US Solar Fund

US Solar Fund PLC
(Company Registration Number 11761009)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2020

**Renewable energy.
Sustainable investments.**

US Solar Fund PLC

INVESTMENT POLICY

US Solar Fund plc (USF or the Company) is listed on the premium segment of the London Stock Exchange and aims to provide investors with attractive and sustainable dividends with an element of capital growth by investing in a diversified portfolio of solar power assets in North America and other OECD countries in the Americas.

OBJECTIVES

The Company acquires or constructs, and owns and operates solar power assets that are expected to have an asset life of at least 30 years and generate stable and uncorrelated cash flows by selling electricity to creditworthy offtakers under long-term power purchase agreements (or **PPAs**).

INVESTMENT MANAGER

USF is managed by New Energy Solar Manager, which has committed a total of more than US$1.3 billion to utility-scale solar assets, with a portfolio of 57 solar power projects (55 of which are in the US) of 1.2GW$_{DC}$.

HISTORY OF THE COMPANY

The Company's initial public offering in April 2019 raised $200m; the funds were all committed or invested by December 2020 and the solar power assets were fully operational by that date. The Company's objective is to grow substantially over time and a new fundraising is under consideration.

PORTFOLIO

USF's current portfolio spans 41 projects across four US states with a combined capacity of 443 MW$_{DC}$. Its assets are fully operational, generating 374 gigawatt-hours (**GWh**) during 2020. Power offtake agreements are in place for 100% of generation with creditworthy counterparties with an average remaining life of 14.9 years, underpinning a resilient income stream. USF is expected to complete its sixth acquisition in March 2021, bringing the portfolio to 42 projects with a combined capacity of 493MW$_{DC}$ and a weighted average investment-grade PPA term of 15.4 years.

TARGET RETURN

USF aims to deliver an annual cash-covered dividend of 5.5 cents per share, growing at 1.5 to 2% per annum, for each financial year from and including 2021.


Milford 127.8 MW$_{DC}$


Tate 6.5MW$_{DC}$


Sarah 6.3 MW$_{DC}$


Davis Lane 7 MW$_{DC}$


Rock Garden 14.9 MW$_{DC}$


Mount Signal 2 200 MW$_{DC}$

CONTENTS

Davis Lane 7MW_{DC}

1. Highlights

West Hines 15.3MW_{DC}

1. Highlights

	31 December 2020	30 June 2020	31 December 2019
Net Asset Value (**NAV**)	$194.2m	$192.9m	$194.4m
NAV per share	$0.970	$0.964	$0.972
Ordinary shares outstanding	200.2m	200.1m	200.1m
Share price based on closing price of indicated date	$1.075	$0.940	$1.050
Premium (discount) to NAV	10.8%	(2.5%)	8.1%
Market capitalisation based on closing price of indicated date	$215m	$188m	$210m
Dividends paid per share	$4.00m (full year)	$2.00m (half year)	$0.82m (full year)
Shareholder total return[1]	10.13%	(4.67%)	5.44%
Ongoing charges[2]	1.48%	1.50%	1.50%

Number of Solar Projects[3,4]
42

Total Capacity[4]
493MW$_{DC}$

CO_2 Emissions Displaced in 2020[4,5]
679,000t

Figure 1: US Solar Fund's Key Milestones

2019

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

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

July
- Executed acquisition agreement for Acquisition One

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

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

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

2020

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

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

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

July
- Acquisition Five portfolio achieves commercial operations

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

November
- USF portfolio becomes fully operational
- Fifth interim dividend paid (0.50 US cents per Ordinary Share)

December
- Executed binding agreements to acquire up to a 50% interest in a 200MW$_{DC}$ operating solar plant (Acquisition Six)

2021

February
- Assessment of debt and equity fundraising options
- Sixth interim dividend paid (0.50 US cents per Ordinary Share)

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1. Total return to shareholders is based on dividends paid and reinvested (at ex-dividend date) throughout the period and share price movement since the issue price of $1.00.
2. The ongoing charges ratio is calculated in accordance with the Association of Investment Companies (**AIC**) methodology. The estimated total cost as laid out in the prospectus was 1.35% based on proceeds of $250 million. As total proceeds of the IPO were $200 million, this ratio is slightly higher than estimated at IPO.
3. Solar Projects (**Projects**) or Solar Assets (**Assets**) are used interchangeably throughout the report.
4. USF Portfolio figures includes the 25% interest in MS2, which is expected to complete in March 2021.
5. Estimates use the first year of each project's electricity production once operational or acquired by the Investment Manager; and assume all projects are owned by USF on a 100% basis and that all projects under construction are fully operational.

Milford 127.8MW_{DC}

2. Chair's Statement

Davis Lane 7MW_{DC}

2. Chair's Statement

I am pleased to present the second Annual Report for US Solar Fund plc for the period ended 31 December 2020. It has been a very unusual year as a result of the global pandemic of COVID-19. The Board and the Investment Manager have met regularly, albeit virtually, and I am delighted to say that the Company has continued to operate smoothly despite working remotely and with the Board and the Investment Manager spread across three continents. Also, in the face of the obvious challenges that the pandemic presented during the period, the Company reached completion of its final in-construction project on time and under budget, the entire 443MW_{DC}, 41 project portfolio as at 31 December 2020, is now fully operational, and the Company is working toward financial close on its sixth acquisition; Mount Signal 2 (**MS2**). The operating assets performed well overall during 2020, with actual production of 374 gigawatt-hours (**GWh**); 2% above budgeted or forecast production of 365GWh; and 4% above weather-adjusted expected production of 360GWh. The recently approved US coronavirus relief package, proposed by the Biden administration, extends the existing Investment Tax Credit (**ITC**) incentives for solar at current rates for two years. Although this move does not impact USF's operational projects, it supports the economics of new solar projects which is expected to positively impact USF's investment pipeline.

The Board believes that USF's long-term contracted cash flows are particularly attractive in the current environment of low interest rates and reduced dividends in many sectors. The share price has traded up during the period from $1.05 at the end of the last financial year (31 December 2019), to $1.075 at the end of this financial year (31 December 2020). Including dividends paid and reinvested during the period, shareholder total return since inception is 10.13%.

POTENTIAL FUNDRAISING

With the Initial Public Offering (**IPO**) proceeds now fully committed, the Company is considering raising additional funds. The funds are expected to be used to refinance the Heelstone portfolio (Acquisition Four) and acquire a further 25% of MS2 in California (bringing the Company's total ownership of the MS2 asset to 50%). The two transactions are expected to benefit the Company by reducing gearing, and increasing the size and diversification of the overall portfolio. Refer to Note 24 of the financial statements for further information on the potential equity raise.

PERFORMANCE

USF's NAV at 31 December 2020 was $194.2 million, a 0.7% increase from the $192.9 million reported at 30 June 2020 and 0.1% decrease from the 31 December 2019 NAV of $194.4 million. The 0.6 cent per share increase in NAV from 30 June 2020 reflects the payment of 1 cent per share in dividends and 0.7 cents per share in operating expenses, which were more than offset by a 2.3 cents per share net gain in the fair value of underlying investments. In accordance with Company policy, all 41 operating assets held for the year ending 31 December 2020 have been externally valued by KPMG, with the Company recognising a small gain across the portfolio due to positive working capital movements and increased portfolio valuations. The share price has also increased from $1.05 at 31 December 2019 ($0.94 at 30 June 2020) to $1.075 over the period and was trading at $1.06 as at 1 March 2021. The shares have traded at an average premium to NAV of 10.9% since 31 December 2020.

PORTFOLIO PROGRESS

During 2020, USF closed the acquisition of ten operational utility-scale solar projects in Oregon (140MW_{DC}), 22 operational projects in North Carolina (130MW_{DC}) and two operational projects in California (7MW_{DC}). USF also executed a binding agreement to acquire a 25% interest in MS2 (**Tranche One**), a 200MW_{DC} utility-scale solar operating project in California, with an option to acquire a further 25% (**Tranche Two**). All 41 of USF's Solar Assets have power purchase agreements (**PPAs**) in place with contracted prices for 100% of electricity generated. Including the initial 25% stake in MS2, the PPAs have an average remaining term of 15.4 years at period end.

DIVIDEND

The Company paid a dividend of 0.50 cents per share in February 2021 for the quarter ending 30 September 2020, totalling 1.00 cent per share for the six-month period, representing an annualised dividend of 2% when measured against the initial issue price of $1.00 per share.

With all projects now operating, USF expects to cover the remaining 2020 dividend with operating cash flows and confirms its 2021 annual dividend target of 5.5 cents per ordinary share will be covered with operating cash flows.

OUTLOOK AND COVID-19

The US is a leading global solar market and is expected to experience continued strong growth in the future. The Company believes this growth will largely be driven by the improving cost competitiveness of solar PV and, to a lesser extent, the continued support of state and federal incentive schemes.

During the period, the global COVID-19 pandemic continued spreading and the US has struggled to contain the virus. However, the initiation of the roll-out of vaccinations around the US, as well as the major focus on tackling the COVID-19 pandemic by President Biden, are both positive signs for 2021. Despite the widespread economic impact of the disruption caused by the virus, the US solar market has fared well during the period. Operation and construction of Solar Assets were both largely deemed essential services and allowed to continue with little or no interruption. Indications of further growth of the industry also remain strong. $87GW_{DC}$ of utility-scale PV is expected to be installed in the US from 2021 to 2025 according to Wood Mackenzie. This includes an $8.5GW_{DC}$ increase on earlier forecasts (one month prior), after the ITC extension was recently passed. As solar is the most cost-effective new build source of power generation in much of the US, the outlook for solar in the US remains positive.

In January 2021 US legislation extended US$900 billion of coronavirus relief and decreed US$1.4 trillion in federal spending and tax extensions. The legislation delays the ITC step down for solar power by two years. This means that the ITC will remain at 26% for projects that begin construction by the end of 2022, will fall to 22% for projects that begin construction by the end of 2023, and then fall to 10% for commercial solar projects commencing construction from 2024 onwards. These changes do not impact the Company's operating portfolio, with the tax equity funding process completed on all projects, however the Company expects to see increased acquisition opportunities resulting from the ITC increase.

The impact of COVID-19 on the Company has been limited despite shutdown measures reducing US electricity demand by 3.8% during 2020. Despite this, USF's assets were able to continue to operate as normal and sell 100% of power generated to their offtakers, with utilities and system operators balancing electricity supply and demand by reducing output from their own generation or, where specific contractual mechanisms exist, requesting that other generators reduce output. With the COVID-19 recovery underway in the US, the EIA forecasts electricity demand will increase by 2.1% in 2021, placing USF in a strong position to continue to operate and sell power as normal.

We believe that USF's core business is resilient and that the Company is well-positioned for future growth. At the period end, all 41 projects acquired are operational and are generating revenue for the Company. The Board is pleased with the progress made committing all the IPO proceeds and successfully achieving a fully operating portfolio to support the full 5.5 cent per share dividend as targeted at IPO.

We are keen to engage with shareholders at the Annual General Meeting (AGM) which we intend to hold in May 2021. Details of the timing and nature of the meeting will be confirmed in due course subject to applicable Government legislation and restrictions.

GILL NOTT
CHAIR

16 March 2021

Tate 6.5MW_{DC}

3. Investment Manager's Report

Merrill 10.5MW_{DC}

3. Investment Manager's Report

SUMMARY OF THE PERIOD

Over the course of the year, the Investment Manager has focused on achieving its operational and dividend targets. As at 31 December 2020, the Company had closed on five transactions since IPO, totalling 41 assets. These solar projects are spread across four states in the US with a total capacity of 443MW_{DC}. All cash flows from these assets are contracted in the US with investment-grade offtakers for a weighted average of 14.9 years.

On 31 December 2020, the Company announced it had executed binding agreements to acquire up to a 50% interest in a 200MW_{DC} operating solar plant located in the Imperial Valley of Southern California, MS2. On completion of Tranche One of the transaction, expected in March 2021, USF's total portfolio will be 493MW_{DC} of fully operational assets, with a weighted average investment-grade PPA term of 15.4 years as at 31 December 2020.

COVID-19 had no material impact on USF's operating or construction assets over the period. All assets within the portfolio are now operating with USF's final in-construction asset reaching its commercial operations date under its PPA in November 2020; on time and under budget. At year end all assets are operational and generating revenues for USF.

INVESTMENT PORTFOLIO PROGRESS

USF closed three acquisition transactions between 1 January 2020 and 31 December 2020. In January 2020, USF closed the acquisition of eight operating utility-scale solar power projects totalling approximately 39MW_{DC} in North Carolina from Greenbacker Renewable Energy Company LLC. The projects commenced commercial operations between 2012 and 2015 and all are selling 100% of their electricity output under fixed-price long-term PPAs with Duke Energy Progress and Progress Energy (S&P rating for both: A-).

In March 2020, USF closed the acquisition of a portfolio of 22 operating utility-scale solar power projects located in North Carolina, Oregon and California, with a total capacity of 177MW_{DC} from Heelstone Renewable Energy, LLC. The assets 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).

In June 2020, USF closed the acquisition of four mechanically complete utility-scale solar power projects located in Oregon totalling 61MW_{DC}. The portfolio was acquired from Southern Current LLC. The Investment Manager announced the commissioning of the four assets in July 2020, with the portfolio now operational. All four projects are selling 100% of their electricity output under long-term PPAs with Portland General Electric, an investor-owned utility based in Portland (S&P rating: BBB+).

During the year, USF brought its remaining seven in-construction assets to commercial operations; six in North Carolina and one in Utah. The six North Carolina projects totaling 39MW_{DC} achieved commercial operations progressively during the year, with the Investment Manager working closely with the construction contractor to achieve operations in line with planned timeframes. These assets are selling 100% of their electricity output to Duke Energy Progress (S&P rating: A-), a subsidiary of Duke Energy, under long-term PPAs.

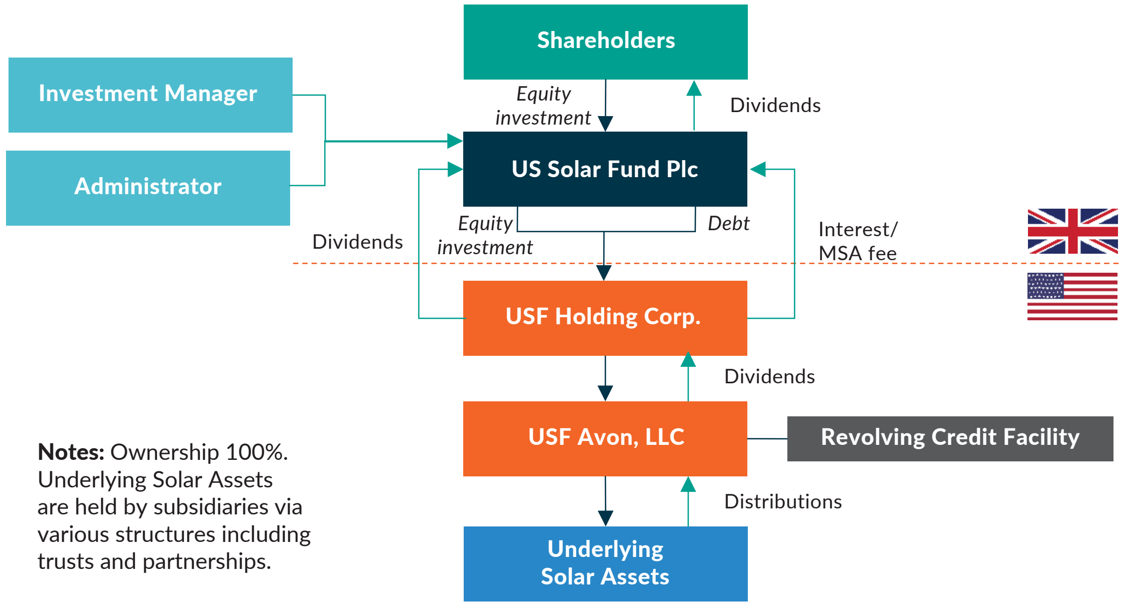
USF's final construction asset, the 128MW_{DC} Milford project in Utah, achieved completion in November 2020 on time and under budget. The Company was pleased to benefit from construction and development cost savings of approximately $4 million as well as approximately $1 million from better than expected test electricity sales, which resulted in a combined $5 million upside to the Company compared to acquisition assumptions. Milford is selling 100% of the electricity generated to PacifiCorp (S&P: A) for a remaining PPA term of 24.9 years as at 31 December 2020.

USF's portfolio is now fully operational, comprising 443MW_{DC} of capacity across 41 projects, in four states and with a variety of investment-grade offtakers (S&P rated: BBB+ to A). In December 2020, the Company announced it had executed binding agreements to acquire a 25% interest in a 200MW_{DC} operating solar plant located in the Imperial Valley of Southern California, MS2, with an option to acquire a further 25%. If the option of the additional 25% is exercised, USF's total operating portfolio will be 543MW_{DC}.

US SOLAR FUND STRUCTURE

The following diagram is provided to assist with understanding the financial statements set out in this Annual Report.

Figure 2: US Solar Fund Structure



USF invests in its US-based subsidiary, USF Holding Corp., via a combination of debt and equity. USF is entitled to a Management Services Agreement (**MSA**) fee for the provision of management services to USF Holding Corp. In addition, the Company earns interest on the intercompany loan. Cash may also flow from USF Holding Corp. to USF as a dividend or return of capital, which is distributed to USF Holding Corp. on a periodic basis from the Company's underlying Solar Assets.

There are no restrictions on the movement of cash between USF and its subsidiary. As of 31 December 2020, the Company and USF Holding Corp. have available cash of $0.05 million and $14.3 million respectively, giving a total balance of $14.35 million which may be used to meet the obligations of USF. At 31 December 2020 an undrawn $25 million revolving credit facility was in place at USF Avon LLC (a wholly owned subsidiary of USF Holding Corp.), providing further liquidity support.

OPERATING ASSET UPDATE

The USF portfolio was fully operational by the end of 2020. The portfolio performed well overall during the year, with actual production of 374 GWh. USF measures "Actual" performance against "Forecast" and "Expected" targets. "Actual" production is the number of GWh generated and sold to the offtaker. "Forecast" (also called "Budget") is the P50 production forecast for the plant before any adjustment for experienced weather conditions. "Weather-adjusted expected" or simply "Expected" production is the Forecast production of the plant adjusted for weather conditions during the period. The difference between Actual and Expected production allows an assessment of asset performance excluding the impact of weather.

During 2020, USF's production of 374 GWh was 2% above budgeted or forecast production of 365GWh, and 4% above weather-adjusted expected production of 360GWh. This reflects a production index (actual generation divided by weather-adjusted expected generation) of 104% for the year.

UTAH

In Utah, the Company's newest asset Milford, which comprises 29% of USF's portfolio capacity by MW_{DC}, performed above budget and weather-adjusted expectations between its commercial operations date (in November 2020) and year end. Prior to commercial operations, Milford also generated test revenue that exceeded expectations by approximately $1 million. In December, its first full month of operations, Milford performed above both budget and weather-adjusted expectations.

NORTH CAROLINA

In North Carolina, performance was below the Investment Manager's expectations during the year primarily due to storm-related grid outages, ongoing inverter issues at the $7MW_{DC}$ Gauss site, and isolated inverter outages at other sites. Issues at Gauss were largely resolved under a warranty claim by year end, and inverter issues at other sites are being resolved progressively during the first quarter of 2021.

OREGON

USF's Oregon assets, which became fully operational in the third quarter, performed above budget but below weather-adjusted expectations. In the third quarter, production from the Oregon projects was reduced due to smoke and dust from West Coast wildfires. Additionally, the Oregon sites experienced significant snowfall during November and December thereby decreasing weather-adjusted performance. Snow coverage of solar panels across a site can be highly variable, and therefore snow coverage is not included in the adjustment for actual weather conditions. As a result, in periods where there has been snow coverage, performance against weather-adjusted expectations will be lower.

CALIFORNIA

During the year, the two assets in California (comprising 2% of USF's portfolio capacity by MW_{DC}), were impacted by smoke and dust from the West Coast wildfires. In the fourth quarter, the assets performed below budget and weather-adjusted expectations due to soiling. This will be addressed by a panel washing before the 2021 summer high-production period.

Figure 3: Operating Portfolio Performance CY 2020

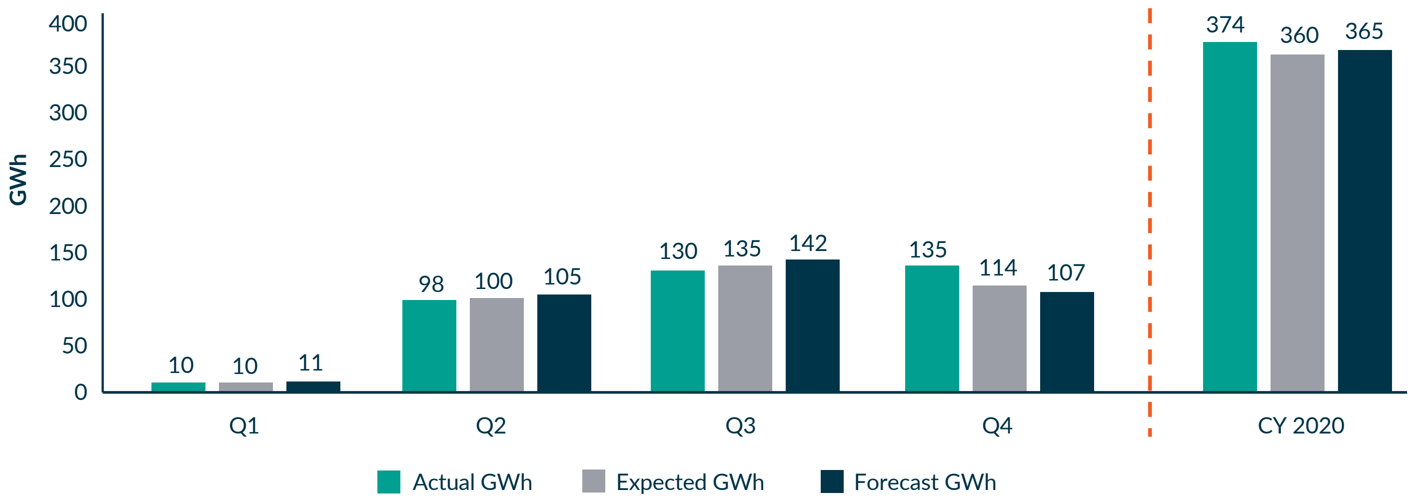
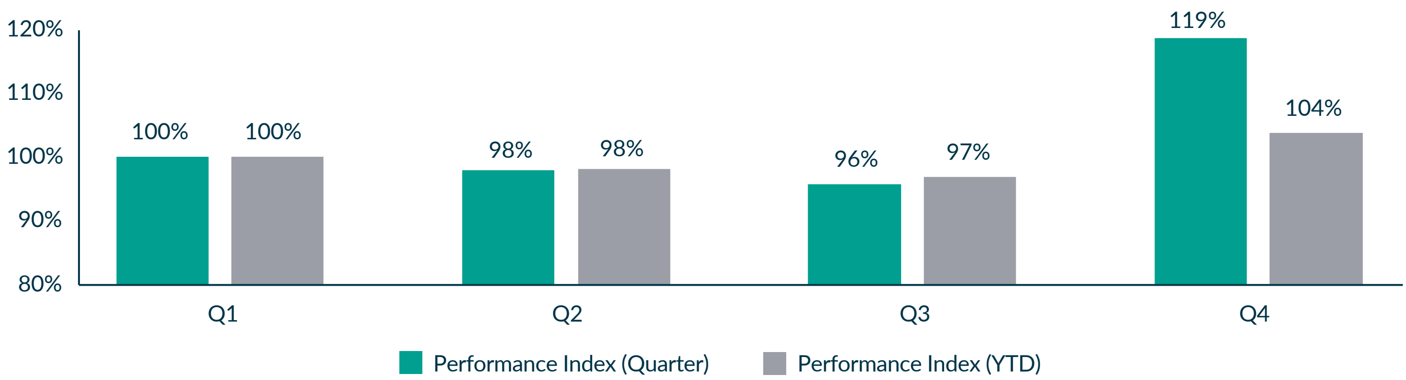


Figure 4: Performance Index CY 2020

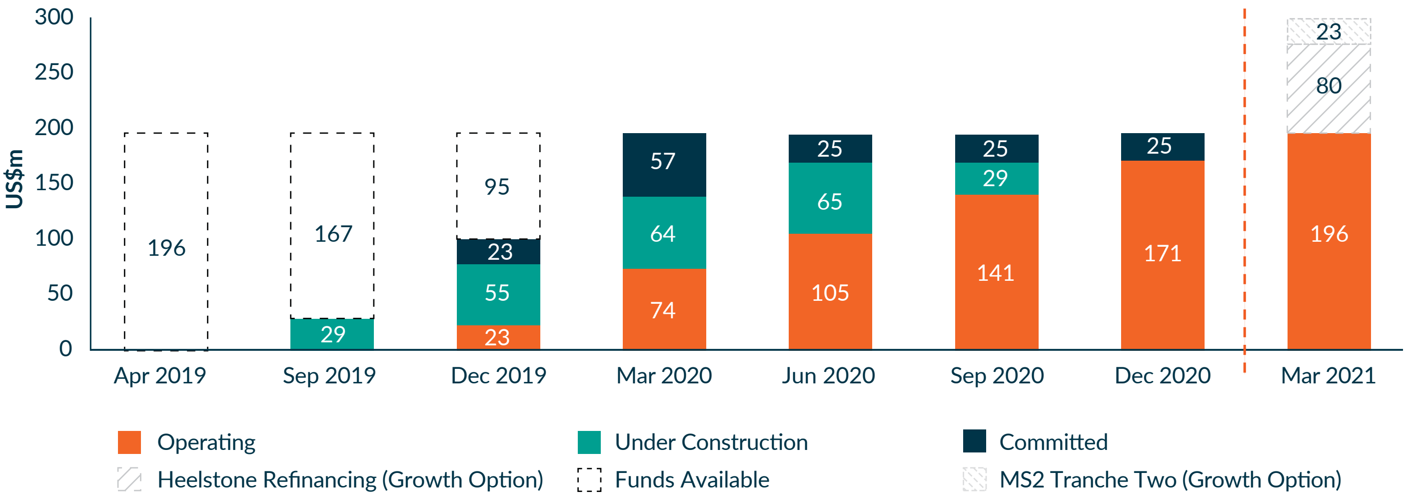


POTENTIAL FUNDRAISING

Given that the proceeds of the IPO are now fully committed the Company is considering raising additional funds. The proceeds of a further fundraising could be used as part of a refinancing of the Heelstone (Acquisition Four) portfolio comprising 14 projects ($90MW_{DC}$) in North Carolina, six projects ($79MW_{DC}$) in Oregon and two projects ($7MW_{DC}$) in California, as well as exercising the option to acquire a further 25% of MS2 in California (bringing the Company's total ownership of the asset to 50%). These two transactions could benefit the Company by reducing gearing, and increasing the size and diversification of the overall portfolio. Any further fundraising is subject to Board and customary regulatory approvals.

6. $25 million indicated as 'committed' at December 2020 represented funds previously intended for the Acquisition Four refinancing. Those funds were subsequently diverted to the MS2 Tranche One acquisition.

Figure 5: USF Funds Committed by Stage[6]



REVOLVER

In December 2020, one of the Company's wholly owned US subsidiaries signed a new $25 million revolving credit facility with Fifth Third Bank National Association (**FTB Facility**). The FTB Facility provides liquidity for capital expenditures, working capital, and general corporate purposes. It increases the Company's flexibility to consider bolt-on acquisition opportunities. As the Company grows, the FTB Facility could grow in parallel to further support the Company's growth. The FTB Facility may be used to fund transactions, allowing the Company to commit to transactions in the pipeline. The FTB Facility is currently undrawn.

PIPELINE UPDATE

The pipeline has remained robust since the Company's IPO ranging from US$1.9 billion to US$4.8 billion at any given quarter. As at 31 December 2020, the Investment Manager's pipeline included 2.8GW$_{DC}$ of high-quality assets, with an aggregate value of approximately $2.7 billion in cash equity value and a weighted-average PPA term of 15 years. This includes Tranche Two of MS2 which gives USF the option, exercisable for up to 12 months from completion of Tranche One, to acquire a further 25% of the 200MW$_{DC}$ asset. This compares to a pipeline of 2.0GW$_{DC}$ of assets with a $1.9 billion cash equity value, and an average PPA term of 14 years, at 31 December 2019.

Throughout the course of the year, the Investment Manager has screened over 13GW$_{DC}$ of projects, with a total cash equity value of over $13 billion. The Investment Manager continues to take a conservative approach to pricing. It also continues to strictly adhere to a process that is consistent with the strategy and return targets of the Company given the pipeline offers numerous high-quality construction-ready and operational investment opportunities.

THIRD-PARTY FRAUD

At the end of January 2020, the Investment Manager was the victim of a fraud by a third-party in relation to $6.9 million of contracted construction payments. The Company fully recovered the entire $6.9 million within two months. Immediately following the fraud, with the full support of the Board, the Investment Manager appointed a major accounting firm to review its financial controls and processes. The review was completed in March 2020 and the Investment Manager has implemented the enhancements to its financial controls and processes suggested by the accounting firm. The Investment Manager has also undertaken internal and external reviews focused on IT and email security, particularly with more employees working remotely as a result of COVID-19 workplace access restrictions, and recommended enhancements to cybersecurity are now in place.

In March 2021 the Board engaged the Company's Auditor Deloitte, LLP, to perform an Agreed Upon Procedures Engagement. This was to confirm that the recommendations made by a third-party accounting firm in March 2020 in connection with the Investment Manager's financial controls and processes had been implemented by the Investment Manager. No exceptions were noted from these procedures.

EVENTS AFTER THE PERIOD

On 10 February 2021, the Company announced it was assessing debt and equity fundraising options. Any further fundraising is subject to Board and customary regulatory approvals, and the Company will make an announcement in due course.

CORONAVIRUS

COVID-19 has had limited impact on the Company to date. Since the outbreak, USF has made changes to its work environment to ensure the health and safety of its employees, contractors, and stakeholders. The New York office is staffed on a limited basis with most of the US team working remotely using existing systems. The Sydney office has implemented staggered access arrangements to enable staff to work from the office while adhering to social distancing guidelines.

The Investment Manager works with contractors and other stakeholders to ensure that operational targets are met whilst also meeting relevant COVID-19 requirements. Essential for economic activity, the generation and provision of electricity in most of the US has not been significantly disrupted by the pandemic. USF's projects have continued to operate throughout the pandemic and service personnel have been permitted to travel to sites to conduct work as needed. The Investment Manager continues to assess the current and potential impact of the COVID-19 measures implemented by US federal and state governments on the Company's investment strategy and operations.

The Investment Manager also monitors actual and forecast changes in electricity and financial markets to assess the potential impact on USF, developing scenarios and planning for a range of outcomes. Leading indicators monitored by the Investment Manager include:

- **Electricity prices:** COVID-19 restrictions of economic activity have contributed to both reduced demand for electricity and an oversupply of oil on global markets. These factors have resulted in reduced electricity prices in many markets including most US electricity markets. USF's short- to medium-term exposure to electricity prices is limited, given its long-term PPAs (average of 15.4 years as at 31 December 2020 when including 25% interest of MS2).

- **Equity markets:** UK equity markets have remained open during COVID-19. Renewables funds, in particular, have seen continued support from investors and continue to raise new capital, demonstrating demand for the sector.

- **Tax equity markets:** Since the onset of COVID-19 it has become evident that tax equity funding may be less available than in previous years as the outlook for US corporate profitability remains weak, and the available pool of tax equity funding may shrink as a result. This is not a current issue for USF as tax equity funding is complete or committed for all USF projects and, at this time, it is not seeking to close any further transactions that require tax equity. The Investment Manager will continue to monitor US tax equity markets given the likely requirement for tax equity for any future transactions.

- **Debt markets:** In the earlier stages of COVID-19, debt providers increased pricing and reduced lending volumes in response to the uncertainty of current and future economic conditions. Since then, debt markets have largely normalised and USF successfully put in place its FTB Facility later in the year. USF's existing assets are largely insulated from short- to medium-term movements in debt markets, with all debt in place for levered projects (Acquisition One, Four and Five). Long-term debt is in place for Acquisition Four and debt does not mature until after 2030. Refinancing of Acquisition Four is at USF's option and subject to raising additional equity capital.

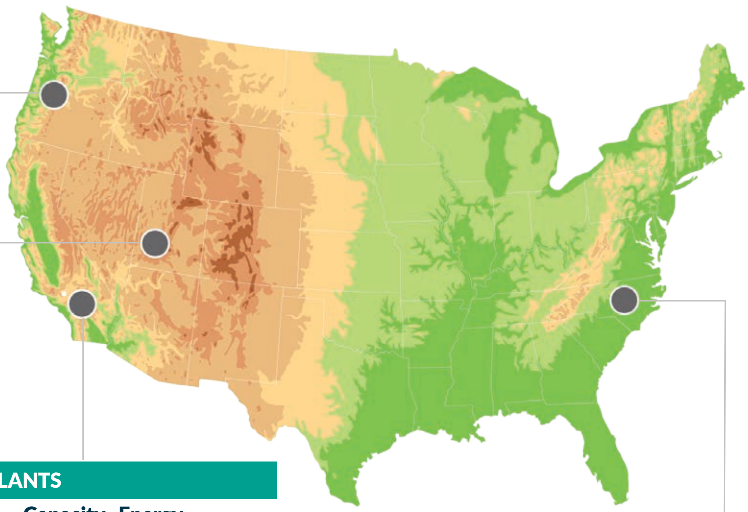
- **Insurance:** COVID-19 has caused the global insurance market, and specifically the renewables industry insurance market, to experience changes such as increased deductible amounts and additional conditions for business interruption coverage for events occurring offsite. The Investment Manager is working with underwriters and insurance brokers to implement appropriate coverage to address site risks.

For further information please see our COVID-19 Statement at **www.ussolarfund.co.uk/usf-and-covid-19-pandemic**.

INVESTMENT PORTFOLIO

As at 31 December 2020 the Company owned 41 operational, utility-scale solar projects, totalling 443MW_{DC}. USF is expected to financially close on Tranche One of its sixth acquisition, a 25% stake in the 200MW_{DC} MS2 project in Southern California, in March 2021, bringing the total operational portfolio to 42 projects with a total capacity of 493MW_{DC}.

Figure 6: USF Portfolio Locations



OREGON PLANTS

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

UTAH PLANTS

Name	Capacity (MW_{DC})	Energy Offtaker
● Milford	127.8	PacifiCorp
Total	**127.8**	

CALIFORNIA PLANTS

Name	Capacity (MW_{DC})	Energy Offtaker
● Granger	3.9	San Diego Gas & Electric
● Mount Signal 2	50.0	Southern California Edison
● Valley Center	3.0	San Diego Gas & Electric
Total	**56.9**	

KEY:
● Operational

NORTH CAROLINA PLANTS

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

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

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

Table 1: Portfolio Overview

Asset	Capacity (MW_{DC})	Location	Acquisition	Acquisition Date	Energy Offtaker[7]	Offtaker Credit Rating	Remaining PPA Length (Years)	COD[8]
Milford	127.8	Utah	One	Aug 19	PacifiCorp	S&P: A	24.9	Nov 20
Mount Signal 2	49.9	California	Six	Mar 21[9]	Southern California Edison	S&P: BBB	19.4	Jan 20
Suntex	15.3	Oregon	Five	Jun 20	Portland General Electric	S&P: BBB+	10.6	Jul 20
West Hines	15.3	Oregon	Five	Jun 20	Portland General Electric	S&P: BBB+	10.6	Jun 20
Alkali	15.1	Oregon	Five	Jun 20	Portland General Electric	S&P: BBB+	10.7	Jun 20
Rock Garden	14.9	Oregon	Five	Jun 20	Portland General Electric	S&P: BBB+	10.7	Jun 20
Chiloquin	14.0	Oregon	Four	Mar 20	PacifiCorp	S&P: A	11.0	Jan 18
Dairy	14.0	Oregon	Four	Mar 20	PacifiCorp	S&P: A	10.8	Mar 18
Tumbleweed	14.0	Oregon	Four	Mar 20	PacifiCorp	S&P: A	11.0	Dec 17
Lakeview	13.7	Oregon	Four	Mar 20	PacifiCorp	S&P: A	10.8	Dec 17
Turkey Hill	13.2	Oregon	Four	Mar 20	PacifiCorp	S&P: A	10.8	Dec 17
Merrill	10.5	Oregon	Four	Mar 20	PacifiCorp	S&P: A	10.8	Jan 18
Lane II	7.5	North Carolina	Two	Dec 19	Duke Energy Progress	S&P: A-	12.7	Jul 20
Pilot Mountain	7.5	North Carolina	Two	Dec 19	Duke Energy Carolinas	S&P: A-	12.7	Sep 20
Davis Lane	7.0	North Carolina	Four	Mar 20	Virginia Electric & Power	S&P: BBB+	12.0	Dec 17
Gauss	7.0	North Carolina	Four	Mar 20	Virginia Electric & Power	S&P: BBB+	12.6	Oct 18
Jersey	7.0	North Carolina	Four	Mar 20	North Carolina Electric	S&P: A-	7.0	Dec 17
Sonne Two	7.0	North Carolina	Four	Mar 20	Duke Energy Carolinas	S&P: A-	10.6	Dec 16
Red Oak	6.9	North Carolina	Four	Mar 20	Duke Energy Progress	S&P: A-	11.0	Dec 16
Schell	6.9	North Carolina	Four	Mar 20	Virginia Electric & Power	S&P: BBB+	11.0	Dec 16
Siler 421	6.9	North Carolina	Four	Mar 20	Duke Energy Progress	S&P: A-	10.6	Dec 16
Cotten	6.8	North Carolina	Four	Mar 20	Duke Energy Progress	S&P: A-	10.9	Nov 16
Tiburon	6.7	North Carolina	Four	Mar 20	Duke Energy Carolinas	S&P: A-	10.6	Dec 16
Monroe Moore	6.6	North Carolina	Four	Mar 20	Duke Energy Carolinas	S&P: A-	10.6	Dec 16
Four Oaks	6.5	North Carolina	Three	Dec 19	Duke Energy Progress	S&P: A-	9.8	Oct 15
Princeton	6.5	North Carolina	Three	Dec 19	Duke Energy Progress	S&P: A-	9.8	Oct 15
Tate	6.5	North Carolina	Two	Dec 19	Duke Energy Progress	S&P: A-	12.7	Aug 20
Freemont	6.4	North Carolina	Four	Mar 20	Duke Energy Carolinas	S&P: A-	10.6	Dec 16
Mariposa	6.4	North Carolina	Four	Mar 20	Duke Energy Carolinas	S&P: A-	10.7	Sep 16
S. Robeson	6.3	North Carolina	Three	Jan 20	Progress Energy	S&P: A-	6.6	Jul 12
Sarah	6.3	North Carolina	Three	Dec 19	Duke Energy Progress	S&P: A-	9.5	Jun 15
Nitro	6.2	North Carolina	Three	Dec 19	Duke Energy Progress	S&P: A-	8.9	Jul 15
Sedberry	6.2	North Carolina	Four	Mar 20	Duke Energy Progress	S&P: A-	10.6	Dec 16
Willard	6.0	North Carolina	Two	Dec 19	Duke Energy Progress	S&P: A-	12.7	Oct 20
Benson	5.7	North Carolina	Two	Dec 19	Duke Energy Progress	S&P: A-	12.7	Aug 20
Eagle Solar	5.6	North Carolina	Two	Dec 19	Duke Energy Progress	S&P: A-	12.7	Aug 20
Granger	3.9	California	Four	Mar 20	San Diego Gas & Electric	S&P: BBB+	15.7	Sep 16
Valley Center	3.0	California	Four	Mar 20	San Diego Gas & Electric	S&P: BBB+	15.9	Dec 16
County Home	2.6	North Carolina	Four	Mar 20	Duke Energy Carolinas	S&P: A-	10.6	Sep 16
Progress 1	2.5	North Carolina	Three	Jan 20	Progress Energy	S&P: A-	11.3	Apr 12
Progress 2	2.5	North Carolina	Three	Jan 20	Progress Energy	S&P: A-	7.0	Apr 13
Faison	2.3	North Carolina	Three	Dec 19	Duke Energy Progress	S&P: A-	9.3	Jun 15
Grand Total	**492.9**						**15.4[10]**	

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

8. Commercial Operation Date.

9. USF has executed binding agreements to acquire MS2 however transaction close is subject to customary regulatory approval expected in March 2021.

10. Capacity-weighted average remaining PPA term as at 31 December 2020.

ACQUISITIONS

As of 31 December 2020, the Company had closed five acquisitions. Acquisitions One and Two completed in 2019, and Acquisitions Three, Four and Five were completed in 2020.

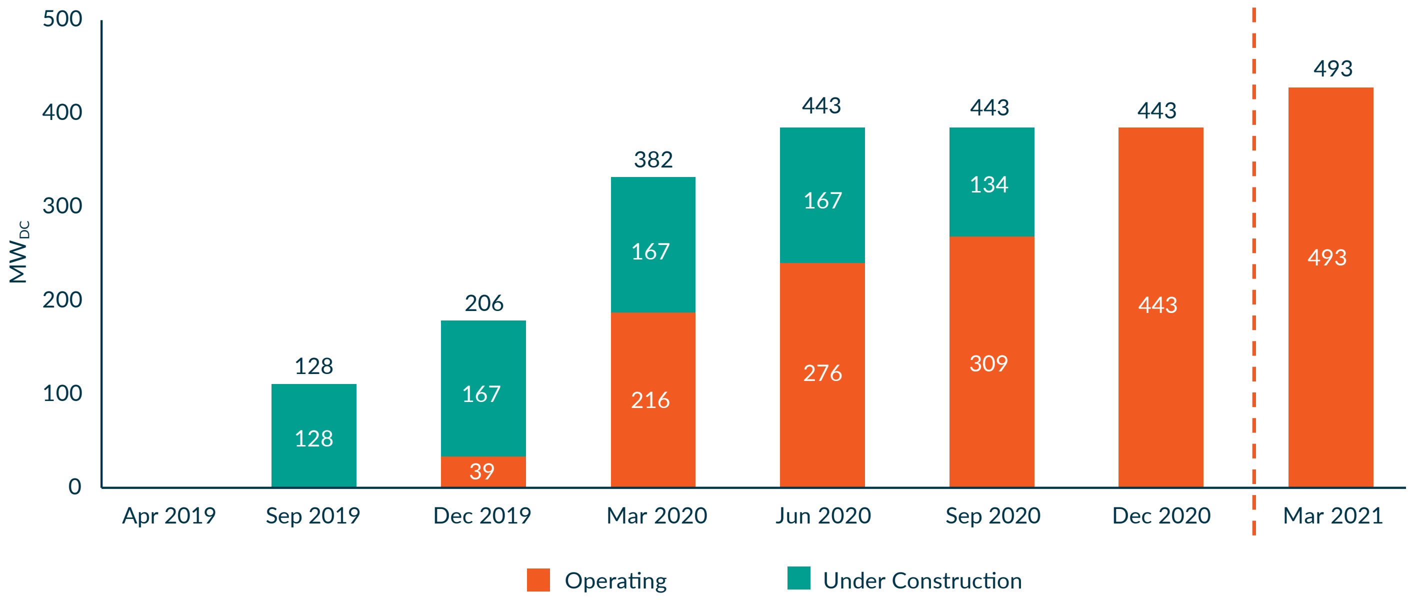
In December 2020, the Company announced it had executed binding agreements to acquire a 25% interest in MS2, a 200MW_{DC} operating solar plant located in the Imperial Valley of Southern California, with an option to acquire a further 25%. Having already paid a $2.3 million deposit in December 2020, USF will fund the remainder of the $23 million Tranche One purchase price using a combination of available cash and the FTB Facility. Including MS2, the total committed capital is $194.4 million (with $179.2 million invested as at 31 December 2020).

Table 2 shows USF's completed and committed acquisitions as well as near-term growth options, being the acquisition of a further 25% stake in MS2, and the refinancing of the Acquisition Four portfolio. As the Company is fully invested and committed, executing these growth options is subject to the Company raising sufficient further equity capital. Figure 7 shows USF's portfolio by stage since IPO.

Table 2: Portfolio Acquisition Commitments and Growth Options

(US$m)	Invested (as at 31 Dec 2020)	Remaining Commitment	Total Commitment
Acquisition One (Completed)	30.0	–	30.0
Acquisition Two (Completed)	42.6	(5.5)[11]	37.1
Acquisition Three (Completed)	36.1	–	36.1
Acquisition Four (Completed)	38.3	–	38.3
Acquisition Five (Completed)	29.9	–	29.9
Acquisition Six Tranche One (March 2021 Expected Completion)	2.3	20.7	23.0
Total Committed and Invested	**179.2**	**15.2**	**194.4**
Acquisition Six Tranche Two (Growth Option)		21.0 to 23.0	21.0 to 23.0
Acquisition Four Refinancing (Growth Option)		80.0	80.0
Total Including Growth Options	**179.2**	**116.2 to 118.2**	**295.4 to 297.4**

Figure 7: Portfolio by Stage[12]



11. USF's commitment in Acquisition Two is structured such that USF has funded 100% of construction costs until the tax equity partner (Tax Equity Partner) fully funds their committed investment at substantial completion of the last project. At this stage, USF will receive a return of capital approximate to the Tax Equity Partner's investment amount.

12. June 2020 operational figure includes Acquisition Five assets which were all mechanically complete by June 2020.

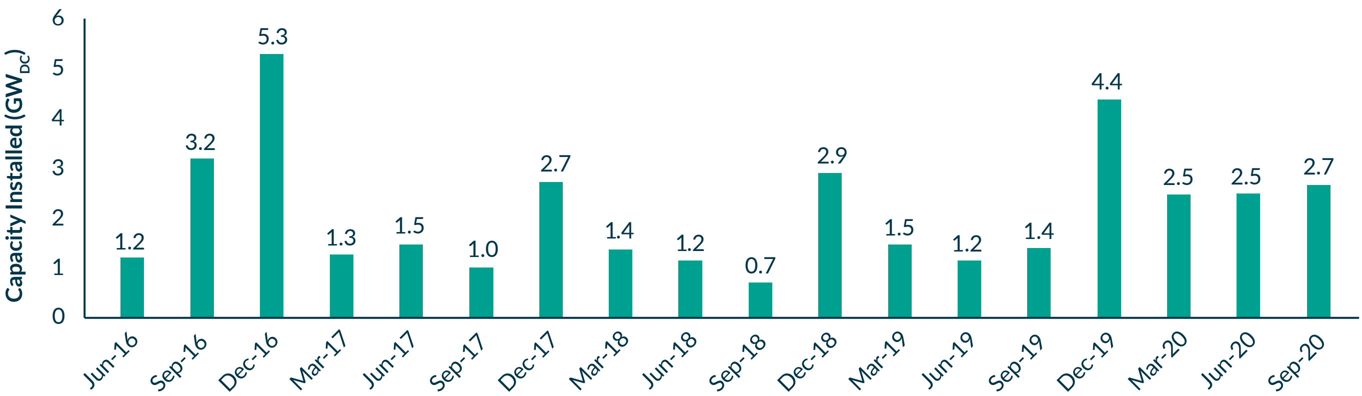
US SOLAR MARKET UPDATE

Despite current pandemic conditions, US solar photovoltaic (**PV**) installations accounted for 43% of new US electricity-generating capacity additions from Q1 to Q3 2020, representing the largest share of new capacity addition by type, followed by natural gas with 30%. During Q3 2020, 2.7 gigawatts (**GW_{DC}**) of utility-scale PV capacity was installed in the US, representing:

- a 90% increase compared to Q3 2019;
- a 370% increase compared to Q3 five years prior; and
- the largest third quarter for US utility-scale PV since 2016.

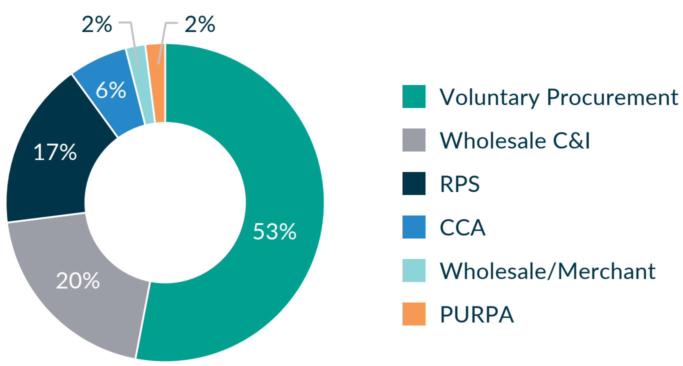
This 2.7GW_{DC} of utility-scale PV deployed brings 2020 cumulative installed capacity to 7.6GW_{DC} through to the end of Q3 as seen in the figure below. A further 7GW_{DC} is expected to be completed by the end of December 2020, which will put 2020 on track to be the largest year for US utility-scale PV installations.

Figure 8: US Utility-Scale PV Capacity Installed by Quarter



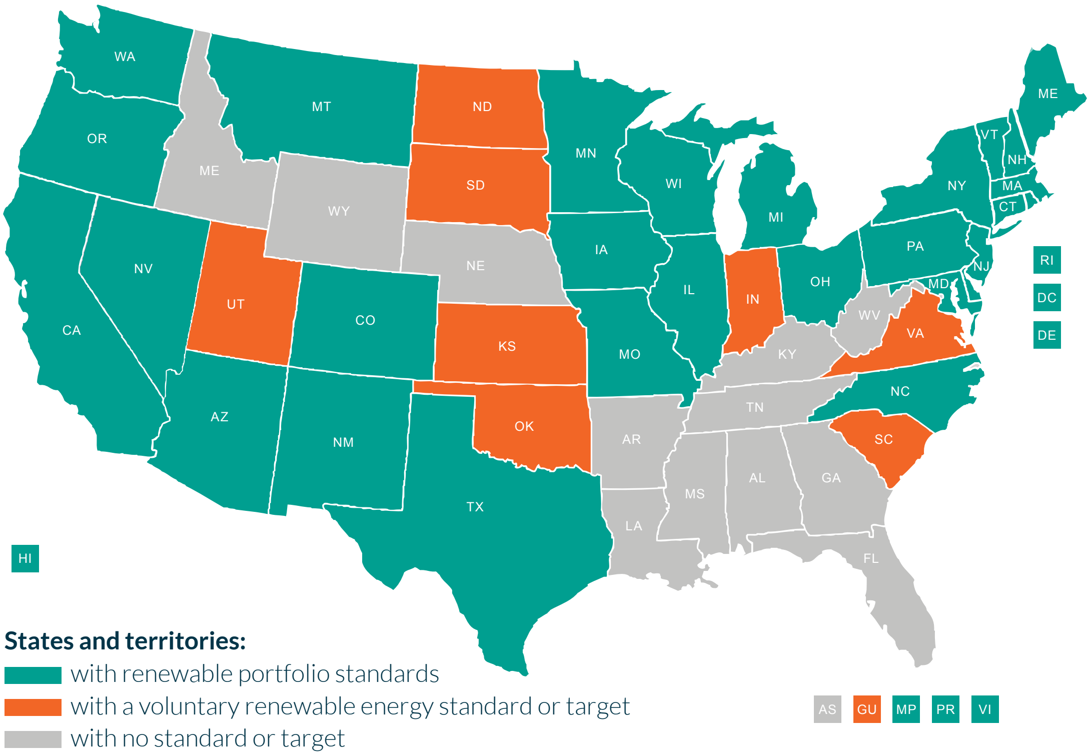
According to Wood Mackenzie, the US utility-scale PV contracted pipeline grew by a further 7GW_{DC} over the quarter to reach a record high of 69.2GW_{DC}. The growth has been driven by continued expansion of state-level renewable energy targets as well as targets set by large corporates, utilities, and municipalities. While there have been concerns about the impact of COVID-19 on new project development, utility-scale PV is expected to remain the most economically competitive electricity source in the US. Voluntary procurement, where procurement is primarily driven by the attractive economics of utility-scale PV, continues to be the top driver of new projects contracted in the US at 53% of total projects in Q3 2020, as seen in Figure 9 below. The US utility-scale PV market is expecting to see a rise in Renewable Portfolio Standards (**RPS**) driven solar installations as state governments, utilities and corporations set more stringent renewable and carbon reduction targets. During 2020, utilities in states including California, Colorado and Washington announced carbon reduction targets to align with state policies, but some went further, setting targets above these policies. Since 2018, nine states have raised their RPS and carbon reduction targets. Current states with RPS or renewable energy targets can be seen in Figure 10.

Figure 9: Driving Factors for Utility PV Projects Contracted at Q3 2020[13]



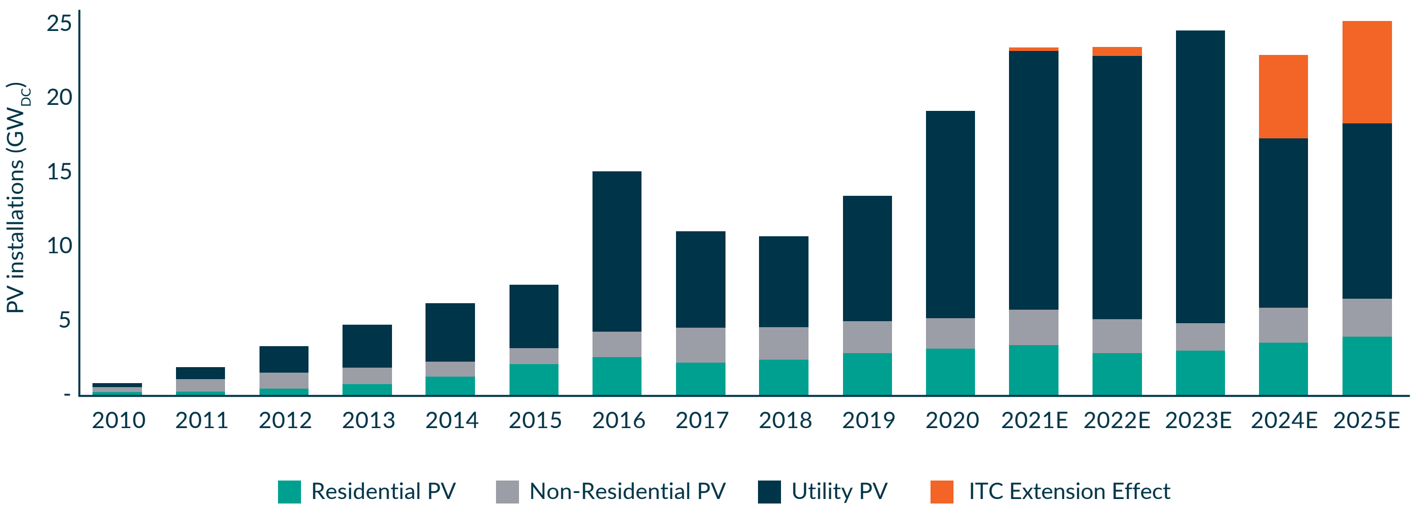
13. Renewable Portfolio Standard (RPS), The US Public Utility Regulatory Policies Act of 1978 (PURPA), Community Choice Aggregation (CCA), Wholesale Commercial and Industrial (C&I).

Figure 10: US State Renewable Portfolio Standards



Although the pandemic heightened uncertainty in financial and electricity markets, the utility-scale solar market has continued to expand. As at Q3 2020, Wood Mackenzie has not reported any pandemic-related delays in US utility-scale PV construction. As a result of the Investment Tax Credit (**ITC**) extension in January 2021, Wood Mackenzie increased their 2021–2025 US utility-scale PV capacity additions forecast by 8.5GW_{DC} to 87GW_{DC} (one month after its original forecast) and utilities across the US have continued to ramp up solar procurement in anticipation of the revised ITC timetable.

Figure 11: Projected Growth in the US Solar Market



In December 2020, the pandemic relief package included a two-year extension on the ITC for solar systems across the US, with the Solar ITC remaining at 26% for projects that begin construction by the end of 2022 (previously set to drop from 26% to 22% for projects that begin construction in 2021). The ITC then steps down to 22% for projects that begin construction by the end of 2023 and then 10% for commercial projects commencing construction from 2024 onwards. As a result of the extension, Wood Mackenzie forecasts US utility-scale PV installations will increase by 10% between 2021 and 2025 due to developers having more breathing room to spread projects out to 2024 and 2025. Although these changes do not impact USF's current operating portfolio, the Investment Manager expects to see increased acquisition opportunities later in 2021 through 2023, and that the other components of the relief package will have a positive impact on the already buoyant renewable energy market in the US.

With President Biden now in the White House, the renewables industry is poised for strong support and growth. President Biden has released an outline of the "Build Back Better" plan that includes a $2 trillion investment towards deploying decarbonisation technologies within the economy, targeting a carbon-free power sector by 2035. Wood Mackenzie projects that to achieve this goal, there would need to be at least $2.2 trillion deployed in renewables and energy storage, driving US utility-scale capacity additions to be at least 100GW_{DC} per year by 2025 onwards (capacity currently projected to be 11.8GW_{DC} in 2025).

INVESTMENT PERFORMANCE

At 31 December 2020, the Company's shares were trading at $1.075 per share. This represents a 10.8% premium to the NAV of $194.2 million or $0.970 per share. The Net Asset Value (**NAV**) is defined as the total assets less any liabilities.

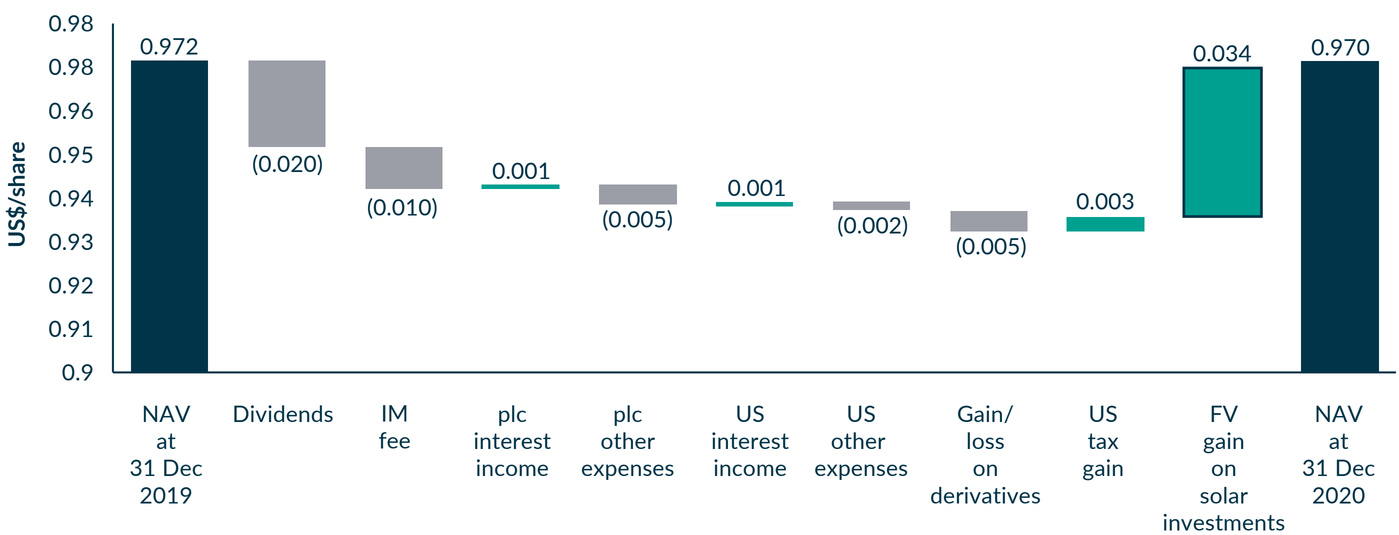
The Company generated a profit after tax of $3,650,037 (0.018 cents per share) during the period. Interest income of $224,699, foreign exchange gains of $3,411 on funds that were retained in GBP, MSA fee income of $3,000,000 from management services provided to the Fund's wholly owned US subsidiaries, and a net gain from investments of $3,300,528, which were offset by administrative and other expenses of $2,878,601. The net fair value gain on investments arose from positive value impacts due to the lower discount rates which offset the negative value impacts from updated merchant curves across the Fund's operating portfolio.

The financial statements of the Company are presented on pages 79 to 102. The Fund's sensitivity to discount rates and power prices is detailed below.

Table 3: Performance Summary

	31 DECEMBER 2020	30 JUNE 2020	31 DECEMBER 2019
Number of projects[14]	41	41	37
Capacity of projects	443MW_{DC}	443MW_{DC}	382MW_{DC}
NAV	$194.2m	$192.9m	$194.4m
NAV per share	$0.970	$0.964	$0.972
Ordinary shares issued	200m	200m	200m
Closing share price (USF)	$1.075	$0.940	$1.050
Market capitalisation (based on closing price)	$215m	$188m	$210m
Dividends paid	$4.00m (full year)	$2.00m (half year)	$0.82m (full year)
Share price total return performance	10.13%	(4.67%)	5.44%

Figure 12: NAV Bridge 31 December 2019 to 30 June 2020



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

Figure 13: Fair Value Bridge of FV Gain on Solar Investments (USF Hold Corp.) 31 December 2019 to 31 December 2020

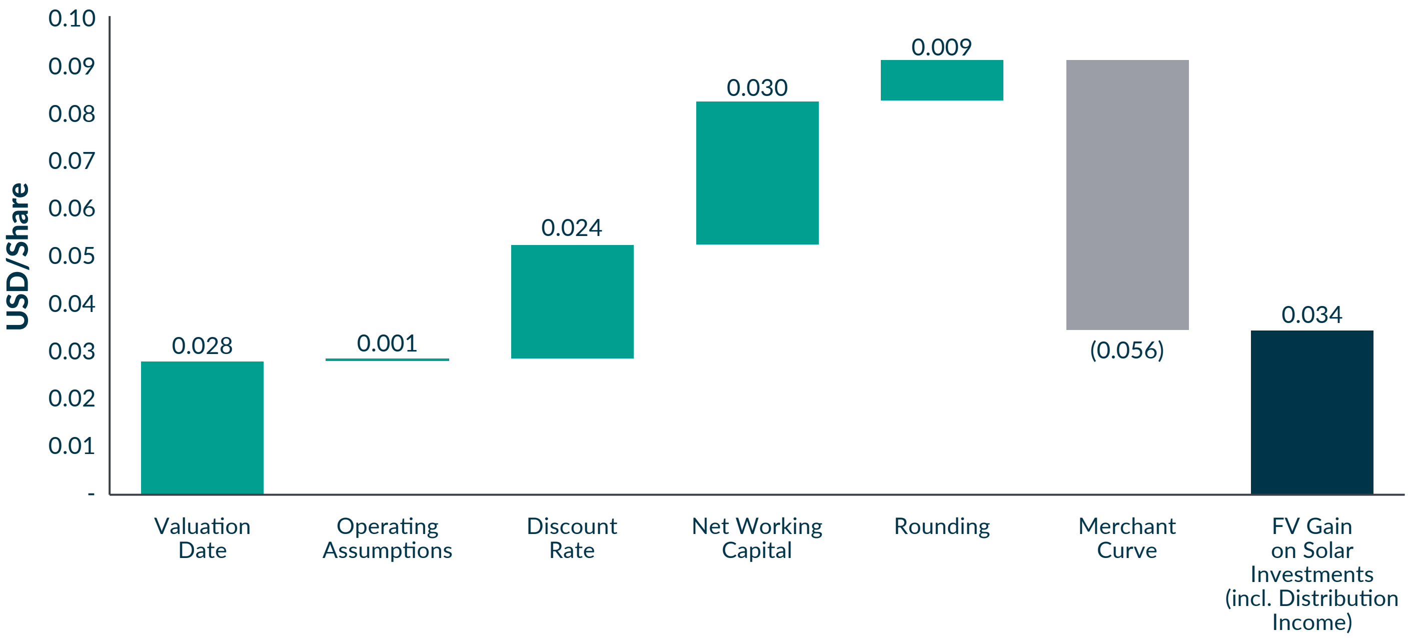


Figure 13 details the 3.4c movement in the "FV gain on solar investments" category shown in Figure 12. The valuation date uplift is a result of bringing forward the valuation date to 31 December 2020, thereby removing cash flows from prior periods and bringing forward future cash flows. Discount rates were generally revised downwards to reflect current market rates, lower risk post-construction, tax equity buyouts, and lower merchant power price forecasts. Net working capital adjusts for changes in project level cash, assets, and liabilities. To ensure alignment with valuation numbers, the Investment Manager uses the mid-point KPMG valuation for each asset, which resulted in a rounding uplift this period. The change in merchant curve reflects the update of forecast power prices to use the most recent two power price forecasts from two market consultants. The key driver of decline in this category was lower forecast prices in Oregon and North Carolina.

ONGOING CHARGES

The ongoing charges ratio of the Company is 1.48% of the average NAV for the period ended 31 December 2020. The ratio has been calculated using the AIC recommended methodology. The estimated total cost as laid out in the prospectus was 1.35% based on proceeds of $250 million. As total proceeds of the IPO were $200 million, this ratio is slightly higher than estimated at IPO but the Company expects that the ratio will decrease as further funds are raised.

VALUATION

NET ASSET VALUE

The NAV for the period ending 31 December 2020 is $194.2 million.

The valuation of the Solar Assets produced by the Investment Manager is based on valuations by an independent appraiser on a semi-annual basis as at 30 June and 31 December. These valuations form part of the NAV calculation of the Company, which is subject to audit. Additionally, an unaudited NAV and NAV per Ordinary Share is calculated in US Dollars on a quarterly basis as at 31 March and 30 September by the administrator, JTC (UK) Limited, (**Administrator**) in conjunction with the Investment Manager.

VALUATION METHODOLOGY

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

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

The Administrator, in conjunction with the Investment Manager, calculates the NAV and the NAV per ordinary share as at the end of each quarter of the Company's financial year, and submits 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 PV electricity generation systems in the US.

Fair value for operational Solar Assets is derived from a discounted cash flow (**DCF**) methodology. For Solar Assets that are still under construction at the time of valuation, the purchase price of the Solar Power Asset including construction and acquisition costs is normally used as an appropriate estimate of fair value, provided no significant changes to key underlying economic considerations (such as major construction impediments or natural disasters) have arisen.

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

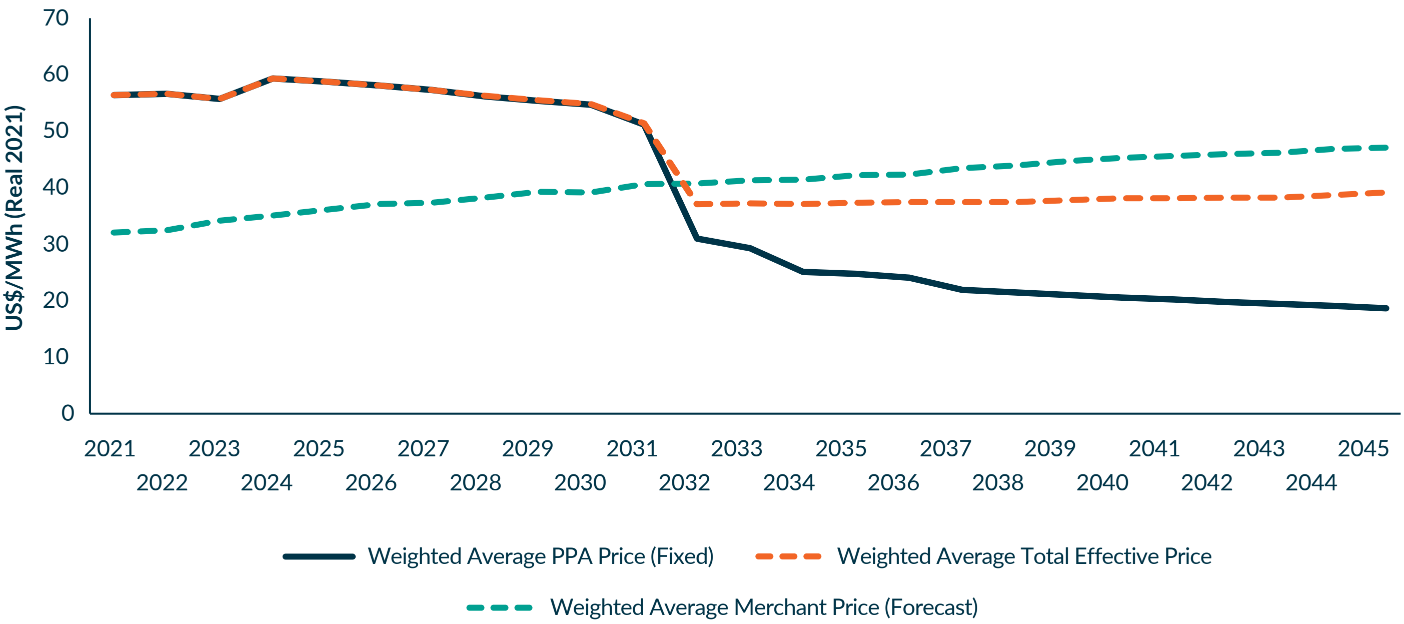
The Investment Manager has reviewed a range of sources in determining the fair market valuation of the Solar Assets, including but not limited to:

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

Long-term electricity price forecasts are obtained every six months from two leading independent power price forecasting firms for each jurisdiction in which Solar Assets are located. The most recent two electricity price forecasts from each firm are averaged and provided to the independent valuer to project the prices at which existing PPAs will be re-contracted. The averaging of curves and providers is used to prevent the valuation of the portfolio being unduly influenced by one forecaster's set of assumptions; to mitigate potential forecaster errors in a particular period; and to reduce the timing risk inherent in valuing the portfolio shortly before curve updates are released. The independent valuer assesses these forecast prices for reasonableness against their own internal forecasts and others in the marketplace.

Figure 14: Portfolio Weighted Average Electricity Pricing – PPA v Merchant (Real 2021 at 2% inflation)[15]



The Investment Manager has used its judgement in arriving at appropriate discount rates which are consistent with the discount rates derived by the independent valuer. The Investment Manager's view of discount rates is based on its knowledge of the market, considering intelligence gained from its bidding activities, discussions with financial advisers in the appropriate market and publicly available information on relevant transactions.

Figure 14 represents the average total effective US$/MWh for the portfolio. Based on merchant projections, this assumes a reduction in the total effective US$/MWh as current PPA terms come to an end.

NESM has engaged independent valuer KPMG to calculate the fair value of its operating renewable energy assets. KPMG is one of the largest valuation firms in the US with significant experience in estimating the fair value of solar and other renewable energy assets. In accordance with Company policy, all 41 operating assets were externally valued at 31 December 2020 (construction assets were held at cost in previous periods).

15. 25% interest in MS2 not included in illustration.

Primary valuation methodology:

- The equity fair values of USF's construction assets are based on the equity purchase price plus transaction costs (no assets were valued at this basis for 31 December 2020 as all assets were operational at period end).
- The equity fair values of USF's operational assets are based on DCF modelling of pre-tax cash flows to equity as at 31 December 2020. This methodology more accurately reflects the valuation impact of the discrete debt instruments that USF has in place when compared to an unlevered valuation.
- A post-tax valuation is conducted at the US Holding Corp. level to cross-check the implied post-tax discount rate.

The discount rates used by the external valuer ranged from 6.5% to 7.0% on a pre-tax weighted average cost of capital (**WACC**) basis for unlevered assets (30 June 2020: 6.8% to 7.2%) and 8.1% to 9.7% on a pre-tax cost of equity basis (30 June 2020: 8.1% to 8.8%) for levered assets. The generally lower discount rates reflect projects moving from construction to operational stage. The use of a WACC or cost of equity in valuations is dependent on actual leverage employed. For 31 December 2020 valuations, given the impact of the pandemic, KPMG has included COVID-19 risk premiums in overall equity and asset-specific risk premiums.

TAX EQUITY

At a federal level in the US, the Investment Tax Credit (**ITC**) introduced in 2005 to give project owners tax credits for installing designated renewable energy generation equipment has been highly successful in driving renewable energy adoption in the US. In addition, certain solar PV assets are eligible for accelerated depreciation, enhancing US tax effectiveness.

In January 2021, new legislation delayed the ITC step down for solar power by two years. This means that the ITC will remain at 26% for projects that begin construction by the end of 2022, will fall to 22% for projects that begin construction by the end of 2023, and then fall to 10% for commercial solar projects commencing construction from 2024 onwards.

Typically, solar PV asset developers and equity investors do not have sufficient taxable income to fully utilise these tax attributes. Many investment structures for US solar PV assets include tax equity partners (usually banks and other financial institutions, insurance companies or large corporates) who have the capacity to use tax attributes in a shorter timeframe, alongside equity investors. The ability of tax equity partners to generate value from tax attributes, including the ITC, over a shorter time horizon allows them to invest in solar PV projects and generate a return through a combination of savings on other tax liabilities and project cash distributions. There is also a clear pathway to exiting the investment if they do not have an appetite to be a long-term holder in the solar PV project. At 31 December 2020, tax equity financing was in place for all projects in the Company's portfolio except two projects in the Acquisition Four (Heelstone) portfolio where the remaining tax equity funding amount of approximately $5.5 million is expected in the first half of 2021.

Table 4 below details the tax equity arrangements for the Company's portfolio.

Table 4: Tax Equity Summary

Solar Asset	Tax Equity Partner	Funding Status	Remaining Commitment
Acquisition One	Wells Fargo	Fully funded and active	–
Acquisition Two	US Bancorp	Partially funded and active	$5.5 million
Acquisition Three	US Bancorp	Fully funded and active (five projects) Fully funded and exited (three projects)	–
Acquisition Four	Hartford Insurance Company; Valley National Bank; and US Bancorp	Fully funded and active	–
Acquisition Five	US Bancorp	Fully funded and active	–
Acquisition Six	Wells Fargo	Fully funded	–

GEARING

On a look-through basis USF had outstanding debt of $237.3 million as at 31 December 2020, based on the face value of drawn debt. This equates to 55.0% of Gross Asset Value (**GAV**) (calculated as NAV plus outstanding debt), noting the Prospectus permits gearing above 50% during construction and the first year in which all assets are operational. The Company expects to reduce gearing to 50% or below, subject to the Company refinancing the Acquisition Four portfolio with the proceeds of the announced capital raising.

USF's debt facilities outstanding as at 31 December 2020 are set out in Table 5.

Table 5: Gearing Summary

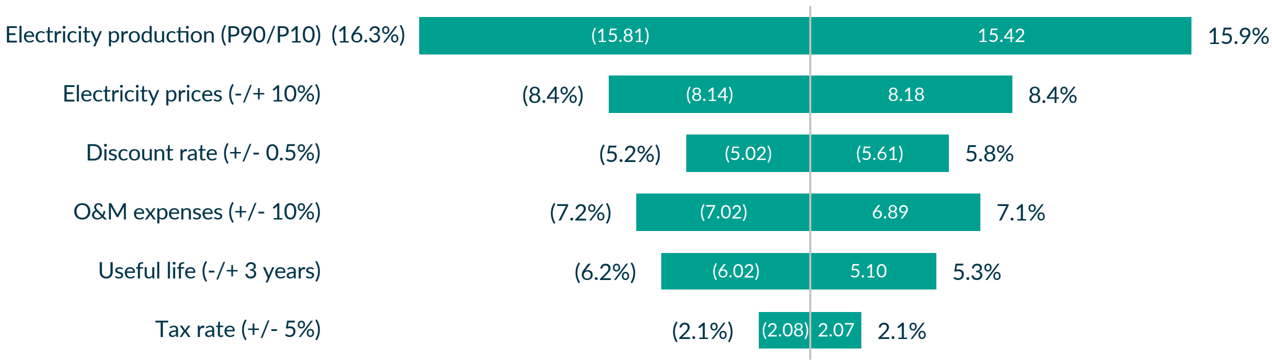
SOLAR ASSET	LOAN TYPE	FACILITY SIZE USD (M)	DRAWN FACE VALUE USD (M)	DRAWN FAIR VALUE USD (M)[16]
Acquisition One	Term Loan	48.5	48.1	51.0
Acquisition Four	Term Loans	152.3	147.6	160.8
Acquisition Five	Term Loan	41.6	41.6	41.9
Total		**242.4**	**237.3**	**253.7**

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

SENSITIVITY ANALYSIS

The Investment Manager and the Company use sensitivity analysis to assess the impact of changes in key assumptions on the fair value of the Company's investments. The sensitivities shown in Figure 15 assume the relevant input is changed over the entire useful life of each of the underlying renewable energy assets, while all other variables remain constant. All sensitivities have been calculated independently of each other. The full sensitivity analysis, including comments on key assumptions and sensitivities, is included in Note 17 to the financial statements.

Figure 15: Sensitivity Analysis (Change in cents per share)[17]



The Company has announced that it has the option to refinance the existing project-level debt associated with Acquisition Four with a new, smaller facility on more favourable terms resulting in lower gearing and improved returns. The Company also has the option to acquire a further 25% of MS2. The refinancing and the acquisition of the further 25% of MS2 would require the Company to raise approximately $100 million[18] (net) of equity but results in reduced sensitivity to key assumptions as shown below. This is based on the equity raising and refinancing being completed in H1 2021.

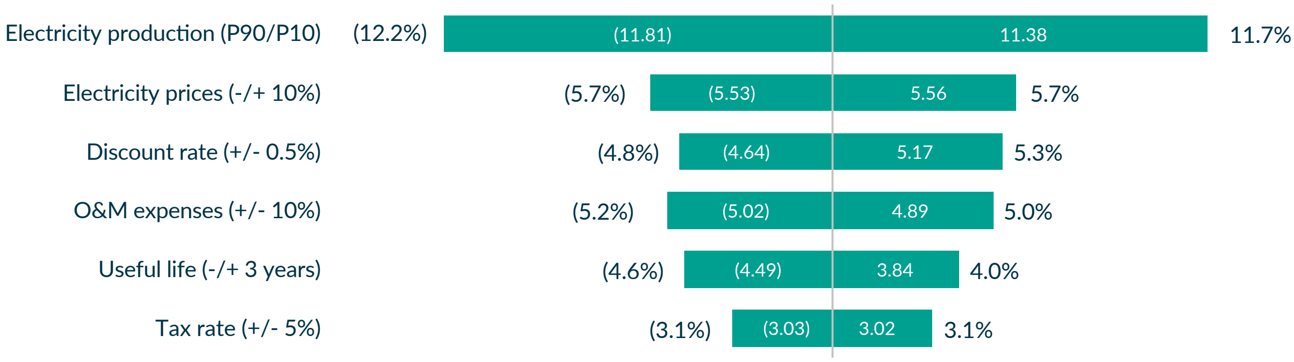
As shown in Figure 16, the proposed Acquisition Four refinancing reduces the estimated impact of almost all key sensitivities.

16. Debt at fair value reflects market interest rates at 31 December 2020. Debt is held by multiple subsidiaries, thus is included in "Investment held at fair value" on the Statement of Financial Position.

17. Assumed asset life is 35 years as per Independent Engineer assessment.

18. Based on using approximately $20 million of existing cash plus $80 million net proceeds from a potential equity raise in Q1 2021.

Figure 16: Alternative Sensitivity Analysis (Change in cents per share)



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 2020, 200,192,361 Ordinary Shares were in issue and no other classes of shares were in issue at that date. At 31 December 2019 there were 200,092,323 ordinary shares on issue.

During the period from 1 January 2020 to 31 December 2020, the Company issued 100,038 ordinary shares to the Investment Manager at a price of $0.964 per share, representing the amount due in shares to the Investment Manager for the period from 1 January 2020 to 30 June 2020, in accordance with the terms of the investment management agreement between the Company and New Energy Solar Manager Pty Limited.

INFORMATION ON THE INVESTMENT MANAGER

USF is managed by New Energy Solar Manager Pty Limited, which also manages New Energy Solar (**www.newenergysolar.com.au**). Combined, US Solar Fund and New Energy Solar have committed approximately US$1.3 billion to 57 projects totalling $1.2GW_{DC}$.

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

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 mergers and acquisitions and financing transactions. Prior to this John held various investment bank management positions including the Head of National Australia Bank Advisory and the Joint Head of Credit Markets and Head of Structured Finance at RBS / ABN AMRO. During his time at ABN AMRO, John managed the Infrastructure Capital business which was viewed as a market leader in the development and financing of infrastructure and utility projects in Australia. John started his career as an economist with the Reserve Bank of Australia and then worked in various treasury and risk management positions, before moving to PwC as the partner responsible for financial risk management.

JACLYN STRELOW BJus, LLB (QUT), MBA (MELB)

CHIEF OPERATING OFFICER, NESM

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

LIAM THOMAS BAgribus (Curtin), MSc (Curtin), MBA (MELB)

CHIEF INVESTMENT OFFICER, NESM

Liam joined the Investment Manager as Director – Investments in March 2016, to lead transaction origination and execution activities. Liam has over 16 years' experience in mergers and acquisitions, corporate and business development, projects, and commercial management in the energy, infrastructure, mining, and agribusiness sectors. Prior to joining the Investment Manager, Liam was a senior member of the International Development team at Origin Energy focused on the investment and development strategy for utility-scale solar, hydro, and geothermal projects in Latin America and South-East Asia. Liam's previous roles have included General Manager of Commercial Development at Aurizon, Commercial Manager for the Northwest Infrastructure iron ore port joint venture, and Project Manager at Orica, focusing on large-scale mining-related infrastructure and manufacturing projects.

WARWICK KENEALLY BEcon (ANU), BCom (ANU), CA

CHIEF FINANCIAL OFFICER, NESM

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

Alkali 15.1MW_{DC}

4. Environmental, Social and Governance

Turkey Hill 13.2MW_{DC}

4. Environmental, Social and Governance

During the reporting period, the Company and Investment Manager focused on acquiring, onboarding and constructing assets, and in doing so, Environmental, Social and Governance (**ESG**) factors were taken into account.

With the Company investing in and selling the power output of Solar Assets to energy users, the Company directly contributes to renewable energy infrastructure and renewable power generation. As at 31 December 2020, USF's acquired portfolio comprised 41 operational solar plants, with the Company now responsible for displacing more than an estimated 618,000 tonnes[19] of CO_2 emissions, equivalent to powering over 74,000 US homes, or removing over 134,000 US cars from the road 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 good ESG practices.

Investing in utility-scale solar 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 PPAs with various offtakers, the Company directly contributes to the share of renewable energy in the global energy mix.

ESG DUE DILIGENCE AND ACQUISITION

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

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 Assets which support renewable energy development and provide a clean energy source to communities in rural and metropolitan 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 becoming low carbon economies, 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. This project generates 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 US homes, or removing 51,000 US cars from the road, every year.

The Company will often acquire plants that are not yet operational, and as such require many contractors and employees to construct each project. For example there were 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 with educational and research institutions to share insights and data to further advance the solar industry.

19 Estimates use the first year of each project's electricity production once operational or acquired by the Investment Manager; and assumes all projects are owned by USF on a 100% basis and that all projects under construction are fully operational.

These partnerships also help USF to continue to improve its practices around land preservation, a key consideration for the Company during an asset's construction phase and 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, suppliers 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.

SITE-SPECIFIC ESG INITIATIVES DURING OWNERSHIP

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

ENVIRONMENTAL

- Grazing of sheep or livestock
- Planting of local / indigenous grasses, plants or wildflowers
- Implementation of sustainable drainage and flood control measures

SOCIAL

- Attendance at local community and government meetings to maintain community engagement and dialogue
- Ongoing relationship development with O&M providers, construction contractors, and landowners to encourage local community engagement and contribution
- Effective complaint reporting and handling
- Engagement with local education institutions to help develop understanding of renewable energy
- Contributions to select local and regional charitable organisations
- On site, all injuries and incidents must be reported immediately, and reporting is followed by a well-documented investigation process, detailed report, and corrective action

GOVERNANCE

- Periodic and regular review of safety statistics and site visits with site service providers to ensure compliance with local and regional laws and the Investment Manager's ESG practices
- Annual review of contract compliance (including health and safety plans) with site service providers

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.

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDG)

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

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

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

UNSDG 7.2

The 41 solar power projects in USF's portfolio have a combined capacity of 443MW_{DC}. This power is generated without producing emissions and importantly, also replaces fossil-fuel generated power, thereby displacing CO_2 emissions. As USF's 41 assets are now all operational, they will be responsible for displacing more than an estimated 618,000 tonnes of CO_2 every year. Including MS2 in the portfolio, the CO_2 emissions displaced by the Company's Solar Assets will be 679,000 tonnes[20], equivalent to powering 92,000 US homes or removing 147,000 US cars off the road 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. Given USF's solar plants are relatively new, with only 8% of capacity (including all acquisitions) being operational for greater than five years and the majority being operational between two and five years, the business has not yet had to manage the disposal of large quantities of solar panels, due to the assumed solar asset life of 35+ years per project.

During construction and operation, the solar panels employed in USF's plants have proven to be 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, USF intends to establish a solar panel recycling system that can facilitate the recovery of valuable secondary raw materials and promote high levels of reuse. To this end, USF is investigating the recycling programs available in the industry and the approaches of its development and construction partners.

UNSDG 8.8

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

A site Health and Safety Committee is established for each project location, comprised of field representatives and management from the EPC contractor once construction commences. These representatives must obtain appropriate construction safety certification (known as "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.

Once a site is operational, and upon appointment of Operation and Maintenance contractors, a Safety and Health Management Plan is implemented. These plans provide personnel working at the site with a framework for addressing safety and health in the workplace with the goal of preventing any fatalities, injuries, illnesses and equipment damage. The approach is based on the principle that nearly all worksite fatalities, injuries and illnesses are preventable.

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

Over the course of the period to 31 December 2020, there were two recordable injuries and one lost-time accident on site. In March, there was a foot injury on one of the Acquisition Two construction sites which resulted in lost time. The Investment Manager has worked with Horne Brothers Construction (the EPC provider) to determine the root cause of the accident and has completed a review of the incident with corrective actions. At the Milford construction site, there were two separate incidents over the period, a fractured wrist in April and an arm laceration in June. McCarthy, the EPC contractor, have investigated the root cause of these accidents and have since made corrections to its operating procedures to prevent further injuries.

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

20 Estimates use the first year of each project's electricity production once operational or acquired by the Investment Manager; and assume all projects are owned by USF on a 100% basis and that all projects under construction are fully operational.

Davis Lane $7MW_{DC}$

5. Principal Risks and Uncertainties

Red Oak $6.9MW_{DC}$

5. Principal Risks 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 a use of derivative financial instruments.

The Company faces a broad range of risks that the Board and Investment Manager aim to mitigate through internal controls and other actions. These risks are regularly assessed on a periodic basis to ensure that the business operates smoothly and that any adverse effect on the Company's performance and share value is mitigated. To the extent possible, the Board also maintains a risk matrix that is reviewed annually under the 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 organised into key categories as set below:

- legal & regulatory risks;
- financial & market risks; and
- 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 tax legislation may impact the Company's overall returns.	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	Political risks often translate to elevated political uncertainties and have detrimental effects on investment and currency markets. Ongoing Brexit uncertainty may impact the Company's ability to raise additional funds. The outcome of US elections and the impacts on renewable energy credits, tax concessions and support for the renewable generation sector are uncertain.	As the Company's assets are in the US, the Investment Manager does not consider Brexit to cause significant risks to the US renewables market. The Company and Investment Manager monitor changes in legislation for relevant jurisdictions to enable rapid and effective response. The Company and Investment Manager also consult with tax and legislation experts as required. The election of the Biden administration has lowered the political risk associated with investment in US renewable energy.

FINANCIAL & MARKET RISKS

Risk	Impact on Company	Mitigant
Long-term power price fluctuations	PPA terms are generally shorter than the expected useful life of Solar Assets so price forecasts are used to estimate the value of cash flows between PPA expiry and the end of the asset's useful life. Lower wholesale electricity price forecasts will reduce the revenue that the Solar Assets are expected to generate after PPA expiry, thereby impacting asset valuations.	The Company secures revenue by acquiring assets that have long-term PPAs in place (with a minimum PPA term of 10 years for each project or portfolio acquisition and a target weighted average PPA term of 15 years for the Company's entire portfolio). The Company continues to regularly monitor changes in expert energy price forecasts and ensures that they are appropriately factored into asset valuations. Additionally, the Company is evaluating energy storage as a means to reduce exposure to power price and re-contracting risk.
Valuation of assets	The due diligence process that the Investment Manager undertakes in evaluating acquisitions of Solar Assets may not reveal all facts that may be relevant in connection with such investments. This could lead to valuation errors that affect the returns achieved by the underlying assets or results in inaccurate reporting to investors and other stakeholders.	The Company appoints an independent reputable firm to undertake valuations of its Solar Assets on at least an annual basis. Further, the Company appoints reputable third parties with industry specific skills to assist in the due diligence process including reviewing detailed financial model inputs.
Access to equity capital	The Company has announced it is considering fundraising options to refinance the Acquisition Four portfolio, acquire a further 25% of MS2, or acquire other assets consistent with investment policy. The Company may not be able to raise the target amount or any amount, in which case it would not have sufficient equity capital to complete these transactions.	The Company is now fully invested and trading at a premium to NAV. Recent successful equity fundraisings in the renewables sector suggest positive market sentiment toward the renewables sector. The Company's brokers and the Investment Manager maintain regular contact with existing and prospective investors.
Access to capital from tax equity partners and debt providers	The Company may not be able to source funding from suitable tax equity partners and debt providers which may limit the amount of capital the Company is able to utilise in acquiring assets. Additionally, the Company may be exposed to risks from its contractual relationships in relation to tax equity financing with any tax equity partner.	Debt and tax equity financing is in place for all projects in the Company's portfolio. The Company has appointed a reputable and experienced Investment Manager with strong existing banking and tax equity relationships. These existing relationships, in addition to new relationships, developed with experienced tax equity partners allow for various avenues to appoint a partner best suited for the project. The Company also continues to monitor compliance with tax equity financing provisions. With respect to the Acquisition Four refinancing, the Company has received a signed term sheet to reduce execution risk.
Unable to source suitable Solar Assets	Whilst the Company is currently fully invested, it may not be able to source suitable assets in future, 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 Company, consequentially adversely affecting the level of returns to shareholders and the market value of the Company.	The IPO proceeds are fully invested in or committed to Solar Assets so the Company will need to raise new equity capital. The Company has also 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, when new capital is available.

OPERATIONAL RISKS

Risk	Impact on Company	Mitigant
Operational fraud	The Company is potentially exposed to financial losses from fraudulent activities related to receipts from counterparties or wholesale markets, or 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 E&P Financial Group, of which the Investment Manager is a member, holds insurance which covers fraudulent incidents.
Default of developer or Engineering, Procurement, Construction (EPC) contractor	The Company may experience a financial loss (realised or unrealised) from a developer or EPC counterparty failing to perform their contractual obligations including warranty obligations which continue after construction is completed.	The Company has a fully operational portfolio and with no Solar Assets under construction. Where the Company undertakes construction activity in the future, it appoints experienced and reputable contractors with strong track records and 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. Contractual protections in EPC contracts (milestone-based payments, performance security, liens over assets purchased and installed by the EPC contractor), means the potential impact of EPC contractor default during construction is largely limited to the time and cost of replacing the contractor rather than any persistent loss.
Unfavourable weather conditions including climate change or events	The Company may be exposed to a lower than expected volume of revenue generation produced by the Solar Assets. Additionally, the Solar 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. The Company and Investment Manager conduct sensitivity analysis using a range of power generation forecasts when evaluating acquisitions however isolated or localised conditions such as storms, heavy snowfall, or smoke and dust events may cause production shortfalls outside the range of power generation forecasts. Investing in geographically diverse projects mitigates the impact of localised, unfavourable weather conditions.
Under-performance 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 uses third-party independent engineers to review the assets and provide independent reports on performance before acquisition, to ensure that reasonable generation assumptions are utilised. The Company and Investment Manager also conduct sensitivity analyses on power generation when evaluating the acquisition target. The Company and the Investment Manager also seek to engage with reputable O&M and EPC contractors and include market-standard contractual protections in the relevant contracts.
Pandemics including COVID-19	Global health concerns often translate to elevated uncertainties in financial markets and have detrimental effects on the global economy. The COVID-19 outbreak may impact the Company's supply chain and service providers (such as higher O&M costs, longer response times, and higher insurance costs) and also ability to raise additional funds.	The Investment Manager has established systems and procedures that allow remote monitoring of the solar power assets and remote work by staff. These systems have operated throughout COVID-19. The Investment Manager manages costs by using fixed-time and fixed-cost contracts for construction, working closely with EPC contractors during the construction of assets, and with O&M contractors and other key suppliers once assets become operational.

Risk	Impact on Company	Mitigant
Counterparty credit risk	There is the potential for losses to be incurred due to defaults by PPA counterparties, EPC contractors, derivative counterparties, and deposit taking institutions.	There have been no material changes to the creditworthiness of any of the USF counterparties as a result of COVID-19, and the Company and the Investment Manager diversifies credit risk across multiple investment-grade counterparties. 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. The Investment Manager will continue to monitor credit market conditions, including as they apply to PPA counterparties.

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 five-year period. The Board considers a five-year timeframe to be reasonable on the basis that the Company is in the initial stage of operating assets. The key risks facing the Company including, but not limited to, the risks mentioned on pages 30 to 33 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.

The Company owns a portfolio of Solar Assets in the US that are fully constructed, operational and generating renewable electricity. As a result, it benefits from predictable and reliable long-term cash flows and is subject to a set of risks that can be identified and assessed. Each Solar Asset is supported by a detailed financial model at acquisition and incorporated into the Company's valuation model for quarterly valuations, which are independently reviewed every half-year. The Board believes the diversification within the Company's portfolio of Solar Assets helps to withstand and mitigate the emerging and principal risks the Company is most likely to face. The Company's revenues from investments provide substantial cover to the operating expenses of the SPVs, USF Holding Corp., and the Company and any other costs likely to be faced by any of them over the viability assessment period. The Investment Manager also prepares a rolling detailed monthly two-year cash flow forecast to address and specifically consider the sustainability of the dividends.

After assessing these risks, and reviewing the Company's liquidity position, together with the Company's commitments, available but undrawn credit facilities, and forecasts of 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 five-year outlook period. While the Board has no reason to believe that the Company will not be viable beyond the specified outlook period, it is 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 1 to 36 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. The strategic report section was approved by the Board of Directors on 16 March 2021.

SECTION 172

Section 172 of the *Companies Act 2006* recognises that directors are responsible for acting fairly as between members and in a way that they consider, in good faith, is the most likely to promote the success of the Company for the benefit of its Shareholders as a whole. In doing so, they are also required to consider the broader implications of their decisions and operations on other key stakeholders and their impact on the wider community and the environment. Key decisions are those that are either material to the Company or are significant to any of the Company's key stakeholders. The Company's engagement with key stakeholders and the key decisions that were made or approved by the Directors during the year are described below:

SHAREHOLDERS

The Company also relies on Shareholders for continued access to capital to support further growth of the Company.

The Investment Manager liaises with Shareholders through specified reporting of Company performance at set dates in the calendar, as well as ad hoc reporting of major announcements.

In addition, Shareholders have the opportunity to meet the Board at the Annual General Meeting (AGM). The Board is also endevours to respond to any written queries made by Shareholders during the course of the period, or to meet with major Shareholders if so requested.

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.

LENDERS

The Company also relies on Lenders for continued access to capital to support further growth of the Company, and to refinance existing debt facilities at maturity, or prior to maturity where it is accretive for shareholders.

The Investment Manager liaises with Lenders through specified reporting of project level performance at set dates in the calendar, as well as ad hoc reporting of major announcements.

SERVICE PROVIDERS

Our service providers are fundamental to the quality of our product and to ensuring that as a business we meet the high standards of conduct that we set ourselves.

The Board meets at least annually to review the performance of the key service providers.

The Board has regular contact with the two main service providers: the Investment Manager and Administrator through quarterly board meetings with the Chair and Audit Chair meeting more regularly.

REGULATORS / GOVERNMENT

The Board regularly considers how it meets regulatory and statutory obligations and follows voluntary and best-practice guidance, including how any governance decisions it makes impact its stakeholders both in the short- and long-term.

PPA OFFTAKERS

The Offtakers for the Company's projects provide the main source of operating cash inflows to the Company. No Offtaker is a related party of the Board or Investment Manager. The Company is focused on ensuring assets operate in line with weather-adjusted expectations to deliver power to their PPA Offtakers.

LOCAL COMMUNITIES

The local communities, within which the Company's projects are based, provide local support as well as human resources to work on the project sites. The Company works actively with landholders and city councils, and has resolved egress and access, erosion, and land management issues during the year.

The strategic report is set out of page 1 to 36 of this document and was approved by the Board of Directors on 16 March 2021.

GILL NOTT
CHAIR

Date: 16 March 2021

Lakeview 13.7MW_{DC}

6. Board of Directors

Milford 127.8MW_{DC}

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 Miton Global Renewables Trust plc, PMGR Securities 2025 plc and Gresham House Renewable Energy Venture Capital Trust 1 plc.

JAMIE RICHARDS

NON-EXECUTIVE DIRECTOR

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

RACHAEL NUTTER

NON-EXECUTIVE DIRECTOR

Ms Nutter has spent over 20 years in the energy sector and the last 15 years in the renewable and clean energy sector. Ms Nutter is Director for Nature Based Solutions (NBS) at ClimateCare, a leading player in the carbon markets. Until August 2020 Ms Nutter worked at Shell, most recently as general manager of NBS business development. 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. Prior to rejoining Shell in 2012, she worked at CT Investment Partners, Carbon Trust and PA Consulting Group, having started her career as a petroleum engineer with Shell. Ms Nutter is a board member of the Energy Technologies Institute, a UK public-private partnership to accelerate the commercialisation of low carbon technologies.

THOMAS PLAGEMANN

NON-EXECUTIVE DIRECTOR

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

Red Oak 6.9MW_{DC}

7. Directors' Report

Lakeview 13.7MW_{DC}

7. Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 December 2020 in accordance with section 839 (4) of the *Companies Act 2006*.

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 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 the Directors in the period are set out below:

DIRECTOR	ANNUAL FEE (£)	RECEIVED IN YEAR ENDED 31 DECEMBER 2020 (£)
Gillian Nott*	60,000	60,000
Jamie Richards**	50,000	50,000
Rachael Nutter	40,000	40,000
Thomas Plagemann***	40,000	20,308
Josephine Tan***	–	15,026

*This includes £20,000 per annum in respect of serving as Chair of the Board.
**This includes £10,000 per annum in respect of serving as Chair of the Audit committee.
*** Josephine Tan has resigned as a director of the Company with effect from 15 May 2020. USF has appointed of Thomas Plagemann as an independent non-executive director of the Company with effect from 29 June 2020.

In accordance with FCA Listing Rules 9.8.6(R)(1), the 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 2020 are shown below:

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

Further details on the remuneration of the Directors can be found on the remuneration report on pages 63 to 66.
* Thomas Plagemann was appointed as a non-executive director on 29 June 2020.
**Josephine Tan resigned as a director on 15 May 2020.

STRATEGIC REPORT AND OTHER DISCLOSURES

The Strategic report on pages 1 to 36 contains disclosures in relation to a review of business performance, future developments 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. There are no additional disclosures under Listing Rule 9.8.4 considered required to be provided.

SIGNIFICANT SHAREHOLDINGS

As at 31 December 2020, the Company is aware of or has received notification in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5 of the following interests in 3% or more of USF's shares to which voting rights are attached:

SHAREHOLDER	NUMBER OF ORDINARY SHARES	PERCENTAGE OF ISSUED SHARE CAPITAL
CCLA Investment Management Limited	24,218,053	12.10%
Liontrust Investment Partners	20,187,760	10.08%
Sarasin & Partners LLP	20,250,000	10.12%
Newton Investment Management Limited	19,997,515	9.99%
Baillie Gifford & Co	19,650,000	9.82%
FIL Limited	13,550,000	6.77%

Since the year end, the Company has been notified that the holding of voting rights of VT Gravis Funds ICVC has changed to 10,505,965 Ordinary Shares (5.25%).

There have been no other changes notified to the Company in respect of the above holdings, and no other new holdings notified, since the year end.

FUTURE DEVELOPMENTS

The Company's future outlook is discussed in the Investment Manager's Report on pages 8 to 24.

DIVIDENDS

During the year, the Company declared dividends totalling $4,002,846 (10 January 2019 to 31 December 2019: $1,820,633) of which $3,001,884 (31 December 2019: $820,172) has been paid as at 31 December 2020. The Company declared a dividend of 0.50 cents per share, totalling $1,000,962 for the period ending 30 September 2020. The dividend was paid on 12 February 2021.

With all projects now operating, USF expects to cover the remaining 2020 dividend with operating cash flows and confirms its 2021 annual cash-covered dividend target of 5.5 cents per ordinary 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 five-year period given the long-term nature of the underlying assets to support the viability statement and completed a detailed assessment to support the going concern conclusion for the 12 months following the signing of the Annual Report and Accounts. 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 will continue to meet its obligations as they fall due for at least the next 12 months. As such the Board concluded that it is appropriate to adopt the going concern basis of preparation in preparing these financial statements. For further details on going concern please see Note 2.

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 8 to 24.

DISCLOSURE OF INFORMATION TO AUDITORS

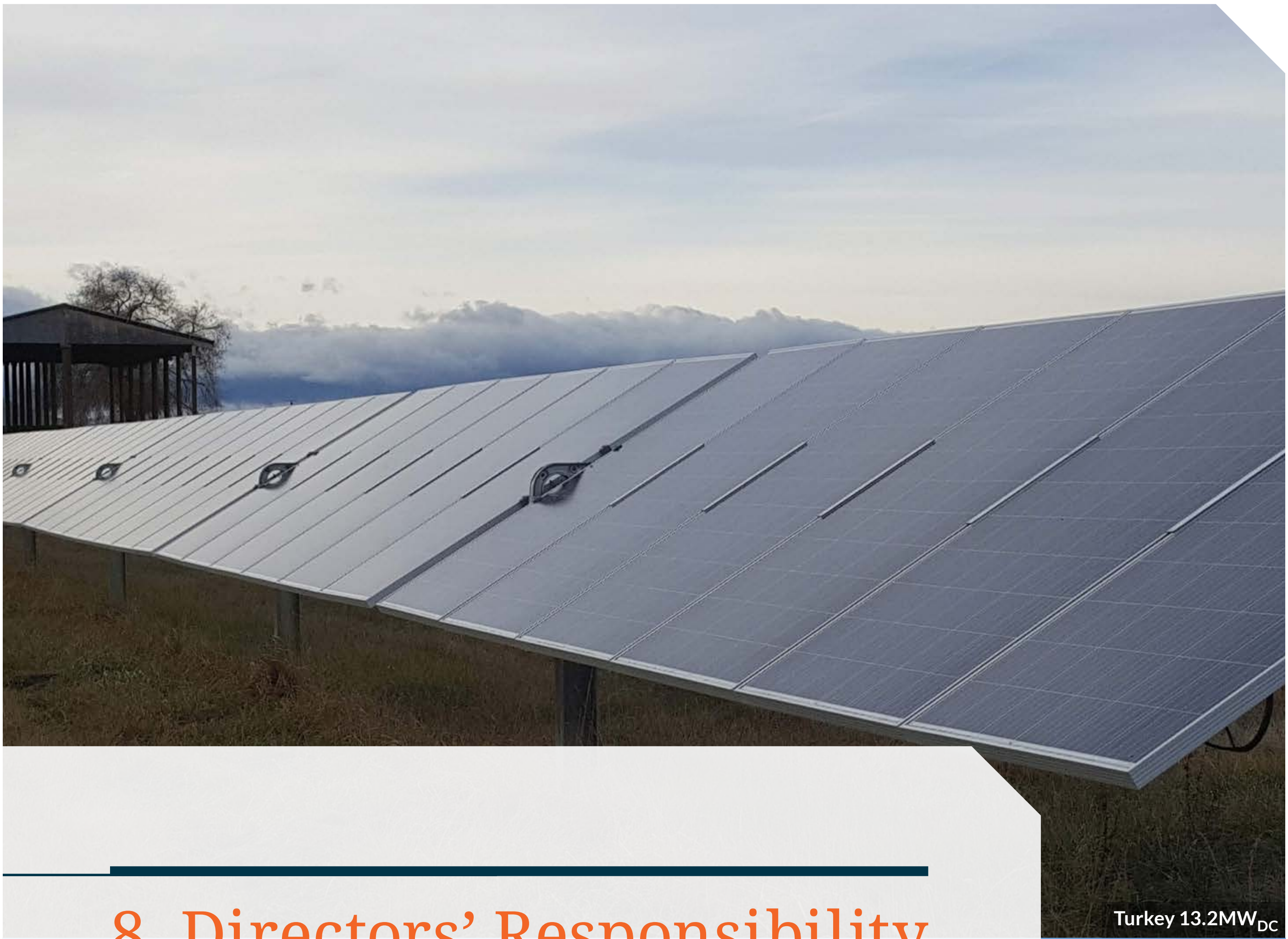
The Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which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

Signed by order of the Board,

GILL NOTT

CHAIR

Date: 16 March 2021



Turkey 13.2MW_{DC}

8. Directors’ Responsibility Statement

Red Oak 6.9MW_{DC}

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 pursuant to Regulation (EC) No 1606/2002 as it applies in 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.

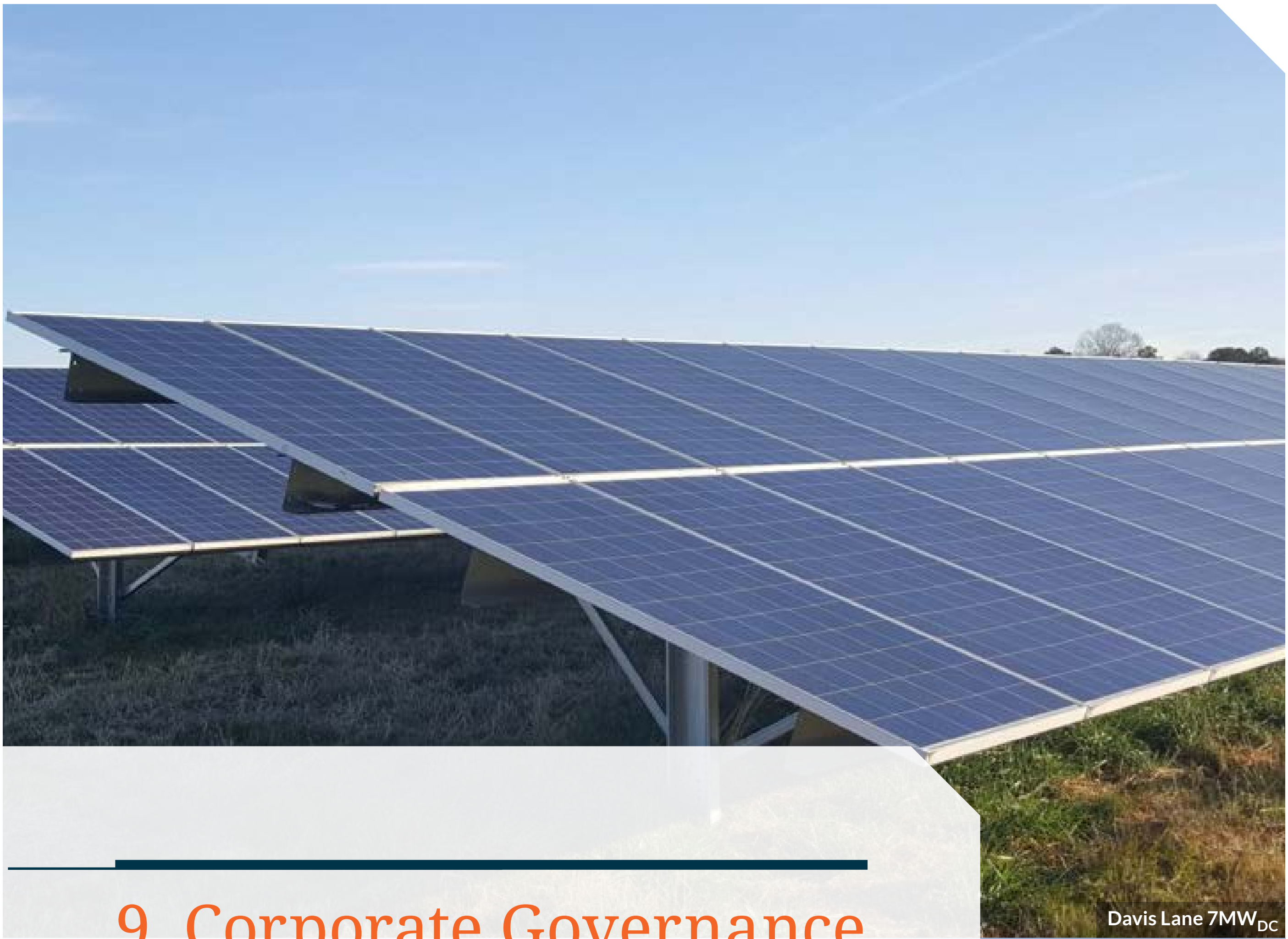
The Directors have acknowledged their responsibilities in relation to the financial statements for the period to 31 December 2020.

Signed by order of the Board,

GILL NOTT
CHAIR

Date: 16 March 2021

9. Corporate Governance Report


Davis Lane 7MW$_{DC}$


Turkey Hill 13.2MW$_{DC}$

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 (**https://www.theaic.co.uk/aic-code-of-corporate-governance**). The AIC Code 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 AIC.

THE BOARD

The Board consists of four non-executive directors all of whom are deemed to be independent of the Investment Manager.

During the period, Josephine Tan resigned as a Director of the Company with effect from 15 May 2020 and Thomas Plagemann was appointed as an independent non-executive director of the Company with effect from 29 June 2020. The details of the Board's process in relation to the appointment of Mr Plagemann is set out on page 45.

Ms Tan was not considered to be independent from the Investment Manager as she sat on the advisory board of the Australian Governance and Ethical Index Company which is managed by a subsidiary of E&P Financial Group Limited, the parent company of the Investment Manager. Ms Tan's non-independence was not considered detrimental to the Company as her role on the board of Australian Governance and Ethical Index Company was 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 Chair) are shown on page 36.

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 while Thomas Plagemann, being eligible, will offer himself for election.

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, ensuring the Company is delivering on its strategy, and monitoring performance against the Company's strategic objectives.

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 the full Board and is chaired by Jamie Richards. Jamie is a Chartered Accountant and has recent and relevant financial experience. The Audit Committee normally meets at least three times a year 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; and
- 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 59 to 62.

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 59 to 62. The Directors have decided to recommend the re-appointment of Deloitte LLP as auditor and a resolution concerning this will be proposed at the AGM.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination 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's Remuneration policy was last approved by Shareholders at the 2020 AGM and will therefore be put to a vote at the 2023 AGM as part of the regulatory three-yearly approval process. Full details on this Policy can be found in the Remuneration Report on pages 63 to 66.

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

- in conjunction with the Chair, setting the Directors' remuneration levels;
- considering the need to appoint external remuneration consultants;
- the process for appointments;
- ensuring plans are in place for orderly succession to the Board;
- the development of a diverse pipeline for succession; and
- Board and committee evaluation annual review.

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.

TENURE OF CHAIR AND SUCCESSION POLICY

The Board has adopted a policy on Chair Tenure and Succession Planning. In line with this policy, the Chair should be in place for a maximum of nine years. As stated in the 2019 AIC Code of Corporate Governance the chairs of investment companies differ to chairs of other companies which means that the maximum tenure of nine years does not necessarily apply. However, in order to address the need for regular refreshment and diversity, the Board believes that a tenure of nine years is appropriate.

The Board's policy for succession planning is that there should be forward-looking and detailed succession and refreshment plans when proposing re-election of long-serving members. Any member of the Board who has served for nine years will be subject to a particularly rigorous review and evaluation process to determine whether they remain independent and should continue in their position. Each Board member is subject to annual re-election at each AGM.

ACTIVITIES DURING THE YEAR

REVIEW OF BOARD REMUNERATION

During the year the Remuneration and Nomination Committee carried out a review of the non-executive directors' fees. This review was supported by a peer group fee analysis report prepared by the Company Secretary. The Committee considered that it was not appropriate for the Board's fees to be increased at present. The full details for the directors fees paid during 2020 and to be paid in 2021 are set out on page 65.

APPOINTMENT OF NEW NON-EXECUTIVE DIRECTOR

During the period, the Committee oversaw the process of recruiting a new non-executive director to replace Josephine Tan. The Committee discussed and agreed on a job specification with experience of renewable infrastructure project finance, an understanding of the ITC regulations and financing structures in the US being key requirements. The Committee also agreed that a director located in the US would be desirable. In line with best practice the Committee engaged an independent external recruitment agency, Acre Resources, following a competitive proposal process including three shortlisted firms, to find appropriate candidates that would meet the Board's criteria. The Committee interviewed three shortlisted candidates (2 female, 1 male), following which Thomas Plagemann was appointed as an independent non-executive director, effective 29 June 2020.

Mr Plagemann is based in New York and has over 25 years of experience originating and executing financings and investments in renewables, energy and infrastructure assets in the US and globally. He has been involved as advisor, debt arranger, or equity investor in projects with capital costs in excess of $30 billion at companies including Vivint Solar, a leading US residential solar company, First Solar, a leading solar developer and manufacturer, AIG, GE Capital and Deutsche Bank. Mr Plagemann also brings valuable industry perspectives from his role on the board of the Solar Energy Industry Association ("SEIA") from 2013 to 2020, and his role as chair of the SEIA's State Policy Committee from 2016 to 2020.

All new Directors receive an induction from the Investment Manager and the Company Secretary on joining the Board, and all Directors receive other relevant ongoing training as necessary including a training in the period for all Directors regarding their responsibilities and relevant regulations by the Company Secretary.

BOARD EVALUATION

The Board undertook a formal internal annual evaluation of its own performance and that of its own committees by way of a questionnaire completed by each Director, input was also sought from the Investment Manager and the Company Secretary. The Chair of the Committee and the Chair of the Board then discussed the results with the rest of the Board and took appropriate action to address any issues arising from the process. It was concluded that the Board and its committees performed well and worked effectively together, under the leadership of the Company's respective chairs to achieve the objectives, and that each Director continues to contribute effectively. No gaps in the Board's capabilities were identified at this stage of the Company's development.

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 and AIFM at least annually; and
- the performance of all key service providers.

The appointment and evaluation of the auditor is not reviewed by the Management Engagement Committee as it falls under the remit of the Audit Committee.

The Committee met once during the year to review the service levels and the fees for the key service providers to the Company. The Committee has recommended retention of the existing service providers to the Company, having challenged fee and service levels as appropriate.

The Committee also carried out a robust assessment of the Investment Manager and AIFM and it was noted that the Investment Manager had complied with the terms of the Investment Management Agreement and that the Investment Manager and the AIFM had met their obligations to the Company during the period under review. The Committee also reviewed the Investment Manager and the AIFM's fees which were found to be appropriate compared to that of the Investment Manager and the AIFM's peers. The Committee remains firmly of the view that the Investment Manager and AIFM demonstrate the skills and commitment to perform their roles, and recommended their continued appointment to the Board. Details of the Committee's review of the Investment Manager and AIFM's overall performance is set out on page 68.

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	4/4	3/3	4/4	2/2
Rachael Nutter	4/4	3/3	4/4	2/2
Jamie Richards	4/4	3/3	4/4	2/2
Josephine Tan	1/4	1/3	2/4	1/2
Thomas Plagemann	2/4	2/3	1/4	1/2

The Board meets formally on a quarterly basis and our attendance is shown in the table above. In addition there were 7 ad hoc meetings, these are generally called to approve specific announcements or address specific opportunities or issues arising and may involve a quorate sub-committee of the Board, appointed as necessary.

Representatives of JTC (UK) Limited, as Administrator and Company Secretary, 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 and key issues;
- 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; and
- recommendations and updates from Board committees as appropriate.

KEY ACTIVITIES OF THE BOARD DURING 2020

The primary focus at regular Board meetings has been on delivering the strategy and monitoring performance against the Company's strategic objectives. The Board has also been monitoring all aspects of the Company's business in light of COVID-19. This included:

- considering capital structure;
- discussing asset acquisitions and pipelines;
- reviewing Internal Controls;
- technical market and solar industry trends and issues;
- reviewing construction and operational performance;
- reviewing conflicts of interest register and significant shareholdings;
- reviewing the risk register; and
- monitoring the situation with regards to COVID-19.

RELATIONS WITH SHAREHOLDERS

The Company communicates with Shareholders and solicits their views where it considers it is appropriate to do so. Subject to COVID-19 restrictions, individual Shareholders are welcomed to the AGM 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. In line with COVID-19 restrictions, any communication with Shareholders is currently carried out via email, phone or videoconference.

During the period the Chair has communicated with Shareholders on several occasions. Further details can be found on page 49.

In relation to the conduct of the Company's AGM, 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 Company's second 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 and are also available on the Company's website.

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 systems, ensuring that the procedures to be followed by the advisers and the Company 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.

During the period, the Board approved an updated Financial Position and Prospects 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 and prospects.

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 25 to 28.

THIRD-PARTY FRAUD

As previously reported, on 30 January 2020, the Investment Manager received fraudulent payment instructions for genuine invoices totalling $6.9 million 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. The Company fully recovered the $6.9 million within two months with no impact to the Company's NAV and there has been no impact to the relevant construction schedules or budgets.

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 Investment Manager has implemented several recommended enhancements to its financial controls and processes suggested by the accounting firm.

In March 2021, the Board engaged the Company's Auditor, Deloitte, LLP, to produce an Agreed Upon Procedures report. This was to confirm that the recommendations made by a third-party accounting firm in March 2020 in connection with the Investment Manager's financial controls and processes had been implemented by the Investment Manager. No exceptions were noted in the report.

ANTI-BRIBERY POLICY & WHISTLEBLOWING POLICY

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

The Company does not have employees and therefore relies on the Whistleblowing policies of its Administrator and the Investment Manager.

GILL NOTT
CHAIR

Date: 16 March 2021

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

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

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 5: Board Leadership and Purpose	
Principles	
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, all 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 an annual basis during its Board meetings. This is also taken into consideration when evaluating the performance of the Investment Manager and its other key service providers as well as the Board and its committees.
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 Board meetings. This is also taken into consideration when evaluating the performance of the Investment Manager and its other service providers as well as the Board and its committees.
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 communicated 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 communicate with them. The AGM, in particular provides the Board with an important opportunity to make contact with Shareholders.
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 29 to 34 as well as the Strategic Report on page 33 and the viability statement on page 33.
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's evaluation process. The Company's purposes, values and strategy and their alignment to its culture are discussed annually at the Board's meetings.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 5: Board Leadership and Purpose (continued)	
Provisions (continued)	
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 communicated 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 during the year.
4. When 20% 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 were no votes of 20% or more cast against any resolutions proposed at the 2020 AGM.
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. Please refer to the Section 172 statement on page 33.
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 all of whom are independent from the Investment Manager.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 6: Division of Responsibilities (continued)	
Principles (continued)	
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. The Board has not appointed a senior independent director (**SID**).
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.	Please refer to the page 45 of the Corporate Governance Report. Candidate significant activities and availability are included in the NED selection criteria and process.
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 Investment Manager. There should be a clear division of responsibilities between the Board and the Investment Manager.	All the Directors are independent from the Investment Manager.
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 and remains independent.
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 Investment Manager or an ex-employee who has left the employment of the Investment Manager within the last five years; • being a professional adviser who has provided services to the Investment Manager or the Board within the last three years; or • serving on any other Boards of an investment Company managed by the same Investment 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 Investment Manager.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 6: Division of Responsibilities (continued)	
Provisions – Board and Director Independence (continued)	
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 Investment 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 Investment 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 Investment 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 Investment 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 all of whom are independent of the Investment Manager.
14. The Board should appoint one of the independent non-executive directors to be the Senior Independent Director (SID) 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 SID 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 46 to 47 of this Report.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 6: Division of Responsibilities (continued)	
Provisions – Relationship with the Investment Manager	
16. The Board should explain in the Annual Report the areas of decision making reserved for the Board and those over which the Investment Manager has discretion. Disclosure should include: • a discussion of the Investment Manager's overall performance, for example, investment performance, portfolio risk, operational issues such as compliance etc; • the Investment 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 Investment 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. Please refer to the Management Engagement Committee's Report on pages 67 to 69. 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. Where appropriate, the Investment Manager supports the Board in discharging its stewardship obligations.
17. Non-executive directors should review at least annually the contractual relationships with, and scrutinise and hold to account the performance of, the Investment Manager. Either the whole Board or a Management Engagement Committee consisting solely of directors independent of the Investment 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 Investment 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 67 to 69.
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.	The Management Engagement Committee carried out a review of its main service providers during the year, including the Investment Manager and the Company Secretary. Details can be found in the Management Engagement Committee's Report on pages 67 to 69.
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 Investment 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.	No new companies have been created by the Investment Manager, sponsor or other third party.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
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.	The Company's Chair Tenure and Succession Planning policy is disclosed on page 45. During the period Josephine Tan resigned as a Director and Thomas Plagemann was appointed. Details of the appointment process can be found on page 45.
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.	Details of the Board's skills, experience and knowledge are set out on page 36 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 46 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 combined 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, and given the Company has no executive directors or employees, 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, and if appointed after an AGM, are offered for election at the subsequent 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 policy is that the Chair should not hold office for more than nine years.
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.	An external search consultant was used for the appointment of Thomas Plagemann and details of this process can be found on page 45. The external search firm, Acre Resources, had no connection with the Company or individual Directors.
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 2020. It was concluded that the Board members work effectively together to achieve the objectives and that each director continues to contribute effectively. Please refer to the MEC Report on pages 67 to 69.
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 gaps in the Board capabilities were identified.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 7: Composition, Succession and Evaluation (continued)	
Provisions (continued)	
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 45 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 59 to 62.
N. The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	This is detailed on page 33 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 30 to 33 and pages 44 to 48.
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 the full Board, all of whom are independent. It is chaired by Jamie Richards who is a chartered accountant with 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;	The main roles and responsibilities of Audit Committee are set out in its Report on pages 59 to 62. 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.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 8: Audit, Risk and Internal Control (continued)	
Provisions (continued)	
• 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.	
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 59 to 62. 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 59 to 62.
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 30 to 33.
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 44 to 48 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 39 and 33 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 33.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
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 63 to 66.
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 63 to 66.
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 combined 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 64 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 pages 45 and 64. 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 64.

Alkali 15.1MW_{DC}

10. Audit Committee's Report

Turkey Hill 13.2MW_{DC}

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 36. 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 three 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 and Annual Report including active consideration of the judgements associated with the investment held at fair value.

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 LLP has performed the role of External Auditor at the Company's inception and was retained by the Board 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.

FAIR, BALANCED AND UNDERSTANDABLE

As a result of its review of the Annual Report and accounts, underpinned by its discussions with operating and finance management regarding the strategic report, and with the finance team regarding the financial statements, the Committee advised the Board that, in the Committee's view, the Annual Report and Accounts, taken as a whole, is fair, balances and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

NON-AUDIT SERVICES

Details of audit and non-audit fees paid to the External Auditor Deloitte LLP 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. In 2020 the non-audit services were limited to the half-year review which is a non-audit service regularly requested from the external auditor and consistent with the role.

Since 31 December 2020 the Audit Committee has also requested and approved that an Agreed Upon Procedures engagement be carried out by the External Auditor Deloitte LLP. This was to confirm that the recommendations made by a third-party accounting firm in March 2020 in connection with the Investment Manager's financial controls and processes had been implemented by the Investment Manager. No exceptions were noted during the review.

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, specific and relevant assurance engagements and reporting accountant related work. Any non-audit services conducted by the Auditor outside of these areas will require detailed consideration and 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 Chair 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
CHAIR OF THE AUDIT COMMITTEE

16 March 2021

Merrill 10.5MW$_{DC}$

11. Directors' Remuneration Report

Milford 127.8MW$_{DC}$

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 71 to 78.

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 independent non-executive directors.

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 Company Secretary 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 approved by Shareholders at the 2020 AGM. It will next be put to a vote at the 2023 AGM as part of the regulatory three yearly approval process.

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 and Thomas Plagemann, being eligible, will offer himself for election. Biographical notes on the Directors are given on page 36. 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 and election to the Board.

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 1 JANUARY TO 31 DECEMBER 2020 (£)
Gillian Nott*	60,000	60,000
Jamie Richards**	50,000	50,000
Rachael Nutter	40,000	40,000
Thomas Plagemann***	40,000	20,308
Josephine Tan***	–	15,026
Total	**190,000**	**185,334**

*This includes £20,000 per annum in respect of serving as Chair of the Board.
**This includes £10,000 per annum in respect of serving as Chair of the Audit Committee.
*** Josephine Tan has resigned as a Director of the Company with effect from 15 May 2020. USF has appointed of Thomas Plagemann as an independent non-executive director of the Company with effect from 29 June 2020.

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
Thomas Plagemann*	–
Josephine Tan**	26,196
Total	**183,887**

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

* Thomas Plagemann was appointed as a non-executive director on 29 June 2020.
**Josephine Tan resigned as a Director on 15 May 2020.

RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual spend between 31 December 2020 and 31 December 2019 on Directors' remuneration in comparison to distributions (dividends and share buybacks) and other significant spending are set out in the table below.

	PAYMENTS MADE DURING THE YEAR ENDED 31/12/2020 $	PAYMENTS MADE DURING THE PERIOD FROM 15/02/2019 TO 31/12/2019 $
Directors' total remuneration*	264,040	230,105
Dividends paid	4,002,846	1,820,633
Buy back of Ordinary Shares	–	–

* Directors' remuneration is paid in Great Britain Pound (GBP), however, for comparison purposes, the directors' total remuneration in this table is shown in US Dollars, based on exchange rates applicable at date of payment.

2020/2021 REMUNERATION

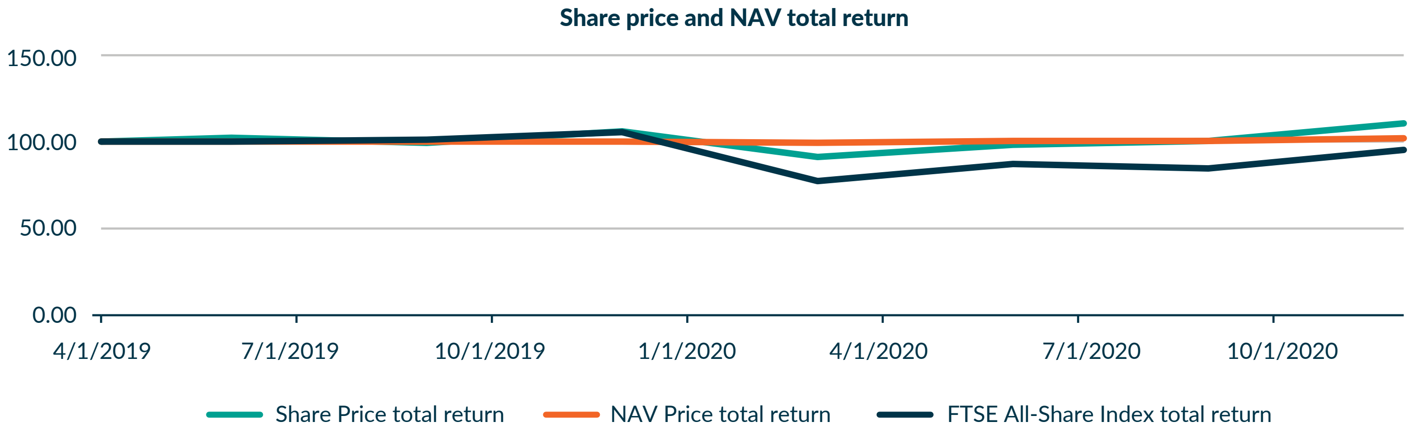
The remuneration levels for the forthcoming year for the Directors of US Solar Fund plc are shown in the above table.

PERFORMANCE GRAPH

The graph below represents the Company's performance over the reporting periods since the Company's Ordinary Shares were first listed on the London Stock Exchange, and shows share price total return and net asset value total return performance on a dividends reinvested basis.

All series are rebased to 100 at 16 April 2019, being the date the Company's shares were listed.

Figure 17: Share price and NAV total return



STATEMENT OF VOTING AT AGM

At the AGM on 23 June 2020, the votes in respect of the resolution to approve the Director's Remuneration Report were as follows:

In favour	100%
Against	nil votes
Withheld	nil votes

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.

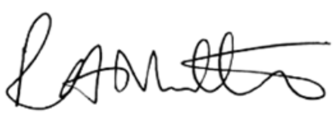
COMPANY-WIDE CONSIDERATIONS

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 2020 in relation to Directors' fees. Following publication of the 2020 Annual Report and prior to the AGM, the Company will offer to meet virtually 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 16 March 2021 and is signed on its behalf by Rachael Nutter (Director and Chair of the Remuneration and Nomination Committee).



RACHAEL NUTTER
DIRECTOR

16 March 2021

Davis Lane 7MW$_{DC}$

12. Management Engagement Committee's Report

West Hines 15.3MW$_{DC}$

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 its compliance with the terms of the Management Agreement as well as its overall performance against the Company's objectives.

The Committee also reviews 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.

The Committee also reviews 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 seeks 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.

The Investment Manager's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters are also reviewed by the Committee.

Following its review the Committee considers 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.

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.

ACTIVITY DURING THE YEAR

The Committee met once in the period under review and all members were present. During this meeting, the Committee's terms of reference were updated.

INVESTMENT MANAGER REVIEW

The Committee also carried out a review of the Investment Manager's performance, noting the content of the Manager Review Paper 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. The Committee concluded that the Investment Manager was generally performing satisfactorily and had complied with the terms of its engagement and had met its obligations to the Company. The Committee and Investment Manager discuss opportunities for improvements in communications on an ongoing basis.

The Committee recommended the Investment Manager's continued appointment to the Board.

SERVICE PROVIDERS REVIEW

The Committee also carried out a full performance review of all its service providers at its last meeting during which all terms of engagement and fees were carefully considered by the Committee. 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.

The Committee found the Company's services providers were all performing satisfactorily.

RACHAEL NUTTER
DIRECTOR

16 March 2021

Davis Lane 7MW$_{DC}$

13. Independent Auditor's Report

Red Oak 6.9MW$_{DC}$

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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the *Companies Act 2006*; 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 international accounting standards in conformity with the requirements of the *Companies Act 2006*.

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 matters that we identified in the current year were: • Fair value of investments Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current year was $3.8m which was determined on the basis of 2% 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.
Significant changes in our approach	There have been no significant changes to our audit approach in the current period.

4. CONCLUSIONS RELATING TO GOING CONCERN

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the company's liquidity requirements and forecast cashflows over the assessment period;
- evaluating of the company's investment commitments and opportunities alongside the funding strategy and availability of existing facilities;
- assessing the assumptions used in the forecast cashflows, including performing sensitivity analysis in relation to key assumptions;
- assessing the impact of COVID-19 on the company; and
- assessing the amount of headroom in the forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

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 subsidiary entity holds investments in solar power assets. The company has made five investments via this subsidiary entity as at 31 December 2020. The total value of investments, including loan receivables, recognised at fair value as at the reporting date is \$195.3 million (2019: \$119.5 million). The valuation of investments requires significant judgements given there is no liquid or quoted price information available for the investments made. Critical assumptions used to derive fair value include forecast power generation, future power prices, operational expenses, economic life of operational assets and discount rates applied to future cashflows. Due to the inherent risks described above we have identified a risk of error and a potential fraud risk relating to the possibility that investments may be valued inappropriately. In the current year additional judgement is required in respect of the short and long term impact of the COVID-19 pandemic directly on the assets as well as on the wider economic environment. A breakdown of the investments and the assumptions applied to the valuation are described in note 10 and note 17 of the financial statements. Detail of the accounting policy applied by the company is set out in note 5 with details in respect of the valuation approach and methodology set out in note 17.

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 appropriateness of management's assessment of 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 evaluating relevant controls related to the valuation process at 31 December 2020; • 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; • assessing of the methodology applied in determining fair value and challenge of key assumptions through the use of benchmarking against third party sources; • engaging with valuation specialists to assess and evaluate the valuation methodology applied, assumptions adopted and financial models prepared by management; • using macroeconomic data 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,the nature and amount of any deferred consideration that may be embedded in the valuation and the impact of financing and investment structures, including tax equity investments, on the valuations recognised; • performing sensitivity analysis over key assumptions to assess the impact on valuations recognised; and • evaluating 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

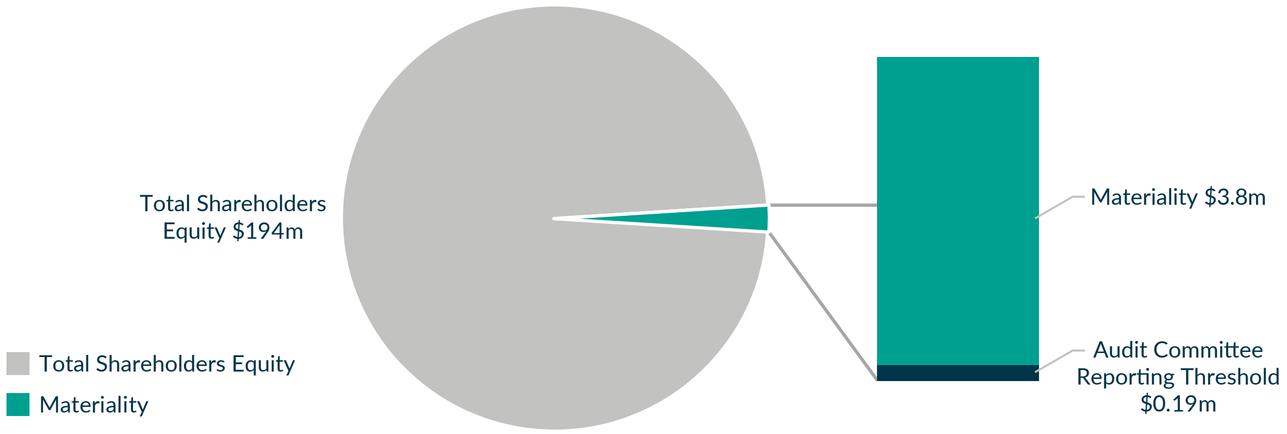
6.1. MATERIALITY

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	$3.8 million (2019: $3.9 million)
Basis for determining materiality	2% of total shareholders equity (2019: 2% of total shareholders equity)
Rationale for the benchmark applied	We consider total shareholders 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 and, due to the nature of the company as an investment entity, reflects both the performance and position of the Company.

A lower materiality threshold of $0.14m based upon 5% of expenses (2019: $0.14m based on 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 2020 audit (2019: 70%). 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; and

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 $0.19m (2019: $0.19m), 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 thus all of the work was carried out by one audit team.

7.2. OUR CONSIDERATION OF THE CONTROL ENVIRONMENT

We did not plan to take a controls reliance approach in the current year and we therefore adopted a non-controls reliance approach with our testing.

8. OTHER INFORMATION

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

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

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

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

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the 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.

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

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

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

11.1. IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO IRREGULARITIES

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

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies;
- 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 as disclosed on page 48;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and valuations specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the assessment of the fair value of the 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, Listing Rules, tax legislation and Alternative Investment Fund Managers (AIFM) Directive, Non-Mainstream Pooled Investments regulations.

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

11.2. AUDIT RESPONSE TO RISKS IDENTIFIED

As a result of performing the above, we identified 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. CORPORATE GOVERNANCE STATEMENT

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

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

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 39;
- the directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 33;
- the directors' statement on fair, balanced and understandable set out on page 42;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks (Section 5);
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems (Section 9); and
- the section describing the work of the audit committee (Section 10).

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

14.1. ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS

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

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

We have nothing to report in respect of these matters.

14.2. DIRECTORS' REMUNERATION

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

We have nothing to report in respect of these matters.

15. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

15.1. AUDITOR TENURE

Following the recommendation of the audit 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 2 years, covering the years ending 31 December 2019 to 31 December 2020

15.2. CONSISTENCY OF THE AUDIT REPORT WITH THE ADDITIONAL REPORT TO THE AUDIT COMMITTEE

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

16. USE OF OUR REPORT

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

ANTHONY MATTHEWS FCA
(SENIOR STATUTORY AUDITOR)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 16 March 2021

Alkali 15.1MW_{DC}

Financial Statements

Turkey Hill 13.2MW_{DC}

14. Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

		FOR THE YEAR ENDED 31 DECEMBER 2020			PERIOD FROM 10 JANUARY 2019 TO 31 DECEMBER 2019		
	Notes	Revenue USD	Capital USD	Total USD	Revenue USD	Capital USD	Total USD
Net gain on investments at fair value through profit and loss	10	–	3,300,528	3,300,528	–	472,416	472,416
MSA fee income	10	3,000,000	–	3,000,000	–	–	–
Interest income	6	224,699	–	224,699	1,944,795	–	1,944,795
Total income		**3,224,699**	**3,300,528**	**6,525,227**	**1,944,795**	**472,416**	**2,417,211**
Expenditure							
Administrative and other expenses	7	(2,878,601)	–	(2,878,601)	(2,120,851)	–	(2,120,851)
Operating profit for the year/period		**346,098**	**3,300,528**	**3,646,626**	**(176,056)**	**472,416**	**296,360**
Gain / (loss) on foreign exchange		2,460	951	3,411	2,765	(153,045)	(150,280)
Profit / (loss) before taxation		**348,558**	**3,301,479**	**3,650,037**	**(173,291)**	**319,371**	**146,080**
Taxation	8	–	–	–	–	–	–
Profit / (loss) and total comprehensive income for the year/period		**348,558**	**3,301,479**	**3,650,037**	**(173,291)**	**319,371**	**146,080**
Earnings per share (basic and diluted) – cents/share	9	0.002	0.016	0.018	(0.001)	0.002	0.001

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

The Total column of this statement represents the Company's profit and loss account. The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the *Companies Act 2006* and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 86 to 102 form an integral part of these financial statements.

15. Statement of Financial Position

AS AT 31 DECEMBER 2020

	Notes	31 DECEMBER 2020 USD	31 DECEMBER 2019 USD
Non-current assets			
Investment held at fair value	10	195,324,276	119,472,416
		195,324,276	**119,472,416**
Current assets			
Trade and other receivables	11	45,587	88,744
Cash and cash equivalents	12	523,170	76,458,662
		568,757	**76,547,406**
Total assets		**195,893,033**	**196,019,822**
Current liabilities			
Trade and other payables	13	732,723	603,641
Dividends payable	14	1,000,962	1,000,461
		1,733,685	**1,604,102**
Net current (liabilities)/assets		**(1,164,928)**	**74,943,304**
Total net assets		**194,159,348**	**194,415,720**
Shareholders equity			
Share capital	18	2,001,924	2,000,923
Share premium	18	184,786	89,350
Capital reduction reserve	18	188,176,521	192,179,367
Capital reserve	19	3,271,402	319,371
Retained earnings	19	524,715	(173,291)
Total shareholders equity		**194,159,348**	**194,415,720**
Net asset value per share	20	0.970	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 16 March 2021. They were signed on its behalf by:

GILL NOTT
DIRECTOR

Date: 16 March 2021

The notes on pages 86 to 102 form an integral part of these financial statements.

16. Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	SHARE CAPITAL USD	SHARE PREMIUM USD	CAPITAL REDUCTION RESERVE USD	CAPITAL RESERVE USD	RETAINED EARNINGS USD	TOTAL EQUITY USD
Balance at 1 January 2020		**2,000,923**	**89,350**	**192,179,367**	**319,371**	**(173,291)**	**194,415,720**
Issue of share capital	18	1,001	95,436	-	-	-	96,437
Dividends	14	-	-	(4,002,846)	-	-	(4,002,846)
Tax charge	8	-	-	-	(349,448)	349,448	-
Profit & total comprehensive income for the year		-	-	-	3,301,479	348,558	3,650,037
Balance at 31 December 2020		**2,001,924**	**184,786**	**188,176,521**	**3,271,402**	**524,715**	**194,159,348**

FOR THE PERIOD 10 JANUARY 2019 TO 31 DECEMBER 2019

	Notes	SHARE CAPITAL USD	SHARE PREMIUM USD	CAPITAL REDUCTION RESERVE USD	CAPITAL RESERVE USD	RETAINED EARNINGS USD	TOTAL EQUITY 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 86 to 102 form an integral part of these financial statements.

17. Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	YEAR ENDED 31 DECEMBER 2020 USD	PERIOD FROM 0 JANUARY 2019 TO 31 DECEMBER 2019 USD
Cash flows from operating activities			
(Loss)/profit for the year/period		3,650,037	146,080
Adjustments for:			
Net gain on investments at fair value through profit and loss	10	(3,300,528)	(472,416)
Equity settled management fee		96,437	90,273
Losses on foreign exchange		(3,411)	150,280
Operating cash flows before movements in working capital		**442,535**	**(85,783)**
Decrease / (increase) in trade and other receivables		8,856	(54,443)
Increase in trade and other payables		129,084	603,641
Decrease / (increase) in interest receivable		34,301	(34,301)
Net cash generated from operating activities		**614,776**	**429,114**
Cash flows used in investing activities			
Purchases of investments	10	(72,551,332)	(76,000,000)
Loan advanced	10	–	(43,000,000)
Net cash outflow from investing activities		**(72,551,332)**	**(119,000,000)**
Cash flows (utilised)/ generated in financing activities			
Dividends paid		(4,002,347)	(820,172)
Proceeds from issue of ordinary shares at a premium		–	200,000,000
Share issue costs		–	(4,000,000)
Net cash (outflow)/inflow from financing activities		**(4,002,347)**	**195,179,828**
Net (decrease)/increase in cash and cash equivalents for the year/period		(75,938,903)	76,608,942
Effect of foreign exchange rate movements		3,411	(150,280)
Cash and cash equivalents at the beginning of the year/period		76,458,662	–
Cash and cash equivalents at the end of the year/period		**523,170**	**76,458,662**

The notes on pages 86 to 102 form an integral part of these financial statements.

Merrill 10.5MW_{DC}

Notes to the Financial Statements

Milford 127.8MW_{DC}

18. Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

US Solar Fund plc (the **Company**) 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 (**OECD**) in the Americas.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the *Companies Act 2006* and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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. The first accounting period commenced on 10 January 2019 (incorporation date) and as a result the comparatives are presented for the period from 10 January 2019 until 31 December 2019.

In terms of the AIC SORP, the Company presents a Statement of Profit and Loss and Other Comprehensive Income, 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 AIC 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 impact of COVID-19 is detailed in the Chair's Statement on page 6 and Investment Manager's report on page 10. In the opinion of the Directors, the Company has sufficient financial resources and expectation of growth in the medium-term to meet its financial obligations.

The Company generated profit after tax of $3.7 million and operating cash flows of $0.4 million for the year. As at 31 December 2020, the company is in a net current liability position of $1.7 million and has available cash of $0.05 million. As of the same date, the Company's subsidiary, USF Holding Corp., has available cash of $14.3 million, which is available to meet the obligations of the Company. 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. In December 2020, the Company (through a wholly owned US subsidiary) signed a new $25 million revolving credit facility with Fifth Third Bank National Association (**FTB Facility**). The FTB Facility provides liquidity for capital expenditures, working capital and general corporate purposes. At 31 December 2020 the facility was fully available but remained undrawn.

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 year, 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 2020, 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 discount rates applied in calculating the reported amount of an asset, 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 2020.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS

APPLICATION OF NEW AND REVISED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS effective for the Group as of 1 January 2020. This adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and error' on definition of material

  These amendments to IAS 1, IAS 8 and consequential amendments to other IFRSs:

  - use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  - clarify the explanation of the definition of material; and

  - incorporate some of the guidance in IAS 1 about immateriality information.
- IFRS 3 'Business Combinations'

  On 22 October 2018, the IASB issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

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 year ended 31 December 2020 as well as the prior period.

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 OECD 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 2011/2999 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 2011/2999. 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 2020 USD	31 December 2019 USD
Bank interest	224,699	1,944,795
	224,699	**1,944,795**

7. ADMINISTRATIVE AND OTHER EXPENSES

	31 December 2020 USD	31 December 2019[3] USD
Administrative fees	138,085	97,458
Director & officer insurance	33,937	25,660
Directors fees	264,040	230,105
Fees payable to the Company's auditor for the audit of the Company's financial statements	141,140	52,738
Fees payable to the Company's auditor for non-audit services[1,2]	24,606	19,957
Investment Management (recoupment) / expenses	(350)	111,544
Investment Management fees[3]	1,939,925	1,393,870
Legal and professional fees	107,357	62,863
Regulatory fees	9,364	13,684
Sundry expenses	220,497	112,972
	2,878,601	**2,120,851**

[1] During the prior period, 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 relates to the review of the interim financial statements (2019: initial financial statements).

[3] 2019 was not a full year. Investment Management fees commenced from 19 April 2019, when the Company was admitted for trading on the London Stock Exchange (**LSE**).

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 2020.

	31 December 2020 USD	31 December 2019 USD
a) Tax charge in profit or loss:		
– UK corporation tax	–	–

	31 December 2020 USD	31 December 2019 USD
b) Reconciliation of the tax charge for the year/period		
Profit before tax	3,650,037	146,080
Tax at UK main rate of 19%	693,507	27,755
Tax effect of:		
Fair value gains/(losses) on investments not taxable	(666,720)	299,309
Foreign exchange (gain) / loss not taxable	(181)	29,079
Non-deductible expenditure	4,219	4,888
Deferred tax not recognised on expenses not utilised	10,998	–
Dividends designated as interest distributions	(41,823)	(361,031)
Tax charge f or the year/period	**–**	**–**

The tax credit of $41,823 (2019: $361,031) arose as a result of dividends payable in respect of the year/period being designated as interest distributions in accordance with UK tax legislation specific to Investment Trust Companies.

Investment trust companies which have been approved by HM Revenue & Customs are exempt from UK corporation tax on their capital gains. Due to the Company's status as an approved investment trust company, and the intention to continue meeting the conditions required to maintain that approval for the foreseeable future, the Company has not provided for deferred tax in respect of any gains or losses arising on the revaluation of its investments. The Company has an unrecognised deferred tax asset of $19,465 (2019: $7,576) in respect of tax losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised as it is considered unlikely that the Company will generate taxable profits in excess of deductible expenses in future periods. The unrecognised deferred tax asset has been calculated using a corporation tax rate of 19% (2019: 17%).

On 3 March 2021, the UK Government announced its intention to increase the rate of UK corporation tax rate from 19% to 25% with effect from 1 April 2023. If this rate change had been substantively enacted as at 31 December 2020, the unrecognised deferred tax asset as at 31 December 2020 would be $25,612.

9. EARNINGS PER SHARE

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

	31 December 2020 USD	31 December 2019 USD
Net profit attributable to ordinary shareholders	3,650,037	146,080
Weighted average number of ordinary shares for the period	200,111,456	200,065,051
Earnings per share – Basic and diluted (cents per share)	**0.018**	**0.001**

During the year ended 31 December 2020, the Company issued 100,038 (2019: 92,323) shares at US$1 (2019: US$1) per share to the Investment Manager in accordance with the fee arrangement established in the IPO Prospectus.

10. INVESTMENT IN SUBSIDIARY

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

	Opening Equity And Loans USD	Equity Acquisitions during the Year USD	Loans: Principal Advanced during the Year USD	Net Fair Value Movement During the Year USD	Closing Balance: Equity and Loans USD
USF Holding Corp. Delaware, US	119,472,416	72,551,332	–	3,300,528	195,324,276

From establishment to 31 December 2020, the Company has funded USF Holding Corp. with equity and debt, with the total amount of debt funding based on several criteria, including an arm's length gearing test satisfying thin capitalisation rules. Note 17 of these financial statements contains the components of the 31 December 2019 equity and loans balance. Fair value relates to USF's share of the underlying Solar Asset investment and cash flows only (i.e. balances exclude tax equity investment amounts) and expected returns and fair values are modelled after allowing for distributions to tax equity investors.

The net fair value movement comprises the following:

	Total USD
Fair value gain on investments	6,871,600
Interest income	145,186
Operating costs	(716,258)
Total fair value movement	6,300,528
MSA fee income – cash received transferred to revenue reserve	(3,000,000)
Net fair value movement	3,300,528

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 its duties to the Investment Manager, provides strategic management services to USF Holding Corp relating to its current portfolio of US Solar Assets and potential acquisitions. The fair value gain for the year to 31 December 2020 includes an MSA fee of $3,000,000 (period to 31 December 2019: $2,047,726 included within the net fair value movement).

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

	31 December 2020 USD	31 December 2019 USD
Fair value of underlying solar asset interests held [i]	434,066,094	97,857,436
Cash or cash equivalents	14,250,138	41,693,039
Fair value of 3rd party loan funding provided [ii]	(250,455,652)	(22,800,746)
Fair value of interest rate swaps on 3rd party loan funding provided [ii]	(3,202,369)	2,941,464
Deferred tax asset/liabilities	660,356	–
Other net assets/liabilities	5,709	(218,777)
Investment balance	**195,324,276**	**119,472,416**

[i] The balance recorded at 31 December 2020 relates to the company's interest in the Acquisition One, Acquisition Two, Acquisition Three, Acquisition Four and Acquisition Five portfolio solar asset plants.

[ii] Fair value of 3rd party loan funding provided and the fair value of interest rate swaps at 31 December 2020 was $253,658,021 (2019: $19,859,282) is comprised of the following:

Issuing Bank	Loan Type	Held By	Facility Size USD(M)	Drawn Face Value USD(M)	Drawn Fair Value[21] USD(M)
Zions Bancorporation, N.A.	Term Loan	USF Bristol Class B Member, LLC (Acquisition One – Milford)	24.27	24.06	25.48
KeyBank National Association	Term Loan	USF Bristol Class B Member, LLC (Acquisition One – Milford)	24.27	24.06	25.51
Live Oak Bank	Project Debt	Acquisition Four (Heelstone) projects	152.33	147.60	160.75
Fifth Third Bank, National Association	Term Loan	SC Oregon 2, LLC (Acquisition Five – Dorset)	41.59	41.59	41.92
Total			**242.46**	**237.31**	**253.66**

On 29 August 2019, USF Bristol Class B Member, LLC and Milford Solar I Holdings, LLC, each as Acquisition One borrowers, entered into a financing agreement with Zions Bancorporation, N.A. and KeyBank National Association, each as lenders. The facility included a construction loan commitment and an ITC bridge loan commitment of $48.5 million and $79.2 million, respectively. The ITC bridge loan was repaid in November 2020 using proceeds from the tax equity investor. Concurrently, the construction loan converted to a term loan with a mini-perm structure, which will be fully amortised over a 25-year period. The initial tenure of the loan is a 7-year period, after which the loan will be refinanced. The term loan facility is hedged with fixed interest rate swaps for the full duration of the amortisation period. As at 31 December 2020, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of $(2.88) million.

Each project in Acquisition Four (Heelstone) holds debt with Live Oak Bank. As at 31 December 2020, the total drawn balance across all projects is $147.60 million. The Heelstone Energy IX – XIII portfolios are summarised as follows:

- HE IX portfolio – four project loans drawn to $14.80 million, maturing in March 2042
- HE X portfolio – seven project loans drawn to $29.31 million, with maturities ranging from April 2032 to March 2042
- HE XI portfolio – two project loans drawn to $9.83 million, with maturities in May and September of 2042
- HE XII portfolio – six project loans drawn to $81.49 million, with maturities ranging from April to June of 2043
- He XIII portfolio – three project loans drawn to $12.16 million, with maturities ranging from April 2038 to June 2044

Between 9 May 2019 and 6 August 2019, the Acquisition Five projects entered into construction loan agreements with Solar Construction Lending, LLC. The construction loans were repaid in September 2020 at substantial completion funding, and the managing member in the inverted lease structure, SC Oregon 2, LLC, entered into a term loan agreement with Fifth Third Bank, National Association. The term loan has a mini-perm structure and will be fully amortized over an 11-year period, with the initial tenure maturing in June 2026. This term loan facility is hedged with fixed interest rate swaps for the full duration of the loan, with a mark-to-market revaluation as at 31 December 2020 of $(0.32) million, included in the drawn fair value of the loan.

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

- KeyBank National Association has provided a Letter of Credit to USF Bristol Class B Member, LLC to the value of US$19.8 million, expiring in November 2026 concurrent with the mini-perm structure and will be refinanced thereafter.
- Zions Bancorporation, N.A. has provided a Letter of Credit to USF Bristol Class B Member, LLC to the value of US$2.3 million, expiring in November 2026 concurrent with the mini-perm structure and will be refinanced thereafter.
- Fifth Third Bank, N.A. has provided a Letter of Credit to SC Oregon 2, LLC to the value of US$4.5 million, expiring in June 2026 concurrent with the mini-perm structure and will be refinanced thereafter.

21 Fair value includes termination fees and other break costs.

11. TRADE AND OTHER RECEIVABLES

	31 December 2020 USD	31 December 2019 USD
Deposit interest receivable	–	34,301
Prepayments	25,020	12,883
VAT receivable	20,567	41,560
	45,587	**88,744**

12. CASH AND CASH EQUIVALENTS

	31 December 2020 USD	31 December 2019 USD
Cash at bank	523,170	85,914
Deposits held at bank	–	76,372,748
	523,170	**76,458,662**

13. TRADE AND OTHER PAYABLES

	31 December 2020 USD	31 December 2019 USD
Creditors and operating accruals	194,705	112,499
Investment management fee accrual	538,018	491,142
	732,723	**603,641**

14. DIVIDENDS PAYABLE

During the year, the Company declared dividends totalling $4,002,846 (10 January 2019 to 31 December 2019: $1,820,633) of which $3,001,884 (31 December 2019: $820,172) has been paid as at 31 December 2020. The Company declared a dividend of 0.50 cents per share, totalling $1,000,962 for the period ending 30 September 2020. The dividend was paid on 12 February 2021.

15. CATEGORIES OF FINANCIAL INSTRUMENTS

	31 December 2020 USD	31 December 2019 USD
Financial assets		
Financial assets at fair value through profit and loss:		
Investment in subsidiary	195,324,276	119,472,416
Financial assets at amortised cost:		
Trade and other receivables	–	34,301
Cash at bank	523,170	76,458,662
Total financial assets	**195,847,446**	**195,965,379**
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	732,723	603,641
Total financial liabilities	**732,723**	**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 mainly at subsidiary level where the capital commitments are being made and is managed by diversifying exposures among a portfolio of counterparties and through applying credit limits to those counterparties with lower credit standing.

Credit exposures may also be managed using credit derivatives. No credit derivatives were in place as at 31 December 2020.

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 the Company and Subsidiary's operating accounts to meet the working capital needs over a horizon of at least the next 6 months. Cash held at subsidiary level is available to meet the obligations of the Company. As at 31 December 2020 USF Holding Corp. held cash at bank of $14,250,138 and had trade and other payables totalling $632,414. Cash flow forecasts are prepared on a monthly basis for a rolling 2-year period to assist in the ongoing analysis of short term cash flow.

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

As at 31 December 2020	**<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*	–	–	–	47,818,615	47,818,615
Financial assets at amortised cost:					
Trade and other receivables	–	–	–	–	–
Cash at bank	523,170	–	–	–	523,170
Total financial assets	**523,170**	**–**	**–**	**47,818,615**	**48,341,785**

As at 31 December 2020	**<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	732,723	–	–	–	732,723
Total financial liabilities	**732,723**	**–**	**–**	**–**	**732,723**

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 2020, 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 2020. 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 2020, 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 year 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 year 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 2020:

	Level 1 USD	Level 2 USD	Level 3 USD
Investment in subsidiary	–	–	168,243,133

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 year.

	31 December 2020 USD	31 December 2019 USD
Opening balance	119,472,416	–
Add: purchases during the year	72,551,332	76,000,000
Add: loans advanced	–	43,000,000
Less: receipt of MSA fee income	(3,000,000)	–
Total fair value movement through the profit or loss (capital)	6,300,528	472,416
Closing balance	**195,324,276**	**119,472,416**

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

In accordance with the guidelines of the Company's valuation policy, all assets held as at 31 December 2020 have been valued by an external valuation expert, as they are now fully operational.

VALUATION APPROACH AND METHODOLOGY

Fair value for operational Solar Assets is derived using a discounted cash flow (**DCF**) methodology. For Solar 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 is normally used as an appropriate estimate of fair value provided no significant changes to key underlying economic considerations (such as major construction impediments or natural disasters) have arisen.

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

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

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

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

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

Long-term electricity price forecasts are obtained every six months from two leading independent power price forecasting firms for each jurisdiction in which Solar Assets are located. These two electricity price forecasts are averaged and provided to the independent valuer to project the prices at which existing power purchase agreements will be re-contracted. A blend of providers is used to prevent the valuation of the portfolio being unduly influenced by one forecaster's set of assumptions, to mitigate potential forecaster errors, and to reduce the timing risk inherent in valuing the portfolio shortly before curve updates are released. The independent valuer assesses these forecast prices for reasonableness against their own internal forecasts and others in the marketplace.

VALUATION PROCESS

NESM has engaged independent valuer KPMG to calculate the fair value of its operating renewable energy assets. KPMG is one of the largest valuation firms in the United States with significant experience in estimating the fair value of solar and other renewable energy assets. In accordance with Company policy, all 41 operating assets were externally valued at 31 December 2020 (construction assets were held at cost in previous periods). 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.

Primary valuation methodology:

- The equity fair values of USF's construction assets are based on the equity purchase price plus transaction costs (no assets were valued at cost for 31 December 2020 as all assets were operational at period end).
- The equity fair values of USF's operational assets are based on DCF modelling of pre-tax cash flows to equity as at 31 December 2020. This methodology more accurately reflects the valuation impact of the discrete debt instruments that USF has in place when compared to an unlevered valuation.
- A post-tax valuation is conducted at the US Holding Corp. level to compare the implied post-tax discount rate.

In order to ensure that the potential impact of the pandemic is considered in the valuations, KPMG has included a specific COVID-19 risk premium in the discount rate used in valuations, and the Company has adopted merchant curves which include the impact of the pandemic on future power prices.

The discount rates used by the external valuer ranged from 6.5% to 7.0% on a pre-tax weighted average cost of capital (WACC) basis for levered assets (30 June 2020: 6.8% to 7.2%) and 8.1% to 9.7% on a pre-tax cost of equity basis (30 June 2020: 8.1% to 8.8%) for unlevered assets. The use of a WACC or cost of equity in valuations is dependent on actual leverage employed.

A summary of the movement during the year is included in the table below:

	ACQUISITION ONE USD	ACQUISITION TWO USD	ACQUISITION THREE USD	ACQUISITION FOUR USD	ACQUISITION FIVE USD	US CASH AND WORKING CAPITAL BALANCES USD	Total USD
31 December 2019	29,098,744	25,794,479	23,104,931	–	–	41,474,262	**119,472,416**
Additions (at cost)	(2,805,553)[22]	14,442,381	14,578,557	41,210,429	26,443,205	(23,009,010)	**70,860,009**
Change in fair value	3,750,354	2,338,893	(1,613,379)	(2,931,796)	3,447,779	–	**4,991,851**
31 December 2020	30,043,545	42,575,753	36,070,109	38,278,633	29,890,984	18,465,252	**195,324,276**

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.

22 Negative due to construction and development cost savings, as well as better than expected pre-COD electricity sales.

	CHANGE IN INPUT	CHANGE IN NAV USD (M)	CHANGE IN NAV PER SHARE USD (Cents)
Discount rate	+0.5%	-10.06	-5.02
	-0.5%	+11.24	+5.61
Electricity production (change from P50)	P90	-31.66	-15.81
	P10	+30.88	+15.42
Merchant Period Electricity Prices	-10%	-16.30	-8.14
	+10%	+16.37	+8.18
Operations and maintenance expenses	+10%	-14.06	-7.02
	-10%	+13.79	+6.89
Operating life	- 3 years	-12.06	-6.02
	+ 3 years	+10.21	+5.10
Tax rate	+5%	-4.16	-2.08
	-5%	+4.14	+2.07

DISCOUNT RATE

The sensitivity demonstrates the impact of a change in the discount rate applied to the pre-tax, equity cash flows from all of the Company's renewable energy asset investments as at 31 December 2020. A range of +/- 0.5% has been considered to determine the resultant impact on the Company's NAV per share and the fair value of its solar asset investments.

As at 31 December 2020, the discount rate range used was 6.46% to 6.97% on a WACC basis, and 8.10% to 9.73% on a pre-tax cost of equity basis. The use of a WACC or cost of equity in valuations is dependent on actual leverage employed.

ELECTRICITY PRODUCTION

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

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

As P10 generation estimates were not independently obtained for each solar asset on or about the time of the asset acquisition, the Directors have determined a proxy P10 estimate for those assets by assessing the relationship between the independently determined P50 and P90 generation estimates for each of the assets in the Operating Portfolio (e.g. a one-year P90 generation estimate might be 92.5% of a one-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 one-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 is 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.

OPERATING LIFE

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

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

TAX RATE

The United States imposes a tax on profits of US resident corporations at a rate of 21%. The sensitivity above assumes the US corporate tax rate increases / decreases by 5% (to 26% / 16%) and shows 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 USD
As at 10 January 2019	–	–		–	–
Issue of fully paid ordinary shares at USD0.01		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**
Issue of fully paid ordinary shares at USD0.01	100,038	1,001	–	–	–
Dividends	–	–	–	(4,002,846)	(4,002,846)
As at 31 December 2020	**200,192,361**	**2,001,924**	**184,786**	**188,176,521**	**190,363,231**

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

On incorporation the Company issued one 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 declared a dividend of 0.50 cents per share, totalling $1,000,962 for the period ending 30 September 2020. The dividend was paid on 12 February 2021. For the year ended 31 December 2020, the Company paid a total of 2.00 cents per share.

19. RESERVES

The nature and purpose of each of the reserves included within equity at 31 December 2020 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 2020 the share premium account has a balance of $184,786 (2019:$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 2020 the capital reduction reserve has a balance of $188,176,521 (2019:$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 and associated tax allocations arising from the MSA fee income and interest distributions. As at 31 December 2020 the capital reserve reflects a profit of $3,271,402 (2019:$319,371 profit).
- Retained earnings represent cumulative net gains and losses, of an income nature, recognised in the Statement of Profit and Loss and Other Comprehensive Income and associated tax allocations arising from the MSA fee income and interest distributions. As at 31 December 2020, retained earnings reflects a profit of $524,715 (2019:$173,291 loss).

The only movements in these reserves during the year 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 2020 USD	31 DECEMBER 2019 USD
Net assets per Statement of Financial Position	194,159,348	194,415,720
Ordinary shares in issue as at 31 December	200,192,361	200,092,323
NAV per share – Basic and diluted	**0.970**	**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 2020 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 $264,040 (2019:$230,105) were incurred in respect of the year with none being outstanding and payable at the year-end (2019: $nil).

SUBSIDIARY

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

INVESTMENT MANAGER

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

ASSETS UNDER MANAGEMENT	FEE BASED ON NAV
< $500 million	1.0% per annum
$500 million to $1 billion	0.9% per annum
> $1 billion	0.8% per annum

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

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

a) no later than 10 Business Days after the Payment Date, 90% 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

b) 10% of the Management Fee shall be paid to the Manager or an Associate (as directed by the Manager) in the form of ordinary shares in accordance with the provisions stated in the Investment Management Agreement.

For the avoidance of doubt, where there are C Shares in issue, the advisory fee will be charged on the Net Asset Value attributable to the ordinary shares and C Shares respectively. On 10 November 2020, the Board approved a recommendation from the Investment Manager to have the Administrator arrange for 10% of its Management Fee to be applied to purchase ordinary USF shares in the secondary market. From that time, the Company ceased issuing shares to the Investment Manager.

A management fee of $1,939,925 (2019: $1,393,870) was incurred during the year ($193,992 paid or payable in ordinary shares), of which $538,018 (2019: $491,142) remained payable at 31 December 2020 ($97,556 payable in ordinary shares). 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.

Debt arrangement fees totalling $336,500 ($125,000 accrued; $211,500 paid) were incurred during the year (2019: $nil). Asset management and construction services fees totalling $360,061 ($229,261 accrued; $130,800 paid) were incurred during the year (2019: $nil).

23. CAPITAL COMMITMENTS

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

24. POST BALANCE SHEET EVENTS

On 16 March 2021, the Company announced a dividend of 0.50 cents per ordinary share for the period ending 31 December 2020.

On 10 February 2021, the Company announced it was assessing debt and equity fundraising options. Any further fundraising is subject to Board and customary regulatory approvals and the Company will make an announcement in due course.

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

Davis Lane 7MW_{DC}

19. Directors and Advisers

Red Oak 6.9MW_{DC}

19. Directors and Advisers

DIRECTORS

Gillian Nott
Jamie Richards
Rachael Nutter
Thomas Plagemann

ADMINISTRATOR AND SECRETARY

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REGISTERED OFFICE

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