and future economic impact of the pandemic, and accordingly, the Company's Investment Manager is taking a cautious approach.

The Company generated profit after tax of $0.4m for the period and had an available cash balance of $26.2 million at 30 June 2020. After making enquiries, and bearing in mind the nature of the Company's business and assets means that near term cash flows are reasonably predictable, the Directors consider the Company to have adequate resources to continue in operational existence for the foreseeable future. As such, they have adopted the going concern basis in preparing the half yearly report and financial statements.

SEGMENTAL INFORMATION

The Board is of the opinion that the Company is engaged in a single segment business, being the investment in Solar Power Assets located in North America and other countries forming part of the Organisation for Economic Co-operation and Development in the Americas.

3. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. During the current period, no critical judgements were made in the application of the accounting policies as per note 5 of the annual financial statements.

During the period the Directors considered the following significant judgements, estimates and assumptions:

ESTIMATES

VALUATION OF INVESTMENT IN SUBSIDIARY

The significant estimate in the Company's financial statements that carry the most significant risk of a material effect on next year's financial statements are the fair value of investments whether this fair value is based on purchase price including acquisition costs or on an independent valuation. This estimate is considered to be at risk of actual outcomes in the next 12 months varying from the estimates made in determining the reported amount of an asset. Estimating the fair value of the investments requires a number of forward-looking assumptions including, but not limited to, discount rates, electricity production volumes, future electricity prices, future operational expenses, and the useful economic life of assets. The sensitivity analysis contained in note 14 to the financial statements includes an explanation of the key assumptions the Directors believe would have a material impact upon the fair value of the investments should they change. This sensitivity analysis assumes a change of key assumptions for all assets, whether fair value is based on purchase price including acquisition costs or on an independent valuation.

Underlying investments into solar projects, which remained in construction as at 30 June 2020, have been measured at purchase price including acquisition costs as no significant changes to key underlying economic considerations have arisen. The Investment Manager and the directors feel that this represents a reasonable approximation of the fair value of these investments as at 30 June 2020. Solar projects which were operating during the period and selling power under their PPAs, were independently valued.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS

APPLICATION OF NEW AND REVISED STANDARDS

The accounting policies adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Company's Annual Report and Accounts for the year ended 31 December 2019, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2020. The adoption of new standards, interpretations and amendments in the current year has not had a material impact. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at 30 June 2020.

A number of new and amended standards became effective for the first time in 2020. The Company adopted the following from 1 January 2020:

- IFRS 3 (amended) — Business Combinations – effective from 1 January 2020.
- IAS 1 (amended) — Presentation of Financial Statements and IAS 8 (amended) Accounting Policies, Changes in Accounting Estimates and Errors – effective from 1 January 2020.
- Conceptual Framework for Financial Reporting (amended) – effective from 1 January 2020.

NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

At the date of approval of this report, the following new or amended standards and relevant interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and some of which were pending endorsement by the EU – marked by *):

- IFRS 10 (amended) — Consolidated Financial Statements and IAS 28 (amended) – Investments in Associates and Joint Ventures (2011) – effective date deferred indefinitely.*
- IFRS 17 Insurance contracts – effective from 1 January 2023.*
- IAS 1 (amended) — Classification of Liabilities as Current and Non-current – effective from 1 January 2023.*
- IAS 16 (amended) — Property, Plant and Equipment – Proceeds before Intended Use – effective from 1 January 2022.*
- IAS 37 — Onerous Contracts — Cost of Fulfilling a Contract – effective from 1 January 2022.*
- IFRS 3 — Reference to the Conceptual Framework – effective from 1 January 2022.*
- Annual Improvements 2018-2020 Cycle – effective from 1 January 2022.*

The following standard was issued and effective but had not yet been endorsed by the EU and as such has not been applied in these financial statements:

- IFRS 16 (amended) — Covid-19 related Rent Concessions – effective from 1 June 2020.*

Adoption of the new or amended standards and relevant interpretations in future periods is not expected to have a material impact on the financial statements of the Company.

5. INTEREST INCOME

	1 January 2020 to 30 June 2020 US$	10 January 2019 to 30 June 2019 US$
Bank interest	224,699	687,401
Loan interest	-	9,760
	224,699	**697,161**

6. ADMINISTRATIVE AND OTHER EXPENSES

	1 January 2020 to 30 June 2020 US$	10 January 2019 to 30 June 2019 US$
Administrative fees	68,562	28,253
Director & officer insurance	16,339	9,764
Directors fees	125,760	67,446
Fees payable to the Company's auditor for the audit of the Company's financial statements	46,218	-
Fees payable to the Company's auditor for non-audit services[1]	22,680	25,435
Investment Management expenses	21,288	13,295
Investment Management fees	964,370	408,978
Legal and professional fees	78,885	-
Regulatory fees	7,641	-
Sundry expenses	139,411	29,628
	1,491,154	**582,799**

1. The non-audit services provided related to the review of the financial statements.

The Company has no employees and therefore no employee related costs have been incurred.

7. TAXATION

The Company is approved as an Investment Trust Company and is subject to tax at the UK corporation tax rate of 19%. An Investment Trust Company can claim a corporation tax deduction for dividends designated as interest distributions that are derived from net interest income. Therefore, no UK corporation tax charge has been recognised by the Company for the period ended 30 June 2020.

	1 January 2020 to 30 June 2020 US$	10 January 2019 to 30 June 2019 US$
Tax charge in profit or loss:		
- UK corporation tax	-	-

8. EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing the profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	1 January 2020 to 30 June 2020 US$	10 January 2019 to 30 June 2019 US$
Net profit attributable to ordinary shareholders	452,259	8,203
Weighted average number of ordinary shares for the period	200,092,323	200,000,000
Earnings per share – Basic and diluted (cents per share)	**0.226**	**0.004**

9. INVESTMENT IN SUBSIDIARY

	Place Of Business	Percentage Ownership
USF Holding Corp. Delaware, US	Delaware	100%

	Opening Equity And Loans US$	Equity Acquisitions during the Period US$	Loans: Principal Advanced during the Period US$	Net Fair Value Movement During The Period US$	Closing Balance: Equity and Loans US$
USF Holding Corp. Delaware, US	119,472,416	47,051,332	-	1,719,385	168,243,133

From establishment to 30 June 2020, the Company has funded USF Holding Corp. with equity and debt, with the total amount of debt funding based on several criteria, including an arm's length gearing test satisfying thin capitalisation rules. Note 14 of these financial statements contains the components of the 31 December 2019 equity and loans balance.

The net fair value movement comprises the following:

	Fair value Gain on Investments US$	Interest Income US$	Operating Costs US$	Total US$
Net fair value movement	2,347,602	143,107	(771,324)	1,719,385

The investment in subsidiaries comprises on a 'look-through' basis the following:

	US Solar Fund 30 June 2020 US$	US Solar Fund 31 December 2019 US$
Purchase price of underlying solar asset interests held (i)	506,020,907	97,857,436
Cash or cash equivalents	4,356,053	41,693,039
Fair value of 3rd party loan funding provided (ii)	(334,719,980)	(22,800,746)
Fair value of interest rate swaps on 3rd party loan funding provided (ii)	(6,469,896)	2,941,464
Deferred tax asset/liabilities	390,514	-
Other net assets/liabilities	(1,334,465)	(218,777)
Investment balance	**168,243,133**	**119,472,416**

(i) The balance recorded at 30 June 2020 relates to the Company's purchase price of the Acquisition One, Acquisition Two, Acquisition Three, Acquisition Four, and Acquisition Five plants.

(ii) Fair value of 3rd party loan funding is comprised of the following:

Issuing Bank	Loan Type	Held By	Facility Size (US$m)	Drawn Face Value (US$m)	Drawn Fair Value (US$m)
Zions Bancorporation, N.A.	Construction Loan	USF Bristol Class B Member, LLC	24.27	24.27	27.20
KeyBank National Association	Construction Loan	USF Bristol Class B Member, LLC	24.27	24.27	27.24
Zions Bancorporation, N.A.	ITC Bridge Loan	USF Bristol Class B Member, LLC	43.80	13.55	13.84
KeyBank National Association	ITC Bridge Loan	USF Bristol Class B Member, LLC	35.41	10.95	11.24
Live Oak Bank	Project Debt	Acquisition Four projects	152.33	148.41	161.66
Solar Construction Lending, LLC	Construction Loan	Acquisition Five projects	100.25	100.01	100.01
Total			**380.33**	**321.46**	**341.19**

On 29 August 2019, USF Bristol Class B Member, LLC and Milford Solar I Holdings, LLC, each as borrowers, entered into a financing agreement with Zions Bancorporation, N.A. and KeyBank National Association, each as lenders. The facility includes a construction loan commitment and an ITC bridge loan commitment of $48.5 million and $79.2 million, respectively. The ITC bridge loan is scheduled to be repaid in December 2020 using proceeds from the tax equity investor. Concurrently, the construction loan will convert to a term loan which will be fully amortised over a 25-year tenure. As of period end, the construction loan and subsequent term loan facility is hedged with a fixed interest rate swap for the full duration of the loan. As at 30 June 2020, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of $(6.5 million).

Each project in Acquisition Four holds debt with Live Oak Bank. As of 30 June 2020, the total drawn balance across all projects is $148.41 million. The Heelstone Energy IX – XIII portfolios are summarised as follows:

- HE IX portfolio – four project loans drawn to $14.97 million, maturing in March 2042
- HE X portfolio – seven project loans drawn to $29.68 million, with maturities ranging from April 2032 to March 2042
- HE XI portfolio – two project loans drawn to $9.97 million, with maturities in May and September of 2042
- HE XII portfolio – six project loans drawn to $81.49 million, with maturities ranging from April to June of 2043
- He XIII portfolio – three project loans drawn to $12.30 million, with maturities ranging from April 2038 to June 2044

Between 9 May 2019 and 6 August 2019, the Acquisition Five projects entered into construction loan agreements with Solar Construction Lending, LLC. The construction loans are scheduled to be repaid in August 2020 at substantial completion funding. SC Oregon 2, LLC, the managing member, will subsequently enter into a term loan with Fifth Third Bank, National Association.

In addition to the above, the following Letters of Credit have been issued:

- KeyBank National Association has provided Letters of Credit to USF Bristol Class B Member LLC to the value of US$20.6 million, expiring in November 2045.
- Zions Bancorporation, N.A. has provided Letters of Credit to USF Bristol Class B Member LLC to the value of US$9.9 million, expiring in November 2045.

10. TRADE AND OTHER RECEIVABLES

	30 June 2020 US$	31 December 2019 US$
Deposit interest receivable	-	34,301
Prepayments	39,796	12,883
VAT receivable	45,021	41,560
Other receivables	5,867	-
	90,684	**88,744**

11. CASH AND CASH EQUIVALENTS

	30 June 2020 US$	31 December 2019 US$
Cash at bank	671,329	85,914
Deposits held at bank	25,572,443	76,372,748
	26,243,772	**76,458,662**

12. TRADE AND OTHER PAYABLES

	30 June 2020 US$	31 December 2019 US$
Creditors and operating accruals	179,674	112,499
Investment management fee accrual	530,397	491,142
	710,071	**603,641**

13. DIVIDENDS PAYABLE

During the period, the Company declared dividends totalling $2,000,923 (10 January 2019 to 30 June 2019: $820,000) of which $1,000,461 (30 June 2019: $nil) has been paid as at 30 June 2020. The Company declared a dividend of 0.5 cents per share, totalling $1,000,462 for the period ending 31 March 2020. The dividend was paid on 14 August 2020.

14. FAIR VALUE MEASUREMENT

The following table analyses within the fair value hierarchy the Company's assets measured at fair value at 30 June 2020. The fair value hierarchy to be applied under IFRS13 is as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1 (US$)	Level 2 (US$)	Level 3 (US$)
Investment in subsidiary	-	-	168,243,133

The following table analyses within the fair value hierarchy the Company's assets measured at fair value at 31 December 2019:

	Level 1 (US$)	Level 2 (US$)	Level 3 (US$)
Investment in subsidiary	-	-	119,472,416

The investment at fair value through profit or loss is a Level 3 in the fair value hierarchy and the reconciliation in the movement of this Level 3 investment is presented below. No transfers between levels took place during the period.

	30 June 2020 US$	31 December 2019 US$
Opening balance	119,472,416	-
Add: purchases during the year	47,051,332	76,000,000
Add: loans advanced	-	43,000,000
Total fair value movement through the profit or loss	1,719,385	472,416
Closing balance	**168,243,133**	**119,472,416**

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

In accordance with the guidelines of the Company's valuation policy, operating assets held for the whole of the half year ending 30 June 2020 have been valued by an external valuation expert.

Underlying investments in solar projects, which remained in construction as at 30 June 2020, have been valued at purchase price including acquisition costs as no significant changes to key underlying economic considerations have arisen. The Investment Manager and Directors believe that this represents a reasonable approximation of the fair value of these investments as at 30 June 2020. There has been no change in the valuation methodology during the period. A summary of the movement during the period is included in the table below:

US$	Acquisition One	Acquisition Two	Acquisition Three	Acquisition Four	Acquisition Five	US Cash and Working Capital Balances	Total
31 December 2019	29,098,744	25,794,479	23,104,931	-	-	41,474,262	**119,472,416**
Additions (at cost)	48,495	25,118,496	13,116,485	40,665,076	4,645,043	(36,542,262)	**47,051,332**
Change in fair value	-	-	(517,434)	3,609,724	-	(1,372,905)	**1,719,385**
30 June 2020	29,147,239	50,912,974	35,703,981	44,274,800	4,645,043	3,559,095	**168,243,133**

SENSITIVITY ANALYSIS

Set out below are the initial indications of the key assumptions the Directors believe would have a material impact upon the fair value of the investments should they change. In the absence of an operating business model for each underlying renewable energy asset, the sensitivities have been conducted on the acquisition models of these assets. The following sensitivities assume the relevant input is changed over the entire useful life of each of the underlying renewable energy assets, while all other variables remain constant. All sensitivities have been calculated independently of each other.

The Directors consider the changes in inputs to be within a reasonable expected range based on their understanding of market transactions. This is not intended to imply that the likelihood of change or that possible changes in value would be restricted to this range.

	Change in Input	Capital Reduction Reserve (US$M)	Total Shareholders Equity (US$ Cents)	%
Discount rate	+0.5%	-10.42	-5.21	**-5.4%**
	-0.5%	+11.59	+5.79	**6.0%**
Electricity production (change from P50)	P90	-31.68	-15.84	**-16.4%**
	P10	+29.67	+14.83	**15.4%**
Merchant Period Electricity Prices	-10%	-15.78	-7.89	**-8.2%**
	+10%	+15.74	+7.87	**8.2%**
Operating expenses	+10%	-14.52	-7.26	**-7.5%**
	-10%	+13.24	+6.62	**6.9%**
Operating life	- 3 years	-11.95	-5.98	**-6.2%**
	+ 3 years	+10.65	+5.33	**5.5%**

DISCOUNT RATE

The sensitivity demonstrates the impact of a change in the discount rate applied to the pre-tax, equity cash flows[21] from all of the Company's renewable energy asset investments as at 30 June 2020. A range of + / - 0.5% has been considered to determine the resultant impact on the Company's NAV per share and the fair value of its solar asset investments.

For operating assets that were externally valued at 30 June 2020, the discount rate range used was 6.80% to 7.20% on a pre-tax WACC basis, equating to 8.10% to 8.80% on a pre-tax cost of equity basis. The use of a WACC or cost of equity in valuations is dependent on actual leverage employed.

ELECTRICITY PRODUCTION

The Company's solar asset investments are valued based upon a forecast P50 solar energy generation profile (being a 50% probability that this generation estimate will be met or exceeded). A technical adviser has derived this generation estimate by taking into account a range of irradiation datasets, satellite and ground-based measurements, and site-specific loss factors including module performance degradation, module mismatch and inverter losses. These items are then considered in deriving the anticipated production of the individual solar asset (MWh per annum) based upon a 50% probability of exceedance.

The sensitivity estimates the impact on the fair value of solar asset investments and NAV per share of a change of production estimates to P90 (90% likely probability of exceedance) and a P10 generation estimate (10% probability of exceedance).

As P10 generation estimates were not independently obtained for each solar asset on or about the time of the asset acquisition, the Directors have determined a proxy P10 estimate for those assets by assessing the relationship between the independently determined P50 and P90 generation estimates for each of the assets in the Operating Portfolio (e.g. a 1-year

21. Cashflows due to the Company after payment of operating expenses, principal and interest on external debt, and cash distributions to tax equity or minority investors (as applicable).

P90 generation estimate might be 92.5% of a 1-year P50 generation estimate, implying that it is 7.5% lower than the P50 generation estimate).

In determining the proxy P10 generation estimate, the Directors have assumed that the relationship between a P50 generation estimate and a P10 generation estimate is the same as that between a P50 generation estimate and a P90 generation estimate in absolute terms. Therefore a 1-year P10 generation estimate by this methodology would be 107.5% (i.e. 100% + 7.5%) of the asset's P50 generation estimate.

MERCHANT PERIOD ELECTRICITY PRICES

Each of the assets underlying the Company's solar asset investments have long-term PPAs in place with creditworthy energy purchasers and thus the PPA prices are not impacted by energy price changes during this period. For the post-PPA period of each solar asset, the Directors use long-term electricity price forecasts that have been prepared by a market consultant in their determination of the fair value of the Company's operating solar asset investments.

The sensitivities show the impact of an increase / decrease in power prices for each year of the power price curve for each plant over the plant's remaining economic life after the conclusion of the existing PPAs. A flat 10% increase / decrease in market electricity prices from forecasted levels over the remaining asset life of all plants have been used in the sensitivity analysis. Although a 10% increase / decrease is not typical, this figure has been used as merchant period prices are determined upon the discretion of expert market consultants.

OPERATING EXPENSES

The operating costs of the assets underlying the Company's solar asset investments include annual operations and maintenance (O&M), asset management (AM), insurance expenses, land lease expenses, major maintenance, and general administration expenses. Most operating expenses for the Solar Power Assets are contracted and as such there typically little variation in annual operating costs. However, operating costs may differ from expectations.

The sensitivity above assumes a 10% increase / decrease in annual operating costs for all underlying assets and the resultant impact on the Company's fair value of investments and NAV per share.

OPERATING LIFE

The useful operating life of a solar asset is generally accepted by independent valuers to be the lesser of the lease term for the asset site and the independent engineer's assessment of the asset's useful life. The Company's maximum useful life assumption is 35 years for newly constructed assets.

The sensitivity above assumes a 3-year increase / decrease in useful operating life of the Company's solar assets, and the resultant impact on the Company's fair value of investments and NAV per share.

15. NET ASSET VALUE PER SHARE

Basic NAV per share is calculated by dividing the Company's net assets as shown in the statement of financial position that are attributable to the ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments outstanding, basic, and diluted NAV per share are identical.

	30 June 2020 US$
Net assets per Statement of Financial Position	192,867,056
Ordinary shares in issue as at 30 June 2020	200,092,323
NAV per share – Basic and diluted	**0.964**

16. TRANSACTIONS WITH RELATED PARTIES

The Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The Company does not have an ultimate controlling party.

Details of related parties are set out below:

NON-EXECUTIVE DIRECTORS

Directors are paid fees of £40,000 per annum. In addition to this, Gillian Nott receives £20,000 per annum in respect of serving as Chair of the Board and Jamie Richards receives £10,000 per annum in respect of serving as Chair of the Audit committee.

Total Directors' fees of $125,760 were incurred in respect of the period (10 January 2019 to 30 June 2019: $67,446) with none being outstanding and payable at the period end.

SUBSIDIARY

The Company previously issued loans totalling $43 million to its subsidiary USF Holding Corp. The principal portions of the loans are repayable in 7 years from issuance. The loans bear interest at rates of 5% and 4.1% respectively, payable semi-annually in arrears.

INVESTMENT MANAGER

The Investment Manager is entitled to management fees under the terms of the Investment Management Agreement. The Company shall pay to the Investment Manager an annual fee (exclusive of value added tax, which shall be added where applicable) payable quarterly in arrears calculated at the rate of:

Assets under management	Fee based on NAV
< $500 million	1.0% per annum
$500 million to $1 billion	0.9% per annum
> $1 billion	0.8% per annum

Based on the Net Asset Value on the last Business Day of the relevant quarter.

The Management Fee due in respect of each quarter shall be invoiced by the Manager to the Company as at the final Business Day of the relevant quarter, and shall be due and payable in the following manner:

a) no later than 10 Business Days after the Payment Date, 90 percent of the Management Fee shall be paid to the Manager in cash to such bank account as the Manager may nominate for this purpose; and

10 percent of the Management Fee shall be paid to the Manager or an Associate (as directed by the Manager) in the form of Ordinary Shares in accordance with the provisions stated in the Investment Management Agreement.

For the avoidance of doubt, where there are C Shares in issue, the advisory fee will be charged on the Net Asset Value attributable to the Ordinary Shares and C Shares respectively.

A management fee of $946,370 was incurred during the period (10 January 2019 to 30 June 2019: $408,978), of which $525,301 remained payable at 30 June 2020.

In addition to the management fee, the Manager shall also be entitled to payment of the following:

a) a fee for any successful arrangement of debt payable at a rate of 0.5% of the debt face value; and

b) a fee for any oversight of asset construction services payable at market rates, negotiated on an arms' length basis and subject to the approval of the Board.

No debt arrangement fees and no asset construction services fees were paid during the period.

17. CAPITAL COMMITMENTS

The Company had no contingencies and no other significant capital commitments at the reporting date.

18. POST BALANCE SHEET EVENTS

On 16 September 2020, the Company announced a dividend of 0.50 cents per Ordinary Share for the period ending 30 June 2020.

There were no further events after reporting date which requires disclosure.

Davis Lane 7MW_{DC}

15. Directors and Advisers

Red Oak 6.9MW_{DC}

15. Directors and Advisers

DIRECTORS

Gillian Nott
Jamie Richards
Rachael Nutter
Thomas Plagemann

ADMINISTRATOR AND SECRETARY

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