US Solar Fund PLC
(Company Registration Number 11761009)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2021

**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, 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 was established in 2015 and has committed a total of more than US\$1.3 billion to 57 utility-scale solar assets, 55 of which are in the US, totalling 1.2GW_{DC}.

HISTORY OF THE COMPANY

The Company's initial public offering (**IPO**) in April 2019 raised \$200 million; the funds were all committed or invested by December 2020 and the solar power assets were fully operational by that date. In May 2021 the Company raised an additional \$132 million as part of a 12-month Placing Program. The majority of the proceeds have been used to refinance and reduce gearing on an existing portfolio. Subsequent to the period end, the Company exercised its option to acquire an additional 25% of Mount Signal 2, committing a further \$21 million.

PORTFOLIO

USF's current portfolio consists of 42 projects across four US states with a combined capacity of 543[1] megawatts (**MW_{DC}**). Its assets are fully operational, generating 851 gigawatt-hours (**GWh**) over the period[2]. Power offtake agreements are in place for 100% of generation with creditworthy counterparties with a weighted average remaining life of 14.4 years[3], providing a resilient and uncorrelated income stream.

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.

1. Includes the option over the second 50MW_{DC} of MS2 exercised in February 2022.
2. Includes reimbursed curtailment.
3. Remaining PPA term from 31 December 2021.

CONTENTS

1. Highlights

Davis Lane $7MW_{DC}$

West Hines $15.3MW_{DC}$

1. Highlights

Table 1: Highlights for the period

	31 December 2021	31 December 2020
FINANCIAL		
Net Asset Value (**NAV**)	\$324.0m	\$194.2m
NAV per share*	\$0.975	\$0.970
Ordinary shares outstanding	332.2m	200.2m
Share price based on closing price of indicated date	\$0.96	\$1.075
Premium (discount) to NAV*	(1.6%)	10.8%
Market capitalisation based on closing price of indicated date	\$319m	\$215m
Dividends paid[4]	\$10.3m	\$4.0m
Dividend cover*	1.82x	Not reported
Shareholder total return (from inception)*[5]	3.13%	10.13%
Earnings per share (cents)	5.2	1.8
Ongoing charges[6]	1.36%	1.48%
Gearing*	38.4%	55.0%
OPERATIONAL		
Projects[7] in construction	–	–
Projects fully operational	42	41
Total capacity (ownership stake)	$493MW_{DC}$	$443MW_{DC}$
Total electricity generation*	851GWh	374GWh
Generation % of budget*	(3.9)%	2.5%
Weighted average PPA term remaining	14.4 years	15.4 years
Average offtaker credit rating	BBB+	A-
ENVIRONMENTAL[8]		
CO_2 emissions displaced*	639,000t	282,000t
Equivalent US homes powered*	87,000	33,000
Equivalent US cars removed from the road*	139,000	61,000

* Marked metrics are Alternative Performance Measures (APM's) used by the Company to monitor performance against expectations. Calculations are defined in the notes below, in market announcements and throughout this Annual Report. USF's APM's may not be comparable across its listed peers.

4. Dividends paid by the Company at 31 December 2021 does not include the 1.5 cents per Ordinary Share dividend declared by the Company for Q3 2021 on 23 November 2021, paid to shareholders on 7 January 2022 and the 1.5 cents per share dividend for Q4 2021 announced with this report.

5. 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.

6. The ongoing charges ratio is calculated in accordance with the Association of Investment Companies (**AIC**) methodology.

7. Solar Projects (**Projects**) or Solar Assets (**Assets**) are used interchangeably throughout the report.

8. Environmental figures use actual generation figures for the period. US CO_2 emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoid Emissions and geneRation Tool" (AVERT), Equivalent US homes and cars removed figures are based on CO_2 emissions displaced and data from the US Environmental Protection Agency and US Energy Information Administration.

Alkali 15.1MW_{DC}

2. Chair's Statement

Davis Lane 7MW_{DC}

2. Chair's Statement

I am pleased to present the Annual Report for US Solar Fund plc for the period ended 31 December 2021. This year was an exciting one for the Company as it continued to deliver on its targets. During the course of the year the Company increased its market capitalisation by 66% following a successful fund raising. In addition, it completed its first full year with the entire portfolio operating and paid the full target dividend totalling 5.5 cents, in line with the targets set out at and since IPO. This happened against the backdrop of increasing support for the solar industry in the United States at many levels, most markedly at the federal level, with the Biden Administration taking office. The Board remains confident that the US solar market is robust and that USF is well positioned to be a significant growth player as the US makes a push toward growing its reliance on renewable energy.

Recently, the urgency of the shift to renewable power has been reinforced by the energy crisis provoked by the tragic events in Ukraine and its knock-on effect on oil and gas prices. With oil prices increasing over 50% in the last three months, events such as this highlight one of the key advantages of solar and other renewable energy in that it is not directly exposed to fuel price fluctuations. With global electricity prices still largely driven by gas pricing, current high fuel prices are likely to feed through to higher short-term electricity prices, however it remains to be seen how significant the impact will be on long-term electricity prices.

Throughout the period, USF shares have traded between $0.96 and $1.09 on the London Stock Exchange. At 31 December 2021, the Company's shares were trading at $0.96 per Ordinary Share. This represents a 1.6% discount to the NAV of $324.0 million or $0.975 per Ordinary Share, but a 1.4% premium to the published 30 September NAV of $0.947 per Ordinary Share. Including dividends paid and reinvested during the period, shareholder total return from inception to 31 December is 3.13%.

PORTFOLIO DEVELOPMENTS

In March 2021 and February 2022, USF acquired a total of 100MW$_{DC}$ or 50% of a 200MW$_{DC}$ project in California called Mount Signal 2 (**MS2**) across two transactions each of 25%[9]. MS2 was built during 2018 and 2019 by Swinerton Renewable Energy, a leading US constructor, and has a 20-year PPA with Southern California Edison (**SCE**), that commenced in June 2020. Under the PPA, 100% of the electricity generated by MS2 is sold to SCE at an annually escalating price. SCE (S&P: BBB), a subsidiary of Edison International, serves a population of more than 15 million people and is the primary electricity provider for central, southern and coastal California.

As of 31 December, the portfolio comprised 493MW$_{DC}$ across 42 fully operating projects in four states. All projects have investment grade PPAs for 100% of electricity generated, and the weighted average remaining PPA of portfolio is 14.4 years. Including the purchase of 25% of MS2 after the period, the portfolio totals 543MW$_{DC}$.

The full year's generation (including nine-months generation from the first 25% tranche of MS2) was 3.9% below budget. 1.5% of this was due to lower-than-expected irradiance and 2.4% from a combination of the contractually allowable and expected curtailment at MS2 in California during the first half of the year, isolated performance issues, unplanned outages, snowfalls, and other adverse weather impacts. Maintenance and repair of the issues impacting performance have been largely resolved with two smaller issues on track to be completed by spring 2022. The strong geographic diversification of the assets benefited the portfolio through the year.

Dividend cash cover remained strong at 1.82x for the twelve months ended 31 December 2021.

CAPITAL RAISING AND USE OF PROCEEDS

We were delighted by the market response to the capital raising in May 2021 for $132 million with strong support from existing and new investors.

Just after the capital raise, $92 million[10] was invested in the refinancing and de-gearing of the existing debt facilities associated with the 177 MW$_{DC}$ portfolio of 22 projects acquired in 2020 (**Heelstone Portfolio** and **Heelstone Refinancing**). The Heelstone Refinancing reduces the effective interest rate for the Heelstone Portfolio from approximately 6.25% to less than 3% per annum with fund gearing approaching 40%, below the long-term target of 50%. A further $21 million was committed in February 2022 (after the period) to acquire an additional 25% (**Tranche Two**) of MS2.

9. USF has exercised its option over the second 25% tranche. Financial close will occur following customary financier consents and regulatory approvals.

10. USF used approximately $92 million for the Heelstone Refinancing however approximately $7.6 million was subsequently released from reserve accounts held by the legacy debt holders resulting in a net use of proceeds of approximately $85 million.

The Investment Manager has remained focused on delivering on the Company's investment thesis and growing the portfolio in line with return targets. The strong pipeline of assets for suitable investments includes standalone solar projects, integrated solar and battery storage projects, and solar expansion and/or battery installation opportunities at existing sites. The Board and the Investment Manager are conscious of the need to grow the Company. Hence as well as continuing to originate opportunities in mature US state solar markets, the Investment Manager is actively broadening its focus within the existing mandate to include emerging US state solar markets, multi-offtake arrangements, distributed generation, and suitable co-investment opportunities.

PERFORMANCE

USF's audited NAV at 31 December 2021 was $324.0 million or $0.975 per Ordinary Share, a 1% increase of the 31 December 2020 NAV of $0.970 per Ordinary Share. The NAV reflects the impact of useful life extensions for selected assets in the portfolio, and an uplift in the valuation of USF's interest in and option over MS2. The work on the useful life extensions was undertaken by an independent engineering firm, who looked at each project in detail to assess the appropriateness of the extension. The asset life extensions and uplift in MS2's valuation more than offset a softer average long-term electricity price outlook, that pertained at the end of December 2021, as well as tax and working capital adjustments, and valuation roll forward.

The NAV also includes the positive impact of discount rate reductions reflecting current market rates, maturing operational track-records, and de-geared capital structures. This kind of NAV accretion is indicative of USF's strategy to de-risk the portfolio by identifying opportunities to improve capital structures and by purchasing assets at construction ready or in early operations and taking them into steady operations.

DIVIDEND

The Company declared a dividend of 1.5 cents per Ordinary Share in March 2022 for the quarter ending 31 December 2021, bringing the full year 2021 dividend to 5.5 cents per Ordinary Share, completing its first year of operations with the full target dividend.

It is worth noting that USF's highest power generation, and therefore operating cash flows, are produced in the summer months. Allowing for the time taken for electricity sales to be converted to distributable cash flow at the Company level. The profile of dividend payments throughout the year broadly reflects this seasonality of the Company's underlying cash flows.

OUTLOOK

The US Solar Market continued remarkable growth during 2021. In late January, Wood Mackenzie released data showing that approximately 7.5GW_{DC} of utility-scale solar is expected to come online in Q4 2021, bringing the total 2021 forecast to be 20.2GW_{DC} up 30% from 2020's 14.3GW_{DC} of installations. Wood Mackenzie expects challenges around commodity prices and supply chain constraints until early 2023 and have reduced their 2022 forecast of utility scale solar installations by 7.5GW_{DC} (33%). Despite these headwinds, Wood Mackenzie still expects approximately 122GW_{DC} of solar to be installed between 2021 and 2026.

In early 2021, the Biden Administration took office in the US and is working hard to push for more renewable energy through legislation. Although the Build Back Better Act has not been able to get through the US Senate, there is an expectation that it will be reshaped and that some of the key clean energy and climate initiatives will pass in a modified form. Wood Mackenzie's forecasts expect the current ITC extension terms will boost Solar capacity by 31% in the next five years (43.5GW_{DC}). The global supply chain constraints that are impacting all industries are also putting pressure on the pace of solar development and the ITC extension would be expected to partially offset these impacts.

As we look at the current administration's ambitious goal of shifting toward clean energy – 100% by 2035 – we believe that solar is set to play a critical part. The US Department of Energy has said that in order to support initiatives around clean energy, solar could become 40% of US electricity generation in the next 13 years. According to the EIA, the US generated roughly 3% of electricity from clean energy in 2020, requiring significant investment and development in the coming years if the Biden administration is to meet its goals.

Although USF as a producer of renewable energy is well aligned with Sustainability and Environmental, Social and Governance (**ESG**) goals and considerations, we also recognise the need to review and report on all aspects of the way we conduct business and to share our findings in a clear and transparent way. Since IPO, USF has reported on Sustainability and ESG through its annual and interim reporting. In April 2021, the parent of the Investment Manager became a signatory to the United Nations sponsored Principles for Responsible Investing (**UN PRI**); reporting will commence in 2023 based on recommendations from the UNPRI.

In February 2022, after the end of the period, USF published its first annual Sustainability Report covering 2021 and included initiation of USF's reporting through the Sustainable Financial Disclosure Regulation (**SFDR**) Annexe One. In the ESG section of this Annual Report, we also now begin to include reporting with guidance from the Task Force on Climate-related Financial Disclosures (**TCFD**). We recognize that ESG and Sustainability reporting is an evolving, dynamic space and our reporting will continue to adapt to incorporate new best practices in the coming years. Though we will continue to include updates and disclosures as appropriate in the annual and interim reports, the majority of reporting will be housed in the Sustainability Report, allowing us to meet the growing needs for greater transparency and depth in the reporting on these topics.

2022 has had a volatile start; with the abhorrent war in Ukraine, destabilising energy supply and the world in general. Of course, we are yet to see the full repercussions of the conflict across the globe and across industries but the trajectory seems set for higher energy prices and stronger demand for renewables. We do not yet know how these will affect longer term power prices but it would seem unlikely that the recent trend of softening power prices will be maintained.

Despite the volatility and inflationary pressures in the broader markets, USF continues to deliver steady cash flows given its long-term PPAs held by the portfolio of high-quality US solar projects. We are also pleased to have continued growing the portfolio, increasing capacity by 100MW_{DC} over the last year. The assets we currently own are fully operating with strong diversification across geographies and investment-grade offtakers and a weighted average PPA term remaining of 14.4 years. Our debt facilities are protected against interest rate volatility through our strategy of hedging all base interest rate risk on amortising debt for the full amortisation period. As an established investor, owner and operator in the US solar market, we are well positioned to support the growth of the solar industry in the years to come. The Board and the Investment Manager remain focused on delivering steady cash flows from the existing portfolio of assets, whilst looking for suitable opportunities in solar and storage to grow the Company.

GILL NOTT
CHAIR

24 March 2022

Milford 127.8MW$_{DC}$

3. Investment Manager's Report

Merrill 10.5MW$_{DC}$

3. Investment Manager's Report

SUMMARY OF THE PERIOD

During the year the Investment Manager has continued growing USF by completing the capital raise and the acquisition of 25% of MS2, optimising USF's financing structure, maximising operating efficiency across the portfolio and meeting and cash-covering the dividend target. All cash flows from USF's assets are contracted in the US with investment-grade offtakers for a weighted average remaining term of 14.4 years[11]. 2021 was the first 12-month period when all assets were fully operating, and USF commenced paying the full target dividend. USF's Q1 and Q2 2021 dividends were 1.25 cents per share and Q3 and Q4 2021, which is announced with this report, were 1.5 cents per share, totalling 5.5 cents per share for the period and meeting the Company's target full year dividend. Coverage of dividends paid during the year by free cash flow and any cash flows carried forward was 1.82x, and the Investment Manager expects to continue to fully cash cover dividends paid in 2022.

In May, USF successfully closed an Initial Issue which was significantly oversubscribed, raising gross proceeds of $132 million from existing and new investors. Shortly after the completion of the capital raise, USF used $92 million[12] of equity to successfully refinance the existing debt facilities associated with a 177MW_{DC} portfolio of 22 projects acquired in 2020 (the **Heelstone Portfolio**). This refinancing benefits USF by lowering overall gearing towards 40% (below the long-term target of 50%), and reducing sensitivity to changes in key assumptions including long-term power prices, and enhancing dividend coverage.

In March 2021 and February 2022, USF closed two transactions, each a 25% stake in the 200MW_{DC} MS2 project in California adding 100MW_{DC} to the portfolio and bringing the portfolio to 42 assets across four US states totalling 543MW_{DC}.

The various strains of COVID-19 which evolved during the year had no material impact on USF's operations or portfolio during the reporting period.

NAV

The Company's NAV per share increased from $0.97 per share on 31 December 2020 to $0.975 per share on 31 December 2021, reflecting the combined impacts from asset life extensions and an uplift in the valuation of USF's initial investment in, and option over, MS2 less dividends paid and operating costs. The Investment Manager engaged independent engineers and independent valuers who supported the Manager's proposed asset life extensions for 30 of 42 assets in the portfolio. The asset life extension process is further described in the Investment Performance section of this report.

NAV was also positively impacted by discount rates which were generally revised downwards to reflect current market rates, maturing operational track-records, and de-geared capital structures, resulting in an uplift in valuations. MS2's equity valuation increased from its acquisition valuation reflecting performance more aligned with run-rate expectations, longer operating history, and general market conditions. This is consistent with USF's strategy of acquiring construction ready or early stage operating assets and achieving valuation uplifts through de-risking the portfolio.

PORTFOLIO UPDATE

After the close of the period, USF exercised its option over Tranche Two of MS2 for $21 million. The Tranche Two purchase was subject to an operational performance-based adjustment mechanism.

As noted above, the MS2 acquisitions increase USF's total portfolio to 543MW_{DC} of fully operational assets diversified across four states. USF's portfolio is fully operational with all production sold to a variety of investment-grade offtakers (S&P rated: BBB to A). The Investment Manager continues to work diligently to assess prospective investment opportunities in its robust pipeline to add to the portfolio, including consideration of storage and solar expansion opportunities at existing sites.

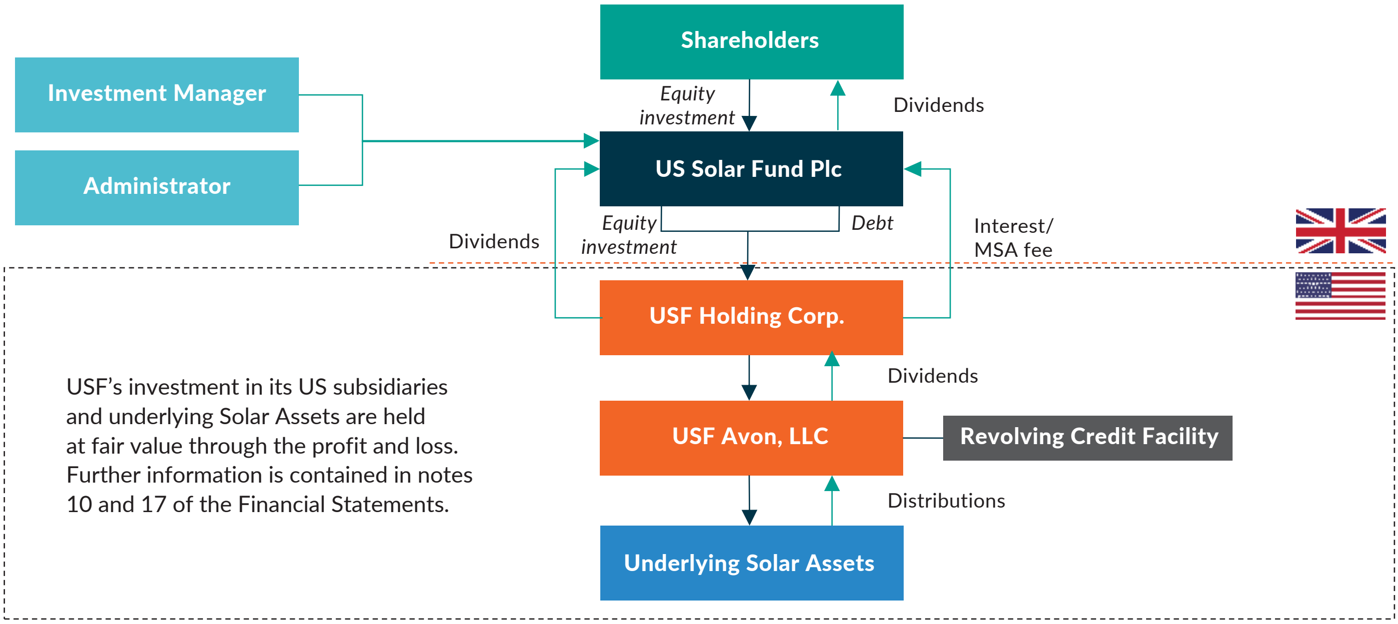
11. Remaining PPA term from 31 December 2021.

12. USF used approximately $92 million for the Heelstone Refinancing however approximately $7.6 million was subsequently released from reserve accounts held by the legacy debt holders resulting in a net use of proceeds of approximately $85 million.

US SOLAR FUND STRUCTURE

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

Figure 1: US Solar Fund Structure[13]



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. USF Holding Corp. reimburses USF for investment costs, and costs associated with providing capital and advice to acquire underlying US Solar Assets. In addition, the Company earns interest on an intercompany loan to USF Holding Corp. 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 2021, the Company and USF Holding Corp. have available cash of $16.2 million and $21.0 million respectively, for a total balance of $37.2 million which may be used to meet the obligations of USF. After the period, it was announced that $21 million would be invested in 50MW_{DC} of MS2 in California. At 31 December 2021 an undrawn $40.0 million revolving credit facility (**RCF**) was in place at USF Avon LLC (a wholly owned subsidiary of USF Holding Corp.), providing further liquidity support.

PORTFOLIO GENERATION UPDATE

Figure 2: Operating Portfolio Performance for 2021

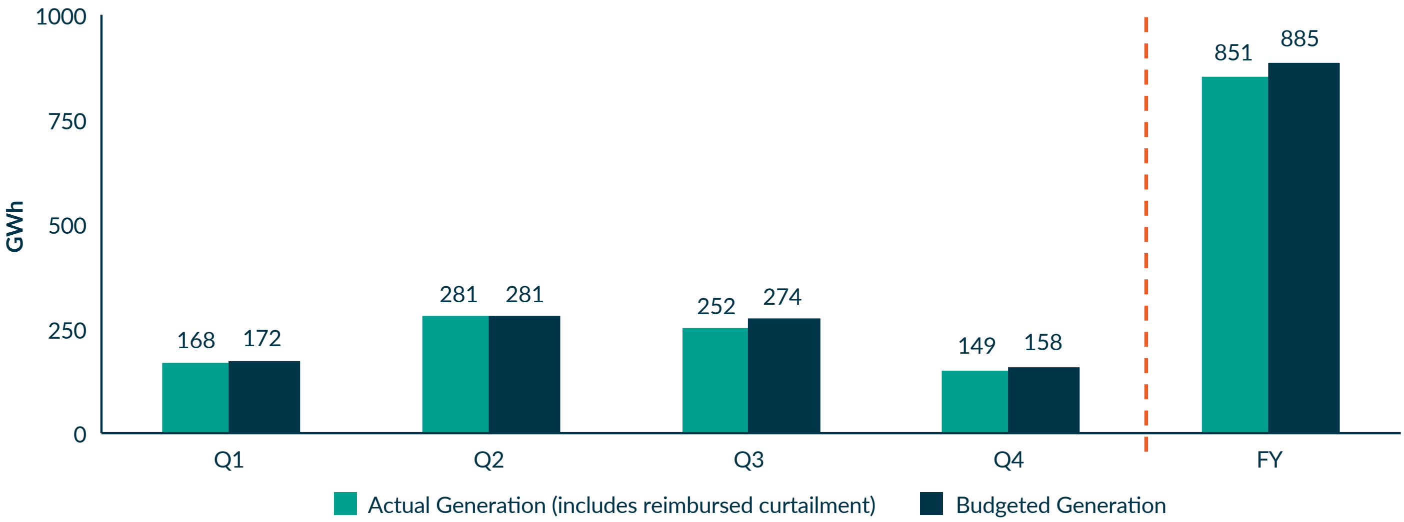
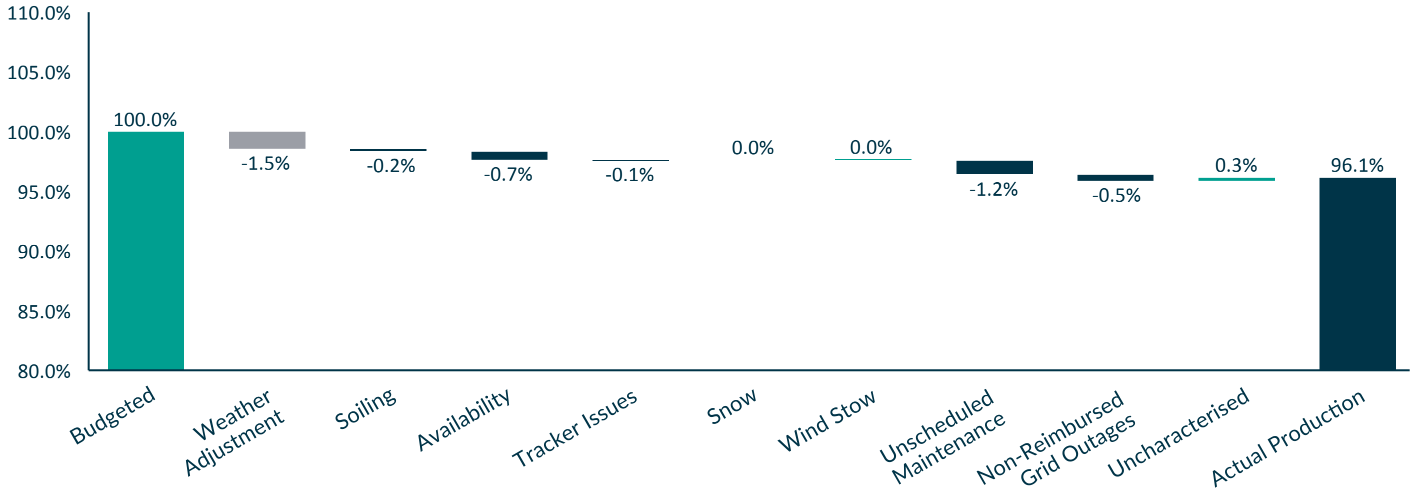


Figure 2 above shows actual and budgeted generation from the assets in the portfolio for the four quarters in the period. The increase in production from Q1 to Q2 and decrease from Q3 to Q4 is largely attributable to the seasonality of production as we moved into and then out of the summer months.

13. Underlying solar assets are held by subsidiaries via various structures including trusts and partnerships.

The portfolio performed 3.9% below budget for the year, with actual production of 851GWh (including reimbursed curtailment) versus the budgeted or forecast production of 885GWh; as shown in Figure 3 below, 1.5% of this was due to lower-than-expected irraiance and 2.4% due to a combination of H1 curtailment at MS2 in California (0.5%), isolated performance issues (0.7%), unplanned outages (1.2%), and soiling (0.2%), being partially offset by other net impacts of 0.1%.

Figure 3: Operating Portfolio Production Waterfall for 2021



USF measures "Actual" performance against "Budgeted" performance. "Actual" production is the number of GWh generated and sold to the offtaker. "Budget" (also called "Forecasted") is the P50 production forecast for the plant before any adjustment for experienced weather conditions. Budgeted production is based on a production model and assumptions verified by an independent engineer at the time of acquisition, considering the location of the site, design of the plant and equipment used, degradation of equipment over time, planned maintenance outages, and unplanned maintenance and grid outages.

Table 2: 2021 Operating Portfolio Performance by State (excluding Tranche Two of MS2)[14]

State	Number of Plants	MW_{DC}	MW % of Total	% of Budget MWh	Actual MWh / Budget MWh	MWh weighted performance vs budget
North Carolina	28	168	34%	28%	-5.5%	-1.5%
Oregon	10	140	28%	27%	-3.7%	-1.0%
Utah	1	128	26%	31%	-1.1%	-0.3%
California	3	57	12%	14%	-6.9%	-1.0%
Total	**42**	**493**	**100%**	**100%**		**-3.9%**

Construction for all USF projects was completed by the end of 2020, and the period ending 31 December 2021 was the first year the entire portfolio was fully operational. During the period, USF completed the acquisition of 25% of MS2, adding 50MW_{DC} of capacity to the portfolio from the start of the second quarter.

NORTH CAROLINA

The North Carolina portfolio (34% of total MW and 28% of budget MWh) performance was 5.5% below budget. Performance was impacted by a number of small site-specific issues including grid outages and unscheduled maintenance. All identified issues have been resolved.

OREGON

The Oregon portfolio (28% of total MW and 27% of budget MWh) performed 3.7% below budget primarily due to poor weather (including snow), grid outages (partially driven by the Oregon wildfires, although no sites were damaged by fires), soiling and unscheduled maintenance. All identified issues have been resolved except damaged feeder cables (rodent damage at Chiloquin, 14.0MW_{DC}), which are expected to be repaired this spring; the Investment Manager has filed an insurance claim for repair costs and business interruption.

14. Includes reimbursed curtailment. Curtailment is when a plant is directed to reduce generation due to grid constraints or lower than expected electricity demand.

UTAH

In Utah, Milford (26% of total MW and 31% of budget MWh) performed 1.1% below budget for the year. Although the project performed strongly above budget for the first half of the year, inverter and medium voltage transformer issues drove underperformance in August and September. All identified issues have now been repaired under warranty and the project is performing well.

CALIFORNIA

Performance in California (12% of total MW and 14% of budget MWh) for the year was 6.9% below budget largely due to soiling, curtailment, grid outages and unscheduled maintenance at MS2 (50MW_{DC}). MS2 experienced roughly two full years of expected curtailment within the 2021 calendar year (the curtailment calendar is June to May). While the curtailment was budgeted for by the Investment Manager, it was expected to be spread evenly across twelve months for each year. MS2's soiling and sensor issues are expected to be resolved by the end of March 2022.

CAPITAL RAISE AND USE OF PROCEEDS

In May 2021, USF announced it had raised gross proceeds of $132 million in the Initial Issue of its 12-month Placing Program announced in April 2021. The raising was oversubscribed and received strong support from existing and new investors.

Shortly after the completion of the capital raise and consistent with the use of proceeds contemplated in the Company's Prospectus dated 13 April 2021, USF completed the refinancing of the existing debt facilities associated with the Heelstone Portfolio. The refinancing transaction used approximately $92 million[15] of the $132 million gross proceeds of the Initial Issue along with the proceeds of a new debt facility provided by Fifth Third Bank National Association to repay all of the existing project level debt. The new debt facility has a tenor of seven years and is partially amortised over this period. These amortisation payments are consistent with an anticipated full amortisation schedule out to 2037, which is slightly shorter than the tenor of the project's underlying aggregated PPAs. This full amortisation profile is reflected in the fixed-for-floating interest rate swap which is in place to hedge the floating rate risk on the anticipated debt profile.

The refinancing reduced the effective interest rate for the Heelstone Portfolio from approximately 6.25% to less than 3% per annum. The base interest rate is fully hedged with fixed interest rate swaps for the full duration of the loan. It also lowered overall gearing for USF to 38.4% (below the long-term target of 50%), reducing sensitivity to changes in key assumptions including long-term power prices, and enhancing dividend coverage.

An additional $7 million was used to pay down debt on the Euryalus portfolio. The impact of these transactions is recognised in the movement in fair value of the Company's investment in its US subsidiaries and underlying Solar Assets. Note 17 to the Financial Statements shows the underlying movements on a look through basis for each of USF's Solar Assets.

In February 2022, USF exercised its option over Tranche Two, committing an additional $21 million of the capital raise proceeds.

PIPELINE UPDATE

At 31 December 2021, the Investment Manager's pipeline included 1.9GW_{DC} of high-quality assets (including Tranche Two of MS2), with an aggregate value of approximately $2.2 billion in cash equity value and a weighted-average PPA term of 17.7 years.

During 2021, the Investment Manager screened over 13.4GW_{DC} of solar projects, with a total cash equity value of over $12.8 billion. Among these projects, the Investment Manager has screened an increasing number of opportunities that include an energy storage component. The Investment Manager has commenced assessing projects in the portfolio for suitability of retrofit battery storage and will continue to work with specialist energy storage consultants in 2022. As well as continuing to originate opportunities in mature US state solar markets, the Investment Manager is actively broadening its focus within the existing mandate to include emerging US state solar markets, multi-offtake arrangements, distributed generation, and suitable co-investment opportunities.

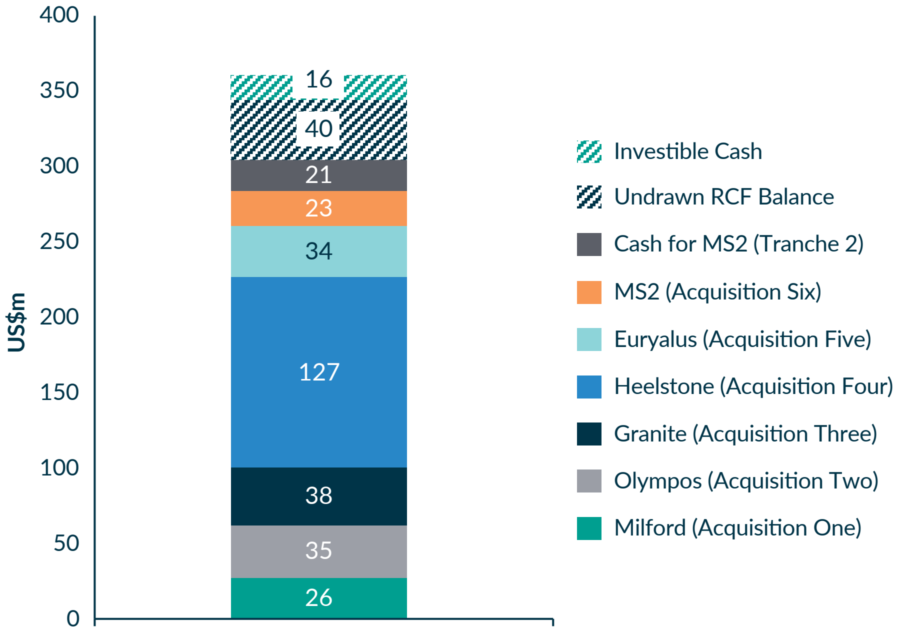
The Investment Manager continues to take a conservative approach to valuation of acquisition opportunities. It also continues to strictly adhere to a process that is consistent with the strategy and return targets of the Company. While the Investment Manager has observed an increasing level of competition for large-scale solar assets in 2021, the Company was successful in increasing the portfolio by 100MW_{DC} including the exercise of the option for Tranche Two of MS2 (50MW_{DC}) post year end.

In September 2021, USF increased the size of the undrawn $25 million RCF to a $40 million facility and extended the tenor for two years. As of the date of this report, the RCF remains undrawn, which alongside investible cash on hand following the acquisition of Tranche Two of MS2, is available to fund suitable pipeline opportunities.

15. USF used approximately $92 million for the Heelstone Refinancing however approximately $7.6 million was subsequently released from reserve accounts held by the legacy debt holders resulting in a net use of proceeds of approximately $85 million.

FUNDS COMMITTED

Figure 4: USF Net Equity Invested and Funds Available



As at 31 December 2021 USF had invested $283 million in the operating portfolio. On 10 February 2022, USF exercised its option to acquire Tranche 2 of MS2, which will require an additional $21 million to be funded from cash on hand. Following the acquisition, USF is forecast to have $16 million of investible cash remaining, which is intended to be used for further acquisitions or storage opportunities.

EVENTS AFTER THE PERIOD

As noted above, in February 2022, USF announced it had exercised its option over Tranche Two of MS2, bringing USF's ownership of the project to 50% (100MW_{DC}).

On 24 March 2022, the Company announced a dividend of 1.5 cents per Ordinary Share for the period ending 31 December 2021, bringing total dividends declared for the twelve-month period to 5.5 cents per Ordinary Share, meeting the dividend target. The dividend is expected to be paid on or around 29 April 2022.

CORONAVIRUS

USF continues to operate well during the COVID-19 pandemic, with no material impact on the Company to date. USF continues to adjust its work environment to ensure the health and safety of its employees, contractors, and stakeholders. Both the New York and Sydney offices of the Investment Manager have arrangements that adhere to local guidelines including limited staffing, remote work and staggered access arrangements as and when needed. The Investment Manager also recently moved to larger premises in New York to accommodate increased distancing between team members. As the Board and Investment Manager have been accustomed to working across three continents since inception, remote meetings and communicating across time zones and flexibility were already efficiently managed by all parties.

The generation and provision of electricity in most of the US has not been significantly disrupted by the pandemic as it has consistently been considered an essential service. With construction completed, USF's projects have continued to operate and service personnel have been permitted to travel to sites to conduct work as needed, with no material supply chain impacts for spare parts. The Investment Manager continues to assess the current and potential impact of the COVID-19 measures implemented by the US federal and state governments on the Company's investment strategy and operations.

INVESTMENT PORTFOLIO

As at 31 December 2021 the Company owned 42 utility scale solar projects, totalling 493MW_{DC}. All assets in USF's portfolio have achieved commercial operations and are generating revenue for the Company. Table 3 sets out the location and further information regarding each project.

Table 3: Portfolio Overview

Asset	Capacity (MW_{DC})	Location	Acquisition Date	Energy Offtaker[16]	Offtaker Credit Rating	Remaining PPA Length (Years)	COD[17]
Milford	127.8	Utah	Aug 19	PacifiCorp	S&P: A	23.9	Nov 20
MS2	49.9[18]	California	Mar 21	Southern California Edison	S&P: BBB	18.4	Jan 20
Suntex	15.3	Oregon	Jun 20	Portland General Electric	S&P: BBB+	9.6	Jul 20
West Hines	15.3	Oregon	Jun 20	Portland General Electric	S&P: BBB+	9.6	Jun 20
Alkali	15.1	Oregon	Jun 20	Portland General Electric	S&P: BBB+	9.7	Jun 20
Rock Garden	14.9	Oregon	Jun 20	Portland General Electric	S&P: BBB+	9.7	Jun 20
Chiloquin	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	10.0	Jan 18
Dairy	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	9.8	Mar 18
Tumbleweed	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	10.0	Dec 17
Lakeview	13.7	Oregon	Mar 20	PacifiCorp	S&P: A	9.8	Dec 17
Turkey Hill	13.2	Oregon	Mar 20	PacifiCorp	S&P: A	9.8	Dec 17
Merrill	10.5	Oregon	Mar 20	PacifiCorp	S&P: A	9.8	Jan 18
Lane II	7.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.7	Jul 20
Pilot Mountain	7.5	North Carolina	Dec 19	Duke Energy Carolinas	S&P: BBB+	11.7	Sep 20
Davis Lane	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	11.0	Dec 17
Gauss	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	11.6	Oct 18
Jersey	7.0	North Carolina	Mar 20	North Carolina Electric	S&P: A-	6.0	Dec 17
Sonne Two	7.0	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.6	Dec 16
Red Oak	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	10.0	Dec 16
Schell	6.9	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	10.0	Dec 16
Siler 421	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	9.6	Dec 16
Cotten	6.8	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	9.9	Nov 16
Tiburon	6.7	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.6	Dec 16
Monroe Moore	6.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.6	Dec 16
Four Oaks	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	8.8	Oct 15
Princeton	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	8.8	Oct 15
Tate	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.7	Aug 20
Freemont	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.6	Dec 16
Mariposa	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.7	Sep 16
S. Robeson	6.3	North Carolina	Jan 20	Progress Energy	S&P: BBB+	5.6	Jul 12
Sarah	6.3	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	8.5	Jun 15
Nitro	6.2	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.9	Jul 15
Sedberry	6.2	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	9.6	Dec 16
Willard	6.0	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.7	Oct 20
Benson	5.7	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.7	Aug 20
Eagle Solar	5.6	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.7	Aug 20
Granger	3.9	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	14.7	Sep 16
Valley Center	3.0	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	14.9	Dec 16
County Home	2.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.6	Sep 16
Progress 1	2.5	North Carolina	Jan 20	Progress Energy	S&P: BBB+	10.3	Apr 12
Progress 2	2.5	North Carolina	Jan 20	Progress Energy	S&P: BBB+	6.0	Apr 13
Faison	2.3	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	8.3	Jun 15
Grand Total	**492.9**					**14.4**[19]	

16. 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.
17. Commercial Operation Date.
18. Table as of 31 December 2021 does not include Tranche 2 of MS2.
19. Capacity-weighted average remaining PPA term as at 31 December 2021.

ACQUISITIONS

As at 31 December 2021, the Company had closed six acquisitions. Milford and Olympos completed in 2019, Granite, Heelstone and Euryalus were completed in 2020 and the first 25% tranche of MS2 in 2021. As set out in Figure 5, while the timing is dependent on the US regulator, approval for the Company's acquisition Tranche Two of MS2 is expected to be provided by the Federal Energy Regulatory Commission (**FERC**), which will bring USF's ownership of that project to 50% (100MW_{DC}) and the total portfolio to 543MW_{DC} subsequent to year end.

Figure 5: Portfolio by Stage[20]

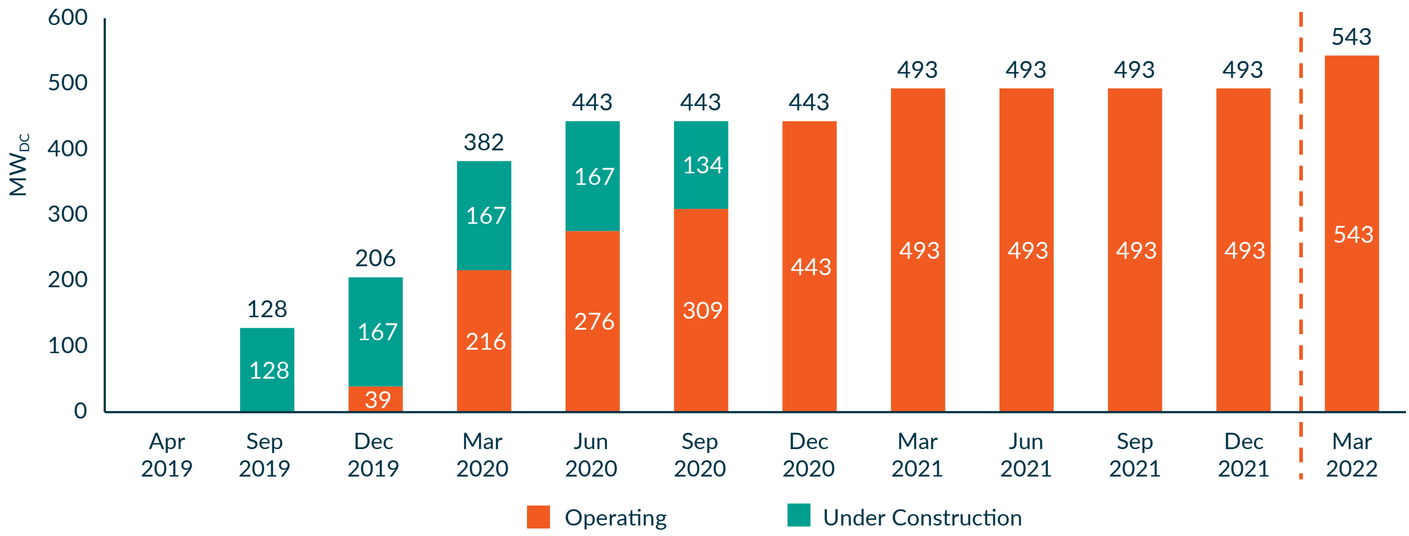


Table 4: Portfolio Acquisition Valuation

US$	MILFORD ACQUISITION ONE	OLYMPOS ACQUISITION TWO	GRANITE ACQUISITION THREE	HEELSTONE ACQUISITION FOUR	EURYALUS ACQUISITION FIVE	MS2 ACQUISITION SIX	US CASH AND WC	UK CASH AND WC	TOTAL
31 December 2020	30,043,545	42,575,753	36,070,109	38,278,633	29,890,984	–	18,465,252	(1,164,928)	194,159,348
Additions (at cost)	121,795	(5,023,308)	287,090	85,506,800	7,264,684	23,191,371	2,003,113	10,718,672	124,070,218
Change in fair value	5,979,744	(1,603,270)	(1,861,577)	(4,127,235)	(432,633)	2,812,117	5,000,000*	–	5,767,146
31 December 2021	**36,145,085**	**35,949,175**	**34,495,622**	**119,658,198**	**36,723,035**	**26,003,488**	**25,468,365**	**9,553,744**	**323,996,712**

* The $5 million fair value movement shown in US cash and working capital relates to the derivative asset value of the option over the second tranche of MS2 at 31 December 2021.

Table 4 shows USF's completed and committed acquisitions and valuation change between 31 December 2020 to 31 December 2021. Approximately $92 million[21] was invested over the period for the Heelstone Portfolio (Acquisition Four) debt refinancing, resulting in an Acquisition Four valuation of $119.7 million as at the end of the period. Similarly, approximately $7 million was used to repay debt on the Euryalus (Acquisition Five) portfolio, resulting in a valuation of $36.7 million as at 31 December 2021. Milford (Acquisition 1) and MS2 (Acquisition 6) also saw an uplift in valuation across the period primarily due to cost of capital rerates. As of the end of the period, the Fair Value of the portfolio acquisitions was $289 million.

A detailed summary of the movement during the period can be found in Note 17 to the financial statements.

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

21. USF used approximately $92 million for the Heelstone Refinancing, however, approximately $7.6 million was subsequently released from reserve accounts held by the legacy debt holders resulting in a net use of proceeds of approximately $85 million.

INVESTMENT PERFORMANCE

At 31 December 2021, the Company's shares were trading at $0.96 per Ordinary Share and have continued to trade around this level since year end. This represents a 1.6% discount to the 31 December 2021 NAV of $324.0 million or $0.975 per Ordinary Share. The NAV is defined as the total assets less any liabilities.

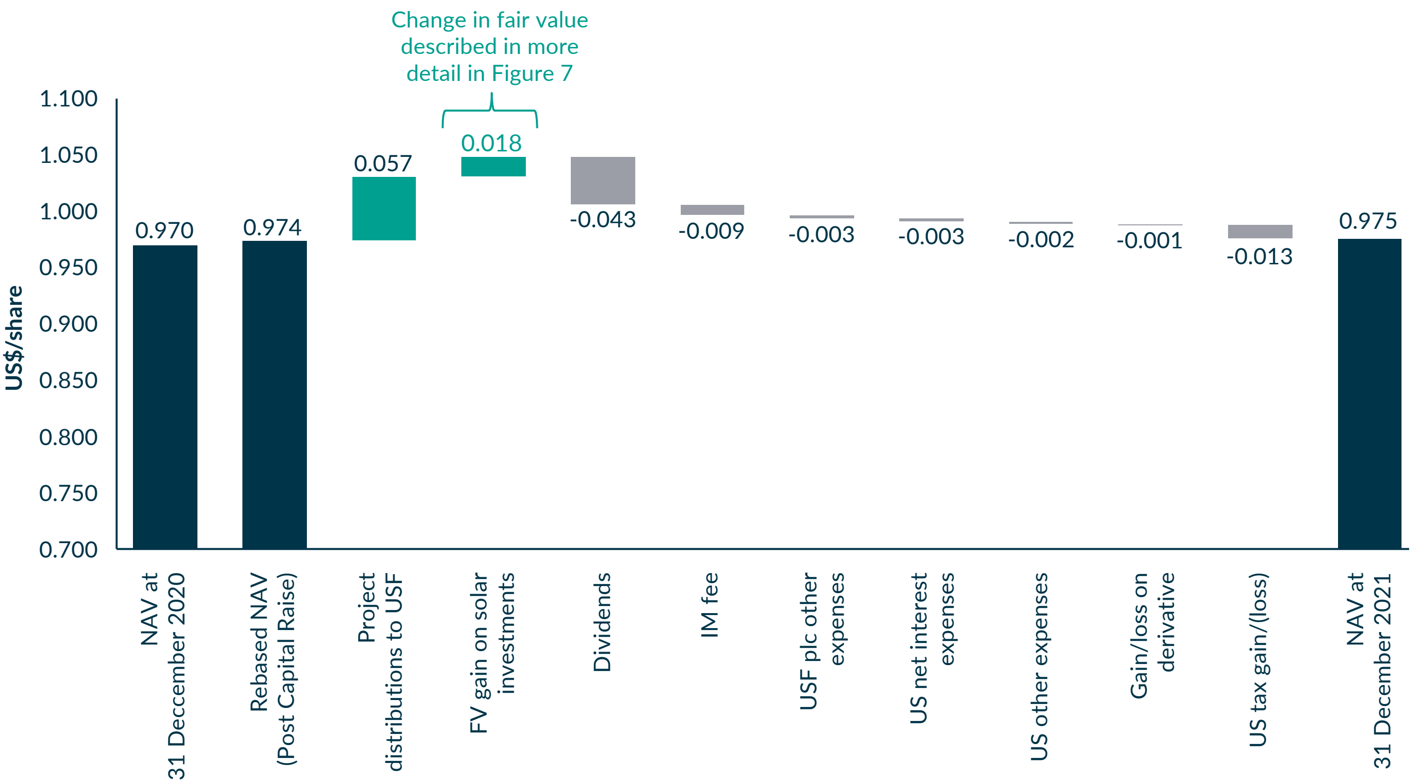
The Company generated a gain after tax of $14,954,943 ($0.052 per Ordinary Share) during the period. Intercompany loan interest income of $1,988,957, foreign exchange gains of $106,649 on funds that were retained in GBP, US distributions of $2,996,992, MSA fee income of $4,673,924 from management services provided to the Fund's wholly owned US subsidiaries, and a net gain on investments of $9,118,692, were offset by administrative and other expenses of $3,930,271. The net fair value gain on investments was attributable to updated discount rates, useful life revisions and an increase in value on the MS2 option as detailed in Figure 6.

The financial statements of the Company are presented on pages 82 to 85. The Fund's sensitivity to discount rates and power prices is detailed below.

Table 5: Performance Summary

	31 DECEMBER 2021	30 JUNE 2021	31 DECEMBER 2020
Number of projects[22]	42	42	41
Capacity of projects	493MW_{DC}	493MW_{DC}	443MW_{DC}
NAV	$324.0m	$313.3m	$194.2m
NAV per share	$0.975	$0.943	$0.970
Ordinary shares issued	332m	332m	200m
Closing share price (USF)	$0.96	$1.015	$1.075
Market capitalisation (based on closing price)	$319m	$337m	$215m
Dividends paid[23]	$10.3m (full year)	$2.00m (half year)	$4.00m (full year)
Share price total return performance (from inception)	3.13%	4.93%	10.13%

Figure 6: NAV Bridge 31 December 2020 to 31 December 2021



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

23. Dividends paid excludes the 1.5 cents per share dividend declared by the Company for 3Q 2021 on 23 November 2021, paid to shareholders on 7 January 2022.

Figure 7: Fair Value Bridge of FV Gain on Solar Investments (USF Hold Corp.) 31 December 2020 to 31 December 2021

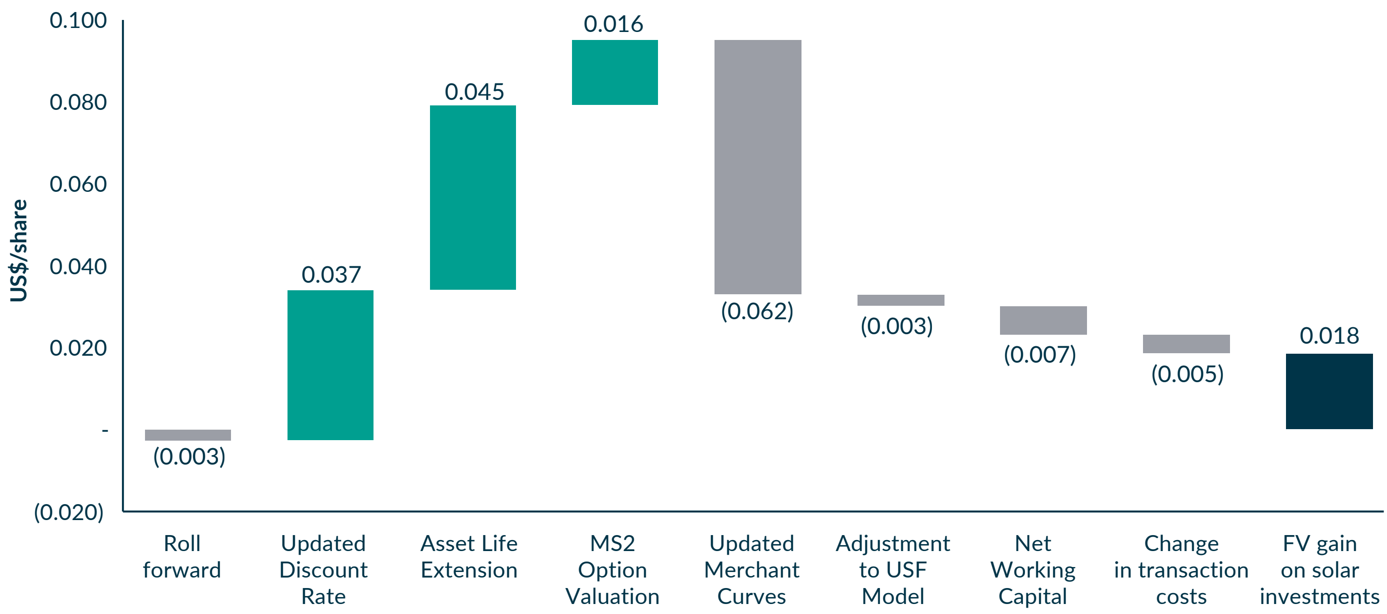


Figure 7 details the 1.8 cents per Ordinary Share movement in the "FV gain on solar investments" category shown in Figure 6. The roll forward uplift is a result of bringing forward the valuation date to 31 December 2021, thereby removing cash flows from prior periods and bringing forward future cash flows. This resulted in a slight decrement across the portfolio this period due to the cash flow profiles of Granite, Heelstone, and Euryalus.

Discount rates were generally revised downwards to reflect current market rates, maturing operational track-records, and de-geared capital structures, resulting in an uplift in valuations. MS2's (Acquisition Six) equity valuation increased from its acquisition valuation primarily due to an updated discount rate to reflect improved operating performance more aligned with run-rate expectations, longer operating history, and general market conditions.

USF engaged a leading independent engineer (**IE**) to review portfolio useful lives, which resulted in 30 of the 42 assets having their useful lives extended to 40 years. The IE reviewed the geotechnical and structural design, historical operational performance, budgeted operating costs, and other key components to determine a recommended useful life and associated assumptions, including additional maintenance and capital expenditure. Assets that were considered for extensions have permits, contracts, and land control to support the term of useful life. The Investment Manager's extension of useful lives was independently reviewed by both the Company's external engineer and valuer along with it being considered as part of the fair value of the Company's investments in the auditor's report accompanying the financial statements.

The uplift in MS2's valuation as at 31 December 2021 has also increased the value of the Company's Tranche 2 option to acquire a further 25% stake in MS2 as reflected in the 1.6c uplift in the waterfall. Post-period end, the Company announced that it had exercised this option.

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. Over the course of 2021, independent forecasts of merchant prices have generally been revised downwards, resulting in a negative impact on NAV. Further details on the change in merchant curve and the impact on the Company's investments can be found in the Valuation section below.

The adjustment to USF model reflects the updated valuation method to align with third-party valuation methods, noting the Investment Manager's valuation for each asset (and therefore on a portfolio basis) are within the valuation ranges prepared by the independent valuer.

Net working capital adjusts for changes in project level cash, assets, and liabilities, and the change in transaction costs reflects actual acquisition and capital raise costs incurred during H1 2021 compared to forecast.

ONGOING CHARGES

The ongoing charges ratio of the Company is 1.36% of the average NAV for the year ended 31 December 2021. The ratio has been calculated using the AIC recommended methodology.

VALUATION

NET ASSET VALUE

The NAV for the period ending 31 December 2021 is $324.0 million, or $0.975 per Ordinary Share.

The valuation of the Solar Assets produced by the Investment Manager fully takes into account the overall valuations by an independent appraiser on a semi-annual basis as at 30 June and 31 December. The Company's valuations are within the valuation ranges of the independent appraiser. These valuations form part of the NAV calculation of the Company, which is subject to review/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 Special Purpose Vehicle (**SPV**), 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.

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 on this basis for 31 December 2021 as all assets were operational during the period and 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 2021. 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.

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.

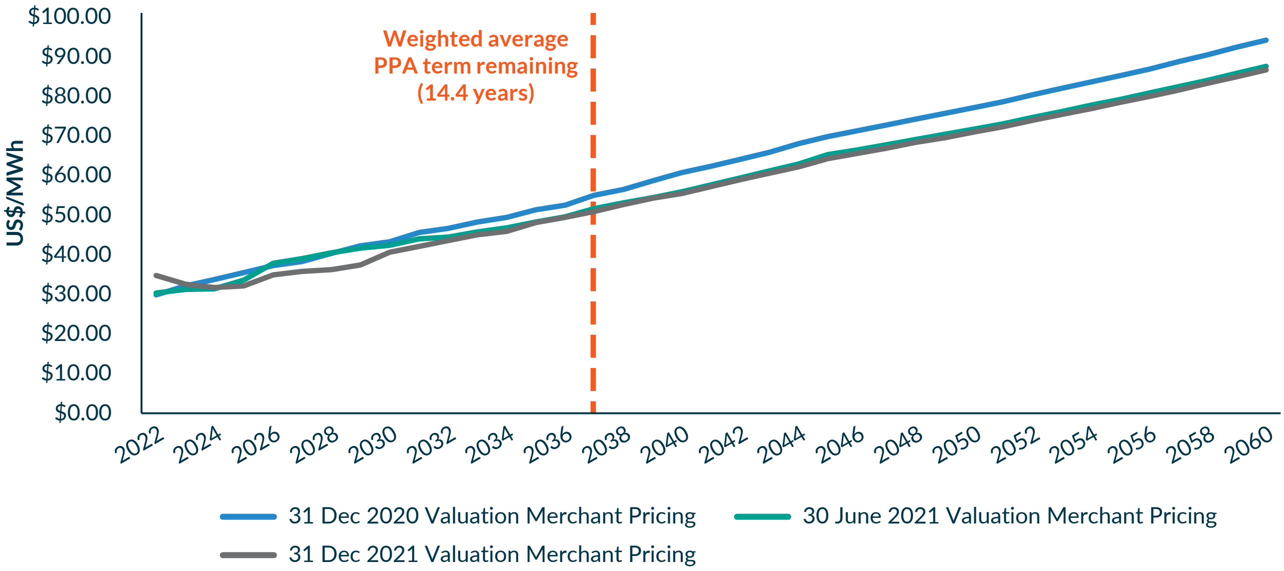
A broad range of assumptions are used in valuation models. Where possible, assumptions are based on observable long-term historical market and technical data given the long-term life of the assets. The Investment Manager also engages technical experts such as long-term electricity price forecasters, and for the current valuation cycle an independent engineer, to provide or validate 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.

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.

The Investment Manager 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 line with USF policy, all 42 of USF's operating assets were externally valued at 31 December 2021.

Figure 8: Merchant Electricity Power Price Forecast



The Company uses the average of the most recent two forecasts (available at the valuation date) from two independent providers (a total of four price forecasts). The impact of merchant electricity price forecasts was partially offset by a gain of $0.037 per share from favourable reductions to discount rates reflecting the portfolio's maturing full run-rate operations, improved operating performance, as well as the reduction in leverage achieved through the refinancing of the Heelstone portfolio and the repayment of debt on the Euryalus portfolio. The weighted average pre-tax cost of equity used for levered assets was 7.8% (December 2020: 8.3%), and the weighted average pre-tax weighted average cost of capital (**WACC**) for unlevered assets was 6.3% (December 2020: 6.7%). A driver of the reduction in pre-tax cost of equity was the Heelstone Debt Refinancing. In addition, reductions in discount rates typically occur as a project progresses from construction start to one full year of operations.

MS2 (Acquisition Six) saw an equity valuation increase from its initial acquisition cost primarily due to an updated discount rate to reflect improved operating performance more aligned with run-rate expectations, longer operating history and general market conditions.

The Investment Manager conducted a useful life analysis with a reputable IE in December 2021. The Investment Manager has historically relied on IE support and recommendations for useful life of the projects in our portfolio. Many of the assets within USF's portfolio are contractually able to support a longer useful life so long as the project can support it technically and structurally. The Investment Manager initially reviewed the projects in the portfolio that had adequate contractual protections to support a longer useful life such as land control and interconnection terms. The IE then reviewed geotechnical and structural design, major equipment, material selection, historical operating performance, budgeted operating costs and future forecasts, and other key technical inputs to assess the useful life and provide additional assumptions that would need to be included in the models to support it. As a result of the analysis, 30 of 42 assets within USF's portfolio had their operating lives extended to from 35 to 40 years from commencement of commercial operations. The useful life extensions resulted in a NAV uplift of $0.045 over the period.

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. At 31 December 2021, tax equity financing was in place for all projects in the Company's portfolio except for Granite (Acquisition Three). US tax equity structures customarily include a mechanism for the tax equity investor to exit the structure after a time or return-based target is met. For valuation purposes, the Investment Manager assumes tax equity partners exercise their purchase or withdrawal options at the earliest possible date, and as expected at the time of acquisition, US Bancorp fully exited the Granite (Acquisition Three) tax equity structure during the period.

Table 6 below details the tax equity arrangements for the Company's portfolio.

Table 6: Tax Equity Summary

Solar Asset	Tax Equity Partner	Funding Status
Milford (Acquisition One)	Wells Fargo	Fully funded and active
Olympos (Acquisition Two)	US Bancorp	Fully funded and active
Granite (Acquisition Three)	None (previously US Bancorp)	Fully funded and exited
Heelstone (Acquisition Four)	Hartford Insurance Company; Valley National Bank; and US Bancorp	Fully funded and active
Euryalus (Acquisition Five)	US Bancorp	Fully funded and active
MS2 (Acquisition Six)	Wells Fargo	Fully funded and active

GEARING

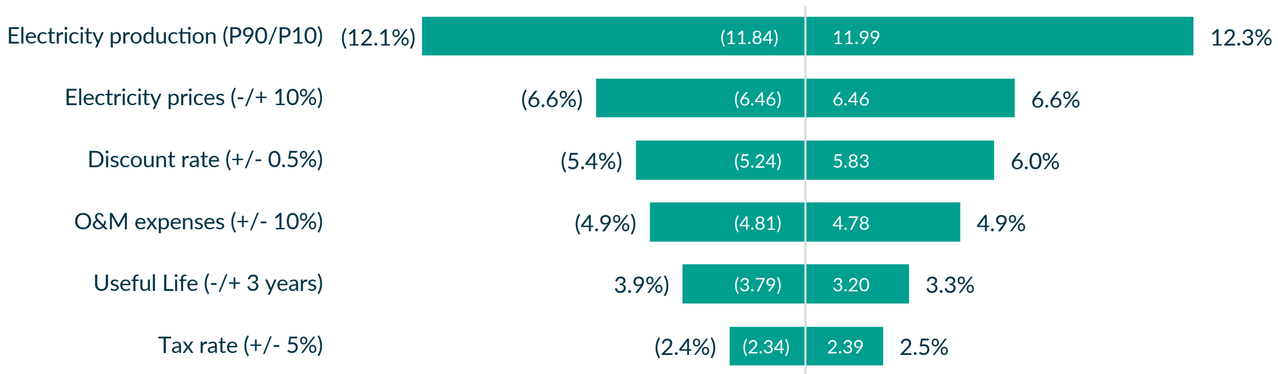
Taking the US operating subsidiaries and holding companies into account (which we also refer to as being on a look-through basis), USF had outstanding debt of $201.9 million as at 31 December 2021, based on the face value of drawn debt. This equates to 38.4% of Gross Asset Value (**GAV**) (calculated as NAV plus outstanding debt). This is below USF's long-term target of 50%.

Refer to Note 10 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 9 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 13 to the financial statements.

Figure 9: Sensitivity Analysis (Change in Cents Per Share)[24]



INFLATION

Rising inflation became a key area of focus in the US during 2021. USF considers inflation in terms of potential impact on cash flows from the existing portfolio, NAV, and pipeline opportunities.

For the existing portfolio, which is fully operational, the Company is protected from near-term increases in capital and operating costs. While replacement of equipment in the near-term is unlikely given the age of the portfolio, any required near-term equipment replacements are expected to be under manufacturer warranties. Contracted operating costs such as operations and maintenance (O&M) and asset management are fixed under the terms of the Company's contracts with third party providers for terms of one to four years and are often subject to extensions at predetermined pricing independent of inflation. Given this, along with increasing competition and continued efficiency gains in the solar O&M and asset management market, upcoming renewals are expected to be at the same, or lower, pricing. In terms of revenue, although USF's PPA's do not contain direct inflation linkages (which are uncommon in the US), some of the contracts escalate at a specified percentage annually.

In terms of NAV, in an inflationary environment USF would expect the discount rates used in valuation to increase. However, the price at which the projects can re-contract or sell electricity after the PPA period expires could also be expected to increase with higher inflation and interest rates, which would partially offset the impact of higher discount rates. Base interest rates on the Company's drawn amortising debt facilities are fully hedged for the term of the relevant loan, and for one or more subsequent re-financings.

For pipeline opportunities, higher raw material prices for new projects mean those projects need higher revenues to earn the same return. This could see some future projects delayed until economics improve however, given the already competitive economics of solar, this is expected to be a very small number and, importantly, USF does not invest until PPA prices and construction costs are certain .

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 2021 332,192,361 Ordinary Shares were issued and no other classes of shares were in issue at that date. At 31 December 2020, 200,192,361 Ordinary Shares were issued and at 31 December 2019 there were 200,092,323 Ordinary Shares issued.

During the period, 132,000,000 shares were issued following a successful Initial Issue bringing the total Ordinary shares to 332,192,361 on issue at 31 December 2021.

Also during the period, the Investment Manager acquired 221,176 Management Fee Shares on 1 October 2021 at an average market price of $1.01 per share, reflecting the Management Share Amount due to the Investment Manager for the period from 1 July 2020 to 30 June 2021.

24. Assumed asset life up to 40 years as per Independent Engineer assessment.

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**.

LIAM THOMAS BAgribus (Curtin), MSc (Curtin), MBA (Melbourne)
CHIEF EXECUTIVE OFFICER, NESM

Liam joined the Investment Manager as Director – Investments in March 2016 to lead transaction origination and execution activities, and succeeded John Martin as CEO in August 2021. 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, which 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.

ADAM HAUGHTON BS (Materials Engineering) (UMD), MBA (UT Austin)
CHIEF INVESTMENT OFFICER, NESM

Adam joined the Investment Manager as a Director in July 2018, focusing on due diligence and transaction execution for new fund investments, and succeeded Liam Thomas as CIO in August 2021. Before joining the Investment Manager, Adam was a Vice President at Greentech Capital Advisors, an investment bank focused on mergers and acquisitions and capital raising transactions for companies within the sustainable infrastructure industry. Prior to Greentech, Adam worked in Bank of America Merrill Lynch's Global Industrials Investment Banking Group where he advised on a range of public and private mergers and acquisitions and capital market transactions. Earlier in his career, Adam was a Development Engineer at SunEdison where he was responsible for the development and design of utility-scale and commercial and industrial solar installations in the US.

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.

SCOTT FRANCIS BS (Mechanical Engineering) (UR), MBA (UR)
HEAD OF ASSET MANAGEMENT, NESM

Scott joined the Investment Manager in July of 2021, focusing on Asset Management and Operations across the portfolio of projects. Scott brings over 15 years of energy industry experience and has managed over 1,000MWs of solar and 2,500MWs of wind projects. Most recently, Scott was Director of Asset Management at Apex Clean Energy, a leading developer and operator of US utility scale solar and wind power, where Scott led the Asset Management team. Scott and his team provide comprehensive asset management in all aspects of projects including performance, reporting, optimisation, revenue assurance (PPA and Merchant), insurance, and contractual performance obligations. Prior roles have included various positions managing operations and business development for Dominion Energy's (Fortune 500 Utility) renewable assets.

Alkali 15.1MW_{DC}

4. Environmental, Social and Governance

Turkey Hill 13.2MW_{DC}

4. Environmental, Social and Governance

ESG AND SUSTAINABILITY REPORTING DEVELOPMENTS

USF was established to both capitalise on and contribute to the world's increasing awareness of the impact of climate change and the need to better manage the world's resources for present and future generations. The Company is focused on sustainability, primarily as an investor in the solar industry, but also in the way the Company is managed. The Company's Board and Investment Manager are committed to providing transparent, and thorough reporting on ESG and Sustainability, and will regularly review new frameworks and initiatives that may improve or refine USF's approach.

Since its 2019 IPO, USF has consistently reported on ESG and Sustainability considerations throughout its interim and annual reports. In February 2022, the Company published its first annual Sustainability Report covering 2021, which forms part of the Company's reporting on the Taskforce on Climate-related Financial Disclosures (**TCFD**). The USF Sustainability report included and also expanded on existing frameworks like the United Nations Sustainable Development Goals (**UN SDG**), adding detailed descriptions of Environmental, Social, and Governance considerations and initiating reporting within the European Union Sustainable Financial Disclosure Regulation (**EU SFDR**) Annex One framework. Although USF is not required to report through the SFDR framework, the Board and Investment Manager recognise the value of the framework broadly and the specific relevance to EU based investors who support USF. Key ESG and Sustainability metrics will be mentioned in the Annual and Interim Reports while fulsome reporting will be captured in the Sustainability Report.

In April 2021, the parent of the Investment Manager became a signatory to the United Nations Principles for Responsible Investing (**UNPRI**) and mandatory reporting will commence in 2023 (a slight delay to typical timelines given a change in systems at the UNPRI organisation). As a signatory, the Company's Investment Manager has committed to incorporating ESG issues into their policies and practices and also to seek and promote appropriate ESG disclosures.

The Board and Investment Manager have commenced reporting against the TCFD framework in this annual report, referring to the Company's Sustainability Report where relevant disclosures have been made in that document. We believe that the TCFD framework will further assist investors and other market participants to review and understand USF's approach and consideration of ESG and Sustainability risks and opportunities. This is our first time engaging with the framework, and we recognise that over time we will continue to refine and expand our reporting. We have included our responses to the framework below in addition to our regular reporting on Principal Risks and Uncertainties in the following section.

TCFD RECOMMENDATIONS AND SUPPORTING RECOMMENDED DISCLOSURES

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	**Recommended Disclosures**	**Recommended Disclosures**	**Recommended Disclosures**
1. Describe the board's oversight of climate-related risks and opportunities.	**3.** Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	**6.** Describe the organisation's processes for identifying and assessing climate-related risks.	**9.** Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
2. Describe management's role in assessing and managing climate-related risks and opportunities.	**4.** Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.	**7.** Describe the organisation's processes for managing climate-related risks.	**10.** Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	**8.** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	**11.** Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

USF'S TCFD REPORTING (CLIMATE CHANGE RELATED RISKS AND OPPORTUNITIES)

As mentioned above, 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. This is the principal way in which the Company engages with opportunities related to climate change. The Company is focused on sustainability, primarily as an investor in the solar industry, but also in the way the Company is managed as discussed below.

The disclosures on the following pages report against all 11 of the TCFD recommendations. USF has complied with LR 9.8.6R by including climate-related financial disclosures consistent with the recommendations, other than including integrated climate related risk scenarios and emissions reporting, which will be incorporated in future reporting.

Governance	**Disclose the organisation's governance around climate-related risks and opportunities.**
1. Describe the board's oversight of climate-related risks and opportunities.	The USF Board has overall responsibility and oversight of risks and opportunities, which includes climate-change. The Board comprises four independent directors each with different and complementary backgrounds and valuable industry and investment trust experience as well as demonstrated stewardship and governance excellence. The strength of USF's Board, particularly around governance, sustainability and clean energy robustly supports USF's fundamental environmental credentials derived from its core business as an investor and owner of utility scale solar energy assets. The Company's policies, including those pertaining to sustainability, are reviewed with the Board and monitored on an ongoing basis as needed and formally on an annual basis. USF's Board has an Audit Committee whose function is to ensure that the Company maintains the highest standards of integrity, financial reporting, internal control and risk management systems and corporate governance. One of the main duties of the Audit Committee is reviewing the risks facing the Company and monitoring the risk register. These include climate related risks. 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.
2. Describe management's role in assessing and managing climate-related risks and opportunities.	Developing, implementing, managing and reporting on USF's sustainability activities is undertaken by the Investment Manager, which reports to the Board on an ad hoc and at least quarterly basis. The Investment Manager monitors climate-related legal and regulatory developments in the US and globally as well as noting the changing dynamics or weather patterns and local climates that may impact the day-to-day production of USF's solar projects. This data informs the investment and operating decisions of the Investment Manager who reports to the Board at least quarterly on generation performance and any critical changes. The Investment Manager is also informed from specialist opinions on a range of matters, including environmental factors and irradiance forecasts obtained during acquisition due diligence.
Strategy	**Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.**
3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	The Company recognises that the key climate-related opportunity impacting its business is the positive impact and demand for renewable energy. USF was established to meet this demand and recognises that the pace of transition to clean energy in the US will impact the size of the Company's investment opportunity. Based on the current administration's position on clean energy, USF expects demand to continue to grow significantly over the short (1-2 years), medium (2-5 years) and long term (5-25+ years). USF recognises there are climate change risks which could have an impact on the Company's returns and growth opportunities. These risks could be transition risks and physical risks. Transition risks relate to the transition to a lower carbon economy, and can be grouped into market risks technological risks, political and legal risks and reputational risks. These risks are discussed in more detail in Section 5 - Principal Risks and Uncertainties. Physical risks relate to the impact of climate change on energy assets and operating companies. These include short term extreme weather events (wildfires, flooding, severe storms, drought) and longer-term impacts such as rising sea levels and global temperatures. USF notes that the following physical risks (which are also discussed in the following Principal Risks and Uncertainties Section) are related to climate change and may be viewed as climate-related risks either directly or indirectly: • Unfavourable weather conditions including climate change or events impacting irradiance over the medium to long-term. • Power Price Fluctuations: Power prices are impacted by changes in weather (extreme heat or cold, large storm systems, etc. which may be the result of climate change) in the short, medium and long terms, noting the Company's PPA arrangements mitigate the short and medium-term impacts.

Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.
	• Under-performance of equipment at solar power plants relative to acquisition assumptions: short duration under-performance may result from the impact of physical risks including weather patterns, forest fires and storms that result from climate change, such as higher temperatures at peak generation times. • Increasing grid outages and time of day pricing: in combination with increasing renewables generation seeking grid access, climate-related risks can increase grid outages. This is a risk for new projects and an opportunity for existing projects. USF evaluates this risk/opportunity by considering grid curtailment and interconnection arrangements as part of acquisition diligence, partly contracting for curtailment in PPA's and evaluating storage opportunities. See Principal Risks and Uncertainties Section for discussion of the impact of the risks and their mitigants.
4. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.	The Company was established to take advantage of efforts to increase the share of renewable or clean energy in the US. This is core to all business activities of the Company. The Company manages the impact of climate-related risk on both the production of its assets and the stability of its cash flows, primarily through geographic diversification and by securing long-term PPAs. USF has a portfolio of 42 solar projects across four states in the US, using diversification to reduce the portfolio's exposure to any one extreme weather or environmental event (i.e. fires, heavy rainfall, extreme heat, heavy snowfall). The Company minimises the impacts of medium-term climate related risks including the generation performance of solar assets, ongoing maintenance costs and forecast merchant power prices, on revenue by acquiring operating assets that have long-term PPAs in place (with a minimum target PPA term of 10 years for each project or portfolio acquisition and a weighted average remaining PPA term of more than 14 years for the Company's entire portfolio). Medium-term contracts are also entered into with O&M providers to provide stability to maintenance costs. More recently, climate related opportunities have been explored relating to the addition of storage capability where battery pad-sites and interconnection and offtaker arrangements are favourable, and extending asset useful life where key contractual and asset parameters are met. The Investment Manager's assumptions and valuations have been adopted following independent reviews, and a proposal to install a battery at the Company's MS2 site is well advanced and will be considered by the Board once it is complete.
5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	USF uses a sensitivity analysis to determine the impact of changes in key assumptions on the fair value of the Company's investments. Many of these key assumptions are impacted by climate-related risks, particularly electricity production and electricity prices which may be impacted by major environmental or weather events. Based on the analysis, the Directors consider the changes in inputs to be within a reasonable expected range based on their understanding of market transactions and current industry and insurer views on longer-term climate volatility. High transitional risks, associated with a 1.5–2°C increase in temperature, have been considered to date on a stand-alone basis. They include downward changes in forecast power prices by 10% from current levels, which would reduce the Company's NAV by 6.5 cents per share across the portfolio. Downward pressure on forecast power prices creates a logic-breach of reducing future investment in new projects as they become un-economic, leading to reduced roll-out of new power infrastructure. A slower roll-out creates a supply side risk for power which would have the effect of reducing the downward pressure on forecast prices. The policy solution to these issues is gathering momentum in most US power markets. A second transitional risk scenario contemplates an increase in discount rate applied to the Company's assets because of price inflation linked to climate risks and demand for goods and services required to maintain operating plants, and rising interest rates. An increase in the weighted average discount rate by 50 basis points would reduce the Company's NAV by 5.2 cents per share over the assets' useful lives. High physical risk scenarios, associated with a 3-4°C increase in temperatures, included: • Reduction in availability of assets due to severe weather events and flooding, wildfires linked to higher temperatures. A reduction in availability from P50 forecasts to P90 forecasts for the remaining useful lives would reduce NAV per share by 11.8 cents, assuming access to insurance was not available. • Reduced operating life of assets resulting from climate-related risks. A three-year reduction in useful operating lives would reduce NAV per share by 3.8 cents. The Company's climate-related risks and opportunities matrix is complex. USF will consider integrated climate-related scenarios in future reporting.

Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.
6. Describe the organisation's processes for identifying and assessing climate-related risks.	USF's Board and Investment Manager review and update the risk register three times a year, including assessing climate risks as relevant based on legal and regulatory developments, industry reports and research, and data gathered from its own portfolio of assets. USF released its first annual Sustainability Report for 2021 in February 2022. The report is a valuable practice for the Board and Investment Manager to engage with climate-related risks and opportunities, noting that USF was created to take advantage of investment opportunities in the US arising from the decarbonisation of energy generation and usage. At the asset level, the Investment Manager engages with climate-related risks and opportunities as well as the Company's impact on the local environment across all aspects of its activities: from due diligence and acquisition of assets to construction and operation of projects: • Environmental site assessments are completed for all assets during due diligence including certification that all projects comply with applicable local, state or federal law. Vegetation clearance is maintained at or below county regulations and in accordance with insurance requirements. • Physical climate-related risks and mitigating measures are considered during the diligence process and routinely throughout operations, including flooding risks, irradiance levels, wildfire and wind stowage. • Site specific measures implemented during operations as appropriate, including minimisation of water usage and monitoring consumption; planting of local/indigenous grasses, plants or wildflowers; implementation of sustainable drainage and flood control measures. Panel cleaning practices and project budgets are adapted to optimise performance in relation to climate-related risks (i.e., snowfalls, ash from fires). • O&M contractors and facility managers must obtain and maintain all permits required under applicable laws, including environmental regulations for each facility, and operate them accordingly. • Engineering, Procurement, Construction (**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.
7. Describe the organisation's processes for managing climate-related risks.	Climate-related risks identified through the acquisition process are managed by the Investment Manager with oversight from the Investment Committee through bid pricing. The appropriateness of environmental and climate change risks, along with mitigating actions, are considered by the Investment Committee and as part of their review of the Investment Manager's bid assumptions. The Investment Manager's asset management team is responsible for reviewing asset performance, operations and maintenance and external asset management providers, to ensure project level environmental and climate risks are being managed and mitigated at the project level. Further disclosure is included in the Principal Risks and Uncertainties section below, including mitigants noted for: • Unfavourable weather conditions including climate change or events. • Power Price Fluctuations: Power prices are impacted by changes in weather (including extreme heat or cold, or large storm systems and flooding, which may be the result of climate change). • Under-performance of solar power plants relative to acquisition assumptions: Under-performance may be the result of changes in weather patterns and forest fires that result from climate change.
8. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	The Investment Manager maintains an enterprise-wide risk register and updates are presented to the Board three times a year for review and updating, including a comprehensive review annually. Climate-related risks are included in this framework with risk assessed in terms of likelihood of occurrence, and potential impact. The USF Board and the Investment Manager are acutely aware of the significance of climate-related risks in terms of the performance of individual assets, and the extent to which correlated events may have an overall effect on the performance of the portfolio.

Metrics and targets — **Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.**

9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The Company invests in and sells energy generated by its Solar Assets to energy offtakers, directly contributing to renewable energy infrastructure and renewable power generation. The Company uses a variety of metrics to monitor the contribution to mitigating climate change, including GWh of renewable energy generation, tonnes of carbon dioxide emissions displaced and homes powered by clean energy.

The Company and Investment Manager considers several metrics that relate to climate related risks and opportunities. At this stage, the metrics are used to manage a pool of climate-related risks, rather than specific metrics for specific risks, including:

- Proportion of asset life and revenues with fixed price off-take agreements, which influences the extent to which changes in merchant prices affects forecast cash flows and the portfolio valuation.
- Generation performance to expectations, where variances are examined for root causes, including longitudinal climate-related impacts on potential asset availability.
- Regional diversification is a critical aspect of USF's climate risk management with budget generation, revenue and NAV spread across 42 projects and four states as follows:

State	% of Budget Generation MWh	% of Revenue	% of NAV
North Carolina	28%	33%	46%
Oregon	27%	33%	31%
Utah	31%	18%	13%
California	14%	16%	11%
Total	**100%**	**100%**	**100%**

10. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

The Greenhouse Gas (GHG) Protocol categorises greenhouse gas emissions into three categories or scopes. Scope 1 covers the Company's direct emissions from owned/controlled sources; Scope 2 covers indirect emissions from the generation of purchased electricity, air travel, heating and cooling consumed by the Company; and Scope 3 includes all other indirect emissions that occur in the Company's value chain.

Operating solar power plants do not emit greenhouse gases or any gaseous by-product, so Scope 1 direct emissions are nil.

USF measures its annual carbon footprint as laid out in SFDR Annex One included in the Sustainability Report. Scope 1 and estimated Scope 2 emissions for 2021 based on Nature (2017) range of 3.5g to 12g CO_2 eq/KWh are disclosed below. The Company is developing its approach to measuring the GHG footprint of its entire portfolio.

31 December 2021	Generation (GWh)[25]	Scope 1 (tCo_2e)	Scope 2 (est.) (tCo_2e)
North Carolina	253.0	0	885.3 – 3035.4
Oregon	247.5	0	866.4 – 2,970.3
Utah	130.3	0	456.1 – 1,563.7
California	277.5	0	971.4 – 3,330.5
Total	**908.3**	**0**	**3,179.1 to 10,899.9**

Scope 3 emissions involves significant data collection to support baseline emissions calculations and further work and expert advice is needed to develop the Company's disclosures. The Company is looking to engage an expert this year, with a view to commencing this project and developing a timetable to target reporting on Scope 3 emissions in its 2023 Sustainability Report.

11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As the Company's core business is generating clean energy, the core performance target is the amount (in GWh) of electricity generated from its portfolio of utility scale solar projects.

In addition, the following secondary performance targets are monitored to track the levels of CO_2 generated by the business, and the net CO_2 avoided by the renewable power generated by the portfolio:

- carbon footprint of the business is estimated at 58t per annum (refer Sustainability Report); and
- CO_2 emissions displaced

USF's portfolio comprises 42 operational solar plants and the portfolio was responsible for displacing more than an estimated 639,000 tonnes[26] of CO_2 emissions.

25 First year of electricity production once project becomes fully operational or since acquired.

26 Environmental figures use actual generation figures for 2021. US CO^2 emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoid Emissions and geneRation Tool" (AVERT).

SITE-SPECIFIC ESG INITIATIVES DURING OWNERSHIP

As assets are onboarded and in-construction assets become operational, site-specific KPIs are 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 range from $2MW_{DC}$ to $200MW_{DC}$ 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

- Minimisation of water usage and monitoring consumption (all sites).
- Vegetation management at or below county regulations to minimise the impact of wildfires (all sites).
- Planting of local/indigenous grasses, plants or wildflowers (Milford, Benson, Eagle Solar, Lane II, Pilot Mountain, Tate, Willard).
- Implementation of sustainable drainage and flood control measures (Benson, Eagle Solar, Lane II, Pilot Mountain, Tate, Willard, Four Oaks).

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 (all sites).
- Effective complaint reporting and handling (all sites).
- Engagement with local education institutions to help develop understanding of renewable energy (Alkali, Rock Garden, Suntex, West Hines I).
- Contributions to select local and regional charitable organisations (Granger, Alkali, Rock Garden, Suntex, Pilot Mountain).
- 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 (all sites).

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 (all sites).
- Annual review of contract compliance (including health and safety plans) with site service providers (all sites).
- Regular review of site permits and obligations to ensure safe and effective operations within the regulatory guidelines (all sites).

Governance considerations also 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 shareholders, 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.

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 register that is subject to a detailed review 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 out below:

- climate-related risks (refer to disclosures made in Section 4 and USF's Sustainability Report);
- legal & regulatory risks;
- financial & market risks; and
- operational risks.

The 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. US legislation remains supportive of an energy transition, with the Infrastructure and Jobs Act[27] passed through Congress in November 2021, which included $65 billion to upgrade transmission capabilities, which will assist integration of renewable generation into US grids.
Political risk	Political risks often translate to elevated political uncertainties and have detrimental effects on investment and currency markets. The separation of the United Kingdom (UK) from the European Union (EU) may impact the Company's ability to raise additional funds. The outcome from US Congress decisions and changes in US administration, 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 separation from the EU to cause significant risks to the US renewables market. Noting the success of the Company's equity raise in April 2021, the impact on the Company's ability to attract capital was minimal. 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 policy objectives of the Biden administration regarding net zero carbon emission energy generation has lowered the political risk associated with investment in US renewable energy.

27 https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/06/fact-sheet-the-bipartisan-infrastructure-deal/

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 or higher wholesale electricity price forecasts will reduce or increase 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 approximately 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. The Company averages forecast price curves from two reputable providers over their most recent two periods (i.e., four curves in total) to mitigate the impact on asset values from any one forecaster changing views. 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, including the impacts of climate related risks. 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 inpu ts.
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 invest. 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 except for Granite (Acquisition Three), with US Bancorp fully exiting the tax equity structure as expected during the period. 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. The Company successfully refinanced its Acquisition Four (Heelstone Portfolio) debt facility, using existing banking relationships of the Investment Manager, with proceeds from the April 2021 share placement.
Unable to source suitable Solar Assets	The Company may not be able to source suitable assets in future, which would result in 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 Company has appointed an Investment Manager with a dedicated team of experienced investment and renewable energy professionals focused on sourcing, evaluating and transacting on new investments for the Company, to deploy all available capital. As of 31 December, the Investment Manager has a pipeline of 1,940MW_{DC} of high-quality assets, with an aggregate value of approximately $2.2 billion in cash equity value and a weighted-average PPA term of 17.7 years, including opportunities to expand USF's existing projects with battery storage. The IPO proceeds and 2021 capital raising proceeds are largely invested (upon completion of MS2 Tranche 2) with $16 million remaining for working capital and other growth opportunities. In addition, the Company has an undrawn $40 million RCF to deploy in near term asset purchases.

Risk	Impact on Company	Mitigant
Interest rate risk	The Company has debt facilities with both fixed and floating interest rates. The Company is also exposed to interest rate risk though holding variable rate bank deposits. As such, changes in interest rates may have a positive or negative impact directly on the Company's net income and, consequently, the profits of the Company. Changes in interest rates may also affect the discount rates used in the valuation of the assets. Interest rate risk, along with increasing operating costs, offset by higher long term merchant power prices are areas that the broader market risk of rising inflation impacts the Company (refer below).	The base interest rate for all amortising debt is fully hedged for the term of the relevant loan, and for one or more subsequent re-financings. The FTB Facility has a floating interest rate which is not hedged but is currently undrawn. The interest rate risk on this instrument and on bank deposits is not significant given the relatively low balances and current low level of interest rates. The Company does not bear interest rate risk on its loan to USF Holding Corp. as the loan rate is fixed for the duration of the loan facility. Changes in interest rate that affect the discount rates used in the valuation of the assets will also tend to impact long-term electricity price forecasts which provides a partial hedge. In the event of the Company investing in new projects, the Company's standard practice is to hedge the floating rate risk on the actual and anticipated debt amortisation profile at the time of investment.
Inflation risk	Inflation in the Company's context is likely to result in higher: • capital costs for new projects; • operating and maintenance costs for existing and new projects; • revenues from higher spot and PPA electricity prices; • interest rates for servicing debt (refer above); • market rates of return required for equity invested in new projects; and • discount rates for valuing equity in existing projects.	USF's operating cash flows are relatively fixed, except for the period of merchant generation beyond the term of existing PPAs. Higher long-term interest rates, however, will result in higher discount rates being applied to all cash flows for valuing USF's assets and equity investments. Adverse changes in valuations are likely to apply to all asset classes (not just solar generation) which have relatively fixed cash flows, so USF's cash flows, which are relatively fixed in the medium-term due to existing PPAs and interest rate hedging, are likely to be impacted. A potential mitigant is a reduction is the asset-specific risk premium applied for each USF asset as well as potentially higher forecast electricity prices after the term of the existing PPAs. Higher capital costs, operating costs and required returns of capital are likely to present additional challenges to new projects. When USF is investing in new projects, then inflation may make it more difficult for new projects to meet required returns. USF has existing fixed term O&M contracts in place, but these are generally of much shorter term (up to 5 years) than project PPAs and interest rate hedging (typically over 10 years). Higher costs may be expected from replacement contracts, which along with higher prices for replacement parts and equipment, is likely to result in higher overall operating costs. USF's existing long-term PPAs means that the Company's assets will not be able to benefit from higher PPA prices until the existing PPAs expire. The net impact from inflation on the current portfolio is uncertain as it depends on changes to post-PPA revenue, O&M costs, debt service costs and valuation effects from higher discount rates.

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 Limited, of which the Investment Manager is a member, holds insurance which covers fraudulent incidents.

Risk	Impact on Company	Mitigant
Default of developer or 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, with no Solar Assets currently 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 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 its 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, included extended periods of lock-down restrictions. 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. Noting the success of the Company's equity raise in April 2021 during the pandemic, the impact on the Company's ability to attract capital was minimal.
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.

Risk	Impact on Company	Mitigant
War/Major conflict risk	War or major conflicts have the potential to impact the Company's generating capability directly (through uninsured damage or destruction of operating assets or grid infrastructure) and indirectly, through the fair value impact on the portfolio from adverse movements in macro-economic factors or impacts on the Company's PPA offtakers and key suppliers.	The current Russia/Ukraine conflict is in its early stages, and therefore it is too early to determine the potential impacts on the Company. While North Atlantic Treaty Organisation (**NATO**) countries are presenting a unified response, with economic sanctions against Russia and military support for the Ukraine, the overall impact on the Company's US operating portfolio of Solar Assets and its sources of capital from the UK and EU are not clear. While direct impacts on the operating portfolio are not considered likely, the Board and Investment Manager continue to monitor the conflict closely and consider appropriate mitigating actions.

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 principal risks facing the Company set out above over a five-year period, which it considers appropriate given the long-term nature of the Company's investments and its long-term planning horizon. 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 34 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 geographical 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 short term 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, including the potential impacts of climate related risks, over a longer period given the inherent uncertainty involved.

It is important to note that the risks associated with investments within the solar infrastructure sector, including rising inflation and climate related risks resulting in unfavourable weather conditions for extended periods, 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.

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 relies on Shareholders for continued access to capital to support further growth of the Company. The Board is accountable to the Shareholders for running of the business, making key strategic decisions and all key service provider appointments. The Board is non-executive and independent and delegates certain key activities, including the day-to-day investment management and asset management to the Investment Manager, and administration and company secretarial functions to the Administrator.

The Board works closely with the Investment Manager, Company Secretary and its Corporate Brokers, to ensure it is aware of Shareholders' needs or concerns, and the Investment Manager liaises with Shareholders through specified reporting of Company performance, strategy and outlook at set dates in the calendar, as well as ad hoc reporting of major announcements, and sessions organised by the Company's brokers.

In addition, Shareholders have the opportunity to meet the Board at the Annual General Meeting (AGM), though during the pandemic these have been held virtually. The Board also endeavours 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 specific 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 Company refinanced the Heelstone project debt facilities and extended the tenor and increased its corporate RCF limit during the period.

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, being renewable power generation, and to ensuring that as a business we meet the high standards of conduct that we set ourselves. The Company has a set of corporate service providers, including the Investment Manager, Administrator and External Auditor, who provide services to ensure the smooth operation of the Company, and periodic independent review of financial statements.

The Board meets once a year to discuss and 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. The External Auditor typically attends two of the three Audit Committee meetings scheduled throughout the year, to present their reports on the interim review and annual audit.

The Company's underlying project companies also have project suppliers, including O&M and external asset managers who were incumbent at acquisition. Where assets are acquired in construction, the EPC contractors and Original Equipment Manufacturers (**OEM**) who supply panels, inverters, and other key components are key suppliers. While there are currently no projects under construction, the Investment Manager's asset management team maintains relationships with all project suppliers, including landowners for leased sites.

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.

The Association of Investment Companies (**AIC**) shapes the influence of the growing listed investment company segment in the London market, and USF seeks to apply AIC guidelines where relevant to its operations, including the 2019 AIC Code of Corporate Governance.

PPA OFFTAKERS

The Offtakers for the Company's projects provide the main source of operating cash inflows to the Company, and the Company requires Offtake agreements be entered into with credit-worthy counterparties as part of its investment mandate. 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, to resolve matters including egress and access, erosion, and land management issues. Complaint handling procedures are in place at all sites, with no significant complaints received during the year, and one minor complaint regarding screening and vegetation buffers at the Chiloquin site in the process of being resolved at year end.

SECTION 172(1) STATEMENT

The Company provides disclosures relevant to Section 172(1) of the *Companies Act 2006* throughout the Annual Report and specific responses and references to where this information can be found is set out below.

Section 172(1) statement area	Comments and references
The issues, factors and stakeholders the Directors consider relevant in complying with section 172(1)(a)-(f) and how they have formed that opinion.	The Board receives a report from the Investment Manager at each quarterly meeting which is the primary source of information in relation to sub-sections (a)-(f). The Investment Manager also provides an update in relation to specific customer, supplier and contractor issues, including any disputes at each meeting. The Board also receives an update from its Corporate Brokers (at alternating quarterly meetings) to ensure they are aware of current and prospective shareholder issues and concerns. The Company's risk register and reporting also facilitates the identification of items relevant to the Board's Section 172(1) statement, and the Board challenges the Investment Manager to ensure a dialogue regarding the concerns of stakeholders, including and how best they be addressed to maintain positive engagement, is taking place. While face-to-face strategy days have been suspended during COVID-19, the Board has a virtual annual strategy day, with sessions with each of its key advisers, which focusses on longer-term strategic direction and how the Company's decisions will impact stakeholders and their communities in the longer term. Key stakeholders and the Board's approach to engaging with these stakeholders is outlined above.
(a) The likely consequences of any decisions in the long term.	The Board considers the likely long-term impacts of its decisions on key stakeholders at is annual strategy day, and given the long-term nature of its investments, when approvals are provided for acquisitions. Refer to Section 2 — Investment Manager Report and Section 9 — Corporate Governance Report.
(b) The interests of the Company's employees.	The Company has no employees.
(c) The need to foster the Company's business relationships with suppliers, customers and others.	Specific risks regarding the Investment Manager, Administrator, EPC contractors, tax equity and debt providers are set out above. Please also refer to Section 9 – Corporate Governance Report.
(d) The impact of the Company's operations on the community and environment.	The impact of the Company's operations on the local communities is set out above (refer to Principal Risks and Uncertainties). Please also refer to Section 4 – Environmental, Social, Governance.
(e) The desirability of the Company maintaining a reputation for high standards of business conduct.	The Board has demonstrated excellence in stewardship and governance, and the independent non-executive directors set the tone for maintaining and enhancing the Company's reputation. This includes maintaining ethical behaviour and respecting the environment, The Audit Committee complements the Board to ensure the highest standards of conduct, integrity, financial reporting, internal control and risk management systems, and corporate governance. Refer to Section 4 – Environmental, Social, Governance, Section 9 – Corporate Governance Report and Section 10 – Audit Committee's Report.

Section 172(1) statement area	Comments and references
(f) The need to act fairly as between members of the Company	The Company has a single class of Ordinary Shares and welcomes the views of shareholders, and places great importance on its communications to and interactions with shareholders. The Company produces a quarterly fact sheet which is available on its website, and senior members of the Investment Manager make themselves available to meet with principal shareholders as soon as it is reasonably practicable to do so following a request. The Board is kept fully informed of all relevant market commentary on the Company by the Company's public relations agency, as well as receiving relevant updates from the Investment Manager and Corporate Brokers. The Company reports formally to shareholders twice a year and will hold an Annual General Meeting (**AGM**) in London in May 2022 at which, subject to COVID-19 restrictions, shareholders will be able to attend, and members of the Board will be available to answer questions from shareholders. In the event attendance in person is not possible, the meeting will be conducted virtually as it was in May 2021, with shareholders invited to join by video or audio conference and ask questions of the Board members. The Company Secretary and Company Registry monitor voting at the AGM, and the results of voting at the AGM are announced by the Company promptly, and other notices and information are provided to shareholders on an on-going basis through RNS announcements and on the Company's web-site. Shareholders may contact the Board through the Company Secretary, whose contact details are found in Section 19 – Directors and Advisers. Please also refer to Section 9 – Corporate Governance Report.

GILL NOTT
CHAIR

Date: 24 March 2022


Milford 127.8MW_{DC}

6. Board of Directors


Red Oak 6.9MW_{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 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, Spain 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 at the time 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 in London and Sydney. Mr Richards is also a non-executive director and chair of the Remuneration Committee 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 Project Development at ClimateCare, a leading player in the carbon markets. Until August 2020 Ms Nutter worked at Shell, most recently as general manager of Nature Based Solutions 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 re-joining Shell in 2012, she worked at CT Investment Partners, Carbon Trust and PA Consulting Group, having started her career as a petroleum engineer with Shell. Ms Nutter is a board member of the Energy Technologies Institute, a UK public-private partnership to accelerate the commercialisation of low carbon technologies.

THOMAS PLAGEMANN ***NON-EXECUTIVE DIRECTOR***

Mr Plagemann has almost 30 years of experience originating and executing financings and investments in energy and infrastructure assets. Currently he serves as the chief financial officer for PosiGen Inc., a New Orleans based residential solar and energy efficiency company focused on positively impacting the world through energy efficiency upgrades and installation of solar on homes in low-income communities. Prior to that, Mr Plagemann was the chief commercial officer at Vivint Solar where he was a member of an executive team that built Vivint Solar into the second largest residential solar business in the U.S. During his career, Mr Plagemann has been involved with projects valued in excess of $30 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 and held senior positions at First Solar as the Global Head of Project Finance as well as AIG FP and GE Capital's energy investment business, where he was responsible for principal investment strategies in the renewable energy sector. He started his career as a banker in Deutsche Bank's project finance group and received a BA from the University of Minnesota and a master's degree in international affairs with a specialisation in finance from Columbia University. He served on the board of the Solar Energy Industry Association (SEIA) from 2013 to 2020 and as the Chair of SEIA's State Policy committee from 2016 to 2020 and has rejoined the SEIA board in 2022 as an elected director.

Lakeview 13.7MW_{DC}

7. Directors’ Report

Lakeview 13.7MW_{DC}

7. Directors' Report

PRINCIPAL ACTIVITY AND STATUS

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

DIRECTORS

All Directors are non-executive Directors.

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

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

DIRECTOR	ANNUAL FEE (£)	RECEIVED IN PERIOD 31 DECEMBER 2021 (£)
Gillian Nott*	60,000	60,000
Jamie Richards**	50,000	50,000
Rachael Nutter	40,000	40,000
Thomas Plagemann	40,000	40,000

*This includes £20,000 per annum in respect of serving as Chair of the Board.
**This includes £10,000 per annum in respect of serving as Chair of the Audit committee.

In accordance with FCA Listing Rules 9.8.6(R)(1), Directors' interest in the shares of the Company (in respect of which transactions are notifiable to the Company under FCA Disclosure and Transparency Rule 3.1.2(R)) as at 31 December 2021 are shown below:

DIRECTOR	NUMBER OF ORDINARY SHARES	PERCENTAGE OF ISSUED SHARE CAPITAL
Gillian Nott	66,000	0.02%
Jamie Richards	65,495	0.02%
Rachael Nutter	39,934	0.01%
Thomas Plagemann*	–	0.00%

*Mr Plagemann is in the process of establishing accounts to be able to trade in the Company's shares and has the intention to acquire shares once the set-up and approval process is complete.

SIGNIFICANT SHAREHOLDINGS

As at 31 December 2021, 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
Liontrust Investment Management LLP	37,059,410	11.16%
Sarasin & Partners LLP	32,777,485	9.87%
Newton Investment Management Limited	26,420,484	7.95%
Baillie Gifford & Co	26,046,253	7.84%
CCLA Investment Management	25,351,307	7.63%
Cantor Fitzgerald Ireland Ltd	24,465,868	7.37%
Fidelity Investments	23,654,570	7.12%
Gravis Advisory Ltd	15,505,965	4.67%
Aberdeen Asset Managers Ltd (UK)	15,360,612	4.62%
Privium Fund Management BV	12,130,000	3.65%
Hargreaves Lansdown Asset Management	10,575,106	3.18%
Brooks Macdonald Asset Management	10,232,331	3.08%

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 by reviewing its short-term cash flow forecast which covers a two year period, and completed a detailed assessment to support the going concern conclusion for the 12 months following the signing of the Annual Report. 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 of the Financial Statements.

POLITICAL CONTRIBUTIONS

The Company made no political contributions during the period.

POST-BALANCE SHEET EVENTS

On 10 February 2022, USF announced it would exercise the Company's option on a second 25% tranche of the 200MW_{DC} California project MS2, bringing USF's ownership of the project to 50% and 100MW_{DC}.

On 24 March 2022, the Company announced a dividend of 1.5 cents per Ordinary Share for the period ending 31 December 2021, bringing total dividends declared for the twelve-month period to 5.5 cents per Ordinary Share, meeting the dividend target. The dividend is expected to be paid on or around 29 April 2022.

The Company's events after the period ended are discussed in the Investment Manager's Report on page 12.

Signed by order of the Board,

GILL NOTT
CHAIR

24 March 2022

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 financial statements have been prepared in accordance with UK-adopted international accounting standards. Under the UK *Companies Act 2006*, 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 2021.
Signed by order of the Board,

GILL NOTT
CHAIR

24 March 2022

Davis Lane 7MW_{DC}

9. Corporate Governance Report

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 (the **AIC**) 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.

The Company has not appointed a senior independent director as all directors are non-executive directors.

Biographical details of all Board members (including significant other commitments of the Chair) are shown on page 40.

In accordance with the AIC Code, all the Directors will retire at the forthcoming AGM and, being eligible, will offer themselves for re-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 61 to 64.

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 61 to 64. The Directors have decided to recommend the re-appointment of Deloitte LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration 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 65 to 68.

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; and
- the development of a diverse pipeline for succession.

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.

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. It was noted that the Director fees had not increased since the IPO in 2019 and since then there has been significant ongoing time commitments of the Directors which included a successful capital raise. The Committee also considered the need to maintain remuneration in line with the market as well as inflation, and agreed it was appropriate for the Board's fees to be increased by 5% from 1 January 2022. The full details for the directors fees paid during 2021 and to be paid in 2022 are set out on page 67.

BOARD EVALUATION

The Board undertook a formal internal annual evaluation of its own performance by way of a questionnaire completed by each Director. 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 performed well and worked effectively together, under the leadership of the Company's Chair, to achieve the objectives and that each Director continues to contribute effectively. No weaknesses in the Board's capabilities were identified.

TENURE OF CHAIR AND SUCCESION 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.

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; and
- the performance of all key service providers.

The auditor is not included in this review as its appointment and evaluation 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. Key services providers will continue to be reviewed, at least, annually.

The Committee also carried out a robust assessment of the Investment Manager and AIFM. The Committee concluded 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 fees paid to the Investment Manager and the AIFM and concluded that these were at a similar level to the fees paid by the Company'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. Full details of the Committee's review of the Investment Manager and AIFM's overall performance is set out on pages 70 to 71.

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	1/1	1/1
Rachael Nutter	4/4	3/3	1/1	1/1
Jamie Richards	4/4	3/3	1/1	1/1
Thomas Plagemann	4/4	2*/3	1/1	1/1

* Due to a scheduling conflict, and with Board members and the Investment Manager working across multiple time-zones, Mr Plagemann was only able to attend two Audit Committee meetings during the year, however was able to provide input prior to the unattended Audit Committee meeting.

The Board meets formally on a quarterly basis and attendance is shown in the table above. During the period there were an additional 8 ad hoc meetings, these are generally called to approve specific announcements or transactions and frequently involve a quorate sub-committee of the Board, appointed as necessary.

Representatives of JTC (UK) Limited, as Administrator and Company Secretary, attend all scheduled meetings as Secretary to the Board. In addition, representatives of the Investment Manager, the 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:

- the Investment Manager's Report for the period, including strategic performance and acquisitions, a review of the performance of the investments and market conditions;
- financial results against budget and cash flow forecasts, including dividends declared and forecast;
- reports and updates on shareholder and investor communications;
- the corporate governance and secretary's report, with a review of policies and procedures, a compliance report and an update on legislative/regulatory obligations as appropriate; and
- recommendations and updates from Board committees as appropriate.

KEY ACTIVITIES OF THE BOARD DURING 2021

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 conflicts of interest register and significant shareholdings; and
- reviewing the risk register.

RELATIONS WITH SHAREHOLDERS

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

During the period the Chair has communicated with Shareholders on several occasions and further details can be found on page 52.

In relation to the conduct of the Company's AGM, voting on all resolutions will be conducted by way of poll rather than a show of hands. This is considered a more transparent method of voting as member votes are counted according to the number of shares held. As soon as practicable following the meeting the results of the voting and number of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a regulatory information service and also placed on the Company's website.

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, ensuring that the procedures to be followed by the advisers and themselves are in place.

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

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

As part of its regular risk assessment procedures, the Board takes account of the significance of environmental, social and governance matters to the business of the Company. The Board has identified and assessed the significant ESG risks to the Company's short and long-term value, as well as the opportunities to enhance value that may arise from an appropriate response. Further information on the Company's approach to ESG can be found on pages 21 to 27.

ANTI-BRIBERY POLICY

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

GILL NOTT
CHAIR

Date: 24 March 2022

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 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.
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 has developed with the Investment Manager and Administrator, an agreed set of policies covering key operational areas. The implementation and compliance with such policies is subject to regular review.
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 37 as well as the viability statement on page 34.
2. The Board should assess and monitor its own culture, including its policies, practices and behaviour to ensure it is aligned with the Company's purpose, values and strategy.	This is undertaken as part of the Board evaluation process. The Company's purposes, values and strategy and their alignment to its culture are discussed annually at the 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 Directors make themselves available at general meetings to address shareholder queries. The AGM, in particular provides the Board with an important opportunity to make contact with shareholders, who are invited to meet the Board following the formal business of the meeting.
4. When 20 per cent or more of votes have been cast against the Board recommendation for a resolution, the Company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The Board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the Board has taken and any actions or resolutions now proposed.	There were no votes of 20 per cent or more cast against any resolutions proposed at the 2021 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 and briefings from Corporate Brokers. Please refer to the Section 172 statement on page 36.
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.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 6: Division of Responsibilities (continued)	
Principles (continued)	
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 has a good mix of skills and works effectively together, under the leadership of the Company's Chair, to achieve the objectives of the Company. The Board comprises of four non-executive directors all of whom are independent from the Investment Manager, this helps to ensure that appropriate challenge is made at Board meetings as and when required.
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 41 to 43. The Annual Report also contains a Committee Report for each Committee. These can be found on pages 61 to 71. The Board has not appointed a 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.	There were no new director appointments during the year.
Provisions – Board and Director Independence	
10. At least half the Board, excluding the chair, should be non-executive directors whom the Board considers to be independent. The majority of the Board should be independent of the manager. There should be a clear division of responsibilities between the Board and the manager.	All the Directors are independent 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 manager or an ex-employee who has left the employment of the manager within the last five years; • being a professional adviser who has provided services to the manager or the Board within the last three years; or • serving on any other Boards of an investment Company managed by the same manager.	The Chair, on appointment and throughout her tenure, continues to have no relationships that may create a conflict of interest between her interest and those of shareholders. The Chair is and has always been independent of the Investment Manager, in the capacity of employee, professional adviser or serving on other Boards managed by the same 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 manager, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company or the manager; • has received or receives additional remuneration from the Company apart from a directors' fee; • has close family ties with any of the Company's advisers, directors or the manager; • holds cross-directorships or has significant links with other directors through involvement in other companies or bodies. Directors who sit on the Boards of more than one Company managed by the same manager are entitled to serve as directors; however, they will not be regarded as independent for the purposes of fulfilling the requirement that there must be an independent majority; • represents a significant shareholder; or • has served on the Board for more than nine years from the date of their first appointment. Where any of these or other relevant circumstances apply, and the Board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.	The Board comprises of four non-executive directors 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 to provide a sounding Board for the Chair and serve as an intermediary for the other Directors and shareholders. Led by the senior independent Director, the non-executive Directors should meet without the Chair present at least annually to appraise the Chair's performance, and on other occasions as necessary.	Due to the size of the Board a senior independent Director has not been appointed. The Chair and Investment Manager maintain appropriate communication with Shareholders. If required, the other non-executive Directors are available to Shareholders. As the Board is small, any issues are discussed and dealt with by the Board as a whole. In the circumstance that there would be any issues with the Chair, these would be dealt with by the remaining non-executive Directors.
Provisions – Board Meetings	
15. The primary focus at regular Board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, attribution analysis, marketing/investor relations, peer group information and industry issues.	The Board Agenda and key activities are described on page 50 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 manager has discretion. Disclosure should include: • a discussion of the manager's overall performance, for example, investment performance, portfolio risk, operational issues such as compliance etc; • the manager's remit regarding stewardship, for example voting and shareholder engagement, and environmental, social and corporate governance issues in respect of holdings in the Company's portfolio. The Board should also agree policies with the manager covering key operational issues.	The Board is responsible to Shareholders for the proper management of the Company and meets at least quarterly and on an ad hoc basis as required. It has a clearly articulated set of matters which are specifically reserved to it, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. Please refer to the Management Engagement Committee's Report on pages 69 to 71. A management agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager has authority, including monitoring and managing the existing investment portfolio and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors. 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 69 to 71.
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 69 to 71.
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 Policy is disclosed on page 49. There were no Board appointments made during the period.
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 40 of this report. The Board has a succession planning policy which includes consideration of the length of service of the Board.
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 49 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, the entire Board fulfils the role of the Remuneration and Nomination Committee, with Rachael Nutter as Chair.
23. All Directors should be subject to annual re-election. The Board should set out in the papers accompanying the resolutions to elect each Director the specific reasons why their contribution is, and continues to be, important to the Company's long-term sustainable success.	In accordance with the AIC Code the Directors are subject to re-election at each AGM.
24. Each Board should determine and disclose a policy on the tenure of the Chair. A clear rationale for the expected tenure should be provided, and the policy should explain how this is consistent with the need for regular refreshment and diversity.	The Company's 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.	There were no Board appointments made during the period.
26. There should be a formal and rigorous annual evaluation of the performance of the Board, its committees, the Chair and individual Directors. The Chair should consider having a regular externally facilitated Board evaluation. In FTSE 350 companies this should happen at least every three years. The external evaluator should be identified in the annual report and a statement made about any other connection it has with the Company or individual Directors.	The Remuneration and Nomination Committee reviewed the results of the Annual Evaluation of the Directors undertaken in 2021. 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 Management Engagement Committee's Report on pages 69 to 71.
27. The Chair should act on the results of the evaluation by recognising the strengths and addressing any weaknesses of the Board. Each Director should engage with the process and take appropriate action when development needs have been identified.	The results of the evaluation were good, no weaknesses in the Board capabilities were identified.

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 48 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 61 to 64.
N. The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	This is detailed on pages 63 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 29 to 34 and pages 45 to 49.
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; and • reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;	The main roles and responsibilities of the Audit Committee are set out in its Report on pages 61 to 64. 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 and Annual Reports and Financial Statements. During this review, the Committee 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. Further details on the Committee's work during the year can be found in its Report are set out in its Report on pages 61 to 64.

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 61 to 64. 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 61 to 64.
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 29 to 34.
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 page 63 of this report.
35. In annual and half-yearly financial statements, the Board should state whether it considers it appropriate to adopt the 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 viability and going concern statements on pages 34 and 43 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 34.

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 65 to 68.
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 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 Directors' Remuneration Report on pages 65 to 68.
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 66 of the Directors' Remuneration Report.
39. The remuneration of non-executive Directors should be determined in accordance with the Articles of Association or, alternatively, by the Board. Levels of remuneration for the Chair and all non-executive Directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive Directors should not include share options or other performance-related elements. Provision should be made for additional Directors' fees where Directors are involved in duties beyond those normally expected as part of the director's appointment. In such instances the Board should provide details of the events, duties and responsibilities that gave rise to any additional Directors' fees in the annual report.	The Directors only receive fees and reasonable expenses for services as non-executive Directors – no taxable benefits or bonuses are paid.
40. Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the Company or individual Directors. Independent judgement should be exercised when evaluating the advice of external third parties.	No remuneration consultant was appointed during the period.
41. The main role and responsibilities of the remuneration committee should include: • in conjunction with the Chair, setting the Directors' remuneration levels; and • considering the need to appoint external remuneration consultants.	The main role and responsibilities of the Remuneration and Nomination committee are set out on page 48. 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 66.

Davis Lane $7MW_{DC}$

10. Audit Committee's Report

Alkali $15.1MW_{DC}$

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 40. 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 three times 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;
- review and challenge of the critical estimates and key judgements within the financial statements such as the assumptions supporting the valuation of the Company's investments, including discount rates, asset useful lives and forecast merchant power prices, which are determined by the Investment Manager and independent valuer;
- 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 non-audit 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 register;
- 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 and discussions with the Company's independent valuer.

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 since 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, balanced 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 2021 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.

During the period, the Audit Committee has 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 third year of tenure having been engaged on an uninterrupted basis since 30 June 2019. 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 2022.

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

24 March 2022

11. Directors' Remuneration Report

11. Directors' Remuneration Report

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

Under the requirements of Section 497 of the *Companies Act 2006*, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on pages 73 to 80.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Remuneration and Nomination Committee comprises the entire Board with Rachael Nutter as Chair. This is considered appropriate as all the Board members are independent non-executive Directors. 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. Following a review of the Directors' remuneration after the provision to the Remuneration and Nomination Committee of a proposal to increase fees endorsed by the Investment Manager, and since there have been no changes to Directors' fees since inception in 2019, it was agreed that the Directors' fees would be increased by 5% as of 1 January 2022. Further details can be found below on page 67.

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

The Company's remuneration policy is detailed below. 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 and, being eligible, will offer themselves for re-election. Biographical notes on the Directors are given on page 40. The Board believes that each Director's skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board.

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. The Directors were paid a basic annual fee of £40,000 quarterly in arrears for their services. In addition to this fee, Gill Nott was paid an additional £20,000 per annum for her role as Chair of the Board. Jamie Richards was 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.

Following a review of the Directors' remuneration in November 2021, it was agreed that the Directors' fees would increase by 5%, effective 1 January 2022 given the review was supported by a peer group fee analysis report prepared by the Company Secretary, it was noted that the Director fees had not increased since the IPO in 2019 and since then there has been significant ongoing time commitments of the Directors which included a successful capital raise. The below table shows the Directors' current fees following this increase as well as the fees paid during the period.

DIRECTOR	CURRENT ANNUAL FEE (£)	FEES PAID FROM 1 JAN - 31 DEC 2021 (£)
Gillian Nott*	63,000	60,000
Jamie Richards**	52,500	50,000
Rachael Nutter	42,000	40,000
Thomas Plagemann	42,000	40,000
Total	**199,500**	**190,000**

*This includes £20,000 per annum in respect of serving as Chair of the Board.
**This includes £10,000 per annum in respect of serving as Chair of the Audit Committee.

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

DIRECTOR	NUMBER OF ORDINARY SHARES
Gillian Nott	66,000
Jamie Richards	65,495
Rachael Nutter	39,934
Thomas Plagemann	-
Total	**171,429**

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

RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual spend between 31 December 2021 and 31 December 2020 on Directors' remuneration in comparison to distributions (dividends and share buybacks) are set out in the chart below.

	PAYMENTS MADE FROM 1 JAN - 31 DEC 2021 ($)	PAYMENTS MADE FROM 1 JAN - 31 DEC 2020 ($)
Directors' total remuneration*	271,591	264,040
Dividends declared	14,288,657	4,002,846
Buyback of Ordinary Shares	-	-

* Directors' remuneration is paid in Great Britain Pounds (**GBP**), however for comparison purposes the directors' total remuneration in this table is shown in US dollars, converted at the exchange rate applicable at the date of payment.

2022 REMUNERATION

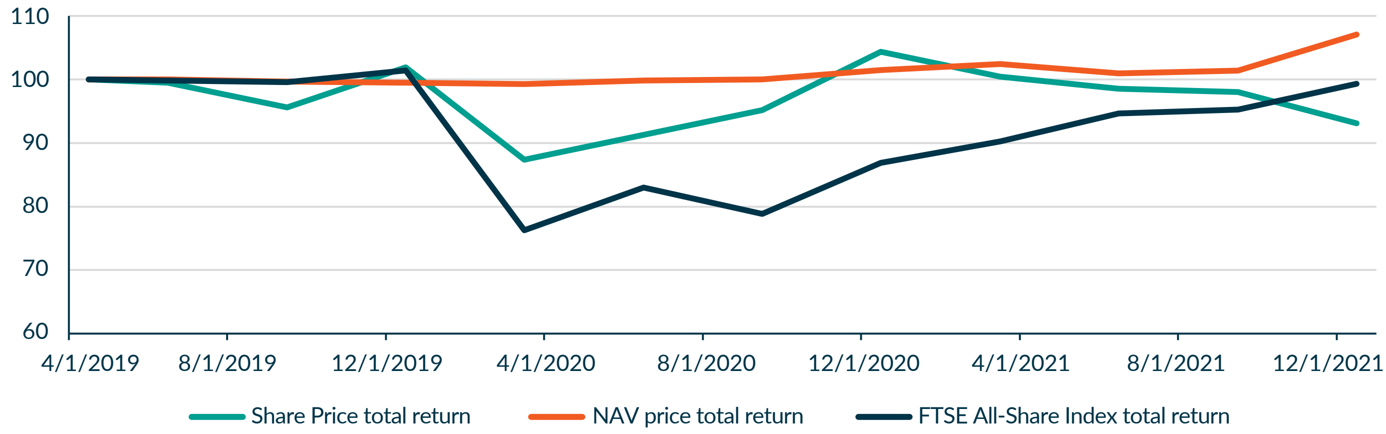
The remuneration levels for the forthcoming year for the Directors of US Solar Fund plc are shown in the Current Annual Fee column in the above table.

PERFORMANCE GRAPH

In setting the Directors' remuneration, consideration is given to the performance of the Company. 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 10: Share price and NAV total return



STATEMENT OF VOTING AT AGM

At the AGM on 18 May 2021, the votes in respect of the resolution to approve the Director's Remuneration Report were as follows:

In favour	99.99%
Against	nil votes
Withheld	0.01%

At the 2020 AGM, when the remuneration policy was last put to a Shareholder vote, 100% voted for the resolution, showing significant shareholder support.

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.

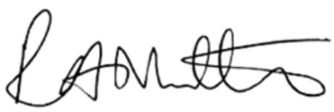
COMPANY-WIDE CONSIDERATIONS

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 2021 in relation to Directors' fees. Following publication of the 2021 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 24 March 2022 and is signed on its behalf by Rachael Nutter (Director and Chair of the Remuneration and Nomination Committee).



RACHAEL NUTTER
DIRECTOR

24 March 2022

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 reviewed and deemed appropriate.

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 performing satisfactorily and had complied with the terms of its engagement and had met its obligations to the Company. The Committee found that there were a few minor areas of improvement for the Investment Manager in relation to the reporting provided to the Board.

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 that the Company's service providers were all performing satisfactorily.

RACHAEL NUTTER
DIRECTOR

24 March 2022

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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; 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 United Kingdom adopted international accounting standards.

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 we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

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

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matter that we identified in the current year was: • Fair value of investments 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 $4.87 million which was determined on the basis of 1.5% 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; 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 six investments via this subsidiary entity as at 31 December 2021. The total value of investments, including loan receivables, recognised at fair value as at the reporting date is \$314.4 million (2020: \$195.3 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, power price forecasts 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. 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 of investments 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 of the relevant controls related to the valuation process at 31 December 2021; • 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, the financial models prepared by management and key assumptions adopted including discount rates, merchant price assumptions and useful economic life assumptions; • challenging key assumptions, including consideration of the impact of climate change, through consideration of other sources of macroeconomic and observable market data ; • evaluating the arithmetic accuracy of the models prepared by management; • 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 valuation of investments recognised are appropriate.

6. OUR APPLICATION OF MATERIALITY

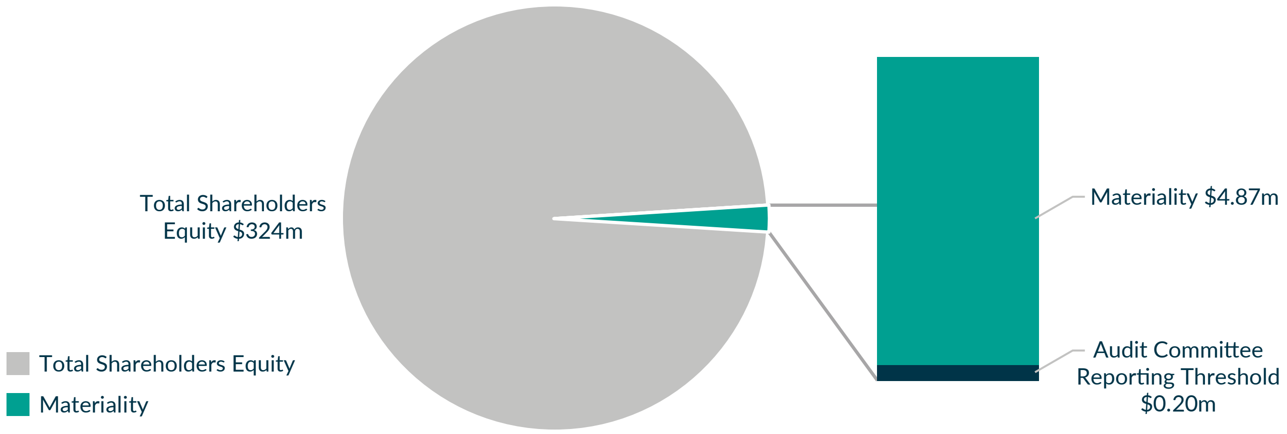
6.1. MATERIALITY

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	$4.87 million (2020: $3.8 million)
Basis for determining materiality	1.5% of total shareholders equity (2020: 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. In the current year a lower benchmark was applied reflecting the increasing maturity of the fund.

A lower materiality threshold of $0.14 million based upon 5% of expenses (2020: $0.14 million 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 2021 audit (2020: 70%). In determining performance materiality, we considered the following factors:

- our understanding of the control environment relevant to the financial reporting process;
- no significant changes in the business during the year against the expected business plan and strategy;
- 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 $0.20 million (2020: $0.19 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. SCOPING

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

As the Company is required to measure its subsidiaries at fair value rather than consolidate on a line-by-line basis, the Company has been treated as having only one component and 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.

7.3. OUR CONSIDERATION OF CLIMATE-RELATED RISKS

Management has considered transition and physical risks when factoring in climate change as part of their risk assessment process when considering the principal risks and uncertainties facing the Company. This is set out in the strategic report on pages 21 to 27 and the principal risks set out on pages 29 to 34. From the financial statements' perspective, these risks have been focused on the valuation of investments. This is consistent with our evaluation of the climate-related risks facing the Company and is linked to the key audit matter as highlighted in section 5.1 above. In addition, we have:

- Challenged how the directors considered climate change in their assessment of going concern based on our understanding of the business environment and by benchmarking relevant assumptions with market data.
- Involved our Environmental Social and Governance (ESG) specialist in assessing the Task Force for Climate related Financial Disclosures (TCFD) on pages 21 to 27 against the recommendations of the TCFD framework.
- Read the climate risk disclosures included throughout the strategic report section of the annual report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

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;
  - 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, ESG 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 fair value of the investments. 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 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; 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 43;
- 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 34;

- the directors' statement on fair, balanced and understandable set out on page 63;
- 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

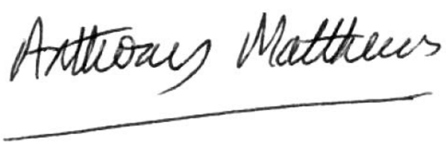
Following the recommendation of the audit committee, we were appointed by the directors on 30 June 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the years ending 31 December 2019 to 31 December 2022.

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: 24 March 2022

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 2021

			FOR THE YEAR ENDED 31 DECEMBER 2021			FOR THE YEAR ENDED 31 DECEMBER 2020	
	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	–	9,118,692	9,118,692	–	472,416	3,300,528
MSA fee income	10	4,673,924	–	4,673,924	3,000,000	–	3,000,000
Dividends received		2,996,992	–	2,996,992	–	–	–
Intercompany interest income	10	1,988,957	–	1,988,957	–	–	–
Interest income	6	–	–	–	224,699	–	224,699
Total income		**9,659,873**	**9,118,692**	**18,778,565**	**3,224,699**	**3,300,528**	**6,525,227**
Expenditure							
Administrative and other expenses	7	(3,930,271)	–	(3,930,271)	(2,878,601)	–	(2,878,601)
Operating profit for the year		**5,729,602**	**9,118,692**	**14,848,294**	**346,098**	**3,300,528**	**3,646,626**
Gain on foreign exchange		–	106,649	106,649	2,460	951	3,411
Profit before taxation		**5,729,602**	**9,225,341**	**14,954,943**	**348,558**	**3,301,479**	**3,650,037**
Taxation	8	–	–	–	–	–	–
Profit and total comprehensive income for the year		**5,729,602**	**9,225,341**	**14,954,943**	**348,558**	**3,301,479**	**3,650,037**
Earnings per share (basic and diluted) – dollar/share	9	0.020	0.032	0.052	0.002	0.016	0.018

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 UK-adopted international accounting standards. 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 87 to 104 form an integral part of these financial statements

15. Statement of Financial Position

AS AT 31 DECEMBER 2021

	Notes	31 DECEMBER 2021 USD	31 DECEMBER 2020 USD
Non-current assets			
Investment held at fair value	10	314,442,968	195,324,276
		314,442,968	**195,324,276**
Current assets			
Trade and other receivables	11	243,782	45,587
Cash and cash equivalents	12	16,161,464	523,170
		16,405,246	**568,757**
Total assets		**330,848,214**	**195,893,033**
Current liabilities			
Trade and other payables	13	1,868,616	732,723
Dividends payable	14	4,982,886	1,000,962
		6,851,502	**1,733,685**
Net current assets		**9,553,744**	**(1,164,928)**
Total net assets		**323,996,712**	**194,159,348**
Shareholders equity			
Share capital	18	3,321,924	2,001,924
Share premium	18	128,035,864	184,786
Capital reduction reserve	18	175,080,315	188,176,521
Capital reserve	19	12,648,250	3,271,402
Retained earnings	19	4,910,359	524,715
Total shareholders equity		**323,996,712**	**194,159,348**
Net asset value per share	20	0.975	0.970

The financial statements of US Solar Fund plc (registered number 11761009) were approved by the Board of Directors and authorised for issue on 24 March 2022. They were signed on its behalf by:

GILL NOTT
DIRECTOR

Date: 24 March 2022

The Notes on pages 87 to 104 form an integral part of these financial statements

16. Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	SHARE CAPITAL USD	SHARE PREMIUM USD	CAPITAL REDUCTION RESERVE USD	CAPITAL RESERVE USD	RETAINED EARNINGS USD	TOTAL EQUITY USD
Balance at 1 January 2021		**2,001,924**	**184,786**	**188,176,521**	**3,271,402**	**524,715**	**194,159,348**
Issue of share capital	18	1,320,000	127,851,078	-	-	-	129,171,078
Dividends	14	-	-	(13,096,206)	-	(1,192,451)	(14,288,657)
Tax charge	8	-	-	-	151,507	(151,507)	-
Profit & total comprehensive income for the year		-	-	-	9,225,341	5,729,602	14,954,943
Balance at 31 December 2021		**3,321,924**	**128,035,864**	**175,080,315**	**12,648,250**	**4,910,359**	**323,996,712**

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	19	-	-	-	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**

The Notes on pages 87 to 104 form an integral part of these financial statements

17. Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	YEAR ENDED 31 DECEMBER 2021 USD	YEAR ENDED 31 DECEMBER 2020 USD
Cash flows from operating activities			
Profit for the year		14,954,943	3,650,037
Adjustments for:			
Net gain on investments at fair value through profit and loss	10	(9,118,692)	(3,300,528)
Equity settled management fee		–	96,437
Gains on foreign exchange		(106,649)	(3,411)
Operating cash flows before movements in working capital		**5,729,602**	**442,535**
(Increase)/decrease in trade and other receivables		(198,195)	8,856
Increase in trade and other payables		1,135,893	129,084
Decrease in interest receivable		–	34,301
Net cash generated from operating activities		**6,667,300**	**614,776**
Cash flows used in investing activities			
Purchases of investments	10	(110,000,000)	(72,551,332)
Net cash outflow from investing activities		**(110,000,000)**	**(72,551,332)**
Cash flows generated from/(used in) financing activities			
Dividends paid		(10,306,733)	(4,002,347)
Proceeds from issue of ordinary shares at a premium		131,032,911	–
Share issue costs		(1,861,833)	–
Net cash inflow/(outflow) from financing activities		**118,864,345**	**(4,002,347)**
Net increase/(decrease) in cash and cash equivalents for the year		15,531,645	(75,938,903)
Effect of foreign exchange rate movements		106,649	3,411
Cash and cash equivalents at the beginning of the year		523,170	76,458,662
Cash and cash equivalents at the end of the year		**16,161,464**	**523,170**

The Notes on pages 87 to 104 form an integral part of these financial statements

Notes to the Financial Statements

18. Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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 UK-adopted international accounting standards 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 April 2021. The financial statements have been prepared on a historical cost basis, except where balances are recognised at fair value. The principal accounting policies are set out in Note 5.

In terms of the AIC SORP, the Company presents 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 the revenue or capital nature of a transaction is determined by giving consideration to the underlying elements of the transaction and is carried out in accordance with the recommendations and principles as set out in the AIC SORP. 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 Investment Manager's report on page 12. 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 $15.0 million and operating cash flows of $5.7 million for the year. As at 31 December 2021, the Company is in a net current asset position of $9.6 million, comprised of cash ($16.2 million) and receivables ($0.2 million) in excess of dividends payable ($5.0 million) and other payables ($1.9 million). As of the same date, the Company's subsidiary, USF Holding Corp., has available cash of $21.0 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 September 2021, the Company (through a wholly owned US subsidiary) upsized its existing revolving credit facility with Fifth Third Bank National Association (RCF) from $25 million to S40 million. With an undrawn balance as at 31 December 2021, the RCF provides liquidity for capital expenditures, working capital and general corporate purposes, including funds to acquire the second tranche of MS2.

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. battery) 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 2021, 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 2021 and detail on the sensitivity analysis on inputs including discount rate, electricity production, electricity prices and operational expenses.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS

APPLICATION OF NEW AND REVISED STANDARDS

The accounting policies adopted in the preparation of the Annual Report and Audited Financial Statements for the year ended 31 December 2021 are consistent with those of the previous financial year. The adoption of new standards, interpretations and amendments in the current year has not had a material impact. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective at 31 December 2021.

NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The following standards have been issued but are not effective for this accounting period and have not been adopted early:

- IAS 1 (amended) – Amendments regarding classifications of liabilities, and disclosure of accounting policies – effective from 1 January 2023
- IAS 8 (amended) – Amendments regarding the definition of accounting estimates – effective from 1 January 2023.
- IAS 12 (amended) – Amendments regarding deferred tax on leases and decommissioning obligations – effective from 1 January 2023.

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

5. 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 2021 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. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

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, an investment entity is not required to consolidate its subsidiaries where certain conditions are met, therefore it is required to account for its investments in subsidiaries at fair value. The Company recognizes the movements in fair value of investments in subsidiaries through profit and loss. See Note 17 to the Financial Statements for a summary of the fair value movement over the period along with the valuation process and methodology

The Company does not have any subsidiaries that provide investment management services and are not themselves investment entities. As a result the Company, being an investment entity, 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, with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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.

Investment held at fair value through profit or loss is not subject to IFRS 9 impairment requirements.

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 2021 USD	31 December 2020 USD
Bank interest	–	224,699
	–	**224,699**

7. ADMINISTRATIVE AND OTHER EXPENSES

	31 December 2021 USD	31 December 2020 USD
Administrative fees	140,409	138,085
Director & officer insurance	79,910	33,937
Directors' fees	271,591	264,040
Fees payable to the Company's auditor for the audit of the Company's financial statements	137,730	141,140
Fees payable to the Company's auditor for non-audit services[1]	45,643	24,606
Investment Management expenses/(recoupment)	38,867	(350)
Investment Management fees	2,880,537	1,939,925
Legal and professional fees	55,559	107,357
Regulatory fees	7,151	9,364
Sundry expenses	272,874	220,497
	3,930,271	**2,878,601**

[1] The non-audit services provided relates to the review of the interim financial statements and an agreed upon procedures engagement.

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 2021.

	31 December 2021 USD	31 December 2020 USD
a) Tax charge in profit or loss:		
– UK corporation tax	–	–

	31 December 2021 USD	31 December 2020 USD
b) Reconciliation of the tax charge for the year		
Profit before tax	14,954,943	3,650,037
Tax at UK main rate of 19%	2,841,439	693,507
Tax effect of:		
Fair value gains/(losses) on investments not taxable	(1,884,059)	(666,720)
Foreign exchange (gain) / loss not taxable	(20,263)	(181)
Non-deductible expenditure	759	4,219
Deferred tax not recognised on expenses not utilised	8,115	10,998
Non-taxable dividend income	(569,428)	–
Dividends designated as interest distributions	(376,563)	(41,823)
Tax charge for the year	**–**	**–**

The tax credit of $376,563 (2020: $41,823) arose as a result of dividends payable in respect of the year 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 $36,288 (2020: $19,465) 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 25% (2020: 19%).

9. EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing the profit or loss for the year 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 2021 USD	31 December 2020 USD
Net profit attributable to ordinary shareholders	14,954,943	3,650,037
Weighted average number of ordinary shares for the period	285,178,711	200,111,456
Earnings per share – Basic and diluted (cents per share)	**5.244**	**1.824**

During the year ended 31 December 2021, the Company issued 132,000,000 (2020: 100,038) shares at US$1 (2020: US$1) per share. Shares were issued in the prior year to the Investment Manager in accordance with the fee arrangement established in the IPO Prospectus. During the current year Investment Manager acquired 221,176 (2020:Nil) at an average price of $1.01 per share, reflecting the Management Share Amount due to the Investment Manager from 1 July 2020 to 30 June 2021.

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	195,324,276	110,000,000	–	9,118,692	314,442,968

From establishment to 31 December 2021, 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. During the period, the Company contributed an additional $110,000,000 in equity to USF Holding Corp., of which the majority was used for the refinancing of the Heelstone portfolio and to reduce gearing across its subsidiaries. Note 17 of these financial statements contains the components of the 31 December 2021 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. Included in the net fair value movement of $9,118,692 are dividends paid to USF from underlying US entities of $2,996,992.

The net fair value movement comprises the following:

	Total USD
Fair value gain on investments	24,126,440
Operating costs of USF Holding Corp	(8,344,867)
Total fair value movement	15,781,573
MSA fee income – cash received transferred to revenue reserve	(4,673,924)
Intercompany interest – cash received transferred to revenue reserve	(1,988,957)
Net fair value movement	9,118,692

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 2021 includes an MSA fee of $4,673,924 (period to 31 December 2020: $3,000,000 included within the net fair value movement).

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

	31 December 2021 USD	31 December 2020 USD
Fair value of underlying solar asset interests held (i)	499,868,185	434,066,094
Cash or cash equivalents	21,038,732	14,250,138
Fair value of 3rd party loan funding provided (ii)	(201,916,761)	(250,455,652)
Fair value of interest rate swaps on 3rd party loan funding provided (ii)	(7,462,104)	(3,202,369)
Deferred tax asset/liabilities	(3,572,093)	660,356
Other net assets/liabilities	6,487,010	5,709
Investment balance	**314,442,968**	**195,324,276**

(i) The balance recorded at 31 December 2021 relates to the Company's interest in the Acquisition One – Milford, Acquisition Two - Olympos, Acquisition Three - Granite, Acquisition Four – Heelstone, Acquisition Five – Euryalus and Acquisition Six – MS2 portfolio of Solar Assets.

(ii) Fair value of 3rd party loan funding provided and the fair value of interest rate swaps at 31 December 2021 was $209,378,865 (2020: $253,658,021), comprised of the following:

Issuing Bank	Loan Type	Held By	Available Facility USD(M)	Drawn Face Value USD(M)	Drawn Fair Value[28] USD(M)
Zions Bancorporation, N.A.	Term Loan	USF Bristol Class B Member, LLC (Milford - Acquisition One)	23.91	23.91	23.67
KeyBank National Association	Term Loan	USF Bristol Class B Member, LLC (Milford - Acquisition One)	23.91	23.91	23.67
Fifth Third Bank, National Association	Term Loan	Heelstone Energy Holdings, LLC (Acquisition Four)	69.44	69.44	69.73
Fifth Third Bank, National Association	Term Loan	SC Oregon 2, LLC (Dorset - Acquisition Five)	34.34	34.34	33.11
Multiple lenders	Term Loan	NES Hercules Class B Member, LLC (MS2 - Acquisition Six)	50.32	50.32	59.19
KeyBank National Association	Revolving Loan	NES Hercules Class B Member, LLC (MS2 - Acquisition Six)	2.13	-	-
Fifth Third Bank, National Association	Revolving Loan	SC Oregon 2, LLC (Acquisition Five – Dorset)	40.00	-	-
Total			**244.05**	**201.92**	**209.37**

On 29 August 2019, USF Bristol Class B Member, LLC and Milford Solar I Holdings, LLC, each as Milford (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 2021, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of $0.48 million.

28 Fair value includes termination fees and other break costs.

On 21 May 2021, Heelstone Energy Holdings, LLC (Acquisition Four) entered into a financing agreement with Fifth Third Bank, National Association. The mini-perm loan will be fully amortized over a 15-year period, with an initial tenure of 7 years. The term loan facility is hedged with fixed interest rate swaps for the full duration of the loan, with a mark-to-market revaluation of associated interest rate swaps of $(0.29) million as at 31 December 2021.

Between 9 May 2019 and 6 August 2019, the Euryalus (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 2021 of $(1.23) million, included in the drawn fair value of the loan.

For MS2 (Acquisition Six), in March 2020 NES Hercules Class B Member LLC entered into a $203.4 million term loan facility with Santander Bank N.A., Cobank ACB, CIT Bank N.A., Société Générale, Canadian Imperial Bank of Commerce – New York Branch, KeyBank National Association and Seine Funding, LLC as lenders. The mini-perm loan will be fully amortized over a 20-year period, with the initial tenure maturing on 31 January 2028. USF owns a 25% interest in the plant therefore only 25% of the drawn facility values have been recorded. The Term Loan is secured by the assets of NES Hercules Class B Member, LLC with collateral pledges of various material project documents. As at 31 December 2021, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of $(8.88) million.

NES Hercules Class B Member LLC also has an $8.5 million revolving loan facility. The purpose of this facility is to provide short-term liquidity for the payment of Debt Service and O&M Expenses as required by the project. As at 31 December 2021, the revolving loan is undrawn. The loan matures on 31 January 2028. USF owns a 25% interest in the plant therefore only 25% of the available facility value has been recorded.

A revolving loan facility, established in December 2020, is held by USF Avon ,LLC with Fifth Third Bank, National Association as lender. The loan matures on 22 September 2023 and was undrawn as at 31 December 2021. The loan is secured by a first lien on cash flows from underlying subsidiaries of USF Avon, LLC.

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$99.9 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.
- CoBank, ACB provides a Letter of Credit Facility to NES Hercules Class B Member, LLC on behalf of Imperial Valley Solar 2, LLC. There are currently two Letters of Credit issued under this facility – a US$16.97 million LC expiring in December 2027 and a US$7.89 million LC expiring in March 2025.

11. TRADE AND OTHER RECEIVABLES

	31 December 2021 USD	31 December 2020 USD
Prepayments	86,324	25,020
VAT receivable	157,458	20,567
	243,782	**45,587**

12. CASH AND CASH EQUIVALENTS

	31 December 2021 USD	31 December 2020 USD
Cash at bank	16,161,464	523,170
	16,161,464	**523,170**

13. TRADE AND OTHER PAYABLES

	31 December 2021 USD	31 December 2020 USD
Creditors and operating accruals	250,876	194,705
Investment management fee accrual	1,617,740	538,018
	1,868,616	**732,723**

14. DIVIDENDS PAYABLE

During the year, the Company declared dividends totalling $14,288,657 (31 December 2020: $4,002,846) of which $9,305,771 (31 December 2020: $3,001,884) has been paid as at 31 December 2021. The Company declared a dividend of 1.5 cents per share, totalling $4,982,886 for the period ending 30 September 2021., which was paid to shareholders on 7 January 2022.

On 24 March 2022, the Company announced a dividend of 1.5 cents per Ordinary Share for the period ending 31 December 2021, bringing total dividends declared for the twelve-month period to 5.5 cents per Ordinary Share, meeting the dividend target. The dividend is expected to be paid on or around 29 April 2022.

15. CATEGORIES OF FINANCIAL INSTRUMENTS

	31 December 2021 USD	31 December 2020 USD
Financial assets		
Financial assets at fair value through profit and loss: Investment in subsidiary		
Financial assets at amortised cost:	195,324,276	195,324,276
Cash at bank		
Total financial assets	523,170	523,170
Total financial assets	**195,847,446**	**195,847,446**
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	1,868,616	732,723
Total financial liabilities	**1,868,616**	**732,723**

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 2021.

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 2021 USF Holding Corp. held cash at bank of $21,038,132 and had trade and other payables totalling $583,028. 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 2021	<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*	–	–	–	47,238,228	47,238,228
Financial assets at amortised cost:					
Cash at bank	16,161,464	–	–	–	16,161,464
Total financial assets	**16,161,464**	**–**	**–**	**47,238,228**	**63,399,692**

As at 31 December 2021	<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	1,868,616	–	–	–	1,868,616
Total financial liabilities	**1,868,616**	**–**	**–**	**–**	**1,868,616**

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:					
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**

*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: (i) other price risks, (ii) interest rate risk, and (iii) currency risk. 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 in order to manage market risks. Further commentary on financial and market risks is provided in the Principal Risks and Uncertainties section, including inflation.

(i) 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 2021, the Company had no direct exposure to price risk. The effect of price on the Company's investments is considered in Note 17.

(ii) 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 2021. 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 2021, the Company is indirectly exposed to interest rate risk through its investment in the subsidiary. However this risk is managed through interest rate swaps 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.

(iii) 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 2021:

	Level 1 USD	Level 2 USD	Level 3 USD
Investment in subsidiary	–	–	314,442,968

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	–	–	195,324,276

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 2021 USD	31 December 2020 USD
Opening balance	195,324,276	119,472,416
Add: purchases during the year	110,000,000	72,551,332
Less: receipt of MSA fee income	(4,673,924)	(3,000,000)
Less: receipt of intercompany interest	(1,988,957)	–
Total fair value movement through the profit or loss (capital)	15,781,573	6,300,528
Closing balance	**314,442,968**	**195,324,276**

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 2021 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 independent engineers and 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 42 operating assets were externally valued at 31 December 2021. 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 2021 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 2021. 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.

As at 31 December 2021, the weighted average discount rate range used was 6.3% (December 2020: 6.7%) on a WACC basis, and 7.8% (December 2020: 8.3%) 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.

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

US$	MILFORD ACQUISITION ONE	OLYMPOS ACQUISITION TWO	GRANITE ACQUISITION THREE	HEELSTONE ACQUISITION FOUR	EURYALUS ACQUISITION FIVE	MS2 ACQUISITION SIX	US CASH AND WC*	UK CASH AND WC***	Total
31 December 2020	30,043,545	42,575,753	36,070,109	38,278,633	29,890,984	-	18,465,252	(1,164,928)	194,159,348
Additions (at cost)	121.795	(5.023.308)	287.090	85.506.800	7.264.684	23.191.371	2.003.113	10.718.672	124.070.218
Change in fair value	5,979,744	(1,603,270)	(1,861,577)	(4,127,235)	(432,633)	2,812,117	5,000,000**	-	5,767,146
31 December 2021	**36,145,085**	**35,949,175**	**34,495,622**	**119,658,198**	**36,723,035**	**26,003,488**	**25,468,365**	**9,553,744**	**323,996,712**

* Working capital (**WC**) is comprised of assets and liabilities other than investments held at fair value.

** The $5 million fair value movement shown in US cash and WC relates to the derivative asset value of the option over the second tranche of MS2 at 31 December 2021.

*** The Company's total NAV of $323,996,712, less cash and working capital in the UK of $9,553,744, equals the fair value of the Company US investments of $314,442,968 shown in Note 10.

SENSITIVITY ANALYSIS

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

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

	CHANGE IN INPUT	CHANGE IN NAV USD (M)	CHANGE IN NAV PER SHARE USD (Cents)
Discount rate	+0.5%	-17.41	-5.24
	-0.5%	+19.36	+5.83
Electricity production (change from P50)	P90	-39.33	-11.84
	P10	+39.82	+11.99
Merchant Period Electricity Prices	-10%	-21.46	-6.46
	+10%	+21.45	+6.46
Operations and maintenance expenses	+10%	-15.97	-4.81
	-10%	+15.88	+4.78
Operating life	- 3 years	-12.58	-3.79
	+ 3 years	10.6	+3.20
Tax rate	+5%	-7.78	-2.34
	-5%	+7.96	+2.39

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 2021. 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. A sensitivity of +/-0.5% is considered reasonable given historic Company discount rate changes and is inline with discount rate sensitivities utilised by the Company's peers.

As at 31 December 2021, the weighted average discount rate range used was 6.3% (December 2020: 6.7%) on a WACC basis, and 7.8% (December 2020: 8.3%) 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. These forecasts from market consultants take into consideration climate change related factors when pricing the electricity price forecasts. Further information is included in Section 4 – Environmental, Social and Governance, in the Company's response to recommendation 5 of the TCFD reporting framework.

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. A 10% increase / decrease 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 for a defined period of up to 5 years and as such there is typically little variation in annual operating costs. Provisions are also raised at the underlying project or SPV level of ongoing major maintenance/repairs and replacement parts throughout the assets' useful lives. 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 Investment Manager conducted a useful life analysis with a reputable independent engineer in December 2021. As a result of the analysis, 30 of 42 assets within USF's portfolio had their operating lives extended to from 35 to 40 years from commencement of commercial operations. The Company's maximum useful life assumption is 40 years (December 2020: 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 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	95,436	–	96,437
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**
Issue of fully paid ordinary shares at USD0.01	132,000,000	1,320,000	129,712,911	–	131,032,911
Equity issue costs	–	–	(1,861,833)	–	(1,861,833)
Dividends	–	–	–	(13,096,206)	(13,096,206)
As at 31 December 2021	**332,192,361**	**3,321,924**	**128,035,864**	**175,080,315**	**306,438,103**

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.

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.

In line with its target dividend, the Company declared a dividend of 1.5 cents per share, totalling $4,982,885 for the period ending 30 September 2021. This dividend was paid on 7 January 2022. This brought total dividends declared during the year ended 31 December 2021 to $14,288,657 (or 4.5 cents per share), of which $1,192,451 was from retained earnings and $13,096,206 was paid from the Capital Reduction Reserve. The Company paid total cash dividends of $10,306,733 (or 3.5 cents per share) during the year. This comprises 0.5 cents per share (or $1,000,962 per quarter) for 3Q 2020 (which the Board declared in 2020 and paid in 2021) and 4Q 2020 dividends, and 1.25 cents per share (or $4,152,405 per quarter) for 1Q 2021 and 2Q 2021 dividends which were declared and paid in 2021.

19. RESERVES

The nature and purpose of each of the reserves included within equity at 31 December 2021 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 2021 the share premium account has a balance of $128,035,864 (2020: $184,786).
- 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 2021 the capital reduction reserve has a balance of $175,080,315 (2020: $188,176,521).
- 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 2021 the capital reserve reflects a profit of $12,648,250 (2020: $3,271,402).
- 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 2021, retained earnings reflects a profit of $4,910,359 (2020: $524,715).

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 2021 USD	31 DECEMBER 2020 USD
Net assets per Statement of Financial Position	323,996,712	194,159,348
Ordinary shares in issue as at 31 December	332,192,361	200,192,361
NAV per share – Basic and diluted	**0.975**	**0.970**

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 2021 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 $271,591 (2020: $264,040) were incurred in respect of the year with none being outstanding and payable at the year-end (2020: $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[29] 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 $2,880,537 (2020: $1,939,925) was incurred during the year ($193,992 paid or payable in ordinary shares), of which

$1,617,740 (2020: $538,018) remained payable at 31 December 2021 ($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 $381,236 were incurred and paid during the year (2020: $336,500). Asset management and construction services fees totalling $476,277 ($459,393 accrued; $16,884 paid by underlying solar assets) were incurred during the year (2020: $360,061).

23. CAPITAL COMMITMENTS

Other than as disclosed in the post balance date events note, the Company had no contingencies and no other significant capital commitments at the reporting date.

24. POST BALANCE DATE EVENTS

On 10 February 2022, USF announced it would exercise the Company's $21 million option on a second 25% tranche of the 200MW_{DC} California project MS2. This will bring USF's ownership of the project to 50% and 100MW_{DC}.

On 24 March 2022, the Company announced a dividend of 1.5 cents per Ordinary Share for the period ending 31 December 2021.

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

29 C shares are redeemable ordinary shares with a nominal value of US$0.01 each in the capital of the Company issued.

Tate 6.5MW_{DC}

19. Directors and Advisers

Red Oak 6.9MW_{DC}

19. Directors and Advisers

DIRECTORS

Gillian Nott
Jamie Richards
Rachael Nutter
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