US Solar Fund

US Solar Fund Plc
(Company Registration Number 11761009)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

for the period from 10 January 2019 (incorporation date) to 31 December 2019

Renewable energy.
Sustainable investments.

CONTENTS

1. Highlights

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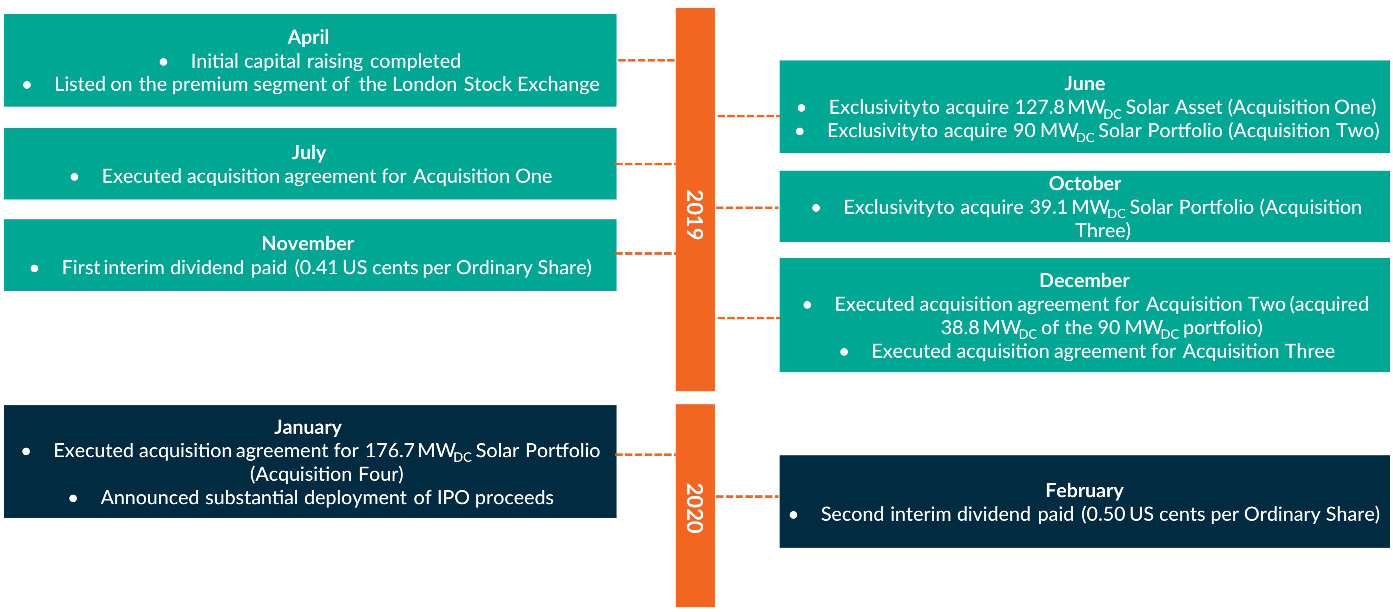
	31 December 2019	30 June 2019
Net Asset Value **(NAV)**	$194.4m	$196.0m
NAV per share	$0.972	$0.979
Ordinary shares issued	200m	200m
Share price based on closing price of indicated date	$1.050	$1.025
Premium to NAV	8.1%	1.0%
Market capitalisation based on closing price of indicated date	$210m	$205m
Dividends paid	$0.82m	-
Share price total return performance[1]	5.44%	2.50%
Ongoing charges[2]	1.50%	1.44%

Number of Solar Plants[3]
37

Total Capacity[3]
382.4 MW_{DC}

CO_2 emissions displaced[3, 4]
530,000t

Figure 1: US Solar Fund's key milestones



1 Total return to shareholders based on reinvested dividends 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 Includes assets under construction or in operation acquired after the period ended 31 December 2019.
4 Estimates utilise the first year of each plant's electricity production once operational or acquired by the Investment Manager; and assume all plants are owned by USF on a 100% basis and that all plants under construction are fully operational.

2. Chair's Statement

2. Chair's Statement

I am pleased to present the first Annual Report for US Solar Fund Plc (**USF** or the **Company**) for the period ended 31 December 2019.

Since listing in April 2019, the investment manager, New Energy Solar Manager (**NESM** or **Investment Manager**), has worked diligently to invest the proceeds of the fundraising within the first six to nine months from the Initial Public Offering (**IPO**), as indicated in the Prospectus dated 26 February 2019 (**Prospectus**). On 29 January 2020, the Company announced its fourth transaction and full commitment of the IPO proceeds.

The current portfolio, including the acquisition after 31 December 2019, is more than 50% operating and revenue generating for the Company, in line with the strategy outlined in the Prospectus. The Board believe that this is an excellent outcome for USF at this early stage in its life.

During the course of the year the share price has remained steady, mostly at a small premium to issue price. Taken together with the initial dividends this has resulted in a total return to shareholders of 5.44% at the year-end.

The US solar market is a growing space and presents many attractive opportunities for investment. The Investment Manager continues to identify and evaluate new investment opportunities to add to their pipeline. As all four acquisitions are now closed, the Board anticipates that the Company will consider a further fund raising. Meanwhile, the Board and Investment Manager will be continuing to focus on delivering maximum value for shareholders from the current portfolio of projects, whilst bearing in mind our responsibility to all our stakeholders.

INVESTMENT PROGRESS

In March 2020 (after the end of the period), USF closed the fourth binding acquisition, completing the commitment of the IPO proceeds. The total portfolio now consists of four transactions, including 37 projects across four states and with a combined capacity of 382.4 MW_{DC}. Two of the transactions were for portfolios of operating assets whilst the remainder of the assets which are currently under construction are expected to come into operation from June 2020, in line with the Prospectus target. More details are given in the Investment Manager's Report on page 8.

Given that the proceeds of the IPO are now fully committed the Company is considering raising additional equity to refinance certain of the projects to enhance shareholders returns on those projects in line with the gearing policy.

PAYMENT FRAUD

At the end of January 2020, the Investment Manager was the victim of a fraud by a third party in relation to contracted construction payments totalling $6.9 million (**Fraud**). In the subsequent weeks, $6.3 million of the Fraud was successfully recovered and I am delighted to report that the Company has now 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 is implementing the enhancements to its financial controls and processes suggested by the accounting firm.

PERFORMANCE

From listing to 31 December 2019, the share price traded between $0.98 and $1.05. At 31 December, NAV was $194.4 million or $0.972 per share, and shares were trading at $1.05, an 8.1% premium to NAV. As stated in the highlights, the total return to shareholders was 5.44% at year-end. During the period, the Company made an after-tax profit of $0.1 million. This small profit reflects the largely break-even financial position of the Company as interest income held on the initial IPO proceeds was largely offset by operating expenditure of the fund.

DIVIDEND

The Company will be paying a dividend of 0.50 cents per share for the fourth quarter of 2019. The dividend is expected to be paid in May 2020. When added to the dividend of 0.41 cents paid in November 2019, and $0.50 cents paid in February 2020 this represents an annualised dividend yield of 2% when measured against the initial issue price of $1 per share.

As mentioned above a significant proportion of the Company's investments are already in operation and thus revenues will begin to flow to the Company from the first quarter of 2020 onwards, so permitting a gradual growth of the dividend yield to the target level of 5.5% indicated in the Prospectus.

BOARD

Josephine Tan will not be standing for re-election at the AGM as she is taking up a new executive position that would not be compatible with the time commitment required to remain on the Board. We are very sorry to see her go and thank her for her significant contribution. The process of recruiting a new non-executive director has commenced.

OUTLOOK

The first year of USF's operations has reflected a strong year for the US solar market overall. By the end of the third quarter of 2019, the contracted pipeline (the total capacity of utility-scale PV solar with an energy offtaker in place) for the US utility-scale solar market reached a record high of 45.5 GW_{DC}. The market opportunity has remained robust as the industry expands. The market continues to be supported by both federal and state subsidies. During 2019, nine states increased their renewable targets indicating broad support for renewable energy in the US. Although the Investment Tax Credit (**ITC**) (a US federal solar tax credit) begins to roll off this year with its step-down from 30% to 26%, the Investment Manager continues to see a substantial pipeline of investment opportunities that meet its demanding criteria. This is largely due to solar being one of the cheapest forms of new build power generation in the US[5], even without subsidies.

At listing, USF said it would focus primarily on assets with long-term Power Purchase Agreements (**PPAs**) (financial contracts between electricity generators and power purchasers) with predominantly investment grade offtakers, with terms of 15 to 20+ years where possible. USF's current portfolio includes PPAs with investment grade offtakers (S&P ratings: from BBB+ to A) that have an average remaining term of 16.2 years. Given these stable long-term cashflows, we believe the Company presents an attractive investment given the risk profile and the target returns. We expect the Company's current portfolio to be fully operational by the end of 2020. Once fully operational, the target dividend yield for the Company is 5.5%[6].

From IPO to the end of 2019, yields on US and UK government bonds[7] dropped to below 2% and 1% respectively. Since the end of the period, yields have further reduced with US yields now below 1% and UK yields below 0.5%. At a time when traditional investments are offering such low yields, an investment like USF with contracted stable cashflows for more than 15 years is attractive. The current low yields also present the Company with opportunities to access long-term gearing at competitive rates.

Earlier this year, renewables funds in the UK came under pressure when power price reports released by Bloomberg New Energy Finance forecast that UK baseload electricity price would show a real decline of 4.0% pa to £19/MWh in 2040, and to £15/MWh by 2050. This forecast of real decline raised analyst concern regarding the potential impact to renewable funds' NAVs given their exposure to potential power price volatility. US electricity forecasts continue to show trends toward flat real power prices through 2040 and flat through 2050. As noted above, US Solar Fund's income cashflows are 100% contracted in the US through fixed price PPAs with investment grade offtakers for an average remaining term of 16.2 years. The nature of these cashflows, being in the US and contracted for long periods of time with fixed PPAs, decreases the Fund's exposure to power price volatility.

As the coronavirus spreads across the world we will wait to see what the final impact will be on the global economy. I am pleased to report that the majority of the equipment the Investment Manager requires to complete the investments under construction is either already in the USA, or is being manufactured there. However, as governments of many countries implement controls to minimise the spread of the virus, delays to construction may yet still occur from other factors such as interruptions to the availability of labour. The Investment Manager continues to monitor the situation as it evolves.

As we note in our Sustainability Policy, (see page 24 for further details) US Solar Fund was established to both capitalise on and contribute to the world's increasing awareness of the impact of climate change, and the need to better manage the world's resources for present and future generations. During October 2019, the London Stock Exchange created the Green Economy Mark to recognise LSE listed companies and funds that derive 50% or more of their total annual revenues from products and services that contribute to the global green economy. I am pleased to say USF was one of the first companies to receive this designation. We believe that USF continues to be a promising investment given the current interest in and demand for investment opportunities that help fight climate change.

GILL NOTT
Chair

17 March 2020

5 According to Lazard's Levelized Cost of Energy Analysis dated November 2019
6 Target yield is 5.5% once fully operational and on a fully invested and geared basis. An initial target annual dividend of 2-3% on the IPO issue price in respect of the period from listing until 31 March 2020 or, if later, when all the Solar Power Assets are fully operational.
7 US 10 Year Treasury Note, UK 10 Year Gilt

3. Investment Manager's Report

3. Investment Manager's Report

SUMMARY OF THE PERIOD

Over the year, the Investment Manager has focused on deploying the proceeds of USF's listing on the London Stock Exchange within the nine months laid out in the Prospectus. As at 31 December 2019, the fund had closed on two acquisitions and announced the binding acquisition for its third (the closing of which was announced in January 2020 after year-end) bringing total committed capital to $101 million.

After the end of the reporting period, USF announced its fourth acquisition, noting that in addition to the equity commitment required, the Company intended to deploy the remaining IPO proceeds to complete a refinancing of the acquisition. With these four acquisitions, the IPO proceeds are committed across 37 projects totalling 382.4 MW_{DC}. The Company's income cashflows are 100% contracted in the US with investment grade offtakers for an average remaining term of 16.2 years, decreasing the Fund's exposure to power price volatility. Diversification of the projects across geography and electricity offtaker, further mitigates the operating risks of the Company.

INVESTMENT PROGRESS

USF closed on its first acquisition and financing of 100% of the cash equity interests (approximately US$30m) in a solar project located in Utah in late August. The 128 MW_{DC} Milford Solar Project (**Acquisition One**) has a 25-year power purchase agreement with PacifiCorp, a wholly owned subsidiary of Berkshire Hathaway Energy, (S&P rating: A) beginning in the second half of 2020 when the plant is expected to become operational. The agreement sets a fixed price for 100% of the electricity produced by the project over the PPA term. By entering a PPA contract with a fixed price, the Company mitigates the risk of fluctuating wholesale electricity prices which significantly impact the profitability of a Solar Power Asset. The project was acquired from developer Longroad Energy Partners, LLC. (**Longroad**). Longroad has a strong track record of developing and financing more than 5GW_{DC} of utility-scale renewable energy projects since 2004, including over 1GW_{DC} in the state of Utah. The project is being constructed on a fixed-time and fixed-cost basis by McCarthy Building Companies, a leading engineering procurement and construction contractor with a 150-year track record in the US, using First Solar Inc.'s Series 6 solar panels. Once operational, the plant will generate over 277,500 megawatt hours of electricity annually. This volume of electricity is equivalent to displacing approximately 235,000 tonnes of CO_2 emissions, powering 31,000 homes, or removing 51,000 cars from the road, every year[8].

In December, USF executed binding agreements with a subsidiary of Cypress Creek Renewables (**Cypress Creek**) to make its second acquisition, a 39MW_{DC} portfolio of six utility-scale solar power projects (**Acquisition Two**) located in North Carolina. USF progressed to financial close on 100% of the cash equity interests alongside tax equity financing[9] over the course of two weeks. Each project in the portfolio has executed a power purchase agreement at fixed prices with subsidiaries of Duke Energy (S&P rating: A-) with a weighted average term of 13.1 years. The portfolio is currently under construction and is expected to be operational in the second half of 2020. The projects will be constructed on a fixed-time and fixed-cost basis by Horne Brothers Construction, a North Carolina-based solar installer which has successfully completed over 900MW of solar construction. Cypress Creek will provide operations and maintenance services to the portfolio.

Shortly after financial close of Acquisition Two, USF also entered binding agreements with Greenbacker Renewable Energy Corporation (**Greenbacker**), a leading investor and project sponsor focusing on income-producing renewable energy projects, to acquire a 39MW_{DC} operating utility-scale solar power portfolio (**Acquisition Three**) consisting of eight projects located in North Carolina. In January 2020, USF closed the acquisition of 100% of the cash equity interests in the eight operating utility-scale solar projects. The projects were constructed by Conergy Projects (**Blueleaf Energy**) and commenced operations between 2012 and 2015 and all are selling 100% of their electricity output under fixed-price long-term PPAs. The PPAs are with subsidiaries of Duke Energy (S&P rating: A-) with a weighted average term remaining of 10 years. Further details on Acquisition Two and Three and how they meet USF's acquisition principals and mitigate specific risks can be seen in Tables 1. and 2. on pages 9 and 10.

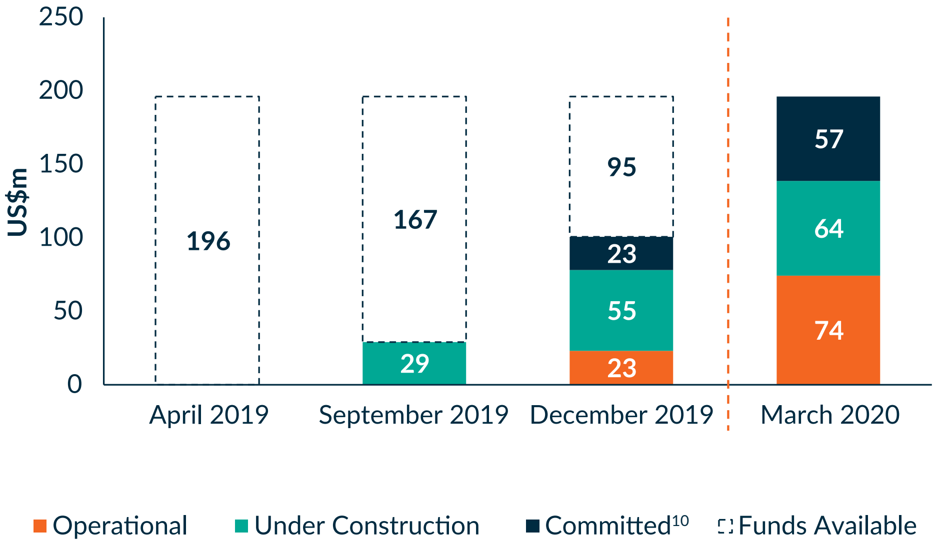
USF's portfolio benefits from geographic diversification but primarily sources revenue from two offtakers, representing the majority of forecasted contracted revenue. For further information on financial and market risks, please refer to the Risks and Uncertainties section on page 27.

The Investment Manager continues to work diligently to identify and review new investment opportunities and looks forward to communicating more information.

8 CO_2 Emission Reduction is calculated using the United States Environmental Protection Agency's "Avoided Emissions and Generation Tool", which estimates the regional displacement of fossil fuels for a new solar PV installation.

9 Tax equity financing is a financing structure with partner equity investors who utilise federal and state income tax benefits

Figure 2: USF Funds committed by stage



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 Two and Acquisition Three.

Table 1: Acquisition and Asset Management Principles tested against Acquisition Two

USF Acquisition Principles	Acquisition Two
1. Seek Solar Power Assets[11] with long-term contracted offtake agreements with creditworthy counterparties.	✓ 13.1-year PPA average term with an investment-grade utility (S&P rating A-) beginning in the second half of 2020 ✓ 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.	✓ Construction-ready acquisition ✓ 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 & O&M Provider – Cypress Creek Renewables ✓ Leader in utility and community scale solar with more than 300 projects and 3.2GW$_{DC}$ of solar facilities across the US Construction partner – Horne Brothers Construction ✓ Has acted as mechanical sub-contractor for a total of 330 solar PV projects with a total capacity of over 3GW$_{DC}$, 2GW$_{DC}$ of which is located in North Carolina Panel manufacturer – First Solar & Solar Frontier First Solar ✓ One of the largest and most well-regarded panel manufacturers in the world ✓ The Investment Manager has a strong relationship with First Solar through previous projects Solar Frontier ✓ To date, Solar Frontier has shipped over 5GW$_{DC}$ of modules across the globe
4. Prioritise bilateral acquisition negotiations over competitive auction processes	✓ USF secured exclusivity of the portfolio through existing relationships with 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	✓ 39 MW$_{DC}$ 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.

10 Funds committed to Acquisition Two and Acquisition Three at December 2019. Funds committed to refinancing Acquisition Four at March 2020.
11 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 will typically be co-located with the solar power plant (together, **Solar Power Assets**).

Table 2: Acquisition and Asset Management Principles tested against Acquisition Three

USF Acquisition Principles	Acquisition Three
1. Seek Solar Power Assets[12] with long-term contracted offtake agreements with creditworthy counterparties.	✓ 10-year PPA average term remaining with an investment-grade utility (S&P rating A-) ✓ Fixed price for 100% of the energy generated by the Project for the remaining term
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.	✓ Portfolio of operating assets that generate immediate cashflow ✓ No development risks ✓ Acquisition allows for diversification of the construction timing of the underlying assets in USF's portfolio
3. Form strong relationships with credible and capable project developers, construction partners and vendors who can offer a pipeline of investment opportunities.	Developer – Conergy Projects & Heelstone ✓ Heelstone is a leading developer of renewable energy projects in the United States, having developed over 60 projects with an aggregate capacity in excess of 500MW$_{DC}$ ✓ Conergy Projects (Blueleaf Energy) has developed and installed over 300 solar projects, equivalent to a volume of 2 GW$_{DC}$ globally and 500MW$_{DC}$ in Asia Pacific O&M provider – Carolina Solar Services (CSS) & Heelstone Renewable Energy ✓ CSS' technicians currently maintain over 780 MW$_{DC}$ of solar assets in the U.S. which range in size from 50 kW$_{DC}$ to 25 MW$_{DC}$
4. Prioritise bilateral acquisition negotiations over competitive auction processes	✓ USF secured exclusivity of the portfolio through existing relationships with 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	✓ 39 MW$_{DC}$ portfolio size allows USF to deploy capital into operating assets without competing with larger passive investors for larger projects/portfolio ✓ 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

At the time of listing, the Investment Manager disclosed a pipeline of 3,020 MW$_{DC}$ with a $2.9 billion cash equity value, and an average PPA term of 15.2 years. As of 31 December 2019, the Investment Manager's pipeline included 2,036MW$_{DC}$ of assets with a $1.9 billion cash equity value, and an average PPA term of 14.1 years.

The shift in the pipeline has been partially driven by developers fast-tracking projects to be construction-ready in 2019 in order to Safe Harbor projects for the 30% ITC. The ITC has had its first step down in 2020 moving to 26%. The IRS has, however, set out Safe Harbor provisions that provide a mechanism to "lock in" the ITC at 30% by completing an appropriate amount of procurement or construction in 2019 even though the project will not be placed in service until 2020 or beyond.

The Investment Manager continues to see an increase in competition in the market, largely driven by the upcoming step down of the ITC and the ongoing downward trend in interest rates. With this dynamic, the Investment Manager continues to take a conservative approach with pricing and remains consistent with the strategy and return targets of the Company. Throughout the course of the year, the Investment manager has screened over 20 GW$_{DC}$ of projects, totalling to a total value of over $20 billion. The Investment Manager is pleased that the pipeline continues to provide numerous high-quality construction-ready and operational investment opportunities.

12 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 will typically be co-located with the solar power plant (together, Solar Power Assets).

EVENTS AFTER THE PERIOD

ACQUISITION FOUR

After the end of the period, in March 2020, USF announced it had closed the acquisition of 100% of the cash equity interests in a portfolio of twenty-two operating utility-scale solar power projects located in North Carolina, Oregon, and California with a total capacity of 177MW_{DC}.

USF will acquire the portfolio from affiliates of Heelstone Renewable Energy, LLC (**Heelstone**). Heelstone is 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}.

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). The PPAs have a weighted average term remaining of 12 years.

USF will fund the equity purchase price for the portfolio with available cash. Combined with the three previously announced transactions, this represents a total commitment of approximately 70% of the net IPO proceeds. Post-acquisition, USF intends to use the remaining 30% of the net IPO proceeds to refinance the existing project level debt with a new, smaller debt facility on more attractive terms resulting in lower portfolio gearing and improved returns or other investment opportunities should they arise.

The expected portfolio returns for the portfolio are in line with those anticipated in the Company's investment objective, as set out in its prospectus. As it is operational, the portfolio will generate revenues for USF immediately upon acquisition close.

Table 3: Acquisition and Asset Management Principles tested against Acquisition Four

USF Acquisition Principles	Acquisition Four
1. Seek Solar Power Assets with long-term contracted offtake agreements with creditworthy counterparties.	✓ 12-year PPA average remaining term with various investment-grade utilities ✓ Fixed price for 100% of the energy generated by the projects
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.	✓ Portfolio of operating assets that generate immediate cashflow ✓ No development risks ✓ Acquisition allows for diversification of the construction timing of the underlying assets in USF's portfolio
3. Form strong relationships with credible and capable project developers, construction partners and vendors who can offer a pipeline of investment opportunities.	Developer – Heelstone ✓ Heelstone is 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} O&M provider – Carolina Solar Services & BayWa r.e. Carolina Solar Services (**CSS**) ✓ CSS' technicians currently maintain over 780 MW_{DC} of solar assets in the U.S. which range in size from 50 kW_{DC} to 25 MW_{DC} BayWa r.e. ✓ BayWa has developed and achieved commercial operation on more than 60 solar projects with an aggregate generating capacity of 500 MW_{DC}
4. Prioritise bilateral acquisition negotiations over competitive auction processes	✓ USF secured exclusivity of the portfolio through existing relationships with 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	✓ 177 MW_{DC} portfolio size allows USF to deploy capital into operating assets without competing with larger passive investors for larger projects/portfolio ✓ 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.

FRAUDULENT ACTIVITY

Post year-end on 30 January 2020, the Investment Manager received fraudulent payment instructions for genuine invoices totalling $6.9m for construction work completed by a contractor (the **Contractor**) to a USF project company (**Project Company**). This resulted in payments being made to a third-party US bank account (the **Payments**) rather than to the Contractor's US bank account. In subsequent announcements the Company advised that $6.3m of the Payments had been recovered and returned to the Project Company's bank account.

The Company has now fully recovered the $6.9m. Following, there is no impact on the Company's Net Asset Value. In addition, there has been no impact to the relevant construction schedules or budgets.

The Board's investigation indicated that the Fraud is an isolated incident originating from outside the Investment Manager with no indication of collusion with any member of the Investment Manager's staff. When making the Payments, the Investment Manager complied with its relevant processes and procedures. The Investment Manager's parent, Evans Dixon, is conducting a review of relevant cyber security arrangements based on its established Cybersecurity Framework. Separately the Contractor is conducting a review of its own cybersecurity arrangements supported by an external cybersecurity consultant.

The Investment Manager, with the full support of the Board and at its own cost, appointed a global accounting firm to undertake a review of the Investment Manager's relevant financial processes and controls. US Solar Fund's Audit Committee Chair met with the global accounting firm in New York to discuss the engagement prior to it commencing. The review is now complete and, although it identified no material deficiencies, the Investment Manager is implementing the enhancements to its financial controls and processes suggested by the accounting firm..

CORONAVIRUS OUTBREAK

The 2019 Novel Coronavirus (**COVID-19**) outbreak occurred after the period end. As a reaction to the outbreak, the governments of numerous countries have implemented controls to minimise the spread of the virus. Within the solar industry, there is concern that these controls may disrupt the international solar supply chain. Further, as the virus spreads globally, work across industries may be interrupted for periods of time based on workforce availability.

The key risks anticipated revolve around module production and delivery interruption. Some solar manufacturers have halted operations under central and provincial governments' guidance, raising concerns around delayed module delivery. Additionally, ground transportation and shipping from China has been disrupted due to government restrictions. USF's portfolio has sourced panels and other materials from a variety of countries. Of the total 37 projects in the current portfolio, there are seven projects that are yet to be constructed, all of which have met safe harbouring conditions to qualify for the ITC. To meet these conditions, the construction materials for the assets have been purchased ahead of 2020. The solar panels for the six in-construction projects in North Carolina have been imported and delivered and are being stored in various warehouses across the US. The rest of the materials required for construction are either on site or have been procured from various international suppliers overseas and are still scheduled to be delivered on-time. The majority of the construction materials for the project in Utah have already been delivered to the US. The Investment Manager has received confirmations from the vendors that there is currently no delay expected for the remaining materials to be delivered. As such, the Investment Manager believes that USF's in-construction assets are relatively well-positioned regarding supply chain concerns..

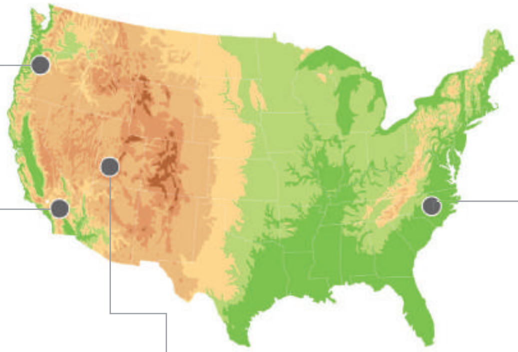
As the virus spreads globally, work interruptions across industries are increasingly likely. The Investment Manager continues to work with Engineering, Procurement and Construction contractors to assess and consider alternative risk mitigation strategies at USF's solar plants as more details develop. The Investment Manager has in place a business continuity plan for its teams which is available to be implemented if and when it is required.

INVESTMENT PORTFOLIO

USF's investment portfolio as at 31 December 2019 the Fund had executed binding acquisition agreements on 15 plants, totalling to 205.7 MW_{DC}. Of the 15 plants, USF had interests in 12 plants, totalling to 194.5MW_{DC}, financially closing on the remaining three assets in January 2020. After the period ended, the Company acquired a portfolio of operating assets to bring the total portfolio to 37 plants, representing 382.4 MW_{DC}.

OREGON PLANTS

Name	Capacity (MWDC)	Energy Offtaker
● Chiloquin[13]	14.0	PacifiCorp
● Dairy[13]	14.0	PacifiCorp
● Lakeview[13]	13.7	PacifiCorp
● Merrill[13]	10.5	PacifiCorp
● Tumbleweed	14.0	PacifiCorp
● Turkey Hill[13]	13.2	PacifiCorp
Total	**79.4**	



CALIFORNIA PLANTS

Name	Capacity (MWDC)	Energy Offtaker
● Granger[13]	3.9	San Diego Gas & Electric
● Valley Center[13]	3.0	San Diego Gas & Electric
Total	**6.9**	

UTAH PLANTS

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

KEY:
● Operational
● Under construction

NORTH CAROLINA PLANTS

Name	Capacity (MWDC)	Energy Offtaker
● Benson	5.7	Duke Energy
● Cotten[13]	6.8	Duke Energy
● County Home[13]	2.6	Duke Energy
● Davis Lane[13]	7.0	Virginia Electric & Power
● Eagle Solar	5.6	Duke Energy
● Faison	2.3	Duke Energy
● Four Oaks	6.5	Duke Energy
● Freemont[13]	6.4	Duke Energy
● Gauss[13]	7.0	Virginia Electric & Power
● Jersey[13]	7.0	North Carolina Electric
● Lane II	7.5	Duke Energy
● Mariposa[13]	6.4	Duke Energy
● Monroe Moore[13]	6.6	Duke Energy
● Nitro[13]	6.2	Duke Energy
● Pilot Mountain	7.5	Duke Energy
● Princeton	6.5	Duke Energy
● Progress 1	2.5	Duke Energy
● Progress 2	2.5	Duke Energy
● Red Oak[13]	6.9	Duke Energy
● S. Robertson	6.3	Duke Energy
● Sarah	6.3	Duke Energy
● Schell[13]	6.9	Virginia Electric & Power
● Sedberry[13]	6.2	Duke Energy
● Siler 421[13]	6.9	Duke Energy
● Sonne Two	7.0	Duke Energy
● Tate	6.5	Duke Energy
● Tiburon[13]	6.7	Duke Energy
● Willard	6.0	Duke Energy
Total	**168.3**	

Figure 3: USF Portfolio Composition by State (MW_{DC})

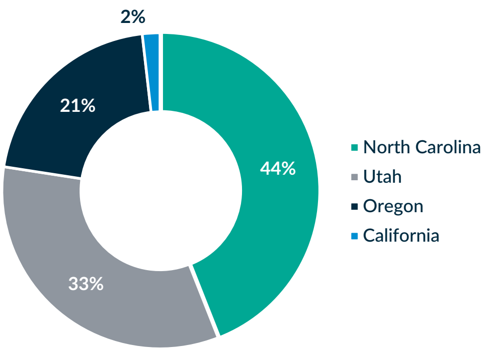
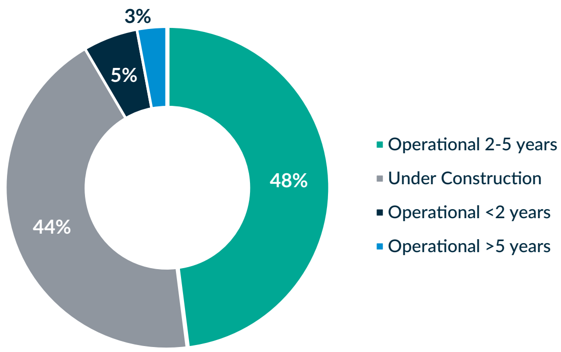


Figure 4: USF Portfolio Composition by Asset Life (MW_{DC})



13 Asset acquired after the period ended 31 December 2019

Table 4: Portfolio overview

Status	Acquisition Portfolio	Asset	Capacity (MW_{DC})	Location	Acquisition Date	Energy Offtaker	Remaining PPA Length (Years)	COD[14]
●	One	Milford	127.8	Utah	Aug 19	PacifiCorp	25.0	*Nov 20*
●	Two	Benson	5.7	North Carolina	Dec 19	Duke Energy	13.1	*Aug 20*
●	Two	Eagle Solar	5.6	North Carolina	Dec 19	Duke Energy	13.1	*Aug 20*
●	Two	Lane II	7.5	North Carolina	Dec 19	Duke Energy	13.2	*Jul 20*
●	Two	Pilot Mountain	7.5	North Carolina	Dec 19	Duke Energy	13.1	*Aug 20*
●	Two	Tate	6.5	North Carolina	Dec 19	Duke Energy	13.2	*Jul 20*
●	Two	Willard	6.0	North Carolina	Dec 19	Duke Energy	13.1	*Aug 20*
Operational Total			**166.6**				**22.2[15]**	
●	Three	Faison	2.3	North Carolina	Dec 19	Duke Energy	10.3	Jun 15
●	Three	Four Oaks	6.5	North Carolina	Dec 19	Duke Energy	10.8	Oct 15
●	Three	Nitro	6.2	North Carolina	Dec 19	Duke Energy	9.9	Jul 15
●	Three	Princeton	6.5	North Carolina	Dec 19	Duke Energy	10.8	Oct 15
●	Three	Sarah	6.3	North Carolina	Dec 19	Duke Energy	10.5	Jun 15
●	Three	S. Robeson	6.3	North Carolina	Jan 20	Duke Energy	7.6	Jul 12
●	Three	Progress 1	2.5	North Carolina	Jan 20	Duke Energy	12.3	Apr 12
●	Three	Progress 2	2.5	North Carolina	Jan 20	Duke Energy	8.0	Apr 13
●	Four	County Home[16]	2.6	North Carolina	Mar 20	Duke Energy	11.7	Sep 16
●	Four	Mariposa[16]	6.4	North Carolina	Mar 20	Duke Energy	11.7	Sep 16
●	Four	Freemont[16]	6.4	North Carolina	Mar 20	Duke Energy	11.6	Dec 16
●	Four	Sonne Two[16]	7.0	North Carolina	Mar 20	Duke Energy	11.6	Dec 16
●	Four	Cotten[16]	6.8	North Carolina	Mar 20	Duke Energy	11.9	Nov 16
●	Four	Monroe Moore[16]	6.6	North Carolina	Mar 20	Duke Energy	11.6	Dec 16
●	Four	Red Oak[16]	6.9	North Carolina	Mar 20	Duke Energy	12.0	Dec 16
●	Four	Schell[16]	6.9	North Carolina	Mar 20	Virginia Electric & Power	12.0	Dec 16
●	Four	Sedberry[16]	6.2	North Carolina	Mar 20	Duke Energy	11.6	Dec 16
●	Four	Siler 421[16]	6.9	North Carolina	Mar 20	Duke Energy	11.6	Dec 16
●	Four	Tiburon[16]	6.7	North Carolina	Mar 20	Duke Energy	11.6	Dec 16
●	Four	Granger[16]	3.9	California	Mar 20	San Diego Gas & Electric	16.7	Sep 16
●	Four	Valley Center[16]	3.0	California	Mar 20	San Diego Gas & Electric	16.9	Dec 16
●	Four	Turkey Hill[16]	13.2	Oregon	Mar 20	PacifiCorp	11.8	Dec 17
●	Four	Merrill[16]	10.5	Oregon	Mar 20	PacifiCorp	11.8	Jan 18
●	Four	Lakeview[16]	13.7	Oregon	Mar 20	PacifiCorp	11.8	Dec 17
●	Four	Dairy[16]	14.0	Oregon	Mar 20	PacifiCorp	11.8	Mar 18
●	Four	Chiloquin[16]	14.0	Oregon	Mar 20	PacifiCorp	11.8	Dec 17
●	Four	Tumbleweed[16]	14.0	Oregon	Mar 20	PacifiCorp	11.8	Dec 17
●	Four	Davis Lane[16]	7.0	North Carolina	Mar 20	Virginia Electric & Power	13.0	Dec 17
●	Four	Jersey[16]	7.0	North Carolina	Mar 20	North Carolina Electric	8.0	Dec 17
●	Four	Gauss[16]	7.0	North Carolina	Mar 20	Virginia Electric & Power	13.6	Oct 18
Construction Total			**215.8**				**11.6[15]**	
Portfolio Total			**382.4**				**16.2[15]**	

Key ● Operational ● Under construction

14 Commercial Operation Date, dates italicised indicate estimated dates
15 Capacity-weighted average remaining PPA term
16 Asset acquired after the period ended 31 December 2019

ACQUISITIONS

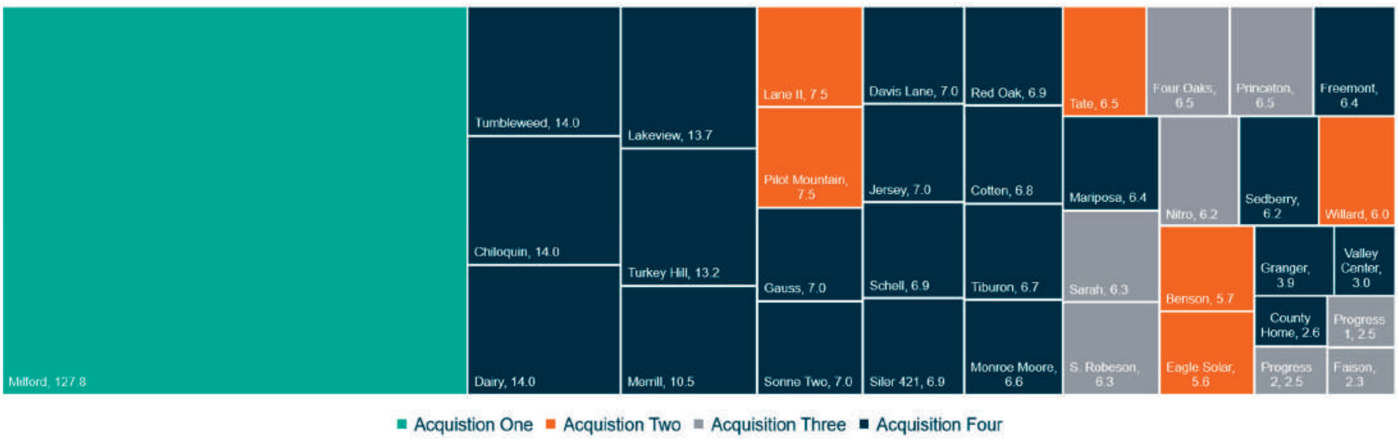
Details of the acquisitions made as of March 2020 are listed in the table below.

Table 5: Portfolio acquisition commitment (US$m)

	Acquisition Commitment (as at 31 Dec 19)	Estimated Remaining Commitment	Total Commitment
Acquisition One	29.1	-	29.1
Acquisition Two	25.8	9.5	35.3
Acquisition Three	23.1	13.1	36.2
Acquisition Four [17]	-	38.0	38.0
Capital Committed to Acquisition Four Refinancing[18]	-	57.4	57.4
Total	**78.0**	**118.0**	**196.0**

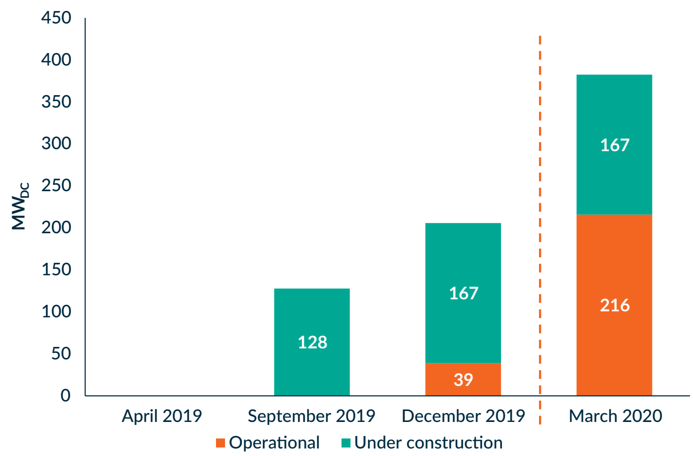
As of 31 December 2019, the fund closed on two acquisitions and announced the binding acquisition for its third (close was announced in January after year-end) bringing total committed capital to $101 million (with $78 million invested as at 31 December 2019). As Acquisition Two includes assets that are in construction, additional equity contributions will be made as construction milestones are achieved as seen in table 5. The Fund closed the acquisition of 100% of the cash equity interests in five of the eight projects in the Acquisition Three, prior to 31 December 2019, with the remaining three projects closed in January. After the end of the reporting period, USF announced it had closed its fourth acquisition, which requires an initial equity commitment for the acquisition and includes a potential further equity commitment to complete a refinancing.

Figure 5: Capacity-weighted portfolio



Although the Acquisition One asset, Milford, makes up just over 30% of the portfolio at 128MW_{DC} as shown in Figure 5, the remaining 70% of the portfolio is well diversified across 36 plants. The portfolio to date is also diversified by development stage with more than 50% of assets currently operating, which benefits the fund by providing cashflows immediately upon acquisition.

Figure 6: Portfolio by Stage



17 Asset acquired after the period ended 31 December 2019.

18 Timing and quantum of refinancing of Acquisition Four is at USF's option, remaining capital may also be allocated to further acquisitions instead of or along with refinancing.

US SOLAR MARKET UPDATE

The US utility-scale solar photovoltaic (**PV**) market experienced a strong year with a robust contracted pipeline and record installation and construction figures. By the end of the third quarter of 2019, the contracted pipeline reached a record high of 45.5 GW_{DC}. When comparing Q3 US utility-scale PV installations to the broader US Solar market, utility PV contributed the largest share of installed capacity. Between Q1 to Q3 2019, solar accounted for 39% of new US electricity-generating capacity additions, second only to natural gas which had 42% of capacity additions.

Over the course of Q1-Q3 2019, 3.8 GW_{DC} of utility-scale projects were installed in the US, representing:

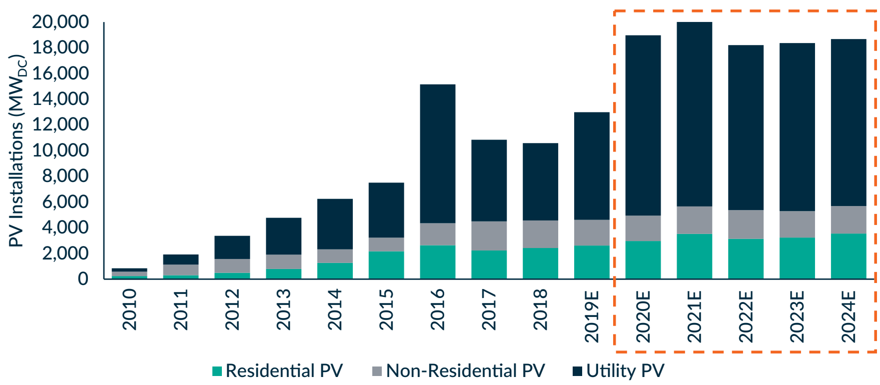
- a 19% increase compared to the same period in 2018;
- a 55% increase compared to the same period five years prior; and
- 19% year on year cumulative capacity growth.

Projects under construction by the end of the third quarter also reached an all-time high of 10.4 GW_{DC}, with 38% of projects expected to be completed during Q4 2019 and the remaining 62% to be completed in 2020 and 2021. This suggests we could see roughly 8 GW_{DC} of installed utility-scale projects for 2019 given 3.8 GW_{DC} of capacity was installed between Q1 to Q3 2019, equating to the second highest volume of installed capacity to date and further emphasises the substantial growth expected in the upcoming years.

Utilities and developers are driving some of this growth as they safe-harbour projects for 2019 in order to qualify for the 30% ITC. The ITC begins to phase-down after this year, stepping down to 26%, 22% and 10% in annual increments and remaining at 10% from 2022.

Even as the ITC steps down, the demand for utility PV remains strong. During Q3, Wood Mackenzie revised their forecast for utility-scale PV from 2019–2024, increasing the estimate by 9.2 GW_{DC}. The increase is driven primarily by utilities procuring or planning to procure more utility-scale solar than expected for their integrated resource plans. Utility-scale solar PV has and will continue to account for the largest share of annual installations in the US solar market as seen below in Figure 7, with 58.4 GW_{DC} of utility-scale solar installations forecast between 2020 and 2024.

Figure 7: Projected growth in the US solar market



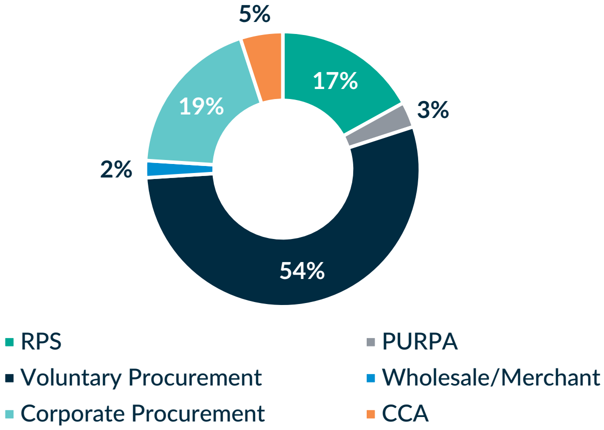
Source: Wood Mackenzie, Q4 2019 US Solar Market Insight, December 2019.

The economic cost-competitiveness of utility PV makes it a compelling source for utilities seeking additional energy capacity, and those who need to meet their renewable portfolio standard (**RPS**) or policy mandate. As of the end of Q3 2019, the US utility-scale solar market grew to be approximately four times the size of the UK utility-scale solar market[19], with a total installed capacity of 40.9 GW_{DC}. Since 2017, the UK installed utility solar capacity increased by 2.1% compared to 31.4% growth since 2017 experienced in the US market.

Over the last five years, US utility-scale solar's levelised cost of energy (**LCOE**), the average total cost of building and operating the asset per unit of electricity generated over the assumed lifetime of the asset, has declined by 13% p.a. on average, according to Lazard's 2019 LCOE analysis. This continued cost decline strengthens the economic competitiveness of the solar industry and voluntary (non-mandated) procurement, with solar being the cheapest form of newbuild energy production in many states in the US. Voluntary procurement, which is typically driven by cost-competitiveness of utility-scale solar PV, continues to be the primary driver of solar development; accounting for 54% of utility-scale solar capacity additions in 2019 as seen below.

19 UK utility-scale solar includes all installed solar PV with DC capacity of 5MW_{DC} and above

Figure 8: Drivers for utility-scale PV projects announced, Q1-Q3

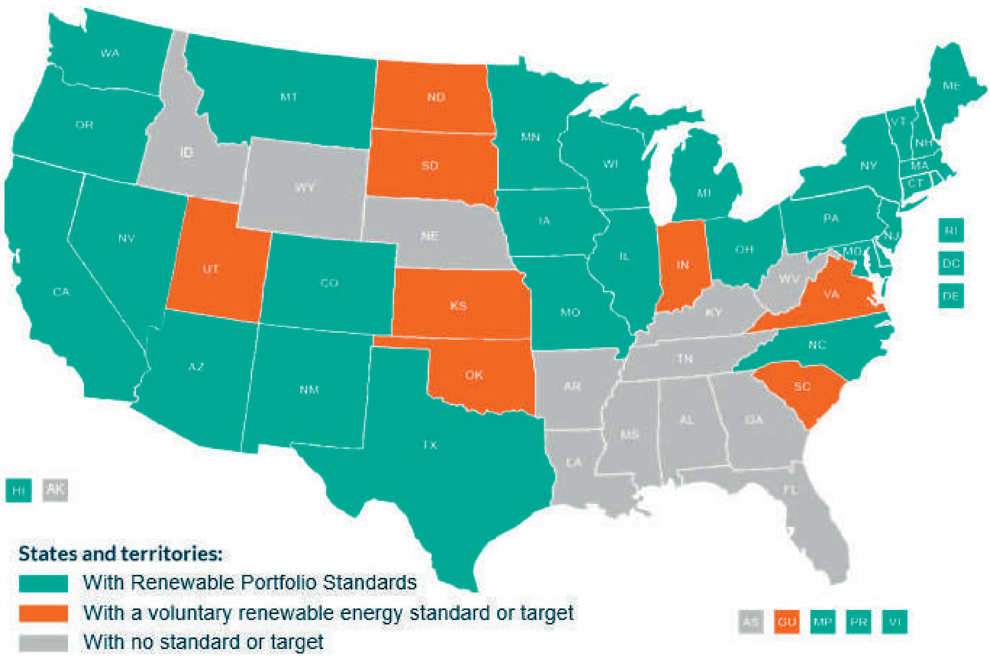


Source: Wood Mackenzie, US Utility PV Market: Quarterly Update Q4 2019, January 2020.

Whilst voluntary procurement remains as the top driver of utility-scale installations within the US, the share of projects driven by Renewable Portfolio Standards requirements is expected to increase. Since the beginning of 2019, nine states within the US have raised their RPS targets, and as such are expected to drive more RPS-driven procurement in the mid-2020s both before and after the ITC steps down to 10% in 2022.

As at the end of Q4 2019, 37 of the 50 states within the US have implemented a Renewable Portfolio Standard or voluntary renewable target. Six of these states in addition to Washington $_{DC}$ and Puerto Rico have committed to 100% renewable or clean energy targets by a set date. Many states have already met their near term or all RPS targets and as such the US continues to see increases in existing state RPS targets, further driving the demand for installations.

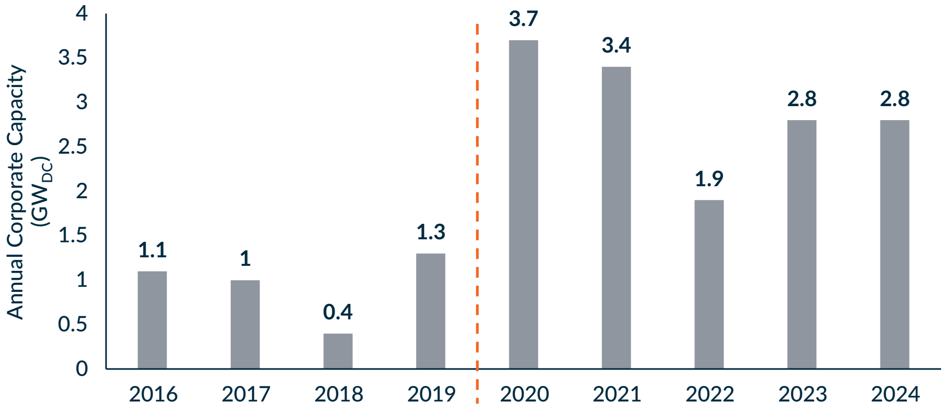
Figure 9: States and territories with RPS requirements



Source: National Conference of State Legislatures, January 2020

Corporate procurement is the second largest driver of projects announced, with the corporate procurement pipeline now greater than 10 GW_{DC}, on track to drive 22% of US utility PV from 2019 to 2024. Up until recently, the LCOE of utility-scale wind has made it the preferred method for corporate procurement, with 12.1 GW_{DC} of corporate procurement wind installed compared to 3.1 GW_{DC} of solar installed through the end of H1 2019. With the federal Production Tax Credit (**PTC**) stepping down for wind at period end, the LCOE of utility-scale solar starts to become more compelling than wind even after accounting for the ITC step down. Spurred by an increase in demand, utility-scale solar is expected to be the preferred renewable technology choice for corporate procurement, with 3.7 GW_{DC} of corporate offsite solar in 2020.

Figure 10: US Utility-scale solar PV Corporate procurement installations forecast



Source: Wood Mackenzie, US Utility PV Market: Quarterly Update Q4 2019, January 2020.

In 2019, corporations bought 44% more clean energy through power purchase agreements when compared to the previous year with most of this purchasing occurring within the US. The US purchased 13.6GW_{DC} of renewable energy through corporate PPAs in 2019, more than all global activity in 2018, demonstrating the demand for corporate PPAs in the US. The demand has been driven by an increasing number of corporations pledging to use 100% renewable power by signing to the RE100 leadership initiative, a global corporate leadership initiative bringing together businesses committed to 100% renewable electricity. By the end of 2019, 221 companies had committed to the RE100 initiative, pledging to offset 100% of their electricity demand with clean energy in the shortest possible timeline (by 2050 at the latest). BNEF has estimated that these companies will require an additional 210TWh of clean energy in 2030 to meet their goals. It's estimated that this demand would catalyse an estimated 105GW_{DC} of new solar and wind build globally.

Solar within the US has been supported by the US federal policy and the ITC, with the solar market growing by an average of 52% since the ITC was enacted. Although the ITC has officially stepped down[20], the IRS has issued safe harbouring provisions to allow for projects placed in service after December 31, 2019 and before January 1, 2024 to still qualify for the 30% credit. To be eligible to have projects safe harboured, certain requirements for these projects must be met before December 31, 2019.

It should be noted that solar is competitive even without the ITC in many parts of the US and as such USF believes US solar remains a compelling investment opportunity. The combination of declining costs and expansion and maturation of the industry indicate that the US solar market is likely to remain an attractive industry in the years to come.

INVESTMENT PERFORMANCE

At 31 December 2019, the Company's shares were trading at $1.05 per share. This represents an 8.1% premium to the Net Asset Value of $194.4 million or $0.972 per share. The Net Asset Value is defined as the total assets less any liabilities.

The Company generated a profit after tax of $146,080 (0.07 cents per share) during the period. Interest income of $1,944,795 and a net gain from investments of $472,416 were offset by operating expenses of $2,120,851 and a foreign exchange loss of $150,280 on funds that were retained in GBP. The financial statements of the Company are presented on pages 68 to 88.

	31 DECEMBER 2019	30 JUNE 2019
Number of Projects[21]	37	-
Capacity of Projects[19]	382.4 MW_{DC}	-
Net Asset Value (NAV)	$194.4m	$196.0m
NAV per share	$0.972	$0.979
Ordinary Shares Issued	200m	200m
Closing Share Price (USF)	$1.050	$1.025
Market Capitalisation (Based on closing price)	$210m	$205m
Dividends paid	$0.82m	-
Share price total return performance[22]	5.44%	2.50%

20 For projects placed in service before the end of 2023, the ITC is 30%, 26%, or 22% if the projects begin construction in 2019, 2020, or 2021 respectively. For projects placed in service after the end of 2023, the ITC is 10%.
21 Includes assets acquired after the period ended 31 December 2019.
22 Total return to shareholders based on dividends paid throughout the period and share price movement since the issue price of $1.00.

ONGOING CHARGES

The ongoing charges ratio of the Company is 1.50% of the average NAV for the year ended 31 December 2019. 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 31 December 2019 is $194.4 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 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 Solar power plant valuations form part of the Net Asset Value calculation of the Company, which will be subject to the audit.

VALUATION METHODOLOGY

The Company will engage an independent third-party appraiser to value the Solar Power Assets acquired by the Company and its Project SPVs every six months as at 30 June and 31 December. As all acquisitions have been made within six months of 31 December 2019 and were subject to bilateral discussions but with sellers seeking competitive market prices, investments continue to be recognised at purchase price on the basis that this represents fair value. The Investment Manager and the directors feel that this remains consistent with the fair value of these investments as at 31 December 2019 as the purchase price reflects the market value of the asset and no significant changes to key underlying economic considerations have arisen. Looking forward, the Investment Manager will value the Solar Power Assets acquired by the Company and its Project SPVs for the quarterly periods ending 31 March and 30 September. 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 (**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 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.

The Investment Manager will use its judgement in arriving at the appropriate discount rate. This will be based on its knowledge of the market, taking into account intelligence gained from its bidding activities, discussions with financial advisers in the appropriate market and publicly available information on relevant transactions.

GEARING

On a look-through basis USF had outstanding debt of $22.8 million as at 31 December 2019, which is based on the face value of drawn debt. This equates to 10.5% of Gross Asset Value (**GAV**) (calculated as NAV plus outstanding debt). If the post-refinance project debt associated with Acquisition Four of $137m is taken into consideration, gearing would increase to 45.1%. This remains within the target gearing of the Company of 50%.

USF's group debt facilities outstanding as at 31 December 2019 are set out below:

SOLAR ASSET	LOAN TYPE	FACILITY SIZE (US$M)	DRAWN FACE VALUE (US$M)	DRAWN FAIR VALUE (US$M)[23]
Acquisition One	Construction Loan	48.5	22.8	19.9
Acquisition One	ITC Bridge Loan	79.2	0.0	0.0

The debt is held by a subsidiary (USF Bristol Class B Member, LLC), thus included in "Investment held at fair value" on the Statement of Financial Position.

Refer to Note 10 of the financial statements for further information on USF's debt facilities.

The projected look-through gearing of USF upon full drawdown of the project level debt of Acquisitions One and the assumed project level debt of Acquisition Four is set out below. While the projected gearing of 50.7% will temporarily exceed USF's target operational gearing of 50% this is indicative only as the Company expects to refinance the debt associated with Acquisition Four using available equity or the proceeds of an equity capital raising.

(USD MILLIONS)	POST ACQUISITION FOUR	POST ACQUISITION FOUR PARTIAL REFINANCE	POST ACQUISITION FOUR FULL REFINANCE AND $75M EQUITY RAISE
Equity invested	139	183	228
Operational period debt[24]	200	160	116
Remaining equity	56	12	40
Gearing (%)	50.7%	45.1%	30.2%

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 31 December 2019, 200,092,323 ordinary shares were in issue and no other classes of shares were in issue at that date.

Following a successful application to the High Court and lodgement of the Company's statement of capital with the Registrar of Companies, the Company was permitted to cancel its share premium account. This was effected on 21 June 2019 by a transfer of the balance of $194 million from the share premium account to the capital reduction reserve (refer to note 18). The capital reduction reserve is classed as a distributable reserve and dividends to be paid by the Company are to be offset against this reserve.

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$1.2 billion to 53 projects totalling 1.2 GW_{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.

23 Includes mark-to-market revaluation of associated interest rate swaps of $2.9 million.
24 The operational period debt includes loan balances as of commencement of operation.

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, NESM

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.

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

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.

MICHAEL VAN DER VLIES BAcc (UTS), CA
CHIEF FINANCIAL OFFICER, NESM

Michael is responsible for the finance activities of the Investment Manager, including business planning, budgeting, forecasting, financial reporting, taxation, treasury, balance sheet management and risk management. Michael has over 16 years' experience working in finance, infrastructure and investment management. Michael previously led a team responsible for the financial reporting, fund administration, regulatory and compliance reporting globally across AMP Capital's A$15 billion Infrastructure Equity funds. Prior to this, Michael held various finance roles including General Manager of Finance and Group Financial Controller at BAI Communications, a communications infrastructure business owned by CPPIB and Senior Manager at Macquarie.

4. Environmental, Social and Governance

4. Environmental, Social and Governance

Considering environmental, social and governance (**ESG**) practices is critical to the success and longevity of the Company because it assists in assessing both risks and opportunities as the Investment Manager operates and seeks to grow the Company in the years to come. US Solar Fund is committed to reporting regularly on the implementation of these ESG and Sustainability principles in its business and, specifically, in its investment processes and asset management operations. The Board and Investment Manager believe it is important to demonstrate its goals to its Shareholders and stakeholders, as well as to explain how the Company is meeting them.

US Solar Fund was established to capitalise on the need to decarbonise the world's energy use and to contribute to activity which may reduce the impact of climate change. The Company facilitates the transition to a low-carbon economy and mitigates the consequences of climate change by generating clean, emission-free energy and promoting maximum efficiency in the Company's operations. USF's investment objective is to provide investors with attractive risk-adjusted and sustainable dividends, with an element of capital growth, by investing in a diversified portfolio of Solar Power Assets. By investing in Solar Power Assets and selling the output from these assets to energy users, the Company directly contributes to renewable energy infrastructure and renewable power generation. As at March 2020, USF's portfolio comprised 37 solar plants, 30 of which are operational and seven are under construction. Once all of the 37 assets in USF's current portfolio are operational, the Company will be responsible for displacing over 530,000 tonnes of CO_2 emissions, equivalent to powering over 65,000 US homes[25] , or removing over 117,000 US cars from the road[26], every year.

Core to the Company's investment and environmental objectives is the intention to build a long-term, sustainable business. Accordingly, the Directors and the Investment Manager are committed to managing USF in line with the core principles of Environmental, Social and Governance practices, as well as running the business with a focus on overall Sustainability Practices.

ESG PRINCIPLES AT WORK IN USF

Adherence to ESG principles requires US Solar Fund to consider the broader impact of its activities and to incorporate practices to further the aim of these principles.

Environmental considerations incorporate the impact on both the local environment, as well as global issues like climate change. USF's primary activity is investing in Solar Power Assets which support renewable energy development and provide a clean energy source to communities in rural and metro areas. Further, USF's strategy of owning and operating solar power portfolios directly contributes to the displacement of CO_2 emissions and assists states in their transition to a low carbon economy, helping to achieve their respective renewable energy targets.

USF's positive environmental impact can be seen in USF's first acquisition, the Milford Solar project in Utah. Once operational, this project will generate over 277,500 megawatt hours of electricity annually. This volume of electricity is equivalent to displacing approximately 235,000 tonnes of CO_2 emissions, powering 31,000 homes, or removing 51,000 cars from the road, every year[27]. USF has contributed to the development and growth of renewable and low-emissions energy which, as an industry, has created a significant number of new jobs.

The Company acquires plants that are not yet operational, and as such requires many contractors and jobs to construct each project. As each project creates new opportunities, for example there are currently over 80 contractors on site for the construction of the 128MW_{DC} Milford solar plant, the Company, through the engagement of its contractors, seeks to create quality jobs in the communities in which it operates. Once operational, the plants provide a smaller number of long-term employment opportunities for members of the communities in which the plants are located.

The Company is committed to making tangible contributions to the prosperity and economic development of the regions in which it operates. For example, the Company seeks to form open and strong relationships with the landowners on which its assets are located, as well as those near its assets. The Company also partners up with educational and research institutions to share insights and data to further advance the solar industry. These partnerships also help USF to continue to improve its practices around land preservation, a key consideration for the Company during the construction phase of solar asset ownership as well as throughout an asset's operational life.

Governance considerations require a company to examine its structure, leadership, shareholder rights and internal controls. USF's Board of Directors is independent of the Investment Manager and seeks to implement a system of rules and practices that preserves the integrity and efficiency of its operations. The Board has worked with the Investment Manager and Company Secretary to maintain a framework of governance to meet the interests of stakeholders including security holders, customers, financiers, government, and the community. The Company also considers acquisition and asset management principles and practices as they relate to dealing with anti-corruption and labour standards.

USF recognises that these governance considerations are critical to building a successful, long term business.

25 Calculated using data from the US Environmental Protection Agency

26 Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System)

27 CO_2 Emission Reduction is calculated using the United States Environmental Protection Agency's "Avoided Emissions and Generation Tool", which estimates the regional displacement of fossil fuels for a new solar PV installation.

SUSTAINABILITY

USF was established to both capitalise on and contribute to the world's increasing awareness of the impact of climate change and the need to better manage the world's resources for present and future generations. The Company is focused on sustainability primarily as an investor in the solar industry but also in the way the Company is managed.

The Company is committed to:

- Incorporate sustainability and ESG considerations into our investment, diligence, and operating decisions and practices
- Ensure that measurable results related to sustainability and ESG practices are monitored and achieved through investment decision making and operations
- Report on progress to stakeholders

In 2015, the United Nations developed 17 Sustainable Development Goals (**SDG**) to enable individuals, organisations, corporations and government to implement, record and measure their approach to addressing global challenges including poverty, inequality, and climate change. Each goal has specific targets to be achieved within a 15-year timeframe (by 2030).

US Solar Fund is well-aligned with these goals, particularly those concerning the environment (e.g. #13 Climate Action and #7 Affordable and Clean Energy), those concerning social issues (e.g. #8 Decent Work and Economic Growth and #9 Industry Innovation and Infrastructure) and those concerning governance (e.g. #16 Peace, Justice and Strong Institutions). The Company will consider its contribution to the achievement of the United Nations SDG and will report regularly to shareholders on its progress in this regard.

As noted in USF's sustainability policy, the Company has selected two core UNSDG goals to contribute to:

UNSDG GOAL	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
USF 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 GOAL 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 37 solar power plants in USF's portfolio have a combined capacity of 382.4 MW_{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 37 assets are operational, it will be responsible for displacing over 530,000 tonnes of CO_2 emissions, equivalent to powering over 65,000 US homes, or removing over 117,000 US cars from the road, every year.

As at 31 December 2019, the portfolio had eight operating assets of the 15 acquired. When using first year generation figures, these assets generated enough electricity annually to power over US 4,000 US homes[28] and displace over 38,000 tonnes of CO_2 emissions, or remove about 8,200 US cars from the road[29], every year.

As a sustainably run business, USF is conscious of its obligations to carefully consider and plan for the future disposal of solar panels as a sustainably run business. Given USF's solar plants are relatively new, with only 3% of capacity (including the fourth acquisition) being operational for greater than 5 years and the majority being operational between 2-5 years, the business has not yet had to manage the disposal of large quantities of solar panels.

28 Calculated using data from the US Environmental Protection Agency
29 Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System)

During construction and operation, the solar panels employed in USF's plants 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 plants, 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 GOAL 8.8

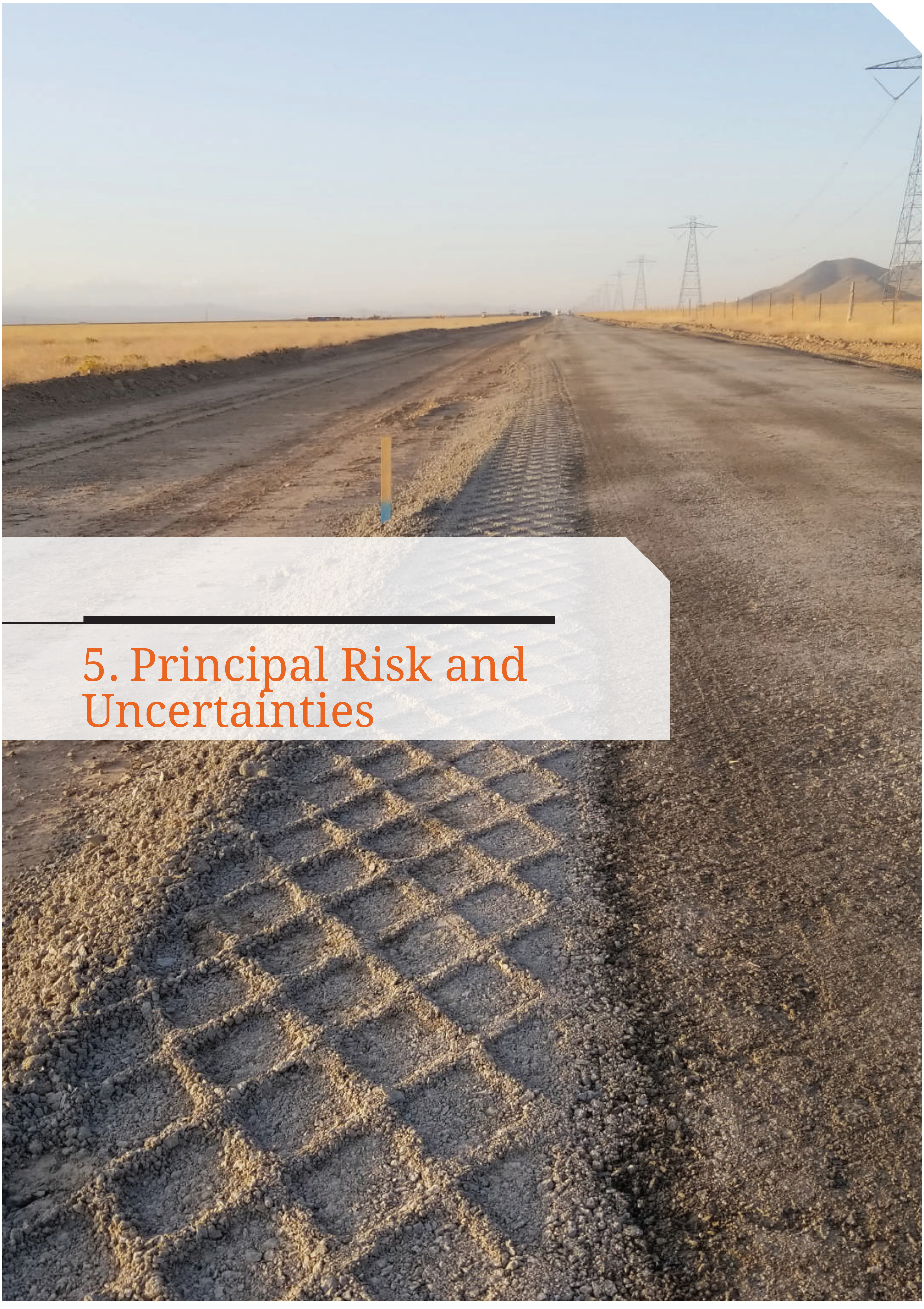
When an acquired project is yet to be constructed, an Engineering, Procurement and Construction Agreement (**EPC Agreement**) must be agreed upon and signed by USF and the EPC counterparty before construction. This agreement contains a comprehensive and systematic Health and Safety Plan that explicitly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

A site health and safety committee is established for each project location, comprising field representatives and management from the EPC contractor, once construction commences. These representatives must obtain United States department of labour construction safety certification (OSHA36) 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.

USF is also focused on injury reporting and investigation as it allows for investigation into existing preventative 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 year to 31 December 2019, there was one recordable accident on site. At the Milford Solar Project (Acquisition One) construction site, there was one injury that occurred in November where an individual's foot sustained a mild injury by moving a racking machine. McCarthy, the EPC contractors have investigated the root cause of the accident and have since made corrections to their operating procedures to reduce the likelihood of further injuries.

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



5. Principal Risk and Uncertainties

5. Principal Risk and Uncertainties

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 periodical 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	Political risks often translate to elevated political uncertainties and detrimental effects on investment and currency markets. While the risks associated with Brexit have reduced in recent months, ongoing Brexit uncertainty may impact the Company's ability to raise additional funds.	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.

FINANCIAL & MARKET RISKS

Risk	Impact on Company	Mitigant
Long-term power price fluctuations	Lower wholesale electricity prices will negatively impact the revenue that the assets within the underlying portfolio generates, thereby causing a reduction in the returns of the Company.	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	The Company may not be able to source funding from suitable Tax Equity Partners 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 allows 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.

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 Investment Manager is a member, holds insurance which potentially covers fraudulent incidents.
Cyber Risk	The Company and the Investment Manager are potentially exposed to financial losses, disruption or damage to the reputation due to breaches of or attacks on technical infrastructure or the use of technology.	The Investment Manager periodically reviews its established Cybersecurity Framework to ensure that security processes are up to date and that preventative measures are in place. The Investment Manager retains an in-house cybersecurity specialist resource for this purpose.
Changes to market conditions for the energy industry	The income generated by the portfolio is largely correlated to the energy market conditions due to the nature of the underlying assets. An adverse change to the energy market may affect the Company's ability to achieve dividend and return targets.	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.
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.
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 also an allowance for unfavourable weather events in modelled forecasts of revenue. By investing in a geographically diverse set of investments, the portfolio will inherently mitigate unfavourable weather conditions across the investment portfolio.

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.
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 if and when required.

LONGER TERM VIABILITY

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. The Board of the Company is also required to assess the long-term prospects of the Company according to the Association of Investment Companies (**AIC**) Code. The Board has assessed the prospects of the group over a 5 year period. The Board considers a 5 year timeframe to be reasonable on the basis that the Company is in the initial stage of acquiring assets. The key risks facing the Company including, but not limited to, the risks mentioned on pages 27 to 29 have been individually assessed by the Board. The likelihood and impact of each risk on the Company prior to and after specific risk mitigation controls have taken place have been evaluated.

After assessing these risks, and reviewing the Company's liquidity position, together with forecasts of the Company's future performance under various scenarios, the Board has a reasonable expectation that the Company is well positioned to continue to operate and meet its liabilities over the short term and the 5 year outlook period. While the Board has no reason to believe that the Company will not be viable over the specified outlook period, they are aware that it is difficult to foresee the viability of any business over a longer period given the inherent uncertainty involved.

It is important to note that the risks associated with investments within the infrastructure sector could result in a material adverse effect on the Company's performance and value of Ordinary Shares. When required, experts will be employed to gather information, including tax advisers, legal advisers, and environmental advisers.

STRATEGIC REPORT AND SECTION 172 OBLIGATIONS

The strategic report is set out on pages 5 to 29 of this document and has been prepared to provide information in relation to how the directors have performed their duty to promote the success of the company.

Meaningful engagement with all our stakeholder groups supports our obligations under Section 172 of the Companies Act 2006. On pages 23 to 25 and pages 42 to 45 we set out how the Board, and the Group more widely, has had regard to stakeholder interests when discharging its duty to promote the success of the Company and how we seek to maintain our high standards of business conduct.

The strategic report was approved by the Board of directors on 17 March 2020.

GILL NOTT
Chair

Date: 17 March 2020

6. Board of Directors

6. Board of Directors

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 also 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. Ms Nutter is currently 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.

JOSEPHINE TAN

NON-EXECUTIVE DIRECTOR

Ms Tan is an experienced corporate finance adviser to junior mining companies and mining focused private equity funds. She is a founding member and chief financial officer of Sandown Bay Resource Capital, a London-based mining private equity firm focused on investments in the junior mining sector. Prior to this, Ms Tan was a senior investment banker at UBS AG in London and Melbourne. During her 10 years at UBS, she worked across various teams and industry sectors, including as part of the European Energy Group, the Global Industrials Group and the Australian Natural Resources Group. She commenced her career at the Boston Consulting Group in Melbourne. Ms Tan was a non-executive director of the Australian Governance Masters Index Fund from 2015 to 2018 and she currently sits on the advisory board of the Australian Governance and Ethical Index Fund, both managed by a subsidiary of Walsh and Company Investments Limited, the parent Company of the Investment Manager. Ms Tan is not considered independent from the Investment Manager.

7. Directors' Report

7. Directors' Report

The Directors present their report together with the audited financial statements for the period from 10 January 2019 (incorporation date) to 31 December 2019 in accordance with section 839 (4) of the Companies Act 2006. This is the first set of Annual Financial Statements prepared by US Solar Fund Plc and therefore no comparatives are provided.

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 (**USD** 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 31 DECEMBER 2019 (£)
Gillian Nott*	60,000	52,308
Jamie Richards**	50,000	43,590
Rachael Nutter	40,000	34,872
Josephine Tan	40,000	34,872

*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.

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 31 December 2019 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%

Further details on the remuneration of the directors can be found on the remuneration report on pages 53 to 56.

STRATEGIC REPORT AND OTHER DISCLOSURES

The Strategic report on pages 5 to 29 contains disclosures in relation to a review of business performance, future developments, capital structure, engagement with suppliers and customers and environmental reporting. These disclosures form part of this report by cross-reference.

Information about the use of financial instruments by the company and its subsidiaries is given in note 15 to the financial statements.

SIGNIFICANT SHAREHOLDINGS

As at 31 December 2019, 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	22,000,000	11.00%
Sarasin & Partners LLP	20,250,000	10.13%
Baillie Gifford & Co	19,650,000	9.83%
Evans Dixon Limited	15,000,000	7.50%
The Trust Company (Australia) Limited as custodian for New Energy Solar Fund	15,000,000	7.50%
The Bank of New York Mellon Corporation	14,800,817	7.40%
FIL Limited	13,550,000	6.77%
Aggregate of Standard Life Aberdeen plc affiliated investment management entities with delegated voting rights on behalf of multiple managed portfolios	10,350,000	5.17%

FUTURE DEVELOPMENTS

The Company's future outlook is discussed in the Investment Manager's Report on pages 7 to 21.

DIVIDENDS

The Company will be paying a dividend of 0.50 cents per share for the fourth quarter of 2019. The dividend is expected to be paid in May 2020. When added to the dividend of 0.41 cents paid in November 2019, and 0.50 cents paid in February 2020 this represents an annualised dividend yield of 2% when measured against the initial issue price of $1 per share.

GOING CONCERN

The Board has reviewed a set of financial projections of the cash flow and distribution profile of the Company prepared by the Investment Manager. The Board has assessed the prospects of the group over a 5 year period given the long-term nature of the underlying assets. After assessing these risks, and reviewing the Company's liquidity position, together with forecasts of the Company's future performance under various scenarios, the Board has a reasonable expectation that the Company is well positioned to continue to operate and meet its liabilities over the short term and the 5 year outlook period. As such the Board concluded that it is appropriate to adopt 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

The Company's events after the period ended is discussed in the Investment Manager's Report on pages 7 to 21.

DISCLOSURE OF INFORMATION TO AUDITORS

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Signed by order of the Board,

GILL NOTT
Chair
Date: 17 March 2020

8. Directors' Responsibility Statement

8. Directors' Responsibility Statement

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

As a Company listed on the London Stock Exchange, US Solar Fund Plc is subject to the FCA's Listing Rules and Disclosure and Transparency Rules, as well as to all applicable laws and regulations in England and Wales where it is registered.

The annual report and financial statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union. Under Company law, the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Company and of the profit or loss for the period. In preparing these financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are also responsible for preparing the annual report and financial statements and the Directors confirm that they consider that, taken as a whole, the annual report and financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. In accordance with the FCA's Disclosure and Transparency Rules, the Directors confirm to the best of their knowledge that:

a) the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole;

b) the annual report and accounts include a fair view of important events that have occurred during the financial period; and

c) the annual report and accounts include the related parties' transactions that have taken place in the financial period and that have materially affected the financial position or the performance of the enterprise during that period.

The Directors have acknowledged their responsibilities in relation to the financial statements for the period to 31 December 2019.

Signed by order of the Board,

GILL NOTT
Chair

Date: 17 March 2020

9. Corporate Governance Report

9. Corporate Governance Report

The Board of US Solar Fund Plc has considered the Principles and Provisions of the Association of Investment Companies Code of Corporate Governance (**AIC Code**). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the **UK Code**), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

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

The Company has complied with the Principles and Provisions of the AIC Code. The AIC Code is available on the AIC website (www.theaic.co.uk/aic-code-of-corporate-governance-0). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies. The Company is a member of the Association of Investment Companies.

THE BOARD

The Board consists of four non-executive directors of which the Chair, Gill Nott, alongside Jamie Richards and Rachael Nutter are deemed to be independent of the Investment Manager. Josephine Tan is not considered to be independent from the Investment Manager. This is due to the fact that Ms Tan currently sits on the advisory board of the Australian Governance and Ethical Index Company which is managed by a subsidiary of Walsh and Company Investments Limited, the parent company of the Investment Manager. Ms Tan's non-independence is not considered detrimental to the Company as her role on the board of Australian Governance and Ethical Index Company is unlikely to cause any conflicts of interest. Any independence risks are managed by the Chair.

The Company has not appointed a senior independent director. Biographical details of all Board members (including significant other commitments of the Chairman) are shown on page 31.

In accordance with the AIC Code, all the Directors will retire at the forthcoming AGM. Gill Nott, Jamie Richards and Rachael Nutter, being eligible, will offer themselves for re-election. Josephine Tan will not be standing for re-election at the AGM.

Full Board meetings take place quarterly and the Board meets or communicates more regularly to address specific issues. The Board has a formal schedule of matters specifically reserved for its decision which includes, but is not limited to: considering recommendations from the Investment Manager and reviewing, annually, the terms of engagement of all third party advisers (including the Investment Manager).

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chair, in advance of each Board meeting.

BOARD COMMITTEES

The Board has delegated a number of areas of responsibility to its three committees; the Audit Committee, the Remuneration and Nomination Committee and the Management Engagement Committee. Each committee has defined terms of reference and duties.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors; Jamie Richards, the Chair, Gill Nott and Rachael Nutter. The Chair is a chartered accountant and has recent and relevant financial experience. The Audit Committee normally meets at least twice yearly to consider, amongst other things, the following:

- the financial reporting process of the Company including the accounting standards, estimates and judgements made by the Company, taking into account the views of the Auditor
- the internal controls and risk management systems
- oversight of the external audit process including scope, independence and objectivity of the external auditors
- the risks facing the Company including ESG risks

A full list of matters reserved for the Audit Committee can be found in the Audit Committee Report on pages 49 to 52.

The Audit Committee has performed an assessment of the audit process and the Auditor's report, details of which can be found in the Audit Committee Report on pages 49 to 52. The Directors have decided to recommend the re-appointment of Deloitte LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration Committee is comprised of the whole Board and chaired by Rachael Nutter, which is considered appropriate given the size of the Board and the fact that the Company has no executive directors or employees.

In accordance with the Committee's terms of reference, no director is involved in any decisions with respect to their own remuneration.

The Company has also adopted a Remuneration Policy which will be put to a shareholder vote at the AGM on 17 May 2020. Full details on this Policy can be found in the Remuneration Report on pages 53 to 56.

This committee meets as required to consider, amongst other things, the following:

- the composition and balance of skills, knowledge and experience of the Board
- succession planning for the Company
- the levels of remuneration of the Directors

In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, differences in knowledge and understanding of relevant diverse geographies, peoples and their backgrounds including race or ethnic origin, sexual orientation, gender, age, disability or religion, in order to maintain an appropriate range and balance of skills, experience and background on the Board.

The Committee has begun the process of recruiting a new non-executive director to replace Josephine Tan.

MANAGEMENT ENGAGEMENT COMMITTEE

The Management Engagement Committee is comprised of the entire Board and is chaired by Rachael Nutter. This Committee meets as required to consider, amongst other things, the following:

- the appointment and terms of engagement of the Company's service providers including the Investment Manager
- the performance of all service providers

BOARD AND COMMITTEE MEETINGS

The following table sets out the Directors' attendance at the Board and Committee meetings during the period:

	BOARD	AUDIT	REM & NOM	MEC
Gill Nott	3/3	2/2	1/1	1/1
Rachael Nutter	3/3	2/2	1/1	1/1
Jamie Richards	3/3	2/2	1/1	1/1
Josephine Tan	3/3	N/A	1/1	1/1

The Board meets formally on a quarterly basis and our attendance is shown in the table above. Ad hoc meetings are also held; these are generally called to approve specific announcements or transactions and frequently involve a quorate sub-committee of the board, appointed as necessary.

Representatives of JTC (UK) Limited attend all our scheduled meetings as Secretary to the Board. In addition, representatives of the Investment Manager, our external auditor and other advisers, are invited to attend as required.

THE BOARD AGENDA

At our quarterly meetings, the Board follows a formal agenda. This agenda generally includes, amongst other things:

- The Investment Manager's report for the period, including strategic performance and acquisitions, a review of the performance of the investments and market conditions
- Financial results against budget and cash flow forecasts, including dividends declared and forecast

- Reports and updates on shareholder and investor communications
- The corporate governance and secretary's report, with a review of policies and procedures, a compliance report and an update on legislative/ regulatory obligations as appropriate
- Recommendations and updates from board committees as appropriate

KEY ACTIVITIES OF THE BOARD DURING 2019

The primary focus at regular board meetings has been on delivering the strategy and monitoring performance against our strategic objectives. This included:

- Considering capital structure
- Discussing asset acquisitions and pipelines
- Reviewing conflicts of interest register and significant shareholdings
- Reviewing the risk register

BOARD EVALUATION

The Board undertook a formal internal annual evaluation of its own performance by way of a questionnaire for each Director. The Chair then discussed the results with the Board and took appropriate action to address any issues arising from the process. It was concluded that the Board performed well in the first year and that members work effectively together to achieve the objectives and that each Director continues to contribute effectively. No weaknesses in the Board's capabilities were identified.

RELATIONS WITH SHAREHOLDERS

The Company communicates with Shareholders and solicits their views where it considers it is appropriate to do so. Individual shareholders are welcomed to the Annual General Meeting where they have the opportunity to ask questions of the Directors. The Board is also happy to respond to any written queries made by Shareholders during the course of the period, or to meet with major Shareholders if so requested.

During the period the Chair has met with Shareholders on several occasions.

In addition to the formal business of the AGM, representatives of the Investment Manager and the Board are available to answer any questions a Shareholder may have. Separate resolutions are proposed at the AGM on each substantially separate issue. The Registrar collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. Proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the first AGM and proxy form will be circulated with this Annual Report.

The terms of reference of the Committees and the conditions of appointment of non-executive directors are available to Shareholders on request.

INTERNAL CONTROL

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company (including the Financial Reporting Process) to the following advisers:

Investment Manager	New Energy Solar Manager Pty Limited
Administrator	JTC (UK) Limited

The Audit Committee keeps under review the internal financial controls and internal control and risk management, ensuring that the procedures to be followed by the advisers and themselves are in place.

The Board then reviews the effectiveness of the internal controls system, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

The Board has approved a Financial Position and Prospectus Procedures (**FPPP**) board memorandum which was prepared by the Investment Manager. This sets out the procedures operating to identify the information needed to monitor the business and manage risk so as to make proper judgements on its financial position and prospects. In addition, it sets out the procedures to identify, assess and document the risk factors likely to impact on the Company's financial position, prospects and any changes and on the preparation and communication to the Directors of related information.

As part of its regular risk assessment procedures, the Board takes account of the significance of environmental, social and governance matters to the business of the Company. The Board has identified and assessed the significant ESG risks to the Company's short and long-term value, as well as the opportunities to enhance value that may arise from an appropriate response. Further information on the Company's approach to ESG can be found on pages 22 to 25.

FRAUDULENT ACTIVITY

Post year-end on 30 January 2020, the Investment Manager received fraudulent payment instructions for genuine invoices totalling $6.9m for construction work completed by a contractor to a USF project company. This resulted in payments being made to a third-party US bank account rather than to the Contractor's US bank account. In subsequent announcements the Company advised that $6.3m of the Payments had been recovered and returned to the Project Company's bank account.

The Company has now fully recovered the $6.9m with no impact to the Company's Net Asset value. In addition, there has been no impact to the relevant construction schedules or budgets.

The Board's investigation indicated that the Fraud is an isolated incident originating from outside the Investment Manager with no indication of collusion with any member of the Investment Manager's staff. When making the Payments, the Investment Manager complied with its relevant processes and procedures. The Investment Manager's parent, Evans Dixon, is conducting a review of relevant cyber security arrangements based on its established Cybersecurity Framework. Separately the Contractor is conducting a review of its own cybersecurity arrangements supported by an external cybersecurity consultant.

The Investment Manager, with the full support of the Board and at its own cost, appointed a global accounting firm to undertake a review of the Investment Manager's relevant financial processes and controls. US Solar Fund's Audit Committee Chair met with the global accounting firm in New York to discuss the engagement prior to it commencing. The review is now complete and, although it identified no material deficiencies, the Investment Manager is implementing the enhancements to its financial controls and processes suggested by the accounting firm.

ANTI-BRIBERY POLICY

The Company operates an anti-bribery policy to ensure that it meets its responsibilities arising from the Bribery Act 2010.

GILL NOTT
Chair

Date: 17 March 2020

COMPLIANCE WITH THE 2019 ASSOCIATION OF INVESTMENT COMPANIES (AIC) CODE

The below table sets out the Company's compliance with the 2019 AIC Code:

Section 5: Board Leadership and Purpose	
Principles	
Principle/Provision	**Details of how the Company complies**
A. A successful Company is led by an effective board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.	The Company has a Board of four non-executive directors, three of whom are considered to be independent. The Board has not appointed a Senior Independent Director.
B. The board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	The Board considers the Company's purpose, values and strategy, and satisfies itself that these and its culture are aligned on annual basis during its Strategy Day. This is also taken into consideration when evaluating the performance of the Investment Manager and its other Service Providers.
C. The board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The Board considers the Company's purpose, values and strategy, and satisfies itself that these and its culture are aligned on annual basis during its Strategy Day. This is also taken into consideration when evaluating the performance of the Investment Manager and its other service providers.
D. In order for the Company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	Representatives of the Investment Manager have met regularly with Shareholders during the year and have provided the Board with feedback on shareholder views and concerns. The Board have also made themselves available to those Shareholders who wished to meet them. The AGM, in particular provides the Board with an important opportunity, to make contact with Shareholders, who are invited to meet the Board informally following the formal business of the meeting.
E. [Intentionally left blank] [Per the AIC Code]	
Provisions	
1. The board should assess the basis on which the Company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy. For an investment Company, the annual report should also include the Company's investment objective and investment policy.	Please refer to the Principal Risks and Uncertainties Report on pages 26 to 29.
2. The board should assess and monitor its own culture, including its policies, practices and behaviour to ensure it is aligned with the Company's purpose, values and strategy.	This is undertaken as part of the Board evaluation process. The Company's purposes, values and strategy and their alignment to its culture are discussed annually at the Company's Strategy Day.
3. In addition to formal general meetings, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the Company's investment objective and investment policy. Committee chairs should seek engagement with shareholders on significant matters related to their areas of responsibility. The chair should ensure that the board as a whole has a clear understanding of the views of shareholders.	Representatives of the Investment Manager have met regularly with Shareholders during the year and have provided the Board with feedback on shareholder views and concerns. The Chair has also spoken with a number of Shareholders.

Provisions	
4. When 20 per cent or more of votes have been cast against the board recommendation for a resolution, the Company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.	There have been no general meetings to date.
5. The board should understand the views of the Company's other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.	The Board actively considers the views of the Company's other key Stakeholders. This is achieved through quarterly operational board reporting prepared by the Investment Manager. The Company provides disclosure relevant to the requirements of Section 172(1) a)-f) throughout the Strategic Report. The Company's relationships with suppliers, customers and contractors along with items relating to shareholders, Company reputation and investment decisions are contained within the Investment Manager's Report. Further discussion on the Company's operations impact on the community and the environment, is outlined in the Environmental, Social and Governance report.
6. The board should take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.	The Board regularly reviews its conflicts of interest register and significant shareholdings.
7. Where directors have concerns about the operation of the board or the Company that cannot be resolved, their concerns should be recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chair, for circulation to the board, if they have any such concerns.	The Board meets formally on a quarterly basis and meetings follow a formal agenda. The Chair is available for Directors to raise concerns. The Chair will seek specific opinions utilising the non-executives professional and general experience and capabilities. The Non-Executive Directors provide objective, rigorous and constructive challenge to the Investment Manager.
Section 6: Division of Responsibilities	
Principles	
F. The chair leads the board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	The Chair promotes an open and constructive environment in the boardroom and actively invites the Non-Executive Directors' views. Where appropriate, the Chair will seek specific opinions utilising the non-executives' professional and general experience and capabilities. The Non-Executive Directors provide objective, rigorous and constructive challenge to the Investment Manager.
G. The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making.	The Board comprises of four Non-Executive Directors of which the Chairman, Gill Nott, alongside Jamie Richards and Rachael Nutter are deemed to be independent of the Investment Manager. Josephine Tan is not considered to be independent from the Investment Manager.
H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.	The Board as part of its annual evaluation analyses the time required to meet their board responsibilities and confirm that they have sufficient time to meet them.
I. The board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Board supported by the Company Secretary keeps under regular review the policies, processes, information, time and resources it needs in order to function effectively and efficiently. There are regular review meetings between the Chair, Audit Chair, Investment Manager and Company Secretary to ensure effective and efficient functioning of the Board.

Provisions - Director Responsibilities	
8. The responsibilities of the chair, senior independent director, board and committees should be clear, set out in writing, agreed by the board and made publicly available. The annual report should set out the number of meetings of the board and its committees, and the individual attendance by directors.	These are set out in the Directors' Report on pages 32 to 34. The Annual Report also contains a Committee Report for each Committee. These can be found on pages 49 to 59.
9. When making new appointments, the board should take into account other demands on directors' time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior approval of the board, with the reasons for permitting significant appointments explained in the annual report.	There have been no additional board appointments during the period. On appointment, full details of duties and obligations are provided and are supplemented by further details as requirements change.
Provisions - Board and Director Independence	
10. At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent. The majority of the board should be independent of the manager. There should be a clear division of responsibilities between the board and the manager.	All the Directors are independent except for Josephine Tan who is not considered to be independent from the Investment Manager for the reasons set out on page 38.
11. The chair should be independent on appointment when assessed against the circumstances set out in Provision 13.	The Chair, Gill Nott, was independent on appointment.
12. On appointment, and throughout the chair's tenure, the chair should have no relationships that may create a conflict of interest between the chair's interest and those of shareholders, including: • being an employee of the manager or an ex-employee who has left the employment of the manager within the last five years; • being a professional adviser who has provided services to the manager or the board within the last three years; or • serving on any other boards of an investment Company managed by the same manager.	The Chair, on appointment and throughout her tenure, continues to have no relationships that may create a conflict of interest between her interest and those of shareholders. The Chair is and has always been independent of the Investment Manager, in the capacity of employee, professional adviser or serving on other boards managed by the same manager.
13. The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director: • has, or has had within the last three years, a material business relationship with the Company or the manager, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company or the manager; • has received or receives additional remuneration from the Company apart from a directors' fee; • has close family ties with any of the Company's advisers, directors or the manager; • holds cross-directorships or has significant links with other directors through involvement in other companies or bodies. Directors who sit on the boards of more than one Company managed by the same manager are entitled to serve as directors; however, they will not be regarded as independent for the purposes of fulfilling the requirement that there must be an independent majority; • represents a significant shareholder; or • has served on the board for more than nine years from the date of their first appointment. Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.	The Board comprises of four Non-Executive Directors of which the Chair, Gill Nott, alongside Jamie Richards and Rachael Nutter are deemed to be independent of the Investment Manager. Josephine Tan is not considered to be independent from the Investment Manager as she currently sits on the advisory board of the Australian Governance and Ethical Index Company, managed by a subsidiary of Walsh and Company Investments Limited, the parent Company of the Investment Manager.

14. The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.	Due to the size of the Board a senior independent director has not been appointed. The Chair and Investment Manager maintain appropriate communication with Shareholders. If required, the other non-executive Directors are available to Shareholders. As the Board is small, any issues are discussed and dealt with by the Board as a whole. In the circumstance that there would be any issues with the Chair, these would be dealt with by the remaining non-executive directors.
Provisions - Board Meetings	
15. The primary focus at regular board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, attribution analysis, marketing/investor relations, peer group information and industry issues.	The Board Agenda and key activities are described on pages 39 to 40 of this Report.
Provisions - Relationship with the Manager	
16. The board should explain in the annual report the areas of decision making reserved for the board and those over which the manager has discretion. Disclosure should include: • a discussion of the manager's overall performance, for example, investment performance, portfolio risk, operational issues such as compliance etc; • the manager's remit regarding stewardship, for example voting and shareholder engagement, and environmental, social and corporate governance issues in respect of holdings in the Company's portfolio. The board should also agree policies with the manager covering key operational issues.	The Board is responsible to Shareholders for the proper management of the Company and meets at least quarterly and on an ad hoc basis as required. It has a clearly articulated set of matters which are specifically reserved to it, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. A management agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager has authority, including monitoring and managing the existing investment portfolio and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors.
17. Non-executive directors should review at least annually the contractual relationships with, and scrutinise and hold to account the performance of, the manager. Either the whole board or a management engagement committee consisting solely of directors independent of the manager (or executives) should perform this review at least annually with its decisions and rationale described in the annual report. If the whole board carries out this review, it should explain in the annual report why it has done so rather than a separate management engagement committee. The Company chair may be a member of, and may chair, the management engagement committee, provided that they are independent of the manager.	The Management Engagement Committee carried out a performance review of the Investment Manager during the period. Details can be found in the Management Engagement Committee's Report on pages 57 to 59.
Provisions - Relationship with Other Service Providers	
18. The board should monitor and evaluate other service providers (such as the Company Secretary, custodian, depositary, registrar and broker). The board should establish procedures by which other service providers, should report back and the methods by which these providers are monitored and evaluated.	As the Company has been operating for less than a year, the Management Engagement Committee carried out a review of its main Service Providers; the Investment Manager and the Company Secretary.
19. All directors should have access to the advice of the Company Secretary, who is responsible for advising the board on all governance matters. Both the appointment and removal of the Company Secretary should be a matter for the whole board.	The Directors have access to the advice and services of the Company Secretary.
20. The directors should have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities properly.	Where necessary in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company.
Provisions - New Companies	
21. Where a new Company has been created by the manager, sponsor or other third party, the chair and the board should be selected and bought into the process of structuring a new launch at an early stage.	N/A

Section 7: Composition, Succession and Evaluation	
Principles	
J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	No appointments were made during the period. The process of recruiting a new director to replace Josephine Tan has commenced and will be subject to a formal, rigorous and transparent procedure.
K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	This is detailed on page 38 of this report.
L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	Details of the Annual Evaluation can be found on page 40 of this report.
Provisions	
22. The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to the board and oversee the development of a diverse pipeline for succession. A majority of members of the committee should be independent non-executive directors. If the board has decided that the entire board should fulfil the role of the nomination committee, it will need to explain why it has done so in the annual report. The chair of the board should not chair the committee when it is dealing with the appointment of their successor.	A Remuneration and Nomination Committee was formed on 16 May 2019. Due to the size of the Board and the nature of the Company's business, the entire Board fulfils the role of the Remuneration and Nomination Committee, with Rachael Nutter as Chair.
23. All directors should be subject to annual re-election. The board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the Company's long-term sustainable success.	In accordance with the AIC Code the Directors are subject to re-election at each AGM.
24. Each board should determine and disclose a policy on the tenure of the chair. A clear rationale for the expected tenure should be provided, and the policy should explain how this is consistent with the need for regular refreshment and diversity.	The Company's practice is to assume directors serve for a minimum three year term, subject to annual re-election by the shareholders.
25. Open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search consultancy is engaged it should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors.	There were no appointments made during the period.
26. There should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors. The chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. The external evaluator should be identified in the annual report and a statement made about any other connection it has with the Company or individual directors.	The Remuneration and Nomination Committee reviewed the results of the annual board and committees evaluation of the directors undertaken in 2019. It was concluded that the board members work effectively together to achieve the objectives and that each director continues to contribute effectively.
27. The chair should act on the results of the evaluation by recognising the strengths and addressing any weaknesses of the board. Each director should engage with the process and take appropriate action when development needs have been identified.	The results of the evaluation were good, no weaknesses in the Board capabilities were identified.
28. The annual report should describe the work of the nomination committee, (including where the whole board is acting as the nomination committee) including: • the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline; • how the board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition; and • the policy on diversity and inclusion, its objectives and linkage to Company strategy, how it has been implemented and progress on achieving the objectives.	This is detailed on page 39 of this report.
Section 8: Audit, Risk and Internal Control	
Principles	
M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	Please refer to the Audit Committee Report on pages 49 to 52.
N. The board should present a fair, balanced and understandable assessment of the Company's position and prospects.	This is detailed on pages 32 to 34 of this report.

O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.	This is detailed on pages 26 to 29 and pages 32 to 34.
Provisions	
29. The board should establish an audit committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies two. The chair of the board should not chair the committee but can be a member if they were independent on appointment. If the chair of the board is a member of the audit committee, the board should explain in the annual report why it believes this is appropriate. The board should satisfy itself that at least one member has recent and relevant financial experience. The committee as a whole shall have competence relevant to the sector in which the Company operates.	The Company has an Audit Committee which comprises three independent Non-Executive directors as its members. Jamie Richards is the Chair. Jamie is a chartered accountant and Gill and Rachael are considered to have recent and relevant financial experience.
30. The main roles and responsibilities of the audit committee should include: • monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained in them; • providing advice (where requested by the board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; • reviewing the Company's internal financial controls and internal control and risk management systems, unless expressly addressed by a separate board risk committee composed of independent non-executive directors, or by the board itself; • conducting the tender process and making recommendations to the board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; • reviewing and monitoring the external auditor's independence and objectivity; • reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements; • developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the board on any improvement or action required; and • reporting to the board on how it has discharged its responsibilities.	The main roles and responsibilities of Audit Committee are set out in its Report on pages 49 to 52. The primary role of the Committee in relation to financial reporting is to review with the Investment Manager, the Administrator and the Auditor the appropriateness of the half-year report and Annual Report and Financial Statements. During this review, the Board considers the material areas in which significant judgements have been applied such as fair value which is reviewed taking into account the timing of acquisition and ensuring the cost is accurate. The determination of the revenue or capital nature of a transaction is determined by giving consideration to the underlying elements of the transaction.
31. The annual report should describe the work of the audit committee including: • the significant issues that the audit committee considered relating to the financial statements, and how these issues were addressed; • an explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; • in the case of a board not accepting the audit committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the audit committee explaining its recommendation and the reasons why the board has taken a different position (this should also be supplied in any papers recommending appointment or reappointment); and • an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services.	The work of Audit Committee is detailed in its Report on pages 49 to 52. The Audit Committee is responsible for reviewing the Auditor's effectiveness taking into account the Auditor's performance against the audit plan as well as their understanding of the Company's risks and key accounting and audit judgements.
32. The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.	Please refer to the Audit Committee Report on pages 49 to 52.
33. The board should carry out a robust assessment of the Company's emerging and principal risks. The board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.	Principal risks are identified and reported on pages 26 to 29.

34. The board should monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	This is detailed on pages 26 to 29 of this report.
35. In annual and half-yearly financial statements, the board should state whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.	This is set out in the going concern and viability statements on pages 34 and 29 respectively.
36. Taking account of the Company's current position and principal risks, the board should explain in the annual report how it has assessed the prospects of the Company, over what period it has done so and why it considers that period to be appropriate. The board should state whether it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.	Please refer to the assessment of the viability statement on page 29.
Section 9: Remuneration	
Principles	
P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	Details of the remuneration policies and practices can be found in the Remuneration Report on pages 53 to 56.
Q. A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome.	The Remuneration and Nomination Committee has adopted defined terms of reference and duties which include ensuring that a formal and transparent procedure for developing policy on remuneration is established and that no director is involved in deciding their own remuneration outcome.
R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances.	Please refer to the Remuneration Committee Report on pages 53 to 56.
Provisions	
37. The board should establish a remuneration committee of independent non-executive directors with a minimum membership of three, or in the case of smaller companies, two. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as chair of the remuneration committee, the board should satisfy itself that the appointee has relevant experience and understanding of the Company. If the board has decided that the entire board should fulfil the role of the remuneration committee, it will need to explain why it has done so in the annual report.	The entire Board fulfils the role of the Remuneration and Nomination Committee, with Rachael Nutter as Chair. Rachael Nutter was independent on appointment. This is considered appropriate by the Directors due to the size of the Board.
38. The remuneration committee should have delegated responsibility for determining the policy and setting the remuneration for the chair.	The Remuneration policy is set out on page 54 of the Remuneration Committee's Report.
39. The remuneration of non-executive directors should be determined in accordance with the Articles of Association or, alternatively, by the board. Levels of remuneration for the chair and all non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors should not include share options or other performance-related elements. Provision should be made for additional directors' fees where directors are involved in duties beyond those normally expected as part of the director's appointment. In such instances the board should provide details of the events, duties and responsibilities that gave rise to any additional directors' fees in the annual report.	The Directors only receive fees and reasonable expenses for services as non-executive directors – no taxable benefits or bonuses are paid.
40. Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors. Independent judgement should be exercised when evaluating the advice of external third parties.	No remuneration consultant was appointed during the period.
41. The main role and responsibilities of the remuneration committee should include: • in conjunction with the chair, setting the directors' remuneration levels; and • considering the need to appoint external remuneration consultants.	The main role and responsibilities of the Remuneration and Nomination committee are set out on page 39. In addition, the terms of reference of the Committee are available on the Company's website.
42. There should be a description of the work of the remuneration committee in the annual report.	The work of the Remuneration and Nomination committee is set out on page 39.

10. Audit Committee's Report

10. Audit Committee's Report

The Audit Committee (the **Committee**) is chaired by Jamie Richards and comprises all of the Independent Directors set out on page 38. The Committee operates within clearly defined terms of reference and includes all matters indicated by Rule 7.1 of the UK FCA's DTRs and the AIC Code. The terms of reference were reviewed during the year under review and were updated to enhance the Committee's scope to consider key risks facing the Company. The Board is satisfied that the Committee is properly constituted with one member of the Committee who is a chartered accountant with recent and relevant financial experience.

The Committee meets a minimum of twice a year, and at such other times as the Committee shall require. Any Director who is not a member of the Committee, the Administrator and representatives of the Investment Manager may be invited to attend meetings as and when deemed appropriate.

ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The function of the Committee is to ensure that the Company maintains the highest standards of integrity, financial reporting, internal and risk management systems and corporate governance. The main duties of the Audit Committee are:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- reporting to the Board on the appropriateness of the Board's accounting policies and practices including critical judgement areas;
- reviewing the valuation of the Company's investments prepared by the Investment Manager, and making a recommendation to the Board on the valuation of the Company's investments;
- meeting regularly with the Auditor to review their proposed audit plan and the subsequent audit report and assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and nonaudit work;
- making recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor and approving their remuneration and the terms of their engagement;
- monitoring and reviewing annually the Auditor's independence, objectivity, expertise, resources, qualification and non-audit work;
- reviewing the effectiveness of the accounting and internal control systems of the Company and considering annually whether there is a need for the Company to have its own internal audit function;
- reviewing and considering the UK Code, the AIC Code, the FRC Guidance on Audit Committees and the Company's institutional investors' commitment to the UK Stewardship code; and
- reviewing the risks facing the Company and monitoring the risk matrix.

The Audit Committee is required to report formally to the Board on its findings after each meeting on all matters within its duties and responsibilities.

FINANCIAL REPORTING

The primary role of the Committee in relation to financial reporting is to review with the Investment Manager, the Administrator and the Auditor the appropriateness of the half-year report and Annual Report and financial statements, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- amendments to legislation and corporate governance reporting requirements and accounting treatment of new transactions in the year;
- the impact of new and amended accounting standards on the Company's financial statements;
- whether the Audit Committee believes that proper and appropriate processes and procedures have been followed in the preparation of the half year report and Annual Report and financial statements;
- whether the Annual Report and financial statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- material areas in which significant judgements and estimates have been applied or there has been discussion with the Auditor; and
- any correspondence from regulators in relation to the Company's financial reporting.

MEETINGS

During the year covered by this report, the Committee met formally on two occasions. The Committee considered and discussed the following matters:

- Consideration and agreement of the terms of reference of the Audit Committee for approval by the Board;
- Review of the Company's risk matrix;
- Review of the internal controls of the Investment Manager and Administrator;
- Review and approval of the audit plan of the Auditor and timetable for the interim and annual financial statements; and
- Detailed review of the interim financial statements.

INTERNAL AUDIT

The Committee considers at least once a year whether or not there is a need for an internal audit function. Currently it does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

EXTERNAL AUDIT

Deloitte was appointed at the Company's inception during the year as the external Auditor.

EFFECTIVENESS OF THE AUDIT PROCESS

To fulfil its responsibility regarding the independence of the Auditor, the Committee has considered:

- discussions with or reports from the Auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the Auditor and arrangements for ensuring the independence and objectivity and robustness and perceptiveness of the Auditor and their handling of key accounting and audit judgements.

To assess the effectiveness of the Auditor, the Committee has reviewed and challenged:

- the Auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit;
- feedback from other service providers evaluating the performance of the audit team;
- arrangements for ensuring independence and objectivity; and
- robustness of the Auditor in handling key accounting and audit judgements.

The Committee is satisfied with Deloitte's effectiveness and independence as Auditor, having considered the degree of diligence and professional scepticism demonstrated by them.

NON-AUDIT SERVICES

Details of fees paid to Deloitte during the year are disclosed in note 7 to the financial statements. The Committee approved these fees after a review of the level and nature of work to be performed, and are satisfied that they are appropriate for the scope of the work required.

The objectivity of the Auditor is reviewed by the Committee which also reviews the terms under which the external Auditor may be appointed to perform non-audit services. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to any non-audit work that the Auditor may undertake. In order to safeguard Auditor independence and objectivity, the Committee ensures that any other advisory and/or consulting services provided by the external Auditor do not conflict with its statutory audit responsibilities. Advisory and/or consulting services will generally only cover reviews of interim financial statements, tax compliance and capital raising work. Any non-audit services conducted by the Auditor outside of these areas will require the consent of the Committee before being initiated.

INDEPENDENCE

The Committee is required to consider the independence of the external Auditor. In fulfilling this requirement, the Committee has considered a report from Deloitte describing its arrangements to identify, report and manage any conflict of interest and the extent of non-audit services provided by them. The Committee has concluded that it considers Deloitte to be independent of the Company and that the provision of the non-audit services described above is not a threat to the objectivity and independence of the conduct of the audit.

AUDITOR'S TENURE

The Auditor is required to rotate the audit partner every five years. The current partner is in his first year of tenure. There are no contractual obligations restricting the choice of external auditor and the Company will consider putting the audit services contract out to tender at least every ten years. In line with the FRC's recommendations on audit tendering, this will be considered further when the audit partner rotates every five years. Under the Companies Law, the reappointment of the external Auditor is subject to shareholder approval at the AGM.

Having carried out the review described above and having satisfied itself that the Auditor remains independent and effective, the Audit Committee has recommended to the Board that Deloitte be reappointed as Auditor for the year ending 31 December 2020.

ANNUAL GENERAL MEETING

The Chairman of the Committee will be present at the Company's AGM to answer questions on the Audit Committee's activity and matters within the scope of the Audit Committee's responsibilities.

JAMIE RICHARDS

Chairman of the Audit Committee

17 March 2020

11. Directors' Remuneration Report

11. Directors' Remuneration Report

The Board has prepared this report in line with the AIC Code as well as the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) and the Companies Act 2006.

Under the requirements of Section 497 of the Companies Act 2006, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on pages 60 to 67.

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION & NOMINATION COMMITTEE

The Committee comprises of the full US Solar Fund Plc Board and consists solely of Non- Executive Directors. Three of the Directors are independent from the Investment Manager, however, Ms Tan is not considered independent from the Manager. The Committee considers at least annually the level of the Board's fees.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Remuneration and Nomination Committee comprises the entire Board with Rachael Nutter as Chair. The Committee has responsibility for reviewing the remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role, and meets at least annually. The Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate.

During the year neither the Board nor the Committee has been provided with external advice or services by any person, but has received industry comparison information from the Investment Manager in respect of the Directors' remuneration. The remuneration policy set by the Board is described below. Individual remuneration packages are determined by the Remuneration and Nomination Committee within the framework of this policy.

The Directors are not involved in deciding their own individual remuneration with each Director abstaining from voting on their own remuneration.

REMUNERATION POLICY

Below is the Fund's remuneration policy. This policy was adopted on 19 November 2019 and will be put to a Shareholder vote at the forthcoming AGM.

POLICY

The Company's policy is that the remuneration of Non-Executive Directors should be determined with due regard to the experience of the Board as a whole, the time commitment required and to be fair and comparable to that of other non-executive directors of similar companies. The Company may also periodically choose to benchmark directors' fees with an independent review, to ensure they remain competitive, fair and reasonable.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association which states that the Directors' remuneration for their services in the office of director shall, in the aggregate not exceed £500,000 per annum or such higher figure as the Company, by ordinary resolution, determines. The Directors may elect to apply the cash amount equal to their annual fee to subscribe for or to purchase ordinary shares. Directors' fees will be reviewed at least annually.

The Directors are entitled only to their annual fee and to be reimbursed for any expenses properly and reasonably incurred by them respectively in and about the business of the Company or in the discharge of his or her duties as a director.

Any director who performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such reasonable additional remuneration to be determined by the Directors or any committee appointed by the Directors and such additional remuneration shall be in addition to any remuneration provided for by way of their annual fee and their reasonable expenses.

No element of the Directors' remuneration is performance related, nor does any director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

The Directors hold their office in accordance with the Articles and their appointment letters. No director has a service contract with the Company, nor is any such contract proposed. The Directors' appointments can be terminated in accordance with the Articles and without compensation.

RETIREMENT BY ROTATION

In accordance with the Articles of Association, the requirements of the AIC Code and the Board's policy, all the Directors will retire annually. Gill Nott, Jamie Richards and Rachael Nutter, being eligible, will offer themselves for re-election. Biographical notes on the Directors are given on page 31. The Board believes that each Director's skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board. Josephine Tan will not offer herself for re-election at the upcoming AGM. No Director has a contract of service with the Company.

DETAILS OF DIRECTORS' REMUNERATION (AUDITED)

The emoluments in respect of qualifying services of each person who served as a Director during the period are shown below. All of the Directors are paid a basic annual fee of £40,000 quarterly in arrears for their services. In addition to this fee, Gill Nott is paid an additional £20,000 per annum for her role as Chair of the Board. Jamie Richards is paid an additional £10,000 per annum for serving as Chair of the Audit committee. No Director has waived or agreed to waive any emoluments from the Company in the current year. No other remuneration was paid or payable by the Company during the current period nor were any expenses claimed by or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

DIRECTOR	CURRENT ANNUAL FEE (£)	FEES PAID FROM 15 FEB - 31 DEC 19 (£)
Gillian Nott*	60,000	52,308
Jamie Richards**	50,000	43,590
Rachael Nutter	40,000	34,872
Josephine Tan	40,000	34,872
Total	**190,000**	**165,642**

*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.

The Directors who held office during the year and their interests in the issued shares of 1p each of the Company were as follows:

DIRECTOR	NUMBER OF ORDINARY SHARES
Gillian Nott	66,000
Jamie Richards	65,495
Rachael Nutter	26,196
Josephine Tan	26,196
Total	**183,887**

All of the Directors' share interests shown above were held beneficially.

APPROVAL OF THE REMUNERATION REPORT

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to Shareholders at the forthcoming Annual General Meeting.

APPROVAL OF THE REMUNERATION POLICY

In addition, Resolution 3, which is seeking shareholder approval for the Directors' Remuneration Policy, will, if approved, take effect from the AGM and will be valid for a period of three years unless renewed, varied or revoked by the Company at a general meeting.

COMPANYWIDE CONSIDERATIONS

There are no executive directors, nor are there any employees of the Company, so there are no statements to make on any consultations, comparisons or pay and employment conditions within the Company.

STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS

No comments were received in meetings held with Shareholders in 2019 in relation to directors' fees. Following publication of the 2019 Annual Report and prior to the AGM, the Company will offer to meet with Shareholders to discuss the Company's performance and prospects and give Shareholders the opportunity to ask questions about the Remuneration Policy and levels of remuneration.

This Directors' Remuneration Report was approved by the Board on 17 March 2020 and is signed on its behalf by Rachael Nutter (Director and Chair of the Remuneration and Nomination Committee).

RACHAEL NUTTER
Director

17 March 2020

12. Management Engagement Committee's Report

12. Management Engagement Committee's Report

The Management Engagement Committee is comprised of the entire Board and chaired by Rachael Nutter. The Committee's two principal functions are:

- to review annually the compliance by the Investment Manager with the Company's investment policy as established by the Board and with the investment management agreement entered into between the Company and the Investment Manager from time to time (the "Management Agreement"); and
- to review annually the performance of any other key service providers to the Company.

The Committee is required to report formally to the Board on its findings after each meeting on all matters within its duties and responsibilities.

INVESTMENT MANAGER REVIEW

When reviewing the Investment Manager's performance, the Committee considers:

- the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviews significant financial reporting judgements contained in them;
- the Investment Manager's compliance with the terms of the Management Agreement;
- the terms of the Management Agreement to ensure that the terms thereof comply with all relevant regulatory requirements, conform with market and industry practice and remain in the best interests of shareholders;
- the merit of obtaining an independent appraisal of the Investment Manager's services;
- the level and method of remuneration of the Investment Manager pursuant to the terms of the Management Agreement, including the methodology of calculation of the relevant annual fee. The review of these fee arrangements shall seek to ensure that the methodology does not encourage excessive risk and that it rewards demonstrably superior performance by the Investment Manager in managing or advising on the portfolio against the stated investment objective when compared to a suitable benchmark or peer group;
- whether the continuing appointment of the Investment Manager on the agreed terms is in the best interests of the Company and shareholders and whether any recommendations should be made to the Board in this respect;
- the adequacy and security of the Investment Manager's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and
- the relationship with the Investment Manager including (but not limited to):
  - making recommendations on the Investment Manager's remuneration;
  - approving of the terms of engagement of the Investment Manager and the terms of the Management Agreement;
  - assessing annually the Investment Manager's independence and objectivity taking into account relevant regulatory requirements;
  - assessing annually the qualifications, expertise and resources of the Investment Manager; and
  - meeting regularly with the Investment Manager and at least twice a year, to discuss the Investment Manager's remits, the performance of the Company's investments and any issues arising from the management of the Company's investments.

OTHER SERVICE PROVIDERS

The Committee also reviews the performance of the Company's other service providers and in particular:

- monitors compliance by providers of other services to the Company with the terms of their respective agreement from time to time;
- reviews and considers the appointment and remuneration of providers of services to the Company; and
- considers any points of conflict which may arise between the providers of services to the Company.

COMMITTEE MEETINGS

The Committee met once in the period under review and all members were present. During this meeting, the Committee's terms of reference were adopted. The Committee also carried out a review of the Investment Manager's performance during which it was noted that the Investment Manager had complied with the terms of its engagement and had met its obligations to the Company. The International Standard on Assurance Engagements (ISAE) Report for JTC (UK) Limited was tabled at a Board Meeting during the period and following its review the Board was satisfied with the controls in place and the performance of the Company Secretary.

A Manager Review Paper was also reviewed at the meeting. This paper, which focuses on the Investment Manager's performance in respect of Investment Process and Performance, Business Process and Business Continuity, Marketing, Legal, Regulatory and Corporate Governance, and Shareholders Communications will be used by the Committee as an additional tool to analyse performance going forwards.

The Board also reviewed a Service Provider Questionnaire which will be used to assess each Service Provider to the Company's performance and terms of engagement. The Committee did not consider it appropriate to carry out a full performance review of all its service providers at its last meeting as only a few months had passed since these had been engaged and all letters of engagement and fees were carefully considered by the Board.

RACHAEL NUTTER

Director

17 March 2020

13. Independent Auditor's Report

13. Independent Auditor's report to the members of US Solar Fund plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion the financial statements of US Solar Fund plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss and other comprehensive income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

2. BASIS FOR OPINION

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the company for the year are disclosed in note 7 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

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

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matter that we identified in the current year was: • Fair value of investments
Materiality	The materiality that we used in the current year was £3.9 million which was determined on the basis of total shareholders equity.
Scoping	As the company is required to measure its subsidiaries at fair value rather than consolidate on a line-by-line basis, the company has been treated as having only one component.

4. CONCLUSIONS RELATING TO GOING CONCERN, PRINCIPAL RISKS AND VIABILITY STATEMENT

4.1. Going concern

We have reviewed the directors' statement in Note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the company, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2. Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 27 to 29 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' confirmation on page 27 that they have carried out a robust assessment of the principal and emerging risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation, on page 29, as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the company to continue over the time horizon considered appropriate by the directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. KEY AUDIT MATTERS

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Fair value of investments

Key audit matter description	The company's investments held at fair value, comprise of investments in an intermediate holding company and its associated debt interest. The company has made three initial investments via this subsidiary entity during the period and one further investment subsequent 31 December 2019. The total value of investments, including loan receivables, recognised at fair value as at the reporting date is £119 million. The valuation of investments requires significant judgements given there is no liquid or quoted price information available for the investments made. Given the proximity of the investments made to the reporting date the company has recognised investments at cost and therefore assumes that cost is a reasonable representation for fair value at the reporting date. The risk is disclosed as a critical accounting judgement in note 3 of the financial statements. A breakdown of the investments and the assumptions applied to the valuation are described in note 10 and note 17 of the financial statements.
How the scope of our audit responded to the key audit matter	The timing, nature and extent of our audit procedures were directed to assess the the appropriateness of management's assumption that purchase price of investments is a reasonable representation for fair value at the reporting date. As such we have considered evidence available to support the assumptions made by management and the sensitivity of the valuation to reasonably possible changes in these assumptions. We challenged these assumptions and the valuation recognised through the following procedures: Obtaining an understanding and evaluated the design and implementation of the relevant controls related to the valuation process at 31 December 2019; Holding meetings with the investment manager to understand the basis for assuming cost approximates fair value at the reporting date for the investments made; Reviewing legal documentation and correspondence related to the acquisition of investments to assess whether the company has the rights and obligations to recognise the investments at the reporting date; Reviewing evidence in respect of the acquisition process to challenge the assumption that the investments were made through a competitive process and therefore the consideration payable reflects a fair market value at the date of acquisition; Review of methodology applied in determining fair value and challenge of key assumptions through the use of benchmarking against third party sources; using macroeconomic data (including inflation and tax rate forecasts) and observable market data to benchmark key assumptions; reviewing the share purchase agreements for any newly acquired assets in order to agree the acquisition cost and the nature and amount of any deferred consideration that may be embedded in the valuation; performing sensitivity analysis over key assumptions to assess the impact on valuations recognised; and reviewing the adequacy of the disclosures made in the financial statements.
Key observations	Based on the audit procedures performed we have concluded that the valuations recognised are appropriate.

6. OUR APPLICATION OF MATERIALITY

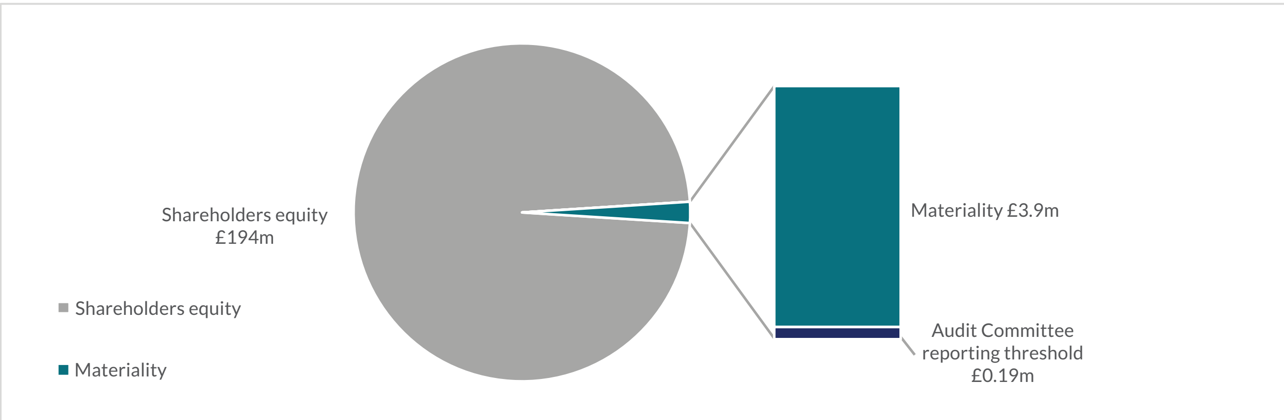
6.1. Materiality

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

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

Materiality	£3.9 million
Basis for determining materiality	2% of total shareholders equity
Rationale for the benchmark applied	We consider equity to be the key benchmark used by members of the Company in assessing financial performance. Net asset value is a key metric communicated to shareholders and investors , due to the nature of the company as an investment entity, and reflects both the performance and position of the Company.

A lower materiality threshold of £0.2 million based upon 5% of expenses has also been applied to all administrative expenses and related balances recognised within the statement of financial position at the reporting date. The use of a lower materiality threshold reflects the nature of these transactions being primarily from related parties.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit. In determining performance materiality, we considered the following factors:

a. our understanding of the control environment relevant to the financial reporting process;
b. no significant changes in the business during the year against the expected business plan and strategy communicated as part of the IPO process;
c. relative complexity of operations and stage of investment lifecycle in the current period.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.19 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As the company is required to measure its subsidiaries at fair value rather than consolidate on a line-by-line basis, the company has been treated as having only one component and this all of the work was carried out by one audit team.

8. OTHER INFORMATION

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

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

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

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

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. RESPONSIBILITIES OF DIRECTORS

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

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

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

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

the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;

- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud including the fraudulent transactions arising after the period end date as disclosed on page 5;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the assessment of the fair value of investments and transactions with related parties. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Tax legislation, Alternative Investment Fund Managers (AIFM) Directive, Non-Mainstream Pooled Investments regulations and the Listing Rules.

11.2. Audit response to risks identified

As a result of performing the above, we identified the assessment of the fair value of investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud in the related party transactions, we have challenged management on the rationale for all transactions entered into and reviewed the accounting treatments adopted by management against the specific contractual terms and arrangements associated with each individual transaction and reviewed the related disclosures in the financial statements; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

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

13. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

13.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

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

We have nothing to report in respect of these matters.

14. OTHER MATTERS

14.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the directors on 30 June 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 year.

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

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

15. USE OF OUR REPORT

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

Anthony Matthews

ANTHONY MATTHEWS FCA

(*Senior Statutory Auditor*)
for and on behalf of Deloitte LLP
Statutory Auditor
London

Date: 17 March 2020

Financial Statements

14. Statement of Profit and Loss and Other Comprehensive Income

	NOTES	10 January 2019 to 31 December 2019		
		Revenue	**Capital**	**Total**
		USD	**USD**	**USD**
Net gain on investments at fair value through profit and loss	10	–	472,416	472,416
Interest income	6	1,944,795	–	1,944,795
		1,944,795	**472,416**	**2,417,211**
Expenditure				
Administrative and other expenses	7	(2,120,851)	–	(2,120,851)
Operating profit / (loss) for the period		**(176,056)**	**472,416**	**296,360**
Gain / (loss) on foreign exchange		2,765	(153,045)	(150,280)
Profit / (loss) before taxation		**(173,291)**	**319,371**	**146,080**
Taxation	8	–	–	–
Profit / (loss) and Total Comprehensive Income for the period		**(173,291)**	**319,371**	**146,080**
Earnings per share (basic and diluted)	9	(0.001)	0.002	0.001

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

The Total column of this statement represent the 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 as further explained in note 2.

The notes on pages 73 to 88 form an integral part of these financial statements.

15. Statement of Financial Position

	Notes	31 December 2019
		USD
Non-current assets		
Investment held at fair value	10	119,472,416
		119,472,416
Current assets		
Trade and other receivables	11	88,744
Cash and cash equivalents	12	76,458,662
		76,547,406
Total assets		**196,019,822**
Current liabilities		
Trade and other payables	13	603,641
Dividends payable	14	1,000,461
Net current assets		**74,943,304**
Total net assets		**194,415,720**
Shareholders equity		
Share capital	18	2,000,923
Share premium	18	89,350
Capital reduction reserve	18	192,179,367
Capital reserve	19	319,371
Retained earnings	19	(173,291)
Total shareholders equity		**194,415,720**
Net asset value per share	20	0.972

The financial statements of US Solar Fund Plc (registered number 11761009) were approved by the Board of Directors and authorised for issue on • March 2020. They were signed on its behalf by:

GILL NOTT

Director

Date: 1 March 2020

The notes on pages 73 to 88 form an integral part of these financial statements.

16. Statement of Changes in Equity

	Notes	Share capital	Share premium	Capital reduction reserve	Capital reserve	Retained earnings	Total equity
		USD	USD	USD	USD	USD	USD
Balance at 10 January 2019		**–**	**–**	**–**	**–**	**–**	**–**
Issue of share capital	18	2,000,923	198,089,350	–	-	–	200,090,273
Equity issue costs	18	–	(4,000,000)	–	–	–	(4,000,000)
Transfer to capital reduction reserve	18	–	(194,000,000)	194,000,000	–	–	–
Dividends	14	–	–	(1,820,633)	–	–	(1,820,633)
Profit & total comprehensive income for the period		–	–	–	319,371	(173,291)	146,080
Balance at 31 December 2019		**2,000,923**	**89,350**	**192,179,367**	**319,371**	**(173,291)**	**194,415,720**

The notes on pages 73 to 88 form an integral part of these financial statements.

17. Statement of Cash Flows

	Notes	10 January 2019 to 31 December 2019
		USD
Cash flows from operating activities		
Profit before tax for the period		146,080
Adjustments for:		
Net gain on investments at fair value through profit and loss	10	(472,416)
Equity settled management fee		90,273
Losses on foreign exchange		150,280
Operating cash flows before movements in working capital		**(85,783)**
Increase in trade and other receivables	11	(54,443)
Increase in trade and other payables	13	603,641
Increase in interest receivable		(34,301)
Net cash generated in operating activities		**429,114**
Cash flows used in investing activities		
Purchases of investments	10	(76,000,000)
Loan advanced	10	(43,000,000)
Net cash outflow from investing activities		**(119,000,000)**
Cash flows used in financing activities		
Dividends paid	14	(820,172)
Proceeds from issue of ordinary shares at a premium	18	200,000,000
Share issue costs	18	(4,000,000)
Net cash inflow from financing activities		**195,179,828**
Net increase in cash and cash equivalents for the period		76,608,942
Effect of foreign exchange rate movements		(150,280)
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period	**12**	**76,458,662**

The notes on pages 73 to 88 form an integral part of these financial statements.

Notes to the Financial Statements

18. Notes to the Financial Statements

FOR THE PERIOD FROM 10 JANUARY 2019 (INCORPORATION DATE) TO 31 DECEMBER 2019

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 The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF. 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 financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations adopted by the European Union and also considers 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 financial statements have been prepared on a historical cost basis, except where balances are recognised at fair value. The principal accounting policies are set out in Note 5.

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 whether an item should be recognised as revenue or capital (or part revenue and part capital) is carried out in accordance with the recommendations and principles as set out in the SORP.

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

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 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 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.

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

JUDGEMENTS

ASSESSMENT AS AN INVESTMENT ENTITY

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them unless they provided investment related services to the Company. To determine that the Company continues to meet the definition of an investment entity, the Company is required to satisfy the following three criteria:

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

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

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

The Company meets the criteria as follows:

- the Company provides investment management services and has several investors who pool their funds to gain access to infrastructure related investment opportunities that they might not have had access to individually;
- 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 will typically be co-located with the solar power plant (together, Solar Power Assets) located in North America and other OECD countries in the Americas; and
- the Company measures and evaluates the performance of all of its investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to Directors, who use fair value as the primary measurement attribute to evaluate performance.

The Directors are of the opinion that the Company has all the typical characteristics of an investment entity and continues to meet the definition in the standard. This conclusion will be reassessed on an annual basis.

In respect of the second criterion the Company's purpose is to invest funds for returns from capital appreciation and investment income. In respect of the requirement that investments should not be held indefinitely but should have an exit strategy for their realisation the Company may hold these assets until the end of their expected useful lives, unless there is an opportunity in the market to dispose of the investments at a price that is considered appropriate. There continues to be an active secondary market for renewables projects in the countries in which we operate.

As at 31 December 2019, the Company only had one subsidiary, USF Holding Corp. Being an investment entity, it is measured at fair value as opposed to being consolidated on a line-by-line basis, meaning its cash, debt and working capital balances are included in the fair value of investments rather than the Group's current assets.

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. 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. As at 31 December 2019, the fair value of the underlying investments has been assessed as equivalent to their cost. This assessment is considered to be a significant estimate at year end, as the assumptions used are subject to measurement uncertainty and possible changes could be significant. Refer to note 17 for further year-end detail on the fair value measurement as at 31 December 2019.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS

APPLICATION OF NEW AND REVISED STANDARDS

This following standards are required to be adopted in annual periods beginning on or after 1 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

There are no standards, amendments or interpretations in issue at the reporting date which have been issued but are not yet effective and are deemed to be material to the Company.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements have been consistently applied during the period ended 31 December 2019.

The principal accounting policies applied in the preparation of the financial statements are set out below:

SEGMENTAL INFORMATION

The Board is of the opinion that the Group 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.

INCOME

Income comprises interest income (bank interest and loan interest). Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Loan interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

No income is earned from contracts with customers and as such IFRS 15 has not been applied.

EXPENSES

Operating expenses are the Company's costs incurred in connection with the on-going management of the Company's investments and administrative costs. Operating expenses are accounted for on an accruals basis.

The Company's management and administration fees, finance costs and all other expenses are charged through the Statement of Profit and Loss and Other Comprehensive Income.

Directly attributable acquisition costs of assets are capitalised on purchase of assets. Costs directly relating to the issue of Ordinary Shares are charged to share premium.

NET GAIN OR LOSS ON INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Company recognises movements in the fair value of investments in subsidiaries through profit and loss.

TAXATION

The Company is approved as an Investment Trust Company under sections 1158 and 1159 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 Statutory Instrument 2011/29999 for accounting periods commencing on or after 25 May 2018. The approval is subject to the Company continuing to meet the eligibility conditions of the Corporations Tax Act 2010 and the Statutory Instrument 2011/29999. The Company intends to ensure that it complies with the Investment Trust Company regulations on an ongoing basis and regularly monitors the conditions required to maintain Investment Trust Company status.

From 1 April 2015 there is a single corporation tax rate of 19%. Tax is recognised in the Statement of Profit and Loss and Other Comprehensive Income except to the extent that it relates to the items recognised as direct movements in equity, in which case it is similarly recognised as a direct movement in equity. Current tax is the expected tax payable on any taxable income for the period, using tax rates enacted or substantively enacted at the end of the relevant period.

INVESTMENT IN SUBSIDIARIES

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary entity and has the ability to affect those returns through its power over the subsidiary entity. In accordance with the exception under IFRS 10 Consolidated financial statements, the Company is an investment entity.

The Company does not have any subsidiaries that provide investment management services and are not themselves investment entities. As a result the Company does not consolidate any of its subsidiaries.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and deposits held with the bank.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost less loss allowance which is calculated using the provision matrix of the expected credit loss model, the effect of which is considered immaterial.

TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently stated at amortised cost.

EQUITY

Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of directly attributable issue costs. Costs not directly attributable to the issue are immediately expensed in the Statement of Profit and Loss and Other Comprehensive Income. The Company's capital is represented by the Ordinary Shares, Share Premium (until cancellation), Accumulated losses and Capital Reduction Reserve.

FINANCIAL INSTRUMENTS

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of amortised cost or fair value through profit or loss. None of the financial instruments are classified as fair value through other comprehensive income.

FINANCIAL ASSETS

The Company classifies its financial assets at amortised cost or fair value through profit or loss on the basis of both:

- the entity's business model for managing the financial assets
- the contractual cash flow characteristics of the financial asset

FINANCIAL ASSETS MEASURED AT AMORTISED COST

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including cash and financial instruments classified as trade and other receivables.

FINANCIAL ASSET MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (**FVPL**)

A financial asset is measured at fair value through profit or loss if:

a) its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (**SPPI**) on the principal amount outstanding; or

b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

c) it is classified as held for trading (derivative contracts in an asset position).

The Company's investment in subsidiaries (which comprises both debt and equity) is held at fair value through profit or loss under IFRS 9 as the equity portion of the investment does not meet the SPPI test nor will the Company elect to designate the investments at fair value through other comprehensive income. The debt investment forms part of a group of assets that are managed and the performance evaluated on a fair value basis.

The Company includes in this category equity instruments including investments in subsidiaries (which comprises both debt and equity). There are no consolidated subsidiaries.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

This category includes all financial liabilities, other than those measured at fair value through profit or loss, including short-term payables.

RECOGNITION AND DERECOGNITION

Financial assets are recognised on trade date, the date on which the Company commits to purchase or sell an asset. A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

IMPAIRMENT OF FINANCIAL ASSETS

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there has been no impairment loss identified. Investment held at fair value through profit or loss is not subject to IFRS 9 impairment requirements.

The company holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such has chosen to apply an approach similar to the simplified approach for expected credit losses (**ECL**) under IFRS 9 to all of its trade receivables.

Interest receivable on cash balances, fall within the scope of IFRS 9. The Company has completed some high-level analysis and forward looking qualitative and quantitative information, the Directors consider the interest receivable to be low credit risk as the deposits are held with reputable financial institutions.

For interest receivable that are low credit risk, IFRS 9 allows a 12 month expected credit loss to be recognised. The Directors have concluded that any ECL on the interest receivable would be immaterial to the Annual Financial Statements and therefore no impairment adjustments were accounted for.

FAIR VALUE MEASUREMENT AND HIERARCHY

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market. It is based on the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. A fair value measurement of a non-financial asset takes into account the best and highest value use for that asset.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

The fair value hierarchy to be applied under IFRS 13 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.

For assets and liabilities that are carried at fair value and which will be recorded in the financial information on a recurring basis, the Company will determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

6. INTEREST INCOME

	31 December 2019 USD
Bank interest	1,944,795
	1,944,795

7. ADMINISTRATIVE AND OTHER EXPENSES

	31 December 2019 USD
Administrative fees	97,458
Director & officer insurance	25,660
Directors fees	230,105
Fees payable to the Company's auditor for the audit of the Company's financial statements[1]	52,738
Fees payable to the Company's auditor for non-audit services[2]	19,957
Investment Management expenses	111,544
Investment Management fees	1,393,870
Legal and professional fees	62,863
Regulatory fees	13,684
Sundry expenses	112,972
	2,120,851

1. During the year, the Company's auditor, Deloitte, was paid GBP76,500 for their role as reporting accountant prior to the IPO. This fee was recognised directly in equity as a cost associated with the initial capital raising of the Company.
2. The non-audit services provided related to the review of the initial financial statements.

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

8. TAXATION

The Company is approved as an Investment Trust Company with effect as of 16 April 2019 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 31 December 2019.

	31 December 2019 USD
a) Tax charge in profit or loss	
UK corporation tax	–

		31 December 2019 USD		
		Revenue	**Capital**	**Total**
b) Reconciliation of the tax charge for the period				
Profit before tax		(173,291)	319,371	146,080
Tax at UK main rate of 19%	19%	(32,925)	60,680	27,755
Tax effect of:				
Fair value gains/(losses) on investments not taxable	204.89%	–	299,309	299,309
Foreign exchange loss not deductible	19.91%	–	29,079	29,079
Non-deductible expenditure	3.35%	4,888	–	4,888
Tax credit/designated as interest distributions	(247.15%)	(361,031)	–	(361,031)
Tax charge for the period	**–%**	**(389,068)**	**389,068**	**–**

The tax credit of $361,031 arose as a result of dividends payable in respect of the period being designated as interest distributions in accordance with UK tax legislation specific to Investment Trust Companies.

9. 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.

	31 December 2019 USD
Net profit attributable to ordinary shareholders	146,080
Weighted average number of ordinary shares for the period	200,065,051
Earnings per share – Basic and diluted	**0.001**

10. INVESTMENT IN SUBSIDIARY

The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries but, rather, recognises them as investments held at fair value through profit or loss. The Company is not contractually obligated to provide financial support to the subsidiary and there are no restrictions in place on passing monies up the structure.

	Place of business	Percentage ownership
USF Holding Corp. Delaware, US	Delaware	100%

	Opening equity and loan USD	Equity acquisitions during the period USD	Loans: principal advanced USD	Net fair value movement USD	Closing balance: equity and loans USD
USF Holding Corp. Delaware, US	–	76,000,000	43,000,000	472,416	**119,472,416**

The net fair value movement comprises the following:

	Interest Income USD	Operating Costs USD	Total USD
Net fair value movement	777,806	(305,390)	**472,416**

Within the net results presented above are intercompany interest charges of $377,253 and intercompany MSA fees of $2,047,726. On 28 June 2019, the Company entered into a Management Services Agreement (**MSA**) with its subsidiary USF Holding Corp. The Board of the Company, with further assistance by delegation of duties to the Investment Manager, will provide strategic management services to USF Holding Corp as it pursues investment into US solar plants. The fair value movement in the period to 31 December 2019 includes an MSA fee of $2,047,726.

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

	US Solar fund 31 December 2019 USD
Purchase price of underlying solar asset interests held (i)	97,857,436
Cash or cash equivalents	41,693,039
3rd party loan funding provided (ii)	(22,800,746)
Fair value of interest rate swaps on 3rd party loan funding provided (ii)	2,941,464
Other net assets/liabilities	(218,777)
Investment balance	**119,472,416**

(i) The balance recorded at 31 December 2019 relates to the Company's purchase price of the Olympos Acquisition One, Acquisition Two, and Acquisition Three, Granite and Preserve portfolio solar asset plants.

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

Issuing bank	Loan type	Held by	Facility size (USDm)	Drawn Face Value (USDm)	Drawn Fair Value[30] (USDm)
Zions Bancorporation, N.A.	Construction Loan	USF Bristol Class B Member, LLC	24.3	11.4	9.9
KeyBank National Association	Construction Loan	USF Bristol Class B Member, LLC	24.3	11.4	9.9
Zions Bancorporation, N.A.	ITC Bridge Loan	USF Bristol Class B Member, LLC	43.8	–	–
KeyBank National Association	ITC Bridge Loan	USF Bristol Class B Member, LLC	35.4	–	–

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. $22.8 million of the construction loan was drawn 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 31 December 2019, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of $2.9 million.

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.

11. TRADE AND OTHER RECEIVABLES

	31 December 2019 USD
Deposit interest receivable	34,301
Prepayments	12,883
VAT receivable	41,560
	88,744

12. CASH AND CASH EQUIVALENTS

	31 December 2019 USD
Cash at bank	85,914
Deposits held at bank	76,372,748
	76,458,662

13. TRADE AND OTHER PAYABLES

	31 December 2019 USD
Creditors and Operating Accruals	112,499
Investment Management Fee Accrual	491,142
	603,641

14. DIVIDENDS PAYABLE

During the year the Company declared dividends totalling $1,820,633 of which $820,172 has been paid. The Company paid a dividend of 0.50 cents per share, totalling $1,000,461 for the period ending 30 September 2019. The dividend was paid on 7 February 2020.

30 Includes mark-to-market revaluation of associated interest rate swaps of $2.9 million

15. CATEGORIES OF FINANCIAL INSTRUMENTS

	31 December 2019 USD
Financial assets	
Financial assets at fair value through profit and loss:	
Investment in subsidiary	119,046,423
Financial assets at amortised cost:	
Trade and other receivables	34,301
Cash at bank	76,458,662
Total financial assets	**76,492,963**
Financial liabilities	
Financial liabilities at amortised cost:	
Trade and other payables	603,641
Total financial liabilities	**603,641**

At the balance sheet date, all financial assets and liabilities were measured at amortised cost except for the investment in subsidiary which is measured at fair value as further explained in note 17.

16. FINANCIAL RISK MANAGEMENT

The Company is exposed to certain risks through the ordinary course of business and the Company's financial risk management objective is to minimise the effect of these risks. The management of risks is performed by the Directors of the Company and the exposure to each financial risk considered potentially material to the Company, how it arises and the policy for managing it is summarised below:

CREDIT RISK

The Company is exposed to third party credit risk in several instances and the possibility that counterparties with which the Company and its subsidiaries, together the Group, contracts may fail to perform their obligations in the manner anticipated by the Group.

Counterparty credit risk exposure limits are determined based on the credit rating of the counterparty. Counterparties are assessed and monitored on the basis of their ratings from Standard & Poor's and/or Moody's. No financial transactions are permitted with counterparties with a credit rating of less than BBB- from Standard & Poor's or Baa3 from Moody's unless specifically approved by the Board.

Cash and other assets that are required to be held in custody will be held at bank. Cash and other assets may not be treated as segregated assets and will therefore not be segregated from the banks own assets in the event of the insolvency of a custodian. Cash held with the bank will not be treated as client money subject to the rules of the FCA and may be used by the bank in the ordinary course of its own business. The Company will therefore be subject to the creditworthiness of the bank. In the event of the insolvency of the bank, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all.

Credit risk is managed by diversifying exposures among a portfolio of counterparties and through applying credit limits to those counterparties with lower credit standing.

Credit exposures may also be managed using credit derivatives. No credit derivatives were in place as at 31 December 2019.

Cash and bank deposits are held with major international financial institutions who each hold a Moody's credit rating of A2 or higher.

LIQUIDITY RISK

The objective of liquidity management is to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding. The Company's only financial liabilities are trade and other payables. The Company intends to hold sufficient cash across operating accounts to meet the working capital needs over a horizon of at least the next 6 months. Cash flow forecasts are prepared on a six-monthly basis to assist in the ongoing analysis of daily cash flow.

The following table reflects the maturity analysis of financial assets and liabilities.

As at 31 December 2019	< 1 year USD	1 to 2 years USD	2 to 5 years USD	> 5 years USD	Total USD
Financial assets					
Financial assets at fair value through profit and loss:					
Loan to subsidiary*	–	–	–	43,000,000	43,000,000
Financial assets at amortised cost:					
Trade and other receivables	34,301	–	–	–	34,301
Cash at bank	76,458,662	–	–	–	76,458,662
Total financial assets	**76,492,963**	**–**	**–**	**43,000,000**	**119,492,963**

AS AT 31 DECEMBER 2019	< 1 year USD	1 to 2 years USD	2 to 5 years USD	> 5 years USD	Total USD
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables	603,641	–	–	–	603,641
Total financial liabilities	**603,641**	**–**	**–**	**–**	**603,641**

*excludes the equity portion of the investment in subsidiary

MARKET RISK

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The objective is to minimise market risk through managing and controlling these risks to acceptable parameters, while optimising returns. The Company uses financial instruments in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks.

PRICE RISK

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 31 December 2019, the Company had no direct exposure to price risk. The effect of price on the Company's investments is considered in note 17.

INTEREST RATE RISK

Interest rate Risk is the risk of changes in the interest expense for debt, or interest received on deposits, as measured in the currency of that debt, due to movements in market interest rates.

The Company does not have any borrowings as at 31 December 2019. The Company may manage the cost of borrowing by borrowing using fixed rate instruments, and/or by overlaying interest rate derivatives against the Company's debt portfolio. Policy limits for the maximum and minimum levels of hedging relative to the expected net debt profile for rolling multi-year periods.

In considering whether to execute hedging transactions, the costs and benefits of hedging will be balanced against the effects of movements in interest rates on the debt portfolio.

At 31 December 2019, the Company is indirectly exposed to interest rate risk through its investment in the subsidiary. However this risk is managed at a subsidiary level and the effect of Interest rate risk on the Company is considered immaterial.

The Company may be exposed to changes in variable market rates of interest as this could impact the discount rate and therefore the valuation of the projects as well as the fair value of the loan to subsidiary.

CURRENCY RISK

The Net Asset Value of the Company is calculated in US Dollars whereas the financial instruments at period end may be in other currencies. The value in terms of USD of the financial instruments of the Company, which may be designated in any currency, may rise and fall due to exchange rate fluctuations of individual currencies. Adverse movements in currency exchange rates can result in a decrease and loss of capital. At period end, the currency exposure was considered immaterial.

Currency risk can be mitigated to some extent through transacting wherever possible in USD. Where non-USD exposures are unavoidable, the Company is able to manage exposures to movements in foreign currencies through foreign exchange derivative transactions.

CAPITAL RISK MANAGEMENT

The capital structure of the Company at year-end consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated loss. The Company has no return on capital benchmark, but the Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

17. FAIR VALUE MEASUREMENT

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

	Level 1 USD	Level 2 USD	Level 3 USD
Investment in subsidiary	–	–	119,472,416

The investments recognised at fair value through profit and loss are classified as 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.

	31 December 2019 USD
Opening balance	–
Add: purchases during the year	76,000,000
Add: loans advanced	43,000,000
Total fair value movement through the profit or loss	472,416
Closing balance	**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.

As all underlying investments into solar projects have been acquired within the last six months, in accordance with the guidelines of the valuation policy, the fair value of these investments have been measured at purchase price including acquisition costs and 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 31 December 2019. The valuation is to be assessed every six months by an external valuation expert.

The first external valuation is expected to be performed within the next 6 months and then adopted by the Investment Manager for inclusion in the 30 June 2020 interim financial statements.

There has been no change in the valuation methodology during the period.

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.

	31 December 2019		
Input	**Change in input**	**Change in fair value (US$ Million)**	**Change in NAV per Share (US$ Cents)**
Discount rate	+ 0.5%	(5.5)	(2.8)
	- 0.5%	6.1	3.1
Electricity production (change from P50)	P90	(11.9)	(5.9)
	P10	11.2	5.6
Merchant Period Electricity Prices	- 10.0%	(4.3)	(2.1)
	+ 10.0%	4.3	2.1
Operations & maintenance expenses	+ 10.0%	4.0	2.0
	10.0%	(4.1)	(2.0)

DISCOUNT RATE

The sensitivity demonstrates the impact of a change in the post-tax cost of equity applied to the equity interest of all of the Company's renewable energy asset investments as at 31 December 2019. 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.

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 shown looks at 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 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, there may be cases where all operating costs are recontracted at a 10% premium or discount.

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.

18. SHARE CAPITAL

	Ordinary shares number	Share capital USD	Share premium USD	Capital reduction reserve USD	Total shareholders equity
As at 10 January 2019	–	–	–	–	–
Issue of fully paid ordinary shares at USD0.01	200,092,323	2,000,923	198,089,350	–	200,090,273
Equity issue costs	–	–	(4,000,000)	–	(4,000,000)
Transfer to capital reduction reserve	–	–	(194,000,000)	194,000,000	–
Dividends	–	–	–	(1,820,633)	(1,820,633)
As at 31 December 2019	**200,092,323**	**2,000,923**	**89,350**	**192,179,367**	**194,269,640**

Share capital and share premium account and capital reduction reserve

The Company has an authorised share capital of 500,000,000 ordinary shares.

On incorporation the Company issued 1 ordinary share of $0.01 which was fully paid up.

On 10 April 2019, the Board approved the proposed placing and offer for subscription (together the Placing) of up to 200 million ordinary shares of $0.01 each in the capital of the Company at a price of $1 per ordinary share, raising gross proceeds from the Placing of $200 million.

Following a successful application to the High Court and lodgement of the Company's statement of capital with the Registrar of Companies, the Company was permitted to cancel its share premium account. This was effected on 21 June 2019 by a transfer of the balance of $194 million from the share premium account to the capital reduction reserve. The capital reduction reserve is classed as a distributable reserve and dividends to be paid by the Company are to be offset against this reserve.

The Company paid a dividend of 0.50 cents per share, totalling $1,000,461 for the period ending 30 September 2019. The dividend was paid on 7 February 2020. For the period of 2019, the Company paid a total of 0.91 cents.

19. RESERVES

The nature and purpose of each of the reserves included within equity at 31 December 2019 are as follows:

- Share premium reserve: represents the surplus of the gross proceeds of share issues over the nominal value of the shares, net of the direct costs of equity issues and net of conversion amount. As at 31 December 2019 the share premium account has a balance of $89,350.
- Capital reduction reserve: represents a distributable reserve (which may be utilised in respect of dividend payouts) created following a court approved reduction in capital. As at 31 December 2019 the capital reduction reserve has a balance of $192,179,367.
- Capital reserve: represents cumulative net gains and losses, of a capital nature, recognised in the Statement of Profit and Loss and Other Comprehensive Income. As at 31 December 2019 the capital reserve has a balance of $319,371.
- Retained earnings represent cumulative net gains and losses, of an income nature, recognised in the Statement of Profit and Loss and Other Comprehensive Income. As at 31 December 2019, retained earnings reflects a loss of $173,291.

The only movements in these reserves during the period are disclosed in the statement of changes in equity.

20. 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.

	31 December 2019 USD
Net assets per Statement of Financial Position	194,415,720
Ordinary shares in issue as at 31 December 2019	200,092,323
NAV per share – Basic and diluted	**0.972**

21. CASH FLOW STATEMENT RECONCILIATION

IAS 7 Statement of Cash Flows require additional disclosures about changes in an entity's financing liabilities, arising from both cash flow and non-cash flow items. As at 31 December 2019 the Company has no financing liabilities and therefore no further disclosure is required.

22. 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 $230,105 were incurred in respect of the period with none being outstanding and payable at the period end.

SUBSIDIARY

On 20 May 2019, the Company issued a loan of $15 million to its subsidiary USF Holding Corp. On 31 December 2019, the Company issued a second loan of $28 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 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 $1,393,870 was incurred during the period, of which $491,142 remained payable at 31 December 2019.

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 services 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.

The Manager provides debt arranging services to the Fund, including contacting and liaising with capital providers, negotiating borrowing terms, obtaining credit ratings, implementing interest rate hedging strategies and executing documentation. The Manager was successful in securing debt, interest rate hedging and letter of credit facilities at competitive terms for the Fund, providing diversification to the Fund's capital sources.

For this service, the Manager receives debt arranging fees of 0.5% of the face value of new third-party debt and letter of credit facilities.

During the year ended 31 December 2019, the Manager successfully negotiated new debt and banking facilities totalling $48.5 million.

For the year ended 31 December 2019, debt arranging fees of $242,710 was paid or payable to the Manager by the Company or its subsidiaries.

The Investment Manager provides construction services to the Fund. The primary focus of these activities is to ensure that construction service providers successfully deliver projects on time and cost. Key tasks include construction project management, regular site visits, contract supervision, identification and resolution of potential issues and construction payment approvals.

Due to the early stage of construction of the assets, no construction services fees have not yet been accrued or charged. Upon establishment of the arms-length terms, fees will be charged for construction services.

23. CAPITAL COMMITMENTS

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

24. POST BALANCE SHEET EVENTS

In January 2020, the Company announced that it had executed binding agreements with affiliates of Heelstone Renewable Energy, LLC, to acquire 100% of the cash equity interests in an approximately 177MW_{DC} portfolio of twenty-two operating utility-scale solar power projects located in North Carolina, Oregon, and California. The Company announced the closing of the acquisition on 13 March 2020.

On 30 January, it was announced that the Investment Manager, had been the victim of a fraud in relation to contracted construction payments totalling $6.9 million. The payments were made from the US bank account of a USF project Company to a third-party US bank account. The Company has now fully recovered the $6.9m. Following, there is no impact on the Company's Net Asset Value. In addition, there has been no impact to the relevant construction schedules or budgets.

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

19. Directors and advisers

DIRECTORS

Appointed: 15 February 2019
Gillian Nott
Jamie Richards
Rachael Nutter
Josephine Tan

REGISTERED OFFICE

The Scalpel
18th Floor, 52 Lime Street
London
EC3M 7AF

INVESTMENT MANAGER

New Energy Solar Manager Pty Limited
Level 15
100 Pacific Highway
North Sydney
NSW 2060

ADMINISTRATOR AND SECRETARY

JTC (UK) Limited
The Scalpel
18th Floor, 52 Lime Street
London
EC3M 7AF

CORPORATE BROKERS

Cenkos Securities PLC (from 2 July 2019)
6, 7 & 8 Tokenhouse Yard
London
EC2R 7AS

Fidante Capital (until 1 July 2019)
1 Tudor Street
London
EC4Y 0AH

Macquarie Capital (Europe) Limited
(from 2 July 2019 until 29 October 2019)
Ropemaker Place
28 Ropemaker Street
London
EC2Y 9HD

LEGAL ADVISERS

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG